

## DEED OF IRREVOCABLE UNDERTAKING – DIRECTOR

To: The Directors  
Drax BESS Holdco Limited (the **Offeror**)  
Drax Power Station  
Selby  
North Yorkshire  
United Kingdom  
YO8 8PH

..25.. March 2025

### Proposed offer for Harmony Energy Income Trust plc

#### 1. Introduction

1.1 This undertaking is given by me in my capacity as beneficial owner of (or as a person otherwise able to control the exercise of all rights, including voting rights, attaching to) the Shares (as defined below) and not in my capacity as a director of Harmony Energy Income Trust plc (the **Target**).

1.2 I, the undersigned, understand that:

1.2.1 the Offeror is considering making an offer to acquire, directly or indirectly, all the ordinary shares of 1 pence each (**Ordinary Shares**) in the capital of the Target (the **Proposed Transaction**) other than those Ordinary Shares held by or on behalf of the Offeror or any member of the Wider Drax Group at the Scheme Record Time;

1.2.2 it is intended that the Proposed Transaction will be implemented by way of a court-sanctioned scheme of arrangement under Part 26 of the Companies Act 2006 (a **Scheme**), but the Offeror has reserved the right to elect to implement the Proposed Transaction by way of a takeover offer, as defined in the Companies Act 2006 (an **Offer**); and

1.2.3 the Proposed Transaction will be substantially on the terms and conditions to be set out in a firm offer announcement (the **Press Announcement**) to be made under Rule 2.7 of the City Code on Takeovers and Mergers (the **Code**) and substantially in the form of the attached draft Press Announcement, together with any additional terms and conditions as may be required by the Code and/or any other applicable law or regulation or as the Offeror and the Target may agree.

1.3 Unless otherwise defined in this undertaking, capitalised terms have the meaning given to them in the Press Announcement.

#### 2. Warranties and undertakings

Subject to your announcing the Proposed Transaction in accordance with Rule 2.7 of the Code by 5.00 p.m. on 28 March 2025 (or such later date as the Offeror and the Target may agree), I irrevocably and unconditionally undertake, agree, represent and warrant to and with the Offeror that:

2.1 I have the power and authority to enter into this undertaking and perform my obligations under it;

2.2 I am the beneficial owner of (or am otherwise able to control the exercise of all rights, including voting rights, attaching to) the ordinary shares specified in Part 1 of Schedule 1 (the **Shares**, which expression will be deemed, where appropriate, to include any shares in the capital of the Target:

2.2.1 attributable to or derived from the Shares or into which the Shares may be converted, subdivided or consolidated as a result of any reorganisation of the share capital of the Target; and/or

- 2.2.2 in which I acquire an interest,  
in each case after the date of this undertaking);
- 2.3 I am able to procure the transfer of the Shares free from all liens, equities, charges, encumbrances, options, rights of pre-emption, and any other third party rights and interests of any nature;
- 2.4 I am not interested in, or otherwise able to control the exercise of voting rights attaching to, any shares or other securities of the Target other than those of which details are set out in Schedule 1;
- 2.5 unless and until the obligations under this undertaking lapse or otherwise terminate in accordance with the terms of this undertaking, I will not (and, if applicable, I will take all steps in my power to procure that the registered holder of the Shares will not):
- 2.5.1 sell, transfer, charge, encumber, pledge or grant any option over or otherwise dispose of any of the Shares or any interest in any of the Shares except to the Offeror under the terms of the Proposed Transaction;
- 2.5.2 accept or give any undertaking in respect of any other offer or similar transaction in respect of any of the Shares which might frustrate the Proposed Transaction or any part of it (whether it is conditional or unconditional and irrespective of the means by which it is to be implemented);
- 2.5.3 acquire any further interest in any shares in the Target unless the Panel on Takeovers and Mergers (the **Panel**) has first determined, and confirmed to the Offeror and the Target, that I am not acting in concert with the Offeror for the purpose of Note 9 on the definition of "acting in concert" in the Code; or
- 2.5.4 enter into any agreement or arrangement with any person, whether conditionally or unconditionally, or solicit or encourage any person, to do any of the acts referred to in this paragraph 2.5; and
- 2.6 unless and until the obligations under this undertaking lapse or otherwise terminate in accordance with the terms of this undertaking, I will not, in my capacity as a shareholder of the Target, without the prior written consent of the Offeror, convene or requisition, or join in convening or requisitioning, any general or class meeting of the Target.

### 3. **Scheme**

Subject to your announcing the Proposed Transaction in accordance with Rule 2.7 of the Code by 5.00 p.m. on 28 March 2025 (or such later date as the Offeror and the Target may agree), I irrevocably and unconditionally undertake to the Offeror that, if the Proposed Transaction is implemented by way of a Scheme:

- 3.1 I shall (unless the Offeror otherwise requests in writing) exercise or, where applicable, procure the exercise of, all rights attaching to the Shares on any resolution (whether or not amended and whether put to a show of hands or a poll) which is proposed at any general or class meeting of the Target (including any adjournment thereof) or at any meeting of holders of shares in the Target convened by a court pursuant to section 896 of the Companies Act 2006 (including any adjournment thereof) (any such meeting being a **Shareholders' Meeting**) which:
- 3.1.1 is necessary to implement the Proposed Transaction;
- 3.1.2 might reasonably be expected to have any impact on the fulfilment of any condition to the Proposed Transaction;
- 3.1.3 might reasonably be expected to impede or frustrate the Proposed Transaction in any way (which shall include any resolution to approve a scheme of arrangement relating to the acquisition of any shares in the Target by a third party); or

3.1.4 might otherwise reasonably be expected to impact on the success of the Proposed Transaction,

only in accordance with the Offeror's instructions;

3.2 I shall exercise or, where applicable, take all steps within my power to procure the exercise of, all rights attaching to the Shares to requisition or join in the requisitioning of any general meeting of the Target for the purposes of voting on any resolution referred to under paragraph 3.1, or to require the Target to give notice of any such meeting, only in accordance with the Offeror's instructions;

3.3 for the purposes of voting on any resolution referred to under paragraph 3.1, I shall, if required by the Offeror, execute, or procure the execution of, any form of proxy required by the Offeror appointing any person named by the Offeror to attend and vote at the relevant meetings and I shall not amend, revoke or withdraw any such form of proxy; and

3.4 without prejudice to paragraph 3.3, I shall after the despatch of the formal document containing details of the Scheme (the **Scheme Document**) to shareholders of the Target (and without prejudice to any right I have to attend and vote in person at the Shareholders' Meetings to implement the Proposed Transaction (including any adjournment thereof)):

3.4.1 in the case of those Shares referred to in Part 1 of Schedule 1, as soon as reasonably practicable and in any event within ten Business Days of the date of the Scheme Document; or

3.4.2 in the case of any other Shares, as soon as reasonably practicable and in any event within five Business Days of the date on which I become able to control the exercise of the voting rights attaching to those Shares or, if later, within ten Business Days of the date of the Scheme Document,

return, or take all steps within my power to procure the return of, if applicable, the signed forms of proxy enclosed with the Scheme Document (completed and signed and voting in favour of the resolutions to implement the Proposed Transaction) in accordance with the instructions printed on those forms of proxy or, if applicable, take or take all steps within my power to procure the taking of any other action, in respect of any Shares held in uncertificated form, which may be required by or on behalf of the Offeror or its nominated representative in order to make a valid proxy appointment and give valid proxy instructions (voting in favour of the resolutions to implement the Proposed Transaction).

#### 4. **Offer**

Subject to your announcing the Proposed Transaction in accordance with Rule 2.7 of the Code by 5.00 p.m. on 28 March 2025 (or such later date as the Offeror and the Target may agree), I irrevocably and unconditionally undertake to the Offeror that, if the Proposed Transaction is implemented by way of an Offer:

4.1 I shall (unless the Offeror otherwise requests in writing) exercise or, where applicable, take all steps within my power to procure the exercise of, all rights attaching to the Shares on any resolution (whether or not amended and whether put to a show of hands or a poll) which is proposed at any Shareholders' Meeting which:

4.1.1 might reasonably be expected to impede or frustrate the Proposed Transaction in any way (which shall include any resolution to approve a scheme of arrangement relating to the acquisition of any shares in the Target by a third party); or

4.1.2 might otherwise reasonably be expected to impact on the success of the Proposed Transaction,

only in accordance with the Offeror's instructions;

4.2 I shall, after the despatch of the formal document containing the Offer (the **Offer Document**) to shareholders of the Target:

4.2.1 in the case of those Shares referred to in Part 1 of Schedule 1, as soon as reasonably practicable and in any event within ten Business Days of the date of the Offer Document;  
or

4.2.2 in the case of any other Shares, as soon as reasonably practicable and in any event within five Business Days of the date on which I become able to control the voting rights attaching to those Shares or, if later, within ten Business Days of the date of the Offer Document,

duly accept (or take all steps within my power to procure acceptance of) the Offer in accordance with its terms in respect of such Shares; and

4.3 notwithstanding that the terms of the Offer Document will confer rights of withdrawal on accepting shareholders, I shall not withdraw any acceptance of the Offer in respect of the Shares or any of them and shall take all steps within my power to procure that no rights to withdraw any acceptance in respect of such Shares are exercised.

## 5. **Publicity and provision of information**

5.1 I acknowledge that in accordance with:

5.1.1 Rule 2.10 of the Code, particulars of this undertaking will be disclosed in the Press Announcement;

5.1.2 Rule 24.3 of the Code, particulars of this undertaking will be included in the Scheme Document and/or the Offer Document (as applicable); and

5.1.3 Rule 26.1 of the Code, this undertaking will be published on a website following release of the Press Announcement.

