



Harmony Energy Income Trust plc | HEIT.L  
4 July 2022 | Interim Report Presentation

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# Harmony Energy Advisors Team



**Paul Mason**  
Managing Director of HEAL

- 12 years Energy Sector experience
- Co-founded REMAP with Max in 2018: specialist UK battery storage consultancy. Specific focus on revenue forecasting and financial modelling
- 4 years at Long Harbour Ltd (UK Private Equity company) as co-Director of Energy Investment Team
- Infrastructure project finance experience whilst Partner at Prime Numbers Infrastructure Finance - advised on energy-from-waste projects with investment value of over £2bn
- Senior Analyst, Avis Europe. Responsible for demand forecasting, pricing and fleet optimization



**Max Slade**  
Commercial Director of HEAL

- 7 years Energy Sector experience
- REMAP: 3 years advising investors & developers on commercial aspects of UK battery storage sector
- 4 years at Long Harbour Ltd as co-Director of Energy Investment Team
- 2 years at Strand Partners - boutique investment bank focussed on Energy and Infrastructure - sector research, deal origination and analysis, modelling and fundraising
- 2 years as Fund Manager for a UK Private Family Office
- Qualified as a UK corporate lawyer\*:



**James Ritchie**  
Executive Director of Harmony  
Investment Director of HEAL

- Joined Harmony in 2020
- Serial entrepreneur with over 10 years experience in renewables
- 15 years as an executive and board director within 9 UK technology businesses
- Formerly founder and CEO of Tekmar plc protecting over 30GW of electrical infrastructure, Chairman of Energi Coast.
- CEO of Ritchie Bland Energy Ltd investing in renewable technology and renewable asset projects



**Peter Kavanagh**  
CEO and Founder of Harmony  
Investment Director of HEAL

- Founded Harmony in 2010 and oversaw the successful development and divestment of 15 wind projects.
- 15 years experience in the energy sector investments
- Previously a consultant at Pantheon Financial Management for 10 years
- Has been an early investor in several green tech companies and is on the Board of Jones Food Company (Now majority owned by Ocado Plc)

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Harmony's 15Mwh Holes Bay Tesla Battery June 2020\*



Harmony's Moreland House Farm Onshore Wind 2015\*

*\*Assets developed by Harmony Group in partnership with third parties prior to the formation of the Fund*

**Corporate Presentation** | Strictly private and confidential



Harmony developed the 34 MW / 68 MWh Contego battery energy storage project – July 2021

*Asset developed by Harmony Group in partnership with third parties prior to the formation of the Fund. Not part of HEIT portfolio*

## Section 1 | Executive Summary

# Story so far....

Harmony Energy Income Trust – established to **invest primarily in a portfolio of battery energy storage systems** (“BESS”), to provide a **target dividend of 8p\***.

*\* 2p (Yr1), rising to 8p (Yr2) and anticipated to be 8p or above from Yr3 onwards\*\**

**Successful IPO** in November 2021 raising £186.5m (£210m market capitalisation)

NAV increased from 98.34p per share at IPO, to 108.90p per share (30 April '22)  
**10.74% NAV growth over period**

**5 BESS projects: 213 MW / 426 MWh** “Under Construction”  
Full EPC “wraps” with Tesla Megapack solutions and Autobidder Optimisation

The Fund has exclusivity to acquire a further 787 MW, underpinned by the **significant development pipeline** of Harmony Energy Limited

*\*\*The return target stated above is a target only and not a profit forecast. There can be no assurance that this target will be met and should not be taken as an indication of the Company's expected future results. The Company's actual returns will depend upon a number of factors, including but not limited to the Company's actual performance and level of ongoing charges. Accordingly, potential investors should not place any reliance on this target in deciding whether or not to invest in the Company and should decide for themselves whether or not the return target is reasonable or achievable.*

