

RNS Strategy/Company/Operations Update



## COMPANY UPDATE AND NOTICE OF RESULTS

[HARMONY ENERGY INCOME TRUST PLC](#)

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20 February 2023

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

### **Company Update and Notice of Results**

Harmony Energy Income Trust plc, which invests in energy storage assets in Great Britain, is pleased to provide an update in respect of two recently acquired projects which are now entering construction and an extension to its financing arrangements which will provide funding for the construction of those projects.

#### **Project Update**

The Company has entered into contracts for the supply, installation and maintenance of 2-hour duration battery energy storage systems ("**BESS**") for the Wormald Green (33 MW / 66 MWh) and Hawthorn Pit (49.9 MW / 99.8 MWh) projects with Envision Energy International Trading Limited and Envision Energy International UK Limited (together, "**Envision**"). The Company selected Envision as the BESS supplier following a tender process in late 2022. The key factors which influenced the Company's choice included: the ability to commit to required BESS delivery dates; integrated cell manufacturing capabilities; track record in delivering 2-hour duration BESS; and sustainability credentials.

In addition, the Company has engaged Envision Energy International UK Limited to provide preventative maintenance in relation to the Wormald Green and Hawthorn Pit projects, as well as a battery cell degradation warranty for up to 15 years.

Following the signing of the contracts for Wormald Green and Hawthorn Pit, the Investment Adviser has also appointed a balance-of-plant contractor in relation to the construction of the Wormald Green and Hawthorn Pit projects. In addition to the Pillswood project (98 MW / 196 MWh) which is fully operational, the Company now has a total of seven projects categorised as "Under Construction" with total capacity of ca. 300 MW / 600 MWh with target commercial operations dates between Q1 2023 and Q2 2024.

In addition, the Investment Adviser is in the final stages of procuring revenue optimisation services for these projects and expects to finalise that appointment shortly.

The Company continues to make certain milestones payments in respect of the Rye Common project (99 MW / 198 MWh) to maintain its construction timetable. Further details on the funding and construction of the Rye Common project will be announced in due course.

#### **Extension to the Debt Facility Provided by NatWest and Rabobank**

As previously announced, the Company put in place a debt facility with NatWest plc ("**NatWest**") for £60 million (the "**Initial Facility**") to provide committed funding for the Bumpers project (99 MW / 198 MWh), which is currently undrawn, with an uncommitted accordion for a further £70 million. The Initial Facility is subject to an initial margin of 300bps over SONIA, rising over time to a maximum of 375bps by year five, and is fully hedged.

Pursuant to the previously agreed accordion contemplated under the Initial Facility, the Company has now successfully negotiated an amendment and restatement of the Initial Facility with NatWest and Coöperatieve Rabobank U.A. ("**Rabobank**"). This amendment and restatement gives the Company access to an additional £50 million of debt, taking the total facility to £110 million (the "**Enlarged Facility**"). The Enlarged Facility is on the same terms as the Initial Facility concerning margin and term, and is expected to be fully hedged.

In addition, the Company, NatWest and Rabobank have agreed an RCF tranche of £20 million (the "**RCF**") which will be a 3-year facility, effective from February 2023, with a margin of 325bps over SONIA.

The Company only expects to draw down on the Enlarged Facility over time upon meeting certain construction milestones and does not expect to be fully drawn until at least Q4 2023, if at all, at which point the Company expects to have eight projects in operation with total capacity of ca.400 MW / 800 MWh. Once drawn the Enlarged Facility can be repaid (in whole or in part) at any time with limited cost to the Company.

#### **Capacity Market Auctions**

The recent T-1 Capacity Market auctions which took place on 14 February cleared £60/kw/yr, the second highest T-1 clearing price ever achieved, and significantly higher than the current T-1 revenue assumptions in the Investment Adviser's revenue projections. Each of the Company's Pillswood, Broadditch, Farnham and Rusholme projects secured contracts, which combined represent a total of £3.68 million of revenue for services to be delivered between October 2023 and September 2024.

#### **Notice of Results**

The Company expects to publish its quarterly NAV for the period to 31 January 2023 with a portfolio update on or around 22 February. As previously announced, the Company's annual report and accounts for the period to 31 October 2022 are expected to be published on 23 February 2023.

#### **Norman Crighton, Chair of Harmony Energy Income Trust plc, said:**

*"This extended facility, whilst it may never need to be fully drawn, does give the Company certainty of funding needed to commence construction of two recently acquired 2-hour BESS projects. We thank NatWest and Rabobank for their support and the flexibility it has afforded us with this new financing package. These are highly attractive projects given their near-term energisation dates and are expected to be accretive to NAV as the projects move through construction, similar to the Company's existing projects. We are entering an exciting phase of the Company's journey where we expect to have an additional ca.300 MW / 600 MWh coming online during the course of the next 12-15 months. As more projects become operational, we look forward to growing the Company both through organic NAV growth and through equity issuance with the support of our Shareholders, whilst rewarding investors with an attractive level of income."*

**END**

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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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