5.2 I consent to:

5.2.1 the issue of the Press Announcement with the references to me and this undertaking substantially in the form and context in which they appear in the form of the draft Press Announcement attached to this undertaking as Schedule 2;

5.2.2 the despatch of the Scheme Document and/or Offer Document (as applicable) containing particulars of this undertaking and, if required, details of my (and my close family relatives' and related trusts') interests and dealings in Target securities as required by the Code; and

5.2.3 this undertaking being published on a website following issue of the Press Announcement.

5.3 I will notify the Offeror promptly of any dealings by me or my close family relatives and related trusts in securities of the Target after the date of this undertaking and before the obligations under this undertaking lapse or otherwise terminate in accordance with the terms of this undertaking.

## 6. **Lapse of undertaking**

6.1 All obligations under this undertaking will lapse and cease to have any effect:

6.1.1 immediately if the Press Announcement is not released by 5.00 p.m. on 28 March 2025 (or any later date agreed between the Target and the Offeror);

6.1.2 following publication of the Press Announcement, immediately if the Offeror announces, with the consent of the Panel, that it does not intend to proceed with the Proposed Transaction; or

6.1.3 following publication of the Press Announcement, on and from the earlier of:

- (a) .....31.July.....2025;
- (b) the time and date on which the Proposed Transaction is withdrawn, lapses or otherwise terminates in accordance with its terms; and
- (c) the date on which any competing offer for the entire issued and to be issued share capital of the Target is declared unconditional or, if implemented by way of a scheme of arrangement, becomes effective,

provided that the lapsing of this undertaking will not affect any accrued rights or liabilities in respect of non-performance of any obligation under this undertaking falling due for performance before such lapse.

6.2 This undertaking shall terminate and all obligations on me will cease to have effect on the date on which the Proposed Transaction becomes effective in accordance with its terms if implemented as a Scheme, or becomes or is declared unconditional if implemented by way of an Offer.

## 7. **General**

7.1 By way of security for my obligations under this undertaking I irrevocably appoint, severally, each of the Offeror and any director of the Offeror to be my attorney to, in my name and on my behalf, sign, execute and deliver any documents and do all such acts and things as may be necessary for or incidental to the performance of my obligations under this undertaking in the event of my failure to comply with my obligations pursuant to paragraphs 3 and 4 of this undertaking within the specified period. I agree that this power of attorney is irrevocable in accordance with section 4 of the Powers of Attorney Act 1971 until this undertaking lapses or otherwise terminates in accordance with clause 6.

7.2 If any of the Shares are not registered in my name, I will take all steps within my power to procure that the registered holder(s) of those Shares act in accordance with the terms of this undertaking.

7.3 I acknowledge that:

7.3.1 the release of the Press Announcement is at the Offeror's absolute discretion and the Offeror reserves the right not to release the Press Announcement;

7.3.2 nothing in this undertaking obliges the Offeror to despatch the Offer Document (or consent to the despatch of the Scheme Document, as applicable) if it is not required to do so under the Code;

7.3.3 without prejudice to my obligations in this undertaking, I am obliged to make appropriate disclosure under the Code by no later than 12 noon on the following Business Day in the event that I am no longer able to comply with the terms of this undertaking or no longer intend to do so;

7.3.4 I am not a client of J.P. Morgan Cazenove and accordingly it will not be responsible to me for providing the protections afforded to its clients or for giving advice in relation to the Proposed Transaction or in connection with this undertaking; and

7.3.5 I have been given an adequate opportunity to consider whether or not to give this undertaking and to obtain independent advice about the nature of this undertaking.

7.4 Nothing in this undertaking shall constitute an obligation on me to take any action which is not permitted by the Code.

7.5 I acknowledge that, if I breach any of my obligations in this undertaking, damages alone may not be an adequate remedy and that an order for specific performance may be an essential element of any adequate remedy for that breach.

- 7.6 Any reference to a time, date or period in this undertaking is a reference to London time and may be extended by mutual agreement between the Offeror and the Target but, as regards any time, date or period originally fixed or so extended, time will be of the essence.
- 7.7 This undertaking will bind my estate and personal representatives.
- 7.8 No variation of this undertaking shall be effective unless agreed between each of the parties to it.
- 7.9 A person who is not a party to this undertaking shall have no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any of its terms.
- 7.10 In this undertaking:
- 7.10.1 a reference to a "Business Day" means a day (other than a Saturday or Sunday) on which banks are generally open in London for normal business;
  - 7.10.2 a reference to a person having an "interest in shares" includes all interests which a person would be required to notify to the Target if he were a director of the Target; and
  - 7.10.3 the expression the "Proposed Transaction" extends to any improved or revised offer announced in accordance with Rule 2.7 of the Code by or on behalf of the Offeror during the offer period, whether voluntary or mandatory, irrespective of how the improved or revised offer is to be implemented and, for the avoidance of doubt, this undertaking will continue to be binding in respect of the Shares in respect of any improved or revised offer.
- 7.11 This undertaking and any non-contractual obligations arising out of or in connection with it will be governed by, and construed in accordance with, English law.
- 7.12 The English courts have exclusive jurisdiction to settle any dispute, claim or controversy arising out of or in connection with this undertaking (including a dispute, claim or controversy relating to any non-contractual obligations arising out of or in connection with this undertaking) and I irrevocably submit to the exclusive jurisdiction of the English courts for all purposes in relation to this undertaking.

**SCHEDULE 1**

**PART 1**

**THE SHARES**

<b>Name(s) of registered holders as appearing on the register of members</b>	<b>Name(s) of beneficial holders</b>	<b>No. of ordinary shares</b>
Platform Securities Nominees Limited	Norman Crighton	16,528 ordinary shares of £0.01 each in the capital of the Company

**SCHEDULE 2**  
**DRAFT PRESS ANNOUNCEMENT**



NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN, INTO OR FROM ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OR REGULATIONS OF SUCH JURISDICTION.

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION AS STIPULATED UNDER THE MARKET ABUSE REGULATION (EU) NO 596/2014 (INCORPORATED INTO UK LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 AS AMENDED BY VIRTUE OF THE MARKET ABUSE (AMENDMENT) (EU EXIT) REGULATIONS 2019). UPON THE PUBLICATION OF THIS ANNOUNCEMENT VIA A REGULATORY INFORMATION SERVICE, THIS INSIDE INFORMATION IS NOW CONSIDERED TO BE IN THE PUBLIC DOMAIN.

FOR IMMEDIATE RELEASE

25 March 2025

**RECOMMENDED CASH ACQUISITION**

of

**Harmony Energy Income Trust Plc (“HEIT”)**

by

**Drax BESS Holdco Limited (“Drax Bidco”)**

**to be effected by means of a scheme of arrangement  
under Part 26 of the Companies Act 2006**

**Summary**

- The board of directors of each of Drax Bidco and HEIT are pleased to announce that they have reached agreement on the terms of a recommended cash acquisition pursuant to which Drax Bidco, a wholly-owned subsidiary undertaking of Drax, will acquire the entire issued ordinary share capital of HEIT (the “**Acquisition**”). The Acquisition is intended to be effected by means of a scheme of arrangement under Part 26 of the Companies Act.
- Under the terms of the Acquisition, HEIT Shareholders shall be entitled to receive:
  - for each Scheme Share: 88.0 pence in cash**
- The Consideration per Scheme Share values the entire issued share capital of HEIT at approximately £199.9 million and represents a premium of approximately:
  - 5 per cent. to the Foresight possible offer of 84.0 pence per HEIT Share on 17 March 2025 (being the date of the Foresight Rule 2.4 Announcement);
  - 35 per cent. to the Closing Price of 65.2 pence per HEIT Share on 14 March 2025 (being the last Business Day prior to the date of the Foresight Rule 2.4 Announcement);

- 11 per cent. to the Closing Price of 79.2 pence per HEIT Share on 24 March 2025 (being the last Business Day prior to the date of this announcement);
- 84 per cent. to the Closing Price of 47.8 pence per HEIT Share on 29 May 2024 (being the last Business Day prior to the date of the announcement of HEIT's ongoing asset sale process).
- The board of directors of each of Drax Bidco and HEIT are also pleased to note that, in total, HEIT Shareholders (including the HEIT Directors) representing 19.6 per cent. of HEIT's issued ordinary share capital as at the Latest Practicable Date are supportive of the Acquisition and have each entered into irrevocable undertakings to vote in favour of the Scheme at the Court Meeting and the resolutions to be proposed at the General Meeting.

### **Strategic rationale for the Acquisition**

- Drax believes that the Acquisition represents a highly attractive opportunity, one which is complementary to the Wider Drax Group's existing FlexGen portfolio. HEIT, a publicly listed investment trust set up to acquire ready-to-build battery energy storage system ("BESS") assets, represents a compelling opportunity to add operating BESS assets to the Wider Drax Group's FlexGen portfolio, offering the following key benefits:
  - ability to perform daily cycling to capture the spread between overnight prices and peaks as well as benefit from market volatility events;
  - provides access to additional ancillary services markets by adding rapid and short duration response capability; and
  - complements Drax's existing 24/7 trading capability operating across wholesale, balancing and ancillary service markets.
- Drax views HEIT as a highly attractive large scale UK BESS portfolio, comprised entirely of two-hour fully operational, cash generative assets which can operate standalone today and allow for the future potential in-sourcing of trading and optimisation. Drax expects that return on invested capital from the Acquisition will significantly exceed the Wider Drax Group's target weighted average cost of capital.

