

# Harmony Energy Income Trust plc

## Quarterly update for the period ended 31 January 2022



### Introduction

Harmony Energy Income Trust plc (the “Company”) was launched in November 2021 to invest in utility-scale battery energy storage projects in Great Britain, targeting a dividend yield of 8% per annum (2% in the first year) with a target total return of 10-12% per annum.

### Key Features

- Focussing on longer duration 2-hour battery energy storage systems (“BESS”) in GB to take advantage of increases in wholesale market revenue opportunities;
- Initial portfolio of five projects acquired on IPO totalling 213.5 MW (the “Seed Portfolio”);
- Seed Portfolio acquired with a fixed “all-in” cost of £750k per MW (£375k per MWh);
- Pre-emptive rights to acquire further 787 MW pipeline of BESS projects;
- Right of first offer on all projects developed by Harmony Energy Limited (the “Developer”);
- Two projects within the Seed Portfolio now contracted with Tesla to supply and install 2-hour batteries (“EPC”). These projects also benefit from maintenance (“O&M”) and revenue optimisation contracts with Tesla, using Tesla’s Autobidder software platform.

### Key Highlights

- NAV increased by 1.74% to £210.11 million, or 100.05p per share, up 1.71p per share following the IPO in November 2021;
- NAV increase is primarily driven by revaluation of Pillswood (98 MW) and Broadditch (11 MW) projects to reflect lower risk as these projects benefit from fully executed EPC, O&M and revenue optimisation agreements with Tesla;
- Remaining Seed Portfolio projects (and the Advanced Project, noted below) benefit from a Tesla framework agreement which sets delivery dates as well as key commercial terms in relation to the above agreements;
- Progress has been made on all projects and continues to be in line with expected timing; and
- Development of pipeline projects by the Developer is also progressing in line with expectations.

### Portfolio update

Since acquisition at IPO, good progress has been made on the Seed Portfolio in accordance with the planned timetable. The Pillswood and Broadditch contracts were executed with Tesla pre-IPO and in January 2022 (respectively). These projects are therefore categorised as “under construction” and on-track to commence operations in accordance with the table below.

Project	MW / MWh	Location	Target Commercial Operations Date	Status
Pillswood	98 / 196	Yorkshire	Dec 2022 / Mar 2023 <sup>3</sup>	Under Construction
Broadditch	11 / 22	Kent	December 2022	Under Construction
Farnham	20 / 40	Surrey	March 2023	Shovel Ready
Rusholme	35 / 70	Yorkshire	March 2023	Shovel Ready
Little Raith	49.5 / 99	Fife	October 2023	Shovel Ready
<b>Total</b>	<b>213.5 / 427</b>			

A 99 MW project described as the ‘Advanced Project’ on IPO is expected to be acquired by the Company once the final planning consent has been granted and upon agreement of debt financing terms. This will take the portfolio to 312.5 MW (625 MWh). In addition, the Developer is progressing with the development of additional pipeline projects which will be offered to the Company on a pre-emptive basis once such projects meet the Company’s qualifying investment criteria.



### Key Statistics as at 31 January 2022

Share price (pence)	100.25
NAV per share (pence)	100.05
Net Assets	£210.11 million
Market Cap.	£210.53 million
Target dividend (payable quarterly)	8% <sup>1</sup>
Shares in issue	210,000,000
Share price premium/(discount) to NAV	0.19%
Ongoing charges	1.26% per annum

### Key information

Ticker:	HEIT
Listing:	LSE (Specialist Fund Segment)
Year-end	31 October
Currency	GBP
ISIN	GB00BLNNFY18
Investment Adviser Fee	0.90% per annum <sup>2</sup>
Address	The Scalpel 18th Floor 52 Lime St London EC3M 7AF

### Board (Non-Executive)

Norman Crighton	Chair
Janine Freeman	Director
Hugh McNeal	Director
William Rickett	Director
Shafaly Yogendra	Director

### Harmony Group

Harmony Energy Advisors Limited	Investment Adviser
Harmony Energy Limited	Experienced developer of renewable and battery storage projects

### Strong focus on ESG



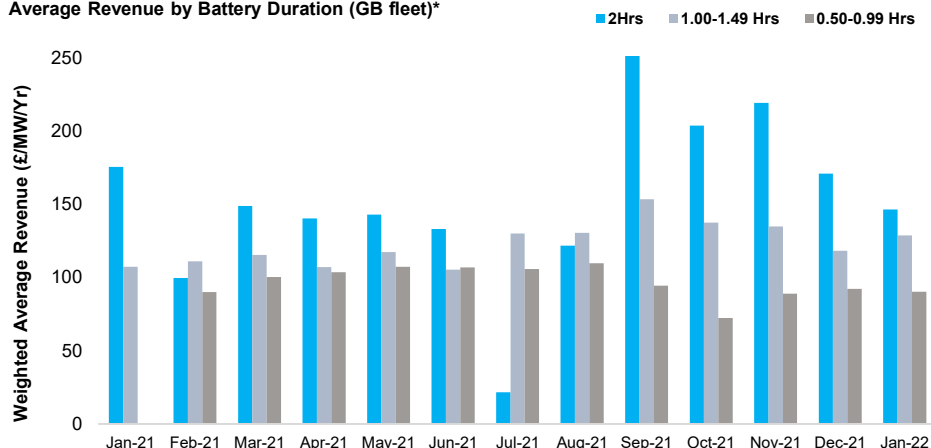
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1. 2% in Yr 1, with 8% thereafter (based on IPO price)
2. per annum on the lesser of the Company’s NAV or Market Capitalisation
3. Pillswood project will be delivered as two phases of 49MW each

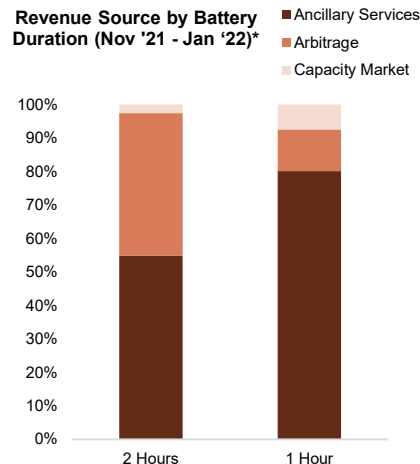
## Market Commentary

In the three months following the Company's IPO, revenues for battery storage assets in Great Britain have continued to be strong when compared to long-term historical averages, despite declining from the record high revenues seen in September 2021. Revenues across the market have continued to be derived from a combination of ancillary services and wholesale market revenues, with the latter being particularly important for 2-hour duration batteries. Only two 2-hour duration batteries currently operate in Great Britain. Both were developed by Harmony Energy Ltd, and both utilize Tesla's Megapack technology and Autobidder revenue optimisation platform. This mirrors the structure of the Company's assets. 2-hour duration batteries were top of the Modo Battery Storage GB Leaderboard<sup>1</sup> from September 2021 to December 2021 inclusive.

Average Revenue by Battery Duration (GB fleet)\*



Revenue Source by Battery Duration (Nov '21 - Jan '22)\*

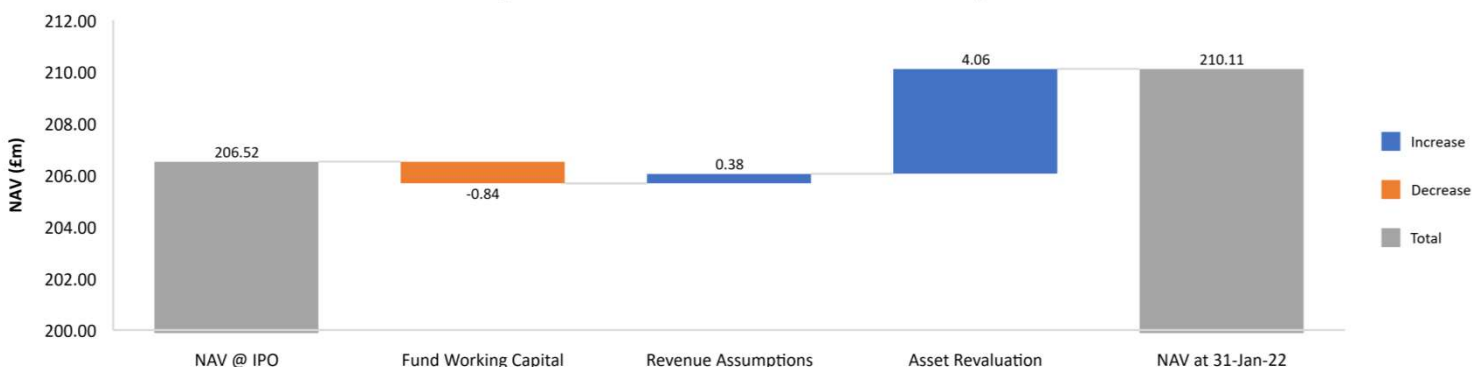


\*Source: Harmony Energy Advisors Ltd (using data from Modo)

## NAV Updated 31 January 2022

The Company's NAV immediately post-IPO was £206.52m (98.34p per share), taking into account listing costs. Between IPO and 31 January 2022, the unaudited NAV is calculated to have increased to £210.11m (100.05p per share), representing a NAV total return of 1.74% over the period. This return was largely driven by a revaluation of the Pillswood and Broadditch projects which both benefit from fully executed EPC, O&M and revenue optimisation contracts with Tesla. In addition, Tesla is now offering improved warranty terms of up to 20 years rather than 15 years, which has a positive impact on modelled revenues.

Change in Net Asset Value from 9th November 2021 to 31st January 2022



## Adviser Information

### Broker

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United Kingdom

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### AIFM

JTC Global AIFM Solutions Ltd,  
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Guernsey, GY1 2HT

### Administrator/Company

**Secretary:**  
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