

RNS Statement re Company Event



C SHARE CONVERSION & PORTFOLIO UPDATE

[HARMONY ENERGY INCOME TRUST PLC](#)

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26 January 2023

Harmony Energy Income Trust plc
(the "Company" or "HEIT")

C Share Conversion & Portfolio Update

Harmony Energy Income Trust plc, which invests in energy storage assets in Great Britain, announces that, following the acquisition of three 'shovel-ready' pipeline projects on 14 December 2022, the Board has triggered the process for the conversion of the C Shares into new Ordinary Shares (the "**New Shares**") in accordance with the Company's Articles of Incorporation (the "**Conversion**"), based on the respective unaudited net asset values of the Ordinary Share pool and the C Share pool calculated as at 31 December 2022 (the "**Calculation Date**"). The Conversion will take effect on 31 January 2023 (the "**Conversion Date**").

Net Asset Values and Conversion Ratio

The Directors have determined that, in accordance with the Articles, the Calculation Date for the Conversion was 31 December 2022. Accordingly, Conversion will be made by reference to the respective unaudited estimated net asset values per share of the C Shares and the Ordinary Shares at close of business on the Calculation Date which were as follows:

	As at 31 December 2022
Net Asset Value per Ordinary Share	124.92 pence
Net Asset Value per C Share	98.61 pence

The C Shares will convert into new Ordinary Shares on the following basis (the "**Conversion Ratio**"):

0.786735 New Share for every 1 C Share held

Accordingly, the total number of New Shares arising on Conversion is anticipated to be 17,128,295. Shareholders will not be entitled to a fraction of a New Shares arising on Conversion. Instead, their entitlement will be rounded down to the nearest whole number of New Shares. Fractional entitlements to New Shares will be aggregated and the whole number of New Shares will be sold with the proceeds retained for the benefit of the Company.

The New Shares arising on conversion of the C Shares will rank *pari passu* with the existing Ordinary Shares for any dividends or distributions declared after the Conversion Date. No dividends or distributions shall be declared or paid by the Company between the Calculation Date and the Conversion Date.

Portfolio Update

The Company has 9 BESS projects with the total capacity of ca.500 MW / 1 GWh, of which one project (Pillswood (98 MW / 196 MWh)) is operational. The balance of the portfolio is anticipated to commence commercial operations through 2023 and 2024 (as detailed in the table below).

In terms of near-term projects, the Broadditch project (11 MW / 22 MWh) is fully installed and is scheduled to be energised by the end of January with commercial operations commencing before the end of February. The construction of the 20 MW / 40 MWh Farnham project has progressed well and all of the Tesla Megapack battery modules are on site. Whilst the construction of the project has remained on track, the energisation date has been rescheduled from late Q1 to Q2 due to the relevant DNO determining that, in the current high energy demand environment, it cannot permit the connection (and associated grid outage) of the project at this time. This is expected to move the commercial operations date back by several weeks.

The Company's other projects under construction remain on track and are summarised below:

Project	MW / MWh	Location	Target Commercial Operations Date	Status (12.12.2022)
Pillswood	98 / 196	Yorkshire	Operational	Operational
Broadditch	11 / 22	Kent	Q1 2023	Under Construction
Farnham	20 / 40	Surrey	Q2 2023	Under Construction
Rusholme	35 / 70	Yorkshire	Q3 2023	Under Construction
Bumpers	99 / 198	Bucks.	Q3 2023	Under Construction
Little Raith	49.5 / 99	Fife	Q4 2023	Under Construction
Wormald Green	33 / 66	Yorkshire	Q1 2024	Shovel Ready
Hawthorn Pit	49.9 / 99.8	County Durham	Q2 2024	Shovel Ready
Rye Common	99 / 198	Surrey	Q3 2024	Shovel Ready ¹
Total	494.4 / 988.8			

¹ As previously disclosed, 49.5 MW of this site held within this single project SPV is awaiting final planning consent.

Pillswood Performance

The Company's Pillswood project was energised in accordance with its planned timetable in November 2022, as Europe's Largest BESS project, and is divided into two operational phases. Phase 1 commenced operations in November 2022, with Phase 2 commencing shortly after in December 2022. Phase 1 is fully active across wholesale markets and is also participating in ancillary services. Phase 2 is active across wholesale markets and is expected to achieve qualification for ancillary services in the coming days. Performance of Phase 1 which has been active across all revenue streams has performed well and in line with the Investment Adviser's expectations.

In terms of the market in Great Britain, December 2022 saw new records set in wholesale day-ahead pricing, both high and low.

On 12 December 2022, the highest ever wholesale day-ahead price was recorded at £2,585 / MWh (EPEX). Pillswood Phase 1 achieved £156 / MW/hr revenues over this day, which is equivalent to £1.37m /MW annualised and more than 3 times the average performance of the operating BESS fleet in Great Britain over the same period.