### **Recommendation**

- The HEIT Directors, who have been so advised by Panmure Liberum as to the financial terms of the Acquisition, consider the terms of the Acquisition to be fair and reasonable. In providing its advice to HEIT Directors, Panmure Liberum has taken into account the commercial assessments of the HEIT Directors. Panmure Liberum is providing independent financial advice to the HEIT Directors for the purposes of Rule 3 of the Code.
- Accordingly, the HEIT Directors intend to recommend unanimously that HEIT Shareholders vote in favour of the Scheme at the Court Meeting and the resolutions to be proposed at the General Meeting as the HEIT Directors have irrevocably undertaken to do in respect of their own beneficial holdings of 101,116 HEIT Shares representing, in aggregate, approximately 0.04 per cent. of the ordinary share capital of HEIT in issue on the Latest Practicable Date.

### **Irrevocable undertakings**

- As noted above, Drax Bidco has received irrevocable undertakings from each of the HEIT Directors to vote in favour of the Scheme at the Court Meeting and the resolutions to be

proposed at the General Meeting, in respect of a total of 101,116 HEIT Shares, representing approximately 0.04 per cent. of the existing issued ordinary share capital of HEIT on the Latest Practicable Date.

- Drax Bidco has also received irrevocable undertakings to vote in favour of the Scheme at the Court Meeting and the resolutions to be proposed at the General Meeting from HEIT Shareholders in respect of a total of 44,448,634 HEIT Shares representing, in aggregate, approximately 19.6 per cent. of HEIT's existing issued ordinary share capital on the Latest Practicable Date.
- Drax Bidco has therefore received irrevocable undertakings in respect of a total of 44,549,750 HEIT Shares representing, in aggregate, approximately 19.6 per cent. of HEIT's ordinary share capital in issue on the Latest Practicable Date.

#### **Information on Drax Bidco and Drax**

- Drax is a renewable energy company engaged in renewable power generation, the production of sustainable biomass and the sale of renewable electricity to businesses.
- Drax operates a generation portfolio of sustainable biomass, hydro-electric and pumped storage hydro assets in England and Scotland and is developing three open cycle gas turbine assets, two in England and one in Wales. Drax's Energy Solutions business sells renewable electricity to industrial and commercial customers in the UK. The Wider Drax Group also operates a biomass pellet production business with 18 operational and development sites for a combination of own-use and third-party sales, from existing and new markets, including Sustainable Aviation Fuel (SAF), where Drax is developing a pipeline of biomass sales opportunities in North America, Asia and Europe.
- The Wider Drax Group employs over 3,200 people in the UK, US, Canada and Japan. The Wider Drax Group had total revenue of £6,163 million in 2024 and adjusted EBITDA of £1,064 million.
- Drax Bidco was incorporated on 27 December 2024 and is a wholly-owned subsidiary undertaking of Drax. It has not traded since its date of incorporation, nor has it entered into any obligations other than in connection with the Acquisition.

#### **Timetable and Conditions**

- It is intended that the Acquisition will be implemented by way of a scheme of arrangement between HEIT and HEIT Shareholders under Part 26 of the Companies Act (although Drax Bidco reserves the right to implement the Acquisition by way of a Takeover Offer, subject to the Panel's consent and compliance with the Code).
- The Acquisition is conditional on, among other things, the approval of the requisite majority of HEIT Shareholders at the Court Meeting and at the General Meeting. In order to become Effective, the Scheme must be approved by a majority in number of the HEIT Shareholders voting at the Court Meeting, either in person or by proxy, representing at least 75 per cent. in value of the HEIT Shares voted. In addition, a special resolution implementing the Scheme must be passed by HEIT Shareholders representing at least 75 per cent. of votes cast at the General Meeting. Following the Court Meeting, the Scheme must also be sanctioned by the Court.
- For the purposes of Rule 29.1(d) of the Code a valuation of HEIT's portfolio will be included in the Scheme Document or, if applicable, the offer document.

- The Acquisition is also subject to the Conditions and terms set out in Appendix I to this announcement, including, amongst other things, the receipt of regulatory approval from the Secretary of State pursuant to the NSI Act, as further described in this announcement.
- Subject to the satisfaction or (where applicable) waiver of the Conditions, the Acquisition is expected to become Effective around the end of Q2 2025.
- The Scheme Document, containing further information about the Acquisition and the Scheme, including a valuation report on HEIT's portfolio in accordance with Rule 29 of the Code, and notices of the Court Meeting and the General Meeting, will be distributed to HEIT Shareholders (along with the Forms of Proxy for use in connection with the Court Meeting and the General Meeting) as soon as reasonably practicable and within 28 days of this announcement. The Scheme Document will also be made available by HEIT on its website at [www.heitp.co.uk/investors/proposed-offer-from-drax](http://www.heitp.co.uk/investors/proposed-offer-from-drax).

Commenting on the Acquisition, Norman Crighton, the Non-Executive Chair of HEIT, said:

*"Since its launch in November 2021, HEIT has assembled a fully operational portfolio of eight 2-hour BESS projects totalling 790.8 MWh / 395.4 MV, which have attracted a strong level of interest through both our recent Asset Sale process and now through a potential bid from Foresight and the recommended offer by Drax.*

*The HEIT Board believes that value to HEIT Shareholders will be maximised through the terms of the Acquisition. Further, the HEIT Board believes that the Acquisition will provide HEIT Shareholders with the opportunity to realise the value of their holdings, in cash, at an attractive value which is in excess of the reasonable medium-term prospects for HEIT on a standalone basis as a listed company."*

Commenting on the Acquisition, Will Gardiner, the Chief Executive Officer of Drax Group plc, said:

*"The Acquisition is a significant investment in growing our FlexGen portfolio, supporting UK energy security and delivering a clean power system.*

*The Drax Directors believe that adding battery storage to our FlexGen portfolio enables us to provide even more secure power to the country when it is needed. In combination with our long duration storage, flexible generation, demand side response capabilities and renewable generation from biomass, we will be able to supply 4.5GW of dispatchable generation to meet demand.*

*As more intermittent renewable energy connects to the country's network, more dispatchable and reliable generation will be required to help keep the lights on when the wind isn't blowing or the sun isn't shining.*

*We are working to create value and growth in the short, medium and long-term, aligned to the UK's energy needs, and which the Drax Directors believe is underpinned by strong cash generation, a disciplined approach to capital allocation and attractive returns for shareholders."*

***This summary should be read in conjunction with the full text of this announcement. The Acquisition shall be subject to the Conditions and further terms set out in Appendix I to this announcement and to the full terms and conditions which shall be set out in the Scheme Document. Appendix II to this announcement contains the sources of information and bases of calculations of certain information contained in this announcement, Appendix III contains a summary of the irrevocable undertakings received in relation to this Acquisition and Appendix IV contains definitions of certain expressions used in this summary and in this announcement.***

This announcement contains inside information as defined in the Market Abuse Regulation. Upon the publication of this announcement via a Regulatory Information Service, such inside information will be considered to be in the public domain. The person responsible for making this announcement on behalf of HEIT is Susan Fadil of the Company Secretary, JTC (UK) Limited and the person responsible for making this announcement on behalf of Drax is Brett Gladden, Company Secretary.

**Enquiries:**

**Drax and Drax Bidco**

**Enquiries:**

Drax Investor Relations:

Mark Strafford

mark.strafford@drax.com

+44 (0) 7730 763 949

Chris Simpson

Chris.Simpson@drax.com

+44 (0) 7923 257 815

**Media:**

Drax External Communications:

Chris Mostyn

Chris.Mostyn@drax.com

+44 (0) 7743 963 483

**J.P. Morgan Cazenove (Financial Adviser and Corporate Broker to Drax and Drax Bidco)**

+44 (0)20 3493 8000

Robert Constant

James Robinson

Alia Malik

Rupert Budge

**FTI Consulting (PR Adviser to Drax and Drax Bidco)**

Kate Brader

+44 (0)79 2918 1850

Senior Managing Director / Partner

+44 (0)20 3727 1539

FTI Consulting

kate.brader@fticonsulting.com

**HEIT**

Via Panmure Liberum  
Limited

Norman Crighton, Chairman

**Panmure Liberum (Financial Adviser, Rule 3 Adviser and Joint Broker to HEIT)**

+44 (0)20 3100 2222

*Corporate Finance:*

Chris Clarke

Darren Vickers  
Will King

*M&A:*

Tim Medak

**Stifel (Joint Broker to HEIT)**

Tel: +44 (0)20 7710 7600

Mark Young

Edward Gibson-Watt

Rajpal Padam

Madison Kominski

**Camarco (PR Adviser to HEIT)**

Tel: +44 (0)20 3757 4980

Eddie Livingstone-Learmonth

Andrew Turner

Pinsent Masons LLP is acting as legal adviser to Drax Bidco and Drax, and Gowling WLG (UK) LLP is acting as legal adviser to HEIT, in connection with the Acquisition.

