

RNS Net Asset Value(s)



## NET ASSET VALUE AND PORTFOLIO UPDATE

### [HARMONY ENERGY INCOME TRUST PLC](#)

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

#### Net Asset Value and Portfolio Update

Harmony Energy Income Trust plc, which invests in energy storage assets in Great Britain, today announces that its Net Asset Value ("**NAV**") as at 31 January 2023 was 125.50 pence per Ordinary Share.

#### Highlights

- Ordinary Share NAV increased by 2.2% to £285.04 million, or 125.50 pence per Ordinary Share, up 2.73 pence per Ordinary Share over the three months from 31 October 2022;
- NAV increase for this quarter is primarily driven by:
  - a) revaluation of Pillswood (10% discount rate) to reflect commencement of operations; and
  - b) adjustment of the discount rate applied to under construction projects (from 10.5% to 10.3%);
- 1 pence per Ordinary Share dividend was paid on 16 December 2022, as per the expectation at IPO, taking NAV Total Return in the period to 2.98%. The Company remains on track to meet its target of paying an 8 pence per Ordinary Share dividend in relation to its current financial year;
- Acquisition in December 2022 of three "shovel ready" projects, utilising the proceeds of the C Share issue in October 2022, and the issue of a further 7 million C Shares as part consideration; and
- All C Shares were converted into new Ordinary Shares in January 2023.

#### Portfolio Update

The Company's nine BESS projects have a total capacity of 494.9 MW / 988.8 MWh, 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. In terms of near-term projects, the Broadditch project (11 MW / 22 MWh) is fully installed and awaiting energisation. Commercial operations are expected to commence before the end of March. Likewise, the 20 MW / 40 MWh Farnham project is near completion though the energisation date has been rescheduled at the request of the DNO which means the target commercial operations date has been moved back several weeks. The Company's other projects remain on track with Harmony Energy Limited's own project management team on site overseeing construction and are summarised in the table below.

The Pillswood project was energised in two phases (49 MW each), with commercial operations (wholesale markets only) commencing in November and December 2022 respectively. Subsequently both phases became active in ancillary services following approval from National Grid. On a fully operational basis, performance to date has been in line with expectations. Indeed, on 12 December 2022, Pillswood's revenue performance in the wholesale market outperformed the average operating GB BESS fleet by more than 3 times (£156 /MW/hr achieved by Pillswood versus £52.18 /MW/hr achieved on average by the GB fleet).

Post the period end, the Company has announced it entered into contracts for the supply, installation and maintenance of 2-hour duration BESS for the Wormald Green (33 MW / 66 MWh) and Hawthorn Pit (49.9 MW / 99.8 MWh) projects and appointed a balance-of-plant contractor in relation to the construction of the two projects. As such the Company now has seven projects categorised as "under construction".

Project	MW / MWh	Location	Target Commercial Operations Date	Status <sup>1</sup>
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	Under Construction
Hawthorn Pit	49.9 / 99.8	County Durham	Q2 2024	Under Construction
Rye Common	99 / 198	Surrey	Q3 2024	Shovel Ready <sup>2</sup>
<b>Total</b>	<b>494.4 / 988.8</b>			

<sup>1</sup> Status as at the date of publication of this announcement

<sup>2</sup> Phase 2 of this project (49.5 MW) is awaiting final planning permission

### Market Commentary

2-hour duration batteries continued to outperform shorter-duration batteries during the quarter, benefitting from an increase in wholesale trading spreads in November and December 2022. In December 2022, a new record high price was achieved on the EPEX wholesale day ahead market (£2,585 per MWh on 12 December). In the same month, a record low price on the N2EX wholesale market also occurred (minus £50.08 per MWh on 29 December). Negative wholesale pricing provides BESS with an opportunity to be paid to charge, and longer duration BESS can take advantage of these types of events to maintain strong performance when pricing in other markets (such as ancillary services) is less strong. In January 2023, energy volumes dispatched to BESS through the Balancing Mechanism ("BM") almost tripled compared to December. This is the highest monthly volume of BESS dispatches (in MWh) in the BM since October 2020, and yet still represents only 0.3% of the total volume dispatched in the BM during January. This demonstrates the growth potential for BESS in the BM.

### NAV Update 31 October 2022

As at 31 January 2023, the Company's unaudited NAV is calculated to have increased by 2.2% to £285.04 million (125.50 pence per share), up 2.73 pence per share over the three months from 31 October 2022. This increase was largely driven by the revaluation of the Pillswood project to reflect commencement of operations during the quarter. The Investment Adviser has applied a 10% discount rate to this operating project, whilst also revising the discount rate for projects under construction from 10.5% to 10.3%, in line with recent acquisitions. Revisions to the assumed commencement of operation dates for the Broadditch and Farnham projects slightly offset some of this increase by -0.44 pence per share. In addition, the value of the Company's interest rate swap in relation to its £60 million debt facility from NatWest has been adjusted in line with market (with a negative impact of -0.77 pence per share). As announced on 20 February 2023, this debt facility (currently undrawn) has been amended and restated to increase the potential facility to £110 million (plus a £20 million revolving credit facility).

The Company's factsheet for 31 January 2023 is available on the Company's website at: <https://www.heitp.co.uk/investors/results-reports-and-presentations/>

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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 Investment Adviser is an appointed representative of Laven Advisors LLP, which is authorised and regulated by the Financial Conduct Authority.

The management team of the Investment Adviser have been exclusively focussed 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.

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