# Interim Report – Highlights

MARKET  
CAP:  
**£232.05 M**

As at 30 April 2022

DEBT  
FINANCE:  
**£60 M**

Financial Close 21 June 2022

**5<sup>TH</sup> PROJECT  
UNDER  
CONSTRUCTION**

Contracted on 30 June 2022

NAV  
GROWTH:  
**10.74%**

Over the period to 30 April 2022

REVENUE  
PROJECTIONS  
**UP 17%**

30 April 2022 Valuation

**109 MW / 218  
MWH  
OPERATING BY  
END 2022**

Targeted

NET  
ASSETS:  
**£228.69 M**


As at 30 April 2022

DIVIDEND  
DECLARED:  
**1P PER  
SHARE**

Record Date: 14 July 2022  
Ex-Dividend Date: 15 July 2022

**312 MW / 625  
MWH  
OPERATING BY  
END 2023**

Targeted



The Company's Pillswood Project (98 MW / 196 MWh)  
June 2022

Section 2 | Project Updates



# Project Construction Updates

- 1**  
**PILLSWOOD**  
**(PHASES I AND II)**  
 98MW /196MWh  
 Target Commercial Operations Date (COD):  
 November 2022
- 2**  
**BROADDITCH**  
 11MW /22MWh  
 Target COD: December 2022
- 3**  
**FARNHAM**  
 20MW /40MWh  
 Target COD: March 2023
- 4**  
**RUSHOLME**  
 20MW /70MWh  
 Target COD: April 2023
- 5**  
**LITTLE RAITH**  
 49.5MW /99MWh  
 Target COD: October 2023



By the end of 2022 the Company expects to have 109 MW / 218 MWh of operating projects: Pillswood and Broadditch. Specific updates include:

1. **Pillswood:** Access track (2 km) complete and the main site cleared and levelled. The substation works progressing with structural steel laid. Long lead-time equipment ordered.
2. **Broadditch:** Tesla has mobilised to site. Long lead-time equipment ordered.
3. **Farnham:** Tesla is finalising its sub-contractor procurement. Long lead-time equipment has been ordered. Vegetation clearance completed under ecologist supervision.
4. **Rusholme:** Tesla engaged subcontractor. Mobilisation expected in August.
5. **Little Raith:** Site enabling works underway. Tesla to commence works on site in January 2023

Project Name	Capacity	Q4 '21	Q1 '22	Q2 '22	Q3 '22	Q4 '22	Q1 '23	Q2 '23	Q3 '23	Q4 '23	Q1 '24
1 Pillswood (Phase 1)	49 MW	●				●	●				
1 Pillswood (Phase 2)	49 MW	●				●	●				
2 Broadditch	11 MW		●			●	●				
3 Farnham	20 MW			●			●	●			
4 Rusholme	35 MW			●			●	●			
5 Little Raith	49.5 MW			●					●	●	

Key:

- Construction Period
- EPC Executed
- Target Delivery of BESS to Site
- Target Commercial Operations Date