In contrast, December 2022 also saw a new record low price of £-50.08 /MWh in the day-ahead markets (N2EX) on 29 December. This was caused by very high wind generation coinciding with unusually low overnight demand. Pillswood Phase 1 was again active during this period, being paid to charge between 2 a.m. and 4 a.m. that day before discharging later during that evening peak when pricing was higher. For this day, Pillswood Phase 1 achieved £12.2 /MW/hr, equivalent to £106,872 /MW annualised, which outperformed the average for operating BESS fleet in Great Britain by 17%.

These events demonstrate the ability of a 2-hour duration BESS to outperform shorter duration BESS when wholesale market opportunities arise.

Movement in NAVs

The positive movement in NAV per Ordinary Share is predominantly driven by the Pillswood Project becoming operational, the revision of discount rates across the Company's portfolio and projects moving through construction. In line with its usual reporting timelines, the Company will publish a NAV per Ordinary Share and Quarterly Factsheet for the three month period to 31 January 2023 on or around 22 February 2023 which will include further details.

Dividend Policy

In line with the Company's dividend policy stated at the time of the Company's IPO, the Company expects to pay a dividend of 8 pence per Ordinary Share for the financial year ended 31 October 2023 and remains on track to do so. The Company's next dividend of 2 pence per Ordinary Share for the period to 31 January 2023 is expected to be declared on or around 23 February 2023.

The New Shares issued pursuant to the Conversion will rank *pari passu* for dividends and will have full entitlement to the next dividend.

Application for Admission

Application has been made for admission of 17,128,295 Ordinary Shares to trading on the Specialist Fund Segment of the London Stock Exchange plc's main market ("**Admission**"). It is expected that Admission will occur

and dealings in the Ordinary Shares will commence at 8.00 a.m. (London time) on 31 January 2023.

Removal of the C Shares

Application will be made for the C Shares to be removed from trading on the Specialist Fund Segment of the Main Market of London Stock Exchange by the opening of trading at 8.00am on 31 January 2023.

Unless otherwise defined, capitalised terms used in this Announcement shall have the same meaning as set out in the Prospectus. A copy of the Prospectus is available on National Storage Mechanism at <https://data.fca.org.uk/#/nsm/nationalstoragemechanism> as well as on the Company's website at <https://www.heitp.co.uk/>.

Conversion Timetable

Conversion will occur in accordance with the following timetable:

Event	Date
Calculation Date	31 December 2022
Announcement of Conversion Ratio	26 January 2023
Record Date for Conversion and C Share register closes	6.00pm, 30 January 2023
Admission of New Shares arising on Conversion	8.00am, 31 January 2023
CREST accounts credited with New Shares in uncertificated form	31 January 2023
Share certificates in respect of New Shares in certificated form dispatched	Week commencing 6 February 2023

References to all times are to London times unless otherwise stated.

Total Voting Rights

Following admission, the Company will have 227,128,295 Ordinary Shares of 1 pence each in issue carrying one vote each. The Company holds no shares in treasury and the total voting rights in the Company will be 227,128,295.

The above figure of 227,128,295 may be used by Shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to, their interest in the Company under the FCA's Disclosure Guidance and Transparency Rules.

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About Harmony Energy Advisors Limited (the "Investment Adviser")

The Investment Adviser is a wholly owned subsidiary of Harmony Energy Limited.

The management team of the Investment Adviser have been exclusively focused on the energy storage sector (across multiple projects) in Great Britain for over six years, both from the point of view of asset owner/developer

and in a third-party advisory capacity. The Investment Adviser is an appointed representative of Laven Advisors LLP, which is authorised and regulated by the Financial Conduct Authority.

Important Information

This announcement contains inside information for the purposes of Article 7 of MAR. Upon publication of this announcement, the inside information is now considered to be in the public domain for the purposes of MAR. The person responsible for arranging the release of this announcement on behalf of the Company is Harmony Energy Advisors Limited.

This announcement does not constitute an offer to sell or the solicitation of an offer to acquire or subscribe for shares in the Company in any jurisdiction. This distribution of this announcement outside the UK may be restricted by law. No action has been taken by the Company that would permit possession of this announcement in any jurisdiction outside the UK where action for that purpose is required. Persons outside the UK who come into possession of this announcement should inform themselves about the distribution of this announcement in their particular jurisdiction.

This announcement contains (or may contain) certain forward-looking statements with respect to certain of the Company's plans and/or the plans of one or more of its investee companies and their respective current goals and expectations relating to their respective future financial condition and performance and which involve a number of risks and uncertainties. The Company's target returns are a target only and there is no guarantee that these will be achieved. This Company cautions readers that no forward-looking statement is a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking statements.

It should also be noted that any future NAV per Share announced by the Company in due course will, in addition to the matters described in this announcement, also be affected by valuation movements in the Company's portfolio and other factors including, without limitation, purchase prices of battery energy storage systems and components, project development and construction costs, income and pricing from contracts with National Grid ESO and other counterparties, the potential for trading profitability in the wholesale electricity markets and/or Balancing Mechanism, performance of the Company's investments, and the availability of projects which meet the Company's minimum return parameters in accordance with the Company's investment policy .

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