### ***Important notices***

*J.P. Morgan Securities plc, which conducts its UK investment banking business as J.P. Morgan Cazenove ("**J.P. Morgan Cazenove**"), is authorised in the United Kingdom by the PRA and regulated in the United Kingdom by the PRA and the FCA. J.P. Morgan Cazenove is acting as financial adviser exclusively for Drax Bidco and Drax and no one else in connection with the matters set out in this announcement and will not regard any other person as its client in relation to the matters in this announcement and will not be responsible to anyone other than Drax Bidco and Drax for providing the protections afforded to clients of J.P. Morgan Cazenove or its affiliates, nor for providing advice in relation to any matter referred to herein.*

*Panmure Liberum Limited ("**Panmure Liberum**"), which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively as financial adviser, Rule 3 adviser and joint broker to HEIT and no one else in connection with the Acquisition and the matters and arrangements set out in this announcement. Panmure Liberum will not regard any other person as its client in relation to the Acquisition or any other matter or arrangement set out in this announcement and will not be responsible to anyone other than HEIT for providing the protections afforded to clients of Panmure Liberum, nor for providing advice in relation to the Acquisition or any other matter or arrangement referred to in this announcement. Neither Panmure Liberum nor any of its affiliates (nor their respective directors, officers, employees or agents) owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, consequential, whether in contract, in tort, in delict, under statute or otherwise) to any person who is not a client of Panmure Liberum in connection with the Acquisition, this announcement, any statement contained herein or otherwise. No representation or warranty, express or implied, is made by Panmure Liberum as to the contents of this announcement.*

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*Stifel will not regard any other person as its client in relation to the Acquisition or any other matter or arrangement set out in this announcement and will not be responsible to anyone other than HEIT for providing the protections afforded to clients of Stifel, nor for providing advice in relation to the Acquisition or any other matter or arrangement referred to in this announcement. Neither Stifel nor any of its affiliates (nor their respective directors, officers, employees or agents) owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, consequential, whether in contract, in tort, in delict, under statute or otherwise) to any person who is not a client of Stifel in connection with the Acquisition, this announcement, any statement contained herein or otherwise. No representation or warranty, express or implied, is made by Stifel as to the contents of this announcement.*

### **Further information**

*This announcement is for information purposes only and is not intended to and does not constitute, or form part of, an offer to sell or an invitation to purchase any securities or the solicitation of an offer to buy, otherwise acquire, subscribe for, sell or otherwise dispose of any securities, pursuant to the Acquisition or otherwise, nor shall there be any purchase, sale, issuance or exchange of securities or such solicitation in any jurisdiction in which such offer, invitation, solicitation, purchase, sale, issuance or exchange is unlawful.*

*The Acquisition shall be made solely by means of the Scheme Document (or, if the Acquisition is implemented by way of a Takeover Offer, any document by which the Takeover Offer is made) which, together with the Forms of Proxy (or forms of acceptance, if applicable), shall contain the full terms and conditions of the Acquisition, including details of how to vote in respect of the resolutions proposed in connection with the Acquisition. Any vote, approval, decision in respect of, or other response to, the Acquisition should be made only on the basis of the information contained in the Scheme Document (or if the Acquisition is to be implemented by way of a Takeover Offer, the offer document).*

*The statements contained in this announcement are made as at the date of this announcement, unless some other time is specified in relation to them, and the release of this announcement shall not give rise to any implication that there has been no change in the facts set out in this announcement since such date.*

*This announcement has been prepared for the purpose of complying with English law, the Code, the Market Abuse Regulation and the Disclosure Guidance and Transparency Rules, and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws of jurisdictions outside England and Wales. The Acquisition will be subject to the applicable requirements of the Code, the Panel, the London Stock Exchange and the Financial Conduct Authority.*

*HEIT will prepare the Scheme Document to be distributed to HEIT Shareholders. The Acquisition will be implemented solely pursuant to the terms of the Scheme Document (or, in the event that the Acquisition is to be implemented by means of a Takeover Offer, the Offer Document), which, together with the Forms of Proxy, will contain the full terms and conditions of the Acquisition, including details of how to vote in respect of the Acquisition. HEIT Shareholders are advised to read the Scheme Document (including the related Forms of Proxy) (and/or, in the event that the Acquisition is to be implemented by way of a Takeover Offer, the Offer Document) carefully once these become available because they will contain important information in relation to the Acquisition. Any vote in respect of resolutions to be proposed at the General Meeting, and any decision in respect of the Scheme or other response in relation to the Acquisition by HEIT Shareholders should be made only*

*on the basis of the information contained in the Scheme Document (and/or, in the event that the Acquisition is to be implemented by way of a Takeover Offer, the Offer Document).*

*This announcement contains inside information in relation to each of HEIT and Drax for the purposes of Article 7 of the Market Abuse Regulation. The person responsible for making this announcement on behalf of HEIT is Susan Fadil of the Company Secretary, JTC (UK) Limited and the person responsible for making this announcement on behalf of Drax is Brett Gladden, Company Secretary.*

*This announcement does not constitute a prospectus or prospectus exempted document.*

*Drax Bidco reserves the right to elect (with the consent of the Panel) to implement the Acquisition by way of a Takeover Offer as an alternative to the Scheme. In such event, the Takeover Offer will be implemented on substantially the same terms, so far as applicable, as those which would apply to the Scheme, subject to appropriate amendments to reflect the change in structure by which the Acquisition is to be implemented and compliance with all applicable laws.*

### **Overseas shareholders**

*The release, publication or distribution of this announcement in or into certain jurisdictions other than the United Kingdom may be restricted by the laws and/or regulations of those jurisdictions. Persons into whose possession this announcement comes who are not resident in the United Kingdom or who are subject to the laws and/or regulations of any jurisdiction other than the United Kingdom should inform themselves of, and observe, any such applicable laws and/or regulations in their jurisdiction. In particular, the ability of persons who are not resident in the United Kingdom to vote their HEIT Shares with respect to the Scheme at the Court Meeting or the resolution(s) at the General Meeting, or to appoint another person as proxy to vote at the Court Meeting or the General Meeting on their behalf, may be affected by the laws of the relevant jurisdiction in which they are located. Further details in relation to Overseas Shareholders will be contained in the Scheme Document. Any failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Acquisition disclaim any responsibility or liability for the violation of such restrictions by any person.*

*Unless otherwise determined by Drax Bidco or required by the Code, and permitted by applicable law and regulation, the Acquisition shall not be made available, directly or indirectly, in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction and no person may vote in favour of the Acquisition by any such use, means, instrumentality or form within a Restricted Jurisdiction or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction. Accordingly, copies of this announcement and all documents relating to the Acquisition are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction, and persons receiving this announcement and all documents relating to the Acquisition (including custodians, nominees and trustees) must not mail or otherwise distribute or send them in, into or from such jurisdictions where to do so would violate the laws in that jurisdiction. If the Acquisition is implemented by a Takeover Offer (unless otherwise permitted by applicable law or regulation), the Takeover Offer may not be made, directly or indirectly, in or into or by use of the mails or any other means or instrumentality (including, without limitation, facsimile, email or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or any facility of a national state or other securities exchange, of any Restricted Jurisdiction and the Takeover Offer will not be capable of acceptance by any such use, means, instrumentality or facilities or from or within any Restricted Jurisdiction.*



*The availability of the Acquisition to HEIT Shareholders who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are resident. Persons who are not resident in the United Kingdom should inform themselves of, and observe, any applicable requirements.*

***Additional Information for HEIT Shareholders Resident in the United States***

*HEIT Shareholders resident in the United States should note that the Acquisition relates to the shares of an English company and is being made by means of a scheme of arrangement provided for under, and governed by, the law of England and Wales. A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules or the proxy solicitation rules under the US Securities Exchange Act of 1934, as amended (the "US Exchange Act"). Accordingly, the Acquisition is subject to the disclosure and procedural requirements and practices applicable in the United Kingdom to schemes of arrangement which differ from the disclosure requirements of United States tender offer and proxy solicitation rules. If, in the future, Drax Bidco exercises the right to implement the Acquisition by way of a Takeover Offer and determines to extend the Takeover Offer into the United States, the Acquisition will be made in compliance with applicable United States laws and regulations, including Section 14(e) of the US Exchange Act and Regulation 14E thereunder. Any such Takeover Offer would be made in the United States by Drax Bidco and no one else.*

*Financial information included in this announcement and the Scheme Document has been or will have been prepared in accordance with accounting standards under UK-adopted international accounting standards and in accordance with International Financial Reporting Standards ("IFRS") and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.*

*The receipt of cash pursuant to the Acquisition by a US holder of HEIT Shares as consideration for the transfer of its Scheme Shares pursuant to the Scheme may be a taxable transaction for US federal income tax purposes and under applicable US state and local, as well as foreign and other, tax laws. Each HEIT Shareholder is therefore urged to consult with independent legal, tax and financial advisers in connection with making a decision regarding the Acquisition.*

*Drax Bidco and HEIT are each organised and located in a non-US jurisdiction and some or all of their officers and directors may be residents of a non-US jurisdiction. It may therefore be difficult for holders of HEIT Shares located in the United States to enforce their rights and any claim arising out of US securities law. It may not be possible to sue Drax Bidco and HEIT (or their officers and directors) in a non-US court for violations of US securities laws. Furthermore, it may be difficult to compel Drax Bidco and HEIT and their respective affiliates to subject themselves to the jurisdiction or judgment of a US court.*

*In accordance with normal UK practice and to the extent permitted under Rule 14e-5(b) of the US Exchange Act, Drax Bidco, certain affiliated companies and their nominees or brokers (acting as agents), may from time to time make certain purchases of, or arrangements to purchase, HEIT Shares outside of the United States, other than pursuant to the Acquisition, until the Effective Date, lapses or is otherwise withdrawn. If such purchases or arrangements to purchase were to be made they would occur either in the open market at prevailing prices or in private transactions at negotiated prices and comply with applicable law, including English law, the Code and the US Exchange Act. Any information about such purchases will be disclosed as required in the UK, will be reported to the Regulatory News Service of the London Stock Exchange and will be available on the London Stock Exchange website at <https://www.londonstockexchange.com/>.*

*This announcement does not constitute or form a part of any offer to sell or issue, or any solicitation of any offer to purchase, subscribe for or otherwise acquire, any securities in the United States.*

*Neither the US Securities and Exchange Commission nor any securities commission of any state of the United States has approved or disapproved the Acquisition, passed upon the fairness of the Acquisition, or passed upon the adequacy or accuracy of this announcement. Any representation to the contrary is a criminal offence in the United States.*

#### **Forward looking statements**

*The information provided in this announcement contains certain forward-looking statements and information (collectively, "**forward-looking statements**") within the meaning of applicable securities laws. Such forward-looking statements include, without limitation, forecasts, estimates, expectations and objectives for future operations that are subject to assumptions, risks and uncertainties, many of which are beyond the control of Drax Bidco or HEIT. Forward-looking statements are predictive in nature, depend upon or refer to future events or conditions, or include words such as "expect", "plan", "anticipate", "believe", "intend", "maintain", "continue to", "pursue", "design", "result in", "sustain" "estimate", "potential", "growth", "near-term", "long-term", "forecast", "contingent" and similar expressions, or are events or conditions that "will", "would", "may", "could" or "should" occur or be achieved. The forward-looking statements contained in this announcement speak only as of the date hereof and are expressly qualified by this cautionary statement.*

*Forward-looking statements are based upon, among other things, factors, expectations and assumptions that Drax Bidco and HEIT have made as at the date of this announcement regarding, among other things: the satisfaction of the conditions to closing of the Acquisition in a timely manner, if at all, including the receipt of all necessary approvals; and that the Acquisition will comply with all applicable requirements of the Code, the Panel, the London Stock Exchange and the Financial Conduct Authority.*

*Undue reliance should not be placed on the forward-looking statements because no assurance can be given that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. These risks include, but are not limited to: the completion and timing of the Acquisition; the ability of Drax Bidco and HEIT to receive, in a timely manner, the necessary regulatory, Court, shareholder, stock exchange and other third-party approvals and to satisfy the other conditions to closing of the Acquisition; the ability of the parties to complete the Acquisition on the terms contemplated by Drax Bidco and HEIT or at all; consequences of not completing the Acquisition, including the volatility of the share prices of Drax and HEIT, negative reactions from the investment community, and the required payment of certain costs related to the termination of the Acquisition; and the focus of management's time and attention on the Acquisition and other disruptions arising from the Acquisition.*

*Except as may be required by applicable securities laws, neither Drax Bidco nor HEIT assume any obligation or intent to update publicly or revise any forward-looking statements made herein, whether as a result of new information, future events or otherwise.*

#### **No profit forecasts, profit estimates or quantified financial benefit statement**

*No statement in this announcement is intended as a profit forecast, profit estimate or quantified financial benefit statement for any period and no statement in this announcement should be interpreted to mean that earnings or earnings per share for Drax or HEIT, as appropriate, for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share for Drax or HEIT, as appropriate.*

### **Disclosure requirements of the Code**

*Under Rule 8.3(a) of the Code, any person who is interested in 1 per cent. or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 p.m. (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 p.m. (London time) on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.*

*Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1 per cent. or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 p.m. (London time) on the business day following the date of the relevant dealing.*

*If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they shall be deemed to be a single person for the purpose of Rule 8.3.*

*Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).*

*Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Panel's website at <http://www.thetakeoverpanel.org.uk>, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.*

### **Electronic communications**

*Please be aware that addresses, electronic addresses and certain information provided by HEIT Shareholders, persons with information rights and other relevant persons for the receipt of communications from HEIT may be provided to Drax Bidco during the offer period as requested under Section 4 of Appendix 4 of the Code to comply with Rule 2.11(c) of the Code.*

### **Publication on website and availability of hard copies**

*A copy of this announcement will be made available, free of charge, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on Drax's and HEIT's websites at [www.drax.com/investors/offer](http://www.drax.com/investors/offer) and [www.heitp.co.uk/investors/proposed-offer-from-drax](http://www.heitp.co.uk/investors/proposed-offer-from-drax) respectively*

*by no later than 12 noon (London time) on 26 March 2025. For the avoidance of doubt, the contents of these websites are not incorporated into and do not form part of this announcement.*

*HEIT Shareholders and persons with information rights may request a hard copy of this announcement by: (i) contacting HEIT's Registrar, Computershare Investor Services PLC, by writing to them at The Pavilions, Bridgwater Road, Bristol BS99 6ZZ or by calling them on +44 (0)370 703 6003 during business hours (lines are open from 9.30 a.m. to 5.30 p.m., Monday to Friday (excluding public holidays in England and Wales)); or (ii) by submitting a request in writing to Computershare Investor Services PLC. Calls are charged at the standard geographical rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Please note that Computershare cannot provide any financial, legal or tax advice. Calls may be recorded and monitored for security and training purposes.*

*HEIT Shareholders and persons with information rights may also request that all future documents, announcements and information to be sent to them in relation to the Acquisition should be sent to them in hard copy form, again by writing to the address set out above or by calling the telephone number above.*

*If you are in any doubt about the contents of this announcement or the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.*

### **Rounding**

*Certain figures included in this announcement have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.*

### **Rule 2.9 Disclosure**

*In accordance with Rule 2.9 of the Code, HEIT confirms that as at the date of this announcement, it has in issue and admitted to trading on the main market of the London Stock Exchange 227,128,295 ordinary shares of £0.01 each (excluding any shares held in treasury). Accordingly, the total number of voting rights in HEIT is 227,128,295. The International Securities Identification Number (ISIN) of the ordinary shares is GB00BLNNFY18.*

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN, INTO OR FROM ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OR REGULATIONS OF SUCH JURISDICTION.

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION AS STIPULATED UNDER THE MARKET ABUSE REGULATION (EU) NO 596/2014 (INCORPORATED INTO UK LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 AS AMENDED BY VIRTUE OF THE MARKET ABUSE (AMENDMENT) (EU EXIT) REGULATIONS 2019). UPON THE PUBLICATION OF THIS ANNOUNCEMENT VIA A REGULATORY INFORMATION SERVICE, THIS INSIDE INFORMATION IS NOW CONSIDERED TO BE IN THE PUBLIC DOMAIN.

FOR IMMEDIATE RELEASE

25 March 2025

## RECOMMENDED CASH ACQUISITION

of

Harmony Energy Income Trust Plc (“HEIT”)

by

Drax BESS Holdco Limited (“Drax Bidco”)

to be effected by means of a scheme of arrangement  
under Part 26 of the Companies Act 2006

### 1 Introduction

The boards of directors of each of Drax Bidco and HEIT are pleased to announce that they have reached agreement on the terms of a recommended cash acquisition pursuant to which Drax Bidco, a wholly-owned subsidiary undertaking of Drax, will acquire the entire issued ordinary share capital of HEIT (the “**Acquisition**”). The Acquisition is intended to be effected by means of a scheme of arrangement under Part 26 of the Companies Act.

### 2 The Acquisition

Under the terms of the Acquisition, which shall be subject to the Conditions and further terms set out in Appendix I to this announcement and to be set out in the Scheme Document, HEIT Shareholders will be entitled to receive:

**for each Scheme Share: 88.0 pence in cash**

The Consideration per Scheme Share values the entire issued share capital of HEIT at approximately £199.9 million and represents a premium of approximately:

- 5 per cent. to the Foresight possible offer of 84.0 pence per HEIT Share on 17 March 2025 (being the date of the Foresight Rule 2.4 Announcement);

- 35 per cent. to the Closing Price of 65.2 pence per HEIT Share on 14 March 2025 (being the last Business Day prior to the date of the Foresight Rule 2.4 Announcement);
- 11 per cent. to the Closing Price of 79.2 pence per HEIT Share on 24 March 2025 (being the last Business Day prior to the date of this announcement);
- 84 per cent. to the Closing Price of 47.8 pence per HEIT Share on 29 May 2024 (being the last Business Day prior to the date of the announcement of HEIT's ongoing asset sale process).

If, on or after the date of this announcement and on or prior to the Effective Date, any dividend, distribution or other return of value is declared, made, or paid, or becomes payable by HEIT, Drax Bidco reserves the right to reduce the Consideration by an amount up to the amount of such dividend, distribution or other return of value in which case the reference to the Consideration will be deemed to be a reference to the Consideration as so reduced. In such circumstances, HEIT Shareholders shall be entitled to retain any such dividend, distribution, or other return of value declared, made, or paid.

It is expected that the Scheme Document containing further information about the Acquisition and the Scheme, including a valuation report on HEIT's portfolio in accordance with Rule 29 of the Code, and notices of the Court Meeting and the General Meeting, will be published as soon as reasonably practicable and, in any event, within 28 days of this announcement, unless Drax Bidco and HEIT otherwise agree, and the Panel consents, to a later date. It is expected that the Court Meeting and the General Meeting shall be held in May 2025 and that, subject to the satisfaction or (where relevant) waiver of the Conditions, the Scheme shall become Effective around the end of Q2 2025.

### **3 Background to and reasons for the Acquisition**

Drax believes that the Acquisition represents a highly attractive opportunity, one which is complementary to the Wider Drax Group's existing FlexGen portfolio, allowing it to provide a full range of BESS capable system support services, including short duration and fast response capability, as well as increased access to wholesale and balancing markets. The Wider Drax Group's strategy is to create value and growth in the short, medium and long-term, and to meet the UK's objectives of energy security, affordability, and decarbonisation, while ensuring the Acquisition is underpinned by strong cash generation, a disciplined approach to capital allocation, and attractive returns for Drax shareholders.

Drax believes that the retirement of older thermal generation assets and increased reliance on intermittent renewables, as well as an increase in power demand, will drive a growing need for dispatchable power and system support services, creating long-term earnings opportunities for, and value from, the Wider Drax Group's FlexGen portfolio. The objective of this portfolio is to capture the value associated with increased volatility resulting from the growth of non-dispatchable renewable generation. Drax considers that the BESS assets are well placed to capture that value, as well as providing additional technology specific ancillary services that the system operator needs.

HEIT, a publicly listed investment trust set up to acquire ready-to-build BESS assets, represents a compelling opportunity to add operating BESS assets to the Wider Drax Group's FlexGen portfolio, offering the following key benefits:

- ability to perform daily cycling to capture the spread between overnight prices and peaks as well as benefit from market volatility events;
- provides access to additional ancillary services markets by adding rapid and short duration response capability; and
- complements Drax's existing 24/7 trading capability operating across wholesale, balancing and ancillary service markets.

Drax views HEIT as a highly attractive large scale UK BESS portfolio, comprised entirely of two-hour fully operational, cash generative assets which can operate standalone today and allow for the future potential in-sourcing of trading and optimisation.

Drax expects that return on invested capital from the Acquisition will significantly exceed the Wider Drax Group's target weighted average cost of capital.

The Consideration will be funded from existing cash on the balance sheet and does not impact Drax's ongoing £300 million share buyback programme announced on 26 July 2024, nor its planned dividend. As part of the Acquisition, HEIT's existing £130 million seven-year debt facility will be retained. The Acquisition is not expected to have a material impact on Drax's leverage or credit rating. Drax continues to assess opportunities for capital deployment in line with its policy and strategy, including further capital returns to shareholders.

#### **4 Background to and reasons for the recommendation**

##### ***Background***

HEIT was launched in November 2021 to invest in BESS in Great Britain. HEIT, by way of a fundraising and issuance of shares at IPO, acquired an initial portfolio of five BESS development projects (the "**Seed Portfolio**") in accordance with HEIT's investment objective and policy. HEIT sought to deliver to HEIT Shareholders an 8 per cent. per annum quarterly dividend (based on the IPO issue price of 100 pence and once the portfolio was fully operational) and an unlevered Net Asset Value total return of 10 per cent. per annum over the medium to long-term.

HEIT's Seed Portfolio was acquired from Harmony Energy and at the same time HEIT entered into a pipeline agreement giving it exclusive rights to acquire further BESS projects from Harmony Energy. The first such project (Bumpers, 198 MWh / 99 MW) was acquired by HEIT in August 2022. In October 2022, HEIT raised an additional £15 million to allow it to exercise its rights under the pipeline agreement and acquire three additional assets. The new projects increased HEIT's portfolio to nine BESS projects with a total capacity of c.1GWh / 500MW. One of these projects, Rye Common (99MW) was subsequently sold (pre-construction) in September 2023. The balance of the portfolio was built out on a staggered basis, with the first project commencing operations in November 2022. Following completion of construction of the final project in October 2024, HEIT's portfolio of fully operational assets consists of eight 2-hour duration BESS projects totalling 790.8 MWh / 395.4 MW.

##### ***Performance since IPO***

Despite positive progress on the construction of HEIT's portfolio, a more challenging environment for BESS assets emerged through 2023 which impacted revenue performance. This volatile environment led to a 4.5 per cent. fall in the NAV per HEIT Share as at 31 October 2023, driven predominantly by a reduction in third party revenue assumptions. For the year ended 31 October 2023 ("**FY 2023**"), HEIT reported that actual revenues achieved had been

below independent forecasts and this variance in revenue predictability, coupled with higher interest rates, negatively impacted the share price of HEIT.

BESS revenues for FY 2023 were markedly lower than revenue generated in the same period in 2022. Whilst a reduction from the highs of 2022 was expected and built into third party revenue forecasts, the scale and the speed of the reduction exceeded market expectations. There were multiple drivers of this reduction in revenue, both macro and sector-specific, including:

- **Saturation of ancillary service markets.** The high rate of build-out of BESS in Great Britain led to saturation of ancillary services and had driven clearing prices for such services to record low levels. This was widely anticipated and HEIT positioned its 2-hour duration portfolio specifically to protect against this event and take maximum advantage of the inevitable shift by BESS towards "arbitrage" strategies: wholesale market trading and the Balancing Mechanism administered by NESO ("**BM**").
- **Reduction in wholesale power price volatility and spreads.** As a 2-hour duration portfolio, this is more relevant to HEIT than ancillary services. Wholesale spreads narrowed in FY 2023 and FQ1 of FY 2024 primarily due to a reduction in natural gas prices. In addition, Great Britain was importing a large volume of energy from Europe (via interconnectors) and high consumer prices had encouraged a material reduction in consumer energy usage and demand.
- **Implementation issues with NESO Open Balancing Platform ("**OBP**").** Another key factor in revenue weakness was NESO's continued sporadic use of BESS in the BM. Despite a well-publicised policy and comprehensive plan from NESO to increase BESS dispatch rates in the BM via process and software enhancements over 2024 and 2025, the December 2023 launch of the new "bulk dispatch" software was curtailed due to technical issues. Since its re-launch on 8 January 2024, NESO was noted to only be using OBP intermittently, with HEIT's portfolio having experienced some days of high BM volume, and some of zero. BESS projects utilise algorithms and AI software to execute revenue strategies, and so the inconsistent use of the OBP by NESO not only limited BESS volumes in the BM, but also created uncertainty over how much daily capacity BESS can dedicate to other strategies and services.

The factors listed above caused HEIT to announce the postponement (and subsequent cancellation) of its first quarterly dividend for FY 2024. The HEIT Board also announced that it had restructured HEIT's existing debt facilities (to reflect that 70 per cent. of the portfolio's MW capacity was then operational) in February 2024, and reviewed its dividend policy to be a proportion of operational free cash flow.

The Company did experience an improvement in portfolio revenues during the course of 2024, due to a threefold increase in captured BM volumes in the spring versus the winter and as software and process enhancements at NESO began to take effect. As wind and solar generation increased their proportionate share of Great Britain's electricity "stack", wholesale power spreads became wider and more volatile, thereby increasing arbitrage opportunities for BESS. Ultimately, total net revenue generation for FY 2024 was £16.3 million (£58.2k/MW/Yr) based on a weighted average operational capacity of 280.4 MW.

Post FY 2024, revenue per MW has remained strong, as expected in the winter period. The first quarter of FY 2025 (ending 31 January 2025) saw average revenue of £97.8k/MW (97 per cent. higher than the same period during the previous financial year). As a result of higher operating capacity and stronger market conditions, HEIT's revenue for FQ1 of FY 2025 was



c.£9.7 million, equating to approximately 60 per cent. of the total revenue earned by HEIT during FY 2024.

### ***Current market backdrop***

The HEIT Share price has traded at a material and persistent discount to NAV since early 2023. The HEIT Board believes that this has been driven by a number of factors, including:

- **Challenging macroeconomic conditions**, notably the rapid rise in interest rates which has resulted in a higher cost of capital for investors and persistent equity outflows from the UK which has resulted in a general shift in market sentiment away from UK investment trusts. This has resulted in the UK investment trust sector, as a whole, trading at a material discount to net asset value. The HEIT Board notes that these pressures persist, and the UK BESS investment trust sector (excluding HEIT) is currently trading at an approximate 46 per cent. discount to published net asset value. This discount to net asset value continues to restrict HEIT's ability to raise further capital and thus prevents HEIT from taking advantage of its right of first refusal over Harmony Energy's development pipeline and grow its asset base.
- **Volatility in revenues** caused by the Ukraine conflict and other geopolitical events, which led to HEIT cancelling its dividend for FY 2024 in February 2024, as described above. Whilst the HEIT Board is encouraged by the recent high revenue levels of HEIT's portfolio and continues to believe in the strength of HEIT's asset base, the HEIT Board expects there will continue to be an element of seasonality to HEIT's revenues and there is no guarantee that these current revenue levels will persist.

### ***Asset sale process***

It was in this context, and in order to explore opportunities to maximise value to HEIT Shareholders, that the HEIT Board engaged Jones Lang LaSalle in May 2024 with a mandate to seek offers for some or all of the HEIT portfolio (the "**Asset Sale**"). The aim of this process was to demonstrate to the market the true value of the HEIT portfolio and the continuing disconnect with the share price. At the time, HEIT Shares were trading at an approximately 50 per cent. discount to the published adjusted Net Asset Value per HEIT Share.

This process attracted strong interest from multiple bidders and HEIT progressed to a final stage of negotiations with Drax on an exclusive basis in December 2024 in relation to a sale of the entire HEIT portfolio. Further updates were made on 26 February 2025 and 11 March 2025 confirming that both parties were continuing to progress towards conclusion of a definitive agreement of the Asset Sale.

### ***Offer from Drax and factors considered by the HEIT Board***

It was against this backdrop of very substantial progress through the Asset Sale process that HEIT received a proposal from Foresight to acquire 100 per cent. of the issued share capital of HEIT. On 17 March 2025, HEIT and Foresight announced that they had agreed the financial terms of a potential offer by one or more funds managed by Foresight and its affiliates for the entire issued share capital of HEIT at 84.0 pence per HEIT Share. This announcement stated that the HEIT Board had indicated to Foresight that, should a firm offer be made on the financial terms set out above, the HEIT Board would be minded to recommend such an offer to HEIT Shareholders. HEIT subsequently received a proposal from Drax to acquire 100 per cent. of the issued share capital of HEIT at an increased price of 88.0 pence per HEIT Share and, as set out in this announcement, the boards of directors of HEIT and Drax Bidco have

now reached agreement on the terms of a recommended cash acquisition pursuant to which Drax shall acquire the entire issued ordinary share capital of HEIT.

The HEIT Board believes that, having run a comprehensive process for the Asset Sale involving a number of parties and now through the receipt of more than one bid for HEIT's share capital, value to HEIT Shareholders will be maximised through the terms of the Acquisition. Further, the HEIT Board believes that the Acquisition will provide HEIT Shareholders with the opportunity to realise the value of their holdings, in cash, at an attractive value which is in excess of the reasonable medium-term prospects for HEIT on a standalone basis as a listed company. In particular, the HEIT Board notes that HEIT has traded at a sustained discount to NAV since the start of 2023, consistent with the broader listed renewables investment trust sector and reflecting the aforementioned factors and changing macroeconomic conditions. In the context of ongoing market and macroeconomic volatility, and the valuation of comparable listed renewables investment trusts, the HEIT Board considers that there can be no certainty that the discount to NAV at which HEIT trades would be reduced in the medium term, in the absence of this Acquisition.

The financial terms of the Acquisition represent:

- a 35 per cent. premium to the Closing Price of 65.2 pence per HEIT Share on 14 March 2025 (being the last Business Day prior to the start of the offer period); and
- a 84 per cent. premium to the Closing Price of 47.8 pence per HEIT Share on 29 May 2024 (being the last Business Day prior to the date of the announcement of HEIT's asset sale process).

**Therefore, after careful consideration together with its financial adviser, the HEIT Board has concluded that the Acquisition is in the best interests of HEIT Shareholders and HEIT as a whole. Accordingly, the HEIT Directors intend to recommend unanimously the Acquisition to HEIT Shareholders.**

## **5 Recommendation**

The HEIT Directors, who have been so advised by Panmure Liberum as to the financial terms of the Acquisition, consider the terms of the Acquisition to be fair and reasonable. In providing its advice to HEIT Directors, Panmure Liberum has taken into account the commercial assessments of the HEIT Directors. Panmure Liberum is providing independent financial advice to the HEIT Directors for the purposes of Rule 3 of the Code.

Accordingly, for the reasons set out above, the HEIT Directors intend to recommend unanimously that HEIT Shareholders vote in favour of the Scheme at the Court Meeting and the resolutions to be proposed at the General Meeting (or, in the event that the Acquisition is implemented by way of a Takeover Offer, to accept or procure acceptance of the Takeover Offer) as the HEIT Directors have irrevocably undertaken to do in respect of their own beneficial holdings of 101,116 HEIT Shares representing, in aggregate, approximately 0.04 per cent. of the existing issued ordinary share capital of HEIT in issue on the Latest Practicable Date.

## **6 Irrevocable undertakings**

As noted above, Drax Bidco has received irrevocable undertakings from each of the HEIT Directors to vote in favour of the Scheme at the Court Meeting and the resolutions to be proposed at the General Meeting (or, in the event that the Acquisition is implemented by way

of a Takeover Offer, to accept or procure acceptance of the Takeover Offer), in respect of a total of 101,116 HEIT Shares, representing approximately 0.04 per cent. of the existing issued ordinary share capital of HEIT on the Latest Practicable Date.

Drax Bidco has also received irrevocable undertakings to vote in favour of the Scheme at the Court Meeting and the resolutions to be proposed at the General Meeting (or, in the event that the Acquisition is implemented by way of a Takeover Offer, to accept or procure acceptance of the Takeover Offer) from HEIT Shareholders in respect of a total of 44,448,634 HEIT Shares representing, in aggregate, approximately 19.6 per cent. of HEIT's existing issued ordinary share capital on the Latest Practicable Date.

Drax Bidco has therefore received irrevocable undertakings in respect of a total of 44,549,750 HEIT Shares representing, in aggregate, approximately 19.6 per cent. of HEIT's existing issued ordinary share capital in issue on the Latest Practicable Date.

## **7 Information on Drax Bidco and Drax**

Drax is a renewable energy company engaged in renewable power generation, the production of sustainable biomass and the sale of renewable electricity to businesses.

Drax operates a generation portfolio of sustainable biomass, hydro-electric and pumped storage hydro assets in England and Scotland and is developing three open cycle gas turbine assets, two in England and one in Wales. Drax's Energy Solutions business sells renewable electricity to industrial and commercial customers in the UK. The Wider Drax Group also operates a biomass pellet production business with 18 operational and development sites for a combination of own-use and third-party sales, from existing and new markets, including Sustainable Aviation Fuel (SAF), where Drax is developing a pipeline of biomass sales opportunities in North America, Asia and Europe.

The Wider Drax Group employs over 3,200 people in the UK, US, Canada and Japan. The Wider Drax Group had total revenue of £6,163 million in 2024 and adjusted EBITDA of £1,064 million.

Drax Bidco was incorporated on 27 December 2024 and is a wholly-owned subsidiary undertaking of Drax. It has not traded since its date of incorporation, nor has it entered into any obligations other than in connection with the Acquisition.

## **8 Information on HEIT**

HEIT is a UK-based investment trust, investing in a diversified portfolio of utility-scale energy storage and renewable energy generation assets in Great Britain. HEIT primarily focuses on BESS, which play a crucial role in the transition to a cleaner energy system. These systems store energy and release it when needed, helping to balance supply and demand on the grid, and facilitate the integration of renewable energy sources like wind and solar power.

HEIT's portfolio consists of 100 per cent. operational BESS across eight projects (790.8 MWh / 395.4 MW) in Great Britain.

For FY 2024, HEIT reported revenue of £16.3 million (£58.2k/MW/Yr) and a NAV of £201.1 million (88.5 pence per HEIT Share), a reduction of 23.3 per cent. (a decrease of 26.9 pence per HEIT Share) from the NAV reported as at 31 October 2023. The NAV total return over FY 2024 was reported to be 21.6 per cent. NAV total return since IPO was reported to be negative

2.4 per cent.

## **9 Strategic plans, management, employees, pensions, research and development and locations**

### ***Strategic plans***

Drax Bidco recognises the breadth and quality of HEIT's portfolio of BESS assets which will, upon Acquisition, form part of Drax's broader FlexGen portfolio.

Drax Bidco intends to discuss future asset management and advisory services with HEAL, the current provider of asset management services, as soon as reasonably practicable. Trading and optimisation will initially continue to be undertaken by the counterparties to the existing trading and optimisation agreements. Drax Bidco intends to build out its trading and optimisation capabilities, through either an internally built or third-party system, so as to enable it to trade and optimise the BESS assets without the need for third party optimisers.

### ***Board composition and governance arrangements***

Drax Bidco intends to delist HEIT immediately following the Effective Date. Consequently, Drax Bidco will not require listed company governance structures and accordingly, it is intended that each of the HEIT Directors will step down from the board of directors of HEIT, and the directors of the HEIT Group companies will step down from the boards of each of the HEIT Group companies, upon the Effective Date.

### ***Employees, management and pensions***

As HEIT is an externally-managed investment company, HEIT does not have any employees and therefore does not operate any pension schemes, nor does it have any arrangements in place for any employee involvement in its capital.

### ***Headquarters, fixed assets, research and development***

HEIT has no fixed place of business, fixed assets (other than its BESS assets), research and development function or headquarters.

### ***Asset management arrangements***

As set out above, Drax Bidco intends to discuss future asset management and advisory services with HEAL, the current provider of asset management services, as soon as reasonably practicable.

### ***Trading facilities***

It is intended that dealings in, and registration of transfers of, HEIT Shares (other than the registration of the transfer of the Scheme Shares to Drax Bidco pursuant to the Scheme) will be suspended shortly before the Effective Date at a time to be set out in the Scheme Document. It is further intended that applications will be made to the London Stock Exchange to cancel the trading in the HEIT Shares on the main market, and to the FCA to cancel the

listing of the HEIT Shares on the Official List, in each case with effect from or shortly following the Effective Date. Further details about the delisting and cancellation of trading of the HEIT Shares can be found in paragraph 15 of this announcement.

### ***Post-offer undertakings***

No statements in this paragraph 9 are "post-offer undertakings" for the purposes of Rule 19.5 of the Code.

## **10 Dividends**

If, on or after the date of this announcement and on or prior to the Effective Date, any dividend, distribution, or other return of value is declared, made or paid, or becomes payable by HEIT, the Consideration shall be reduced accordingly. In such circumstances, HEIT Shareholders shall be entitled to retain any such dividend, distribution, or other return of value declared, made, or paid.

## **11 Financing of the Acquisition**

The Consideration payable by Drax Bidco pursuant to the Acquisition will be funded from the Wider Drax Group's existing cash resources. J.P. Morgan Cazenove, in its capacity as financial adviser to Drax Bidco, is satisfied that sufficient cash resources are available to Drax Bidco to satisfy in full the Consideration payable by Drax Bidco to HEIT Shareholders pursuant to the Acquisition.

## **12 Offer-related arrangements**

### ***Confidentiality Agreement***

Drax Corporate and HEAL have entered into a mutual confidentiality agreement dated 7 August 2024 pursuant to which each of Drax Corporate and HEAL have undertaken, amongst other things, to: (i) keep confidential information relating to HEIT's ongoing asset sale process and the other party and not to disclose it any person other than an authorised recipient (unless disclosed with prior written consent or required by law or regulation); and (ii) use the confidential information for the sole purpose of discussing HEIT's ongoing asset sale process.

## **13 Structure of and Conditions to the Acquisition**

It is intended that the Acquisition will be effected by means of a Court-approved scheme of arrangement between HEIT and HEIT Shareholders under Part 26 of the Companies Act although Drax Bidco reserves the right to implement the Acquisition by means of a Takeover Offer (subject to Panel consent and in compliance with the Code).

A Scheme of Arrangement is a formal arrangement between HEIT and its shareholders, which is governed by the Companies Act. The Scheme of Arrangement must be approved both by the HEIT Shareholders and the Court.

If sanctioned, upon becoming Effective, the Scheme will bind all HEIT Shareholders (regardless of whether or not they attended or voted at the Court Meeting or the General Meeting (and if they attended and voted, in what way they voted)). The purpose of the Scheme is to provide for Drax Bidco to become the holder of the entire issued ordinary share capital of HEIT. This is to be achieved by the transfer of the HEIT Shares to Drax Bidco, in

consideration for which the HEIT Shareholders shall receive the Consideration on the basis set out in paragraph 2 of this announcement. The consideration payable under the terms of the Acquisition will be despatched to HEIT Shareholders no later than 14 days after the Effective Date.

The Acquisition shall be subject to the Conditions and further terms set out below and in Appendix I to this announcement and the full terms and conditions to be set out in the Scheme Document and shall only become Effective, if, among other things, the following events occur on or before 11.59 p.m. on the Long-stop Date:

- (a) the approval of the Scheme by a majority in number of the HEIT Shareholders who are present and vote, whether in person or by proxy, at the Court Meeting and who represent 75 per cent. in value of the HEIT Shares voted by those HEIT Shareholders;
- (b) the resolutions required to approve and implement the Scheme being duly passed by HEIT Shareholders representing the requisite majority or majorities of votes cast at the General Meeting (or any adjournment thereof);
- (c) regulatory approval from the Secretary of State pursuant to the NSI Act is obtained or waived, as applicable;
- (d) the approval of the Scheme by the Court (with or without modification but subject to any modification being on terms acceptable to HEIT and Drax Bidco); and
- (e) the delivery of a copy of the Court Order to the Registrar of Companies.

The Scheme will lapse if:

- the Court Meeting and the General Meeting are not held by the 22nd day after the expected date of such meetings to be set out in the Scheme Document in due course (or such later date as may be agreed between Drax Bidco and HEIT);
- the Court Hearing is not held by the 22nd day after the expected date of such hearing to be set out in the Scheme Document (or such later date as may be agreed between Drax Bidco and HEIT); or
- the Scheme does not become Effective by no later than 11.59 p.m. on the Long-stop Date,

provided, however, that the deadlines for the timing of the Court Meeting, the General Meeting and the Court Hearing as set out above may be waived by Drax Bidco, and the deadline for the Scheme to become Effective may be extended by agreement between HEIT and Drax Bidco and with the consent of the Panel and (where relevant) the Court.

Once the necessary approvals from HEIT Shareholders have been obtained and the other Conditions have been satisfied or (where applicable) waived, the Scheme must be sanctioned by the Court (with or without modification but with any such modification being acceptable to HEIT and Drax Bidco). The Scheme will become Effective upon delivery to the Registrar of Companies of a copy of the Court Order.

Subject to satisfaction (or waiver, where applicable) of the Conditions, the Scheme is expected to become Effective around the end of Q2 2025.

The Acquisition does not require the approval of the shareholders of Drax.

Upon the Scheme becoming Effective, it will be binding on all HEIT Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the General Meeting.

Further details of the Scheme, including an indicative timetable for its implementation, will be set out in the Scheme Document which shall be distributed to HEIT Shareholders (along with the Forms of Proxy for use in connection with the Court Meeting and the General Meeting) in due course.

#### **14 Disclosure of Interests in HEIT**

Save in respect of the irrevocable undertakings referred to in paragraph 6 above, as at the close of business on the Latest Practicable Date neither Drax Bidco, nor any of its directors, nor, so far as Drax Bidco is aware, any person acting in concert (within the meaning of the Code) with it has neither:

- (i) any interest in or right to subscribe for any relevant securities of HEIT;
- (ii) any short positions in respect of relevant HEIT Shares (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery;
- (iii) any Dealing Arrangement, in relation to HEIT Shares or in relation to any securities convertible or exchangeable into HEIT Shares; or
- (iv) borrowed or lent any relevant HEIT Shares (including, for these purposes, any financial collateral arrangements of the kind referred to in Note 4 on Rule 4.6 of the Code), save for any borrowed shares which had been either on-lent or sold.

'Interests in securities' for these purposes arise, in summary, when a person has long economic exposure, whether absolute or conditional, to changes in the price of securities (and a person who only has a short position in securities is not treated as interested in those securities). In particular, a person shall be treated as having an 'interest' by virtue of the ownership, voting rights or control of securities, or by virtue of any agreement to purchase, option in respect of, or derivative referenced to, securities and 'relevant securities of HEIT' are HEIT Shares or securities convertible or exchangeable into HEIT Shares.

It has not been practicable for Drax Bidco to make enquiries of all of its concert parties in advance of the release of this announcement. Therefore, all relevant details in respect of Drax Bidco's concert parties shall be included in the Opening Position Disclosure in accordance with Rule 8.1(a) and Note 2(a)(i) on Rule 8 of the Code.

#### **15 Delisting of HEIT Shares**

Prior to the Scheme becoming Effective, Drax Bidco will make an application to the London Stock Exchange to cancel trading in the HEIT Shares on the main market and to the FCA to cancel the listing of the HEIT Shares from the Official List, in each case on or shortly after the Effective Date. The last day of dealings in the HEIT Shares on the main market is expected to be the Business Day immediately prior to the Court Hearing and no transfers will be registered after 6.00 p.m. on that date.

On the Effective Date, HEIT will become a wholly-owned subsidiary of Drax Bidco and share certificates in respect of HEIT Shares will cease to be valid and should be destroyed. In addition, entitlements to HEIT Shares held within the CREST system will be cancelled on the Effective Date.

Upon the Scheme becoming Effective, Drax Bidco (and/or its nominee(s)) will acquire the Scheme Shares fully paid and free from all liens, equitable interests, charges, encumbrances and other third party rights of any nature whatsoever and together with all rights attaching to them including the right to receive and retain all dividends and distributions (if any) declared after the Effective Date.

## **16 General**

Drax Bidco reserves the right to elect (with the consent of the Panel and in compliance with the Code) to implement the Acquisition by way of a Takeover Offer for the HEIT Shares as an alternative to the Scheme. In such event, the Takeover Offer shall be implemented on the same terms, so far as applicable, as those which would apply to the Scheme, subject to appropriate amendments, including (without limitation) an acceptance condition set at a level permitted by the Panel.

The Acquisition shall be made subject to the Conditions and further terms set out in Appendix I to this announcement and to be set out in the Scheme Document. For the purposes of Rule 29.1(d) of the Takeover Code, a valuation of HEIT's portfolio will be included in the Scheme Document (or, if applicable, the offer document). The bases and sources of certain financial information contained in this announcement are set out in Appendix II to this announcement. A summary of the irrevocable undertakings given in relation to the Acquisition is contained in Appendix III to this announcement. Certain terms used in this announcement are defined in Appendix IV to this announcement.

The Scheme Document, containing further information about the Acquisition and notices of the Court Meeting and the General Meeting will be distributed to HEIT Shareholders (along with the Forms of Proxy for use in connection with the Court Meeting and the General Meeting) in due course. The Scheme Document and Forms of Proxy shall be made available to all HEIT Shareholders at no charge to them.

J.P. Morgan Cazenove, Panmure Liberum and Stifel have each given and not withdrawn their consent to the publication of this announcement with the inclusion herein of the references to their names in the form and context in which they appear.

## **17 Documents available on website**

Copies of the following documents will be made available on Drax's and HEIT's websites at [www.drax.com/investors/offer](http://www.drax.com/investors/offer) and [www.heitp.co.uk/investors/proposed-offer-from-drax](http://www.heitp.co.uk/investors/proposed-offer-from-drax) respectively until the Effective Date:

- this announcement;
- the Confidentiality Agreement referred to in paragraph 12 above;
- the irrevocable undertakings referred to in paragraph 6 above and summarised in Appendix III to this announcement; and
- the consent letters from J.P. Morgan Cazenove, Panmure Liberum and Stifel referred to in paragraph 16 above.

The contents of the websites referred to in this announcement and any websites accessible from hyperlinks on these websites are not incorporated into and do not form part of this announcement.



**Enquiries:**

**Drax and Drax Bidco**

**Enquiries:**

Drax Investor Relations:

Mark Strafford

mark.strafford@drax.com

+44 (0) 7730 763 949

Chris Simpson

Chris.Simpson@drax.com

+44 (0) 7923 257 815

**Media:**

Drax External Communications:

Chris Mostyn

Chris.