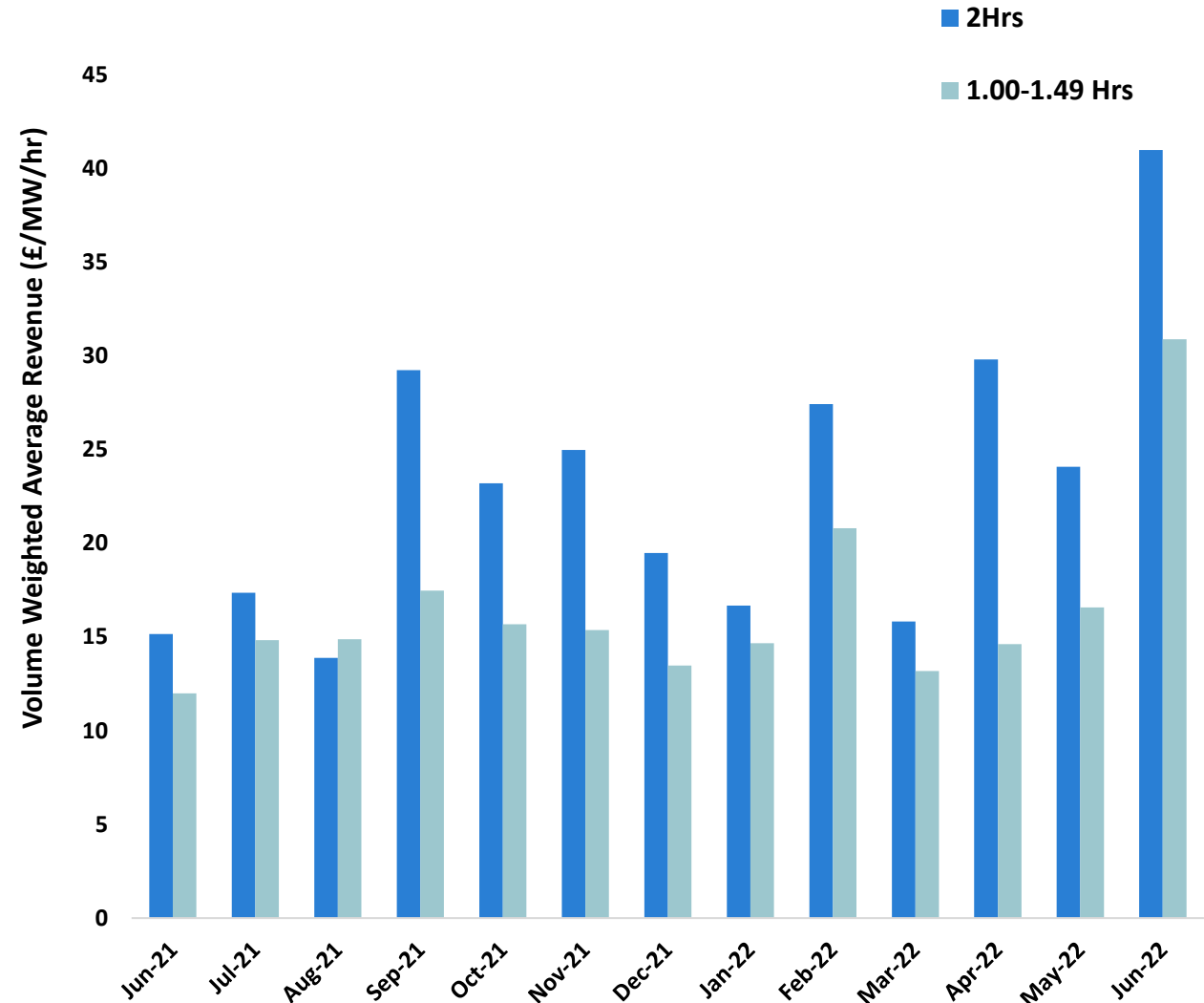


**Section 3 | Market Commentary**

# Market Update - June 2022

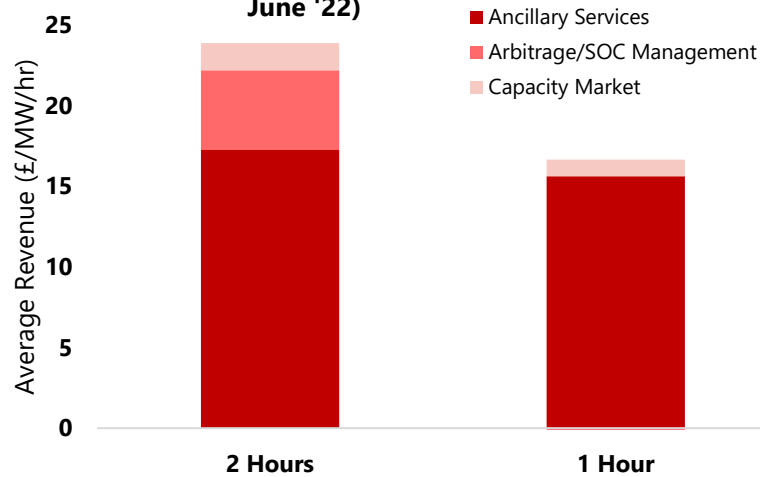
- Average BESS revenues have been growing over the past 12 months, despite increasing number of operating projects (c. 300 MW has come online over this period)
- Ancillary service pricing has been particularly strong leading to lower volumes traded in wholesale markets compared to Q4 2021
- New service, Dynamic Regulation, launched in April – requires delivery of power for 1 hour which gives advantage to longer duration batteries
- Market outlook remains strong and independent analysts have increased battery revenue projections to factor in high gas pricing over the medium term

Average Revenue by Battery Duration (GB Fleet)



Source: HEAL analysis using data from Modo Energy

Revenue Source by Battery Duration (July '21 - June '22)



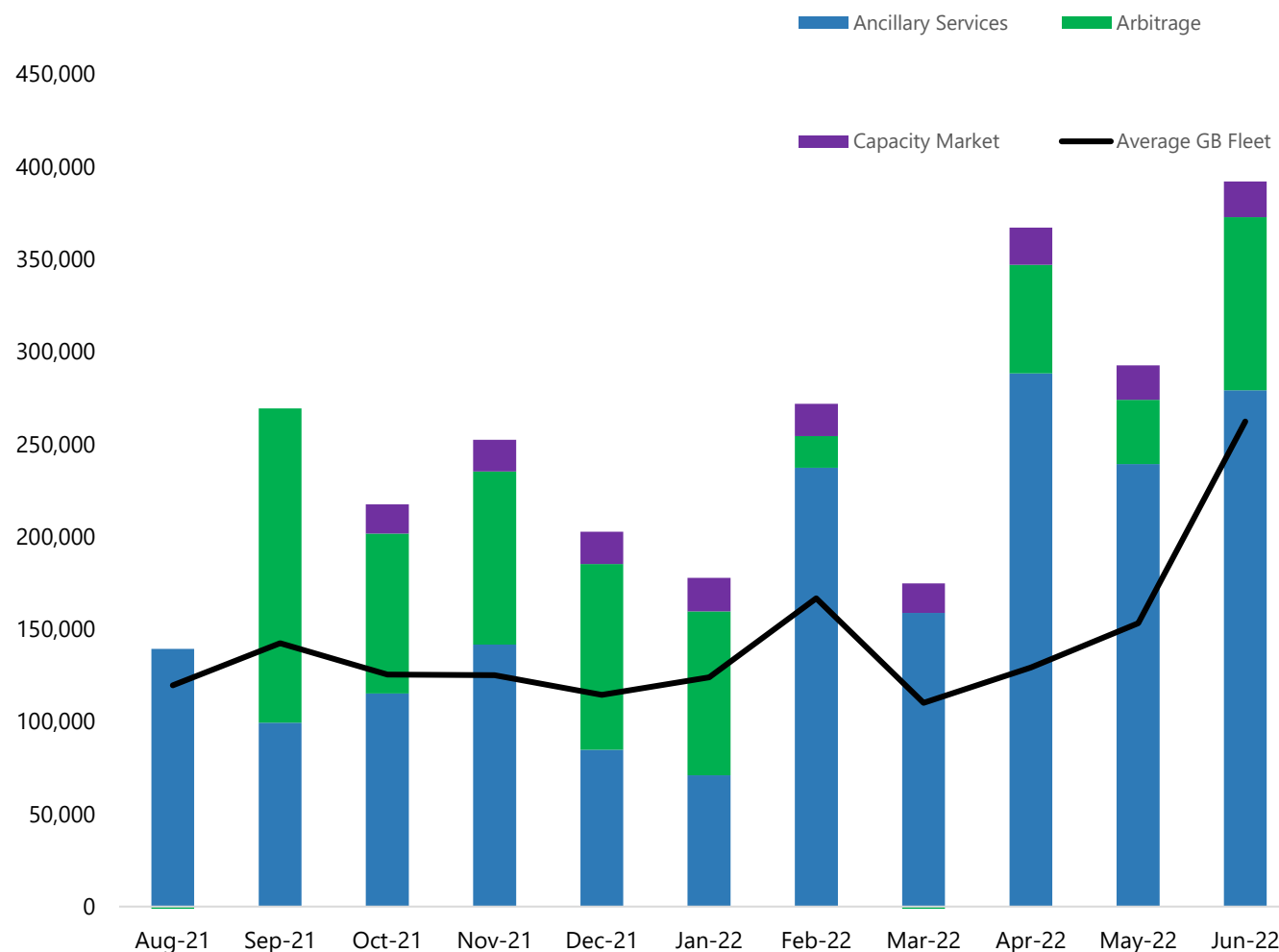
Source: HEAL analysis using data from Modo Energy

