



## DEBT REFINANCE, MARKET AUCTION & NOTICE OF RESULTS

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

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22 February 2024

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

### **Debt Refinancing, T-1 Capacity Market Auction Results, and Notice of Results**

Harmony Energy Income Trust plc, which invests in battery energy storage ("**BESS**") assets in Great Britain, is pleased to announce the successful refinancing of its existing debt arrangements, as well as the results of the recent T-1 Capacity Market auction.

#### **Amended & Restated Debt Facility**

On 21 February 2024 the Company completed the amendment and restatement of its existing debt facilities with NatWest plc ("**NatWest**") and Coöperatieve Rabobank U.A ("**Rabobank**"). The new long-term amortising structure is reflective of the evolving nature of the Company's portfolio from "construction" to "operational". The changes include:

- the amalgamation of the previous £110 million term facility and £20 million revolving credit facility into a single combined facility of £130 million (which is fully drawn);
- an extension of the legal maturity date from June 2027 to February 2031;
- a reduction in margin to 275 bps over SONIA for the first two years, rising over time to a maximum of 350 bps in the final year; and
- a re-sizing of market standard debt covenant ratios against conservative revenue forecasts to ensure ongoing headroom in the current revenue environment.

The Company expects to put in place new interest rate hedging arrangements and will disclose further details in due course. The new margin represents reductions of 25 bps compared to the margin applied on the previous £110 million term facility and 50 bps compared to the margin applied on the previous £20 million revolving credit facility.

The structure allows for voluntary prepayments during the term (subject to a fee) and for cash sweeps in favour of the lenders in the event of material revenue outperformance above pre-agreed thresholds, enabling an acceleration of de-gearing in a cost-efficient manner whilst also reserving operational free cash flow for shareholder distributions.

#### **T-1 Capacity Market Auction Results**

On 20 February 2024, six of the Company's BESS assets successfully bid for T-1 Capacity Market contracts for delivery from 1 October 2024 through to end September 2025. The auction cleared at £35.79/kw/yr, lower than last year but higher than the Company's expectations. Once de-rating is taken into account, this increases the Company's contracted revenue for this period to £3.2 million (circa £8k/MW), of which £1.7 million has not yet been factored into the Company's modelled cash flows. The Company's Broadditch and Farnham projects did not participate in this T-1 Capacity Market auction because their respective T-4 Capacity Market contracts will commence from 1 October 2024 (for delivery over 15 years) and it is not permitted for a project to hold two Capacity Market contracts in relation to the same delivery period.

#### **Notice of Results**

The Company expects to publish its 31 January 2024 NAV as well as its annual report and accounts for the year ended 31 October 2023 on Wednesday 28 February 2024.

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

*"The debt refinancing provides a stable platform for the Company to operate in the current lower revenue environment. This continues to enable the Company to complete construction of its remaining three projects but now includes a long term amortisation profile which also provides flexibility for accelerated de-gearing as opportunities arise either through asset sales or revenue outperformance. Whilst this initiative was always planned for 2024 to reflect the transition of the portfolio to being fully operational, the recent feedback from shareholders has encouraged us to accelerate our plans. The Board would like to thank the teams at NatWest and Rabobank for their continued support, as well as the Investment Adviser for its hard work over the past few months".*

**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 seven 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

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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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