Key Information Document

Investor Class (ISIN: GB00BLNNFY18)

HARMONY ENERGY INCOME TRUST PLC

Purpose

This document provides you with key information about this investment product. It is not marketing material. The information is to help you understand the nature, risks, costs, potential gains and losses of this product and to help you compare it with other products.

You are about to purchase a product that is not simple and may be difficult to understand.

Product

Name: Ordinary Shares in Harmony Energy Income Trust plc (HEIT)

Name of PRIIP Manufacturer: Harmony Energy Income Trust plc

ISIN: GB00BLNNFY18

Contact details: The Company can be contacted through its company secretary JTC (UK) Limited (+44 (0) 20 7409 0181). The Company's website is www.heitp.co.uk.

Competent authority: The Financial Conduct Authority

Date of production of this document: 28th November 2024

What is this product?

Type: Ordinary shares in a public company incorporated in England and Wales with company number 13656587. This is a closed-ended investment company.

Objectives: The PRIIPs primary investment objective is to provide investors with an attractive and sustainable level of income returns, with the potential for capital growth, by investing in commercial scale energy storage and renewable energy generation projects, with an initial focus on a diversified portfolio of battery energy storage systems located in Great Britain.

Intended retail investor: This product is for retail and professional investors who have a long-term investment horizon, have basic capital markets knowledge or experience in investing in shares and have the ability to bear investment losses as a result of any potential stock market volatility. The Specialist Fund Segment is only suitable for investors: (i) who understand the potential risk of capital loss and that there may be limited liquidity in the underlying investments of the Company; (ii) for whom an investment in securities admitted to trading on the Specialist Fund Segment is part of a diversified investment programme; and (iii) who fully understand and are willing to assume the risks involved in such an investment portfolio.

Maturity: There is no maturity date.

What are the risks and what could I get in return?

Risk indicator

1	2	3	4	**5**	6	7

Lower risk and typically lower rewards ← → **Higher risk and typically higher rewards**

The risk indicator assumes you keep the Product for 5 years. The actual risk can vary significantly if you redeem at an early stage and you may get back less.

The summary risk indicator is a guide to the level of risk of the Product compared to other products. It shows how likely it is that the Product will lose money because of movements in the market or because we are not able to pay you. We have classified this Product as a 5 out of 7, which is a medium-high risk class. This rates the potential losses from future performance at a medium-high level, and poor market conditions will likely impact our capacity to pay you. This Product does not include any protection from future market performance so you could lose some or all of your investment. If we are not able to pay what is owed, you could lose your entire investment.

Performance Information

The main factors that may affect the performance of HEIT are the performance of the utility-scale battery energy storage projects within the portfolio and the ability of the Investment Advisor to manage those projects in accordance with the Company's investment policy. Other factors that may affect the performance of HEIT's shares are the supply and demand for the shares, energy market or economic conditions and general investor sentiment.

Since trading began on 9 November 2021, HEIT has generated a shareholder total return (net of costs) of -16.8% per annum with an annualised risk of 29.5%. For comparison, over the same period, a peer group benchmark, formed from the returns of a 50:50 mix of UK energy storage funds GRID and Gore Street, returned -19.2% per annum with an annualised risk of 22.4%.

To examine objective data for HEIT's performance characteristics, we used the returns of a portfolio of battery energy storage funds from 8 November 2018 to 8 November 2021 as a proxy for HEIT's total returns (net of costs) prior to commencement of trading (the "**Energy Storage Proxy**"). Prior to this we used a portfolio of renewable energy funds, and UK energy/infrastructure indices as a proxy for HEIT's total returns. These constituents were dynamically reweighted based on available data to give a full daily performance history from 1 January 1999 (the "**Long-Term Proxy**").

What could affect my return positively?

Specific factors that might affect returns positively would be: performance of the projects within the portfolio in line with or exceeding the Company's targets; the ability of the Investment Advisor to successfully operate the projects within their geographic markets; suitable energy trading conditions; and revenue optimisation strategies for the projects within the portfolio performing better than expected. In addition, continued growth in the renewables sector and an increase in the underlying price of natural gas is likely to have a positive effect on revenue performance. Overall improvements in broader equity market valuations are also likely to correlate to improvements in HEIT's valuation, with improving company valuations most likely during larger positive broader equity market movements. In terms of quantitative evidence, the Energy Storage Proxy had a most favourable one-year return of 34.2% beginning March 2020, and over the five-year recommended holding period, the Long-Term Proxy had a most favourable rolling five-year performance of 21.7% per annum beginning May 2003.

What could affect my return negatively?

Specific factors that could affect returns negatively would be: operating performance of the battery energy storage projects within the portfolio falling below the Company's targets; unfavourable energy trading conditions; equipment failure or faster-than-anticipated degradation of the battery cells; a rapid decline in prices for battery systems which could impact HEIT's valuation; a default by one or more key suppliers; and more competitive pricing of alternative electricity generation technologies such as natural gas plant. In addition, external factors, such as adverse economic and market conditions and unfavourable regulatory changes regarding the design of the energy market could reduce demand for HEIT's shares and negatively impact performance. The Energy Storage Proxy's least favourable performance over a rolling one-year was -69.8% beginning February 2023; and over longer periods, the Long-Term Proxy had a least favourable five-year rolling return of -12.0% per annum beginning February 2019.

What could happen in severely adverse market conditions?