# Contego: Tesla and Harmony Track Record

*NB Asset does not form part of HEIT portfolio*

- 2 hrs is longest Li-Ion BESS technology currently operating in UK
- Contego (34 MW / 68 MWh)\*:
  - first operating 2-hr duration BESS in UK;
  - regularly the top-performing BESS asset in the UK on a monthly basis\*\* across a variety of market conditions; and
  - consistently outperformed HEIT modelled base case
- Contego achieved record revenues in April, May & June due to an under-supplied Dynamic Regulation market combined with ability to bid in near-full capacity – not attractive for a 1-hr battery
- Majority of existing fleet (77 projects) is 1-1.5 hr duration. Only three 2 hr duration BESS assets currently operating in GB

Contego 34MW / 68 MWh Revenue Stack (£/MW Annualised)



\*Asset developed by Harmony Group in partnership with third parties prior to the formation of the Fund \*\* According to Modo Monthly Leaderboard



## Section 4 | NAV Bridge

# NAV Updated 30 April 2022

- The Company's NAV on 9 November 2021 was £206.52m (98.34p per share).
- As at 30 April 2022, the audited NAV is calculated to have increased to £228.69m (108.90p per share), representing NAV growth of 10.74% over the period.
- NAV growth is primarily driven by increase to revenue projections which are 17% higher than previous quarter.
- "NAV Roll Forward" reflects reduced impact of cash drag as we move closer to operations.
- Asset Revaluation is revaluation of the Pillswood, Broadditch, Farnham and Rusholme projects to reflect their status to "under construction".
- "Project Assumptions" accounted for a net reduction in NAV of 0.92p per share and captured:
  - Increased project costs plus additional contingency;
  - Accelerated delivery of Pillswood project and slight extension to Rusholme project timing;
  - Reduced revenue optimisation fee payable to Tesla;
  - Improved warranty terms allowing higher cycling; and
  - Adjustments to short-term inflation assumption.

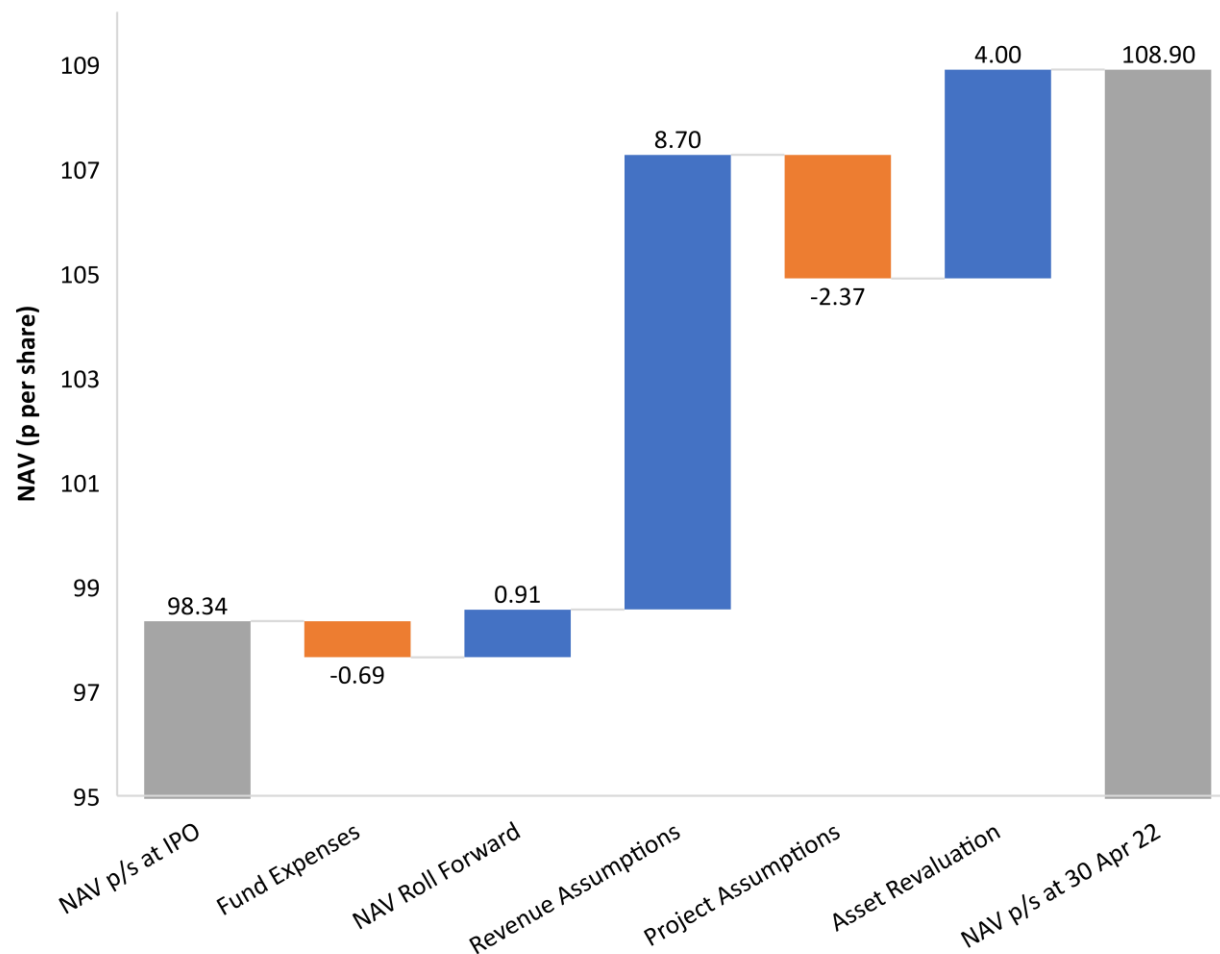
## Discount Rate Assumptions (as at 30 April):

"Shovel Ready" projects: 10.75%

"Under Construction" projects: 10.50%

Further reduction potential when projects commence operations

Change in Net Asset Value per share from IPO to 30 April 2022



A further increase of c.8p per share is expected upon acquisition and contracting of the 99 MW Bumpers project which is expected to occur in July 2022 (subject to completion).



## Section 5 | Summary

# Fund Overview

<b>Name:</b>	Harmony Energy Income Trust plc (HEIT.L)
<b>Investment Objective:</b>	To invest in renewable assets primarily battery storage systems within GB
<b>Target return*:</b>	Unlevered NAV total return of 10% resulting in a target 8p dividend for each financial year following an initial dividend of 2p for the year ended 31 Dec '22 and 8p for Dec '23
<b>Initial Portfolio:</b>	213 MW with total value of c.£160m – Harmony Energy Ltd took 15% of acquisition value in shares (5-year lock-up)
<b>Pipeline:</b>	787 MW, assets taking total of 1 GW. First pipeline project (99 MW) target acquisition imminent
<b>Leverage:</b>	up to 49% of NAV allowable. (No initial leverage applied)
<b>Investment Adviser:</b>	Harmony Energy Advisors Limited ( <i>appointed representative of Laven Advisors LLP, authorised and regulated by FCA</i> )
<b>Adviser Fees:</b>	0.9% per annum of the lesser of the Company's Net Asset Value or Market Capitalisation Reduced to 0.8% on excess of £250m. No other asset management fees. No performance fees
<b>Discount Control:</b>	14.99% share buyback authority- board will formally consider share buybacks if shares trade at discount of 8%+ to NAV for longer than 6 months
<b>Structure:</b>	Investment Trust domiciled in the UK
<b>Listing:</b>	LSE Specialist Funds Segment
<b>HEL Alignment:</b>	In addition to consideration shares, the management invested £2.65m at (or shortly after) IPO under a 5-year lock-up.
<b>Broker:</b>	Berenberg
<b>Key Upcoming Dates:</b>	- Third NAV Update and Trading Update RNS: Mid-August (and quarterly thereafter) - First Annual Accounts: February 2023



# Presentation End



**“Our mission is to enable the transition to an environmentally, financially and socially sustainable energy system; deliver attractive and sustainable returns to shareholders; and ultimately play a role in saving our planet.”**

*Peter Kavanagh, Harmony Energy*