The Company has experienced a maximum shareholder loss of 71.5% over the period from 07 December 2022 to 19 February 2024 due to factors such as rising interest rates, a reduction in wholesale electricity price volatility and saturation of ancillary services markets. Since February 2024, the shares have returned 56.7%, but still trade 55.3% below their peak value in December 2022. Under adverse market conditions, there is a risk that the capital value of an investment in the Company's shares could reduce significantly, potentially down to zero.

What happens if Harmony Energy Income Trust is unable to pay out?

As a shareholder of the Company, you will not be entitled to compensation from the Financial Services Compensation Scheme or any other compensation scheme in the event that the Company were unable to pay any dividends or other returns it may elect to pay from time to time, or if it were unable to pay amounts due to you on a winding-up. No guarantee scheme applies to an investment in the Company.

What are the costs?

The Reduction in Yield (RIY) shows what impact the total costs you pay will have on the investment return you might get. The total costs take into account one-off, ongoing and incidental costs. The amounts shown here are the cumulative costs of the product itself, for three different holding periods. The figures assume you invest £10,000. The figures are estimates and may change in the future.

Costs over time

The person selling you, or advising you, about this product may charge you other costs. If so, this person will provide you with information about these costs, and show you the impact that all costs will have on your investment over time.

Investment of £10,000

For the table below, we have assumed that the product performs in line with a moderate shareholder net return of 4.06% per annum, for the three different holding periods.

Scenarios	If you cash in after 1 year	If you cash in after 3 years	If you cash in at the end of the recommended holding period of 5 years
Total Costs	£120	£399	£724
Impact on return (RIY) per year	1.20%	1.20%	1.20%

Composition of costs

The table below shows:

- The impact each year of the different types of costs on the investment returns you might get at the end of the recommended holding period; and
- The meaning of the different cost categories

			This table shows the impact on return per year
One-off costs	Entry costs	0.00 %	The impact of the costs you pay when entering your investment.
	Exit costs	0.00 %	The impact of the costs of exiting your investment when it matures.
Ongoing costs	Portfolio transaction costs	0.00 %	The impact of the costs of us buying and selling underlying investments for the product.
	Other on-going costs	1.20 %*	The impact of the costs that we take each year for managing your investments. This figure is formed from 0.47% pa Investment Advisor fees and 0.73% pa other operating expenses.
Incidental costs	Performance fees	0.00 %	The impact of the performance fee. We take these from your investment if the Product outperforms its benchmark.
	Carried interests	0.00 %	The impact of carried interests.

* These costs represent the aggregate costs of the Company's service providers. The Investment Advisor fee is calculated as a percentage of the lesser of the Company's NAV or Market Capitalisation (so as to align with the interests of shareholders). The relevant percentage is 0.90%, or 0.80% applied to the proportion of NAV/Market Capitalisation in excess of £250m.

How long should I hold it, and can I take money out early?

Recommended holding period: 5 years. An investment in HEIT is designed to be long-term in nature, and the returns can be volatile during its life. This is a long-term investment.

The Company is a closed-ended investment company and the Ordinary Shares are admitted to trading on the Specialist Fund Segment. Shareholders who wish to realise their investment may only do so by selling their Ordinary Shares to a willing buyer. The price at which the Ordinary Shares are traded will be based on trading prices at the time on the London Stock Exchange on any normal business day.

How can I complain?

As a shareholder of HEIT, you do not have the right to complain to the Financial Ombudsman Service (FOCS) about the management of Harmony Energy Income Trust. Complaints about the Company or the Key Information Document should be sent to: The Company Secretary, JTC (UK) Limited, The Scalpel, 18th Floor, 52 Lime Street, London, United Kingdom, EC3M 7AF, or by email to

HarmonyEnergyIncomeTrustplc@jtcgroup.com

Other relevant information

The cost, performance and risk calculations included in this KID follow the methodology prescribed by UK rules.

Further information on the principal risks to which HEIT is exposed to can be found within the Company's latest Interim and Annual Reports under the 'Principal Risks and Uncertainties' heading, or within the Company Prospectus, dated 15 October 2021, under the 'Risk Factors' heading. These documents can be found online at www.heitp.co.uk/investors/.

The distributor will provide you with additional documents where necessary.

Investors should be aware that past performance does not guarantee future performance and loss of principal may occur.

Sustainability Disclosure Requirements and investment labelling

Harmony Energy Income Trust plc (the "**Company**") falls within the scope of the Sustainability Disclosure Requirements (the "**SDR**") and its investment labelling regime as introduced through PS23/16 into the Financial Conduct Authority (the "**FCA**") Handbook. The Company has prepared this disclosure for the purpose of complying with the requirements.

The UK's sustainability investment labelling regime aims to help investors find products that have a specific sustainability goal. The regime introduced four sustainable investment labels that firms can apply to products on a voluntary basis. This product does not currently have a sustainable investment label. In the context of wider sector challenges and uncertainty regarding the outcome of the sale process for the Company's assets, the Board has decided not to use a sustainable investment label for this product at this time. The Board will review this decision in 2025 when there is more clarity on the commercial strategy post-sale process. This decision does not detract from the Company's core business, in line with its Investment Objective, of investing in grid scale battery energy storage projects, as vital contributors to the UK's net zero transition. This is underpinned by its Investment Strategy, Policy and its associated sustainability strategy, initiatives, KPIs and metrics, as described in the Article 23 Disclosure. For further information, please see the Company's website or contact sustainability@harmonyenergy.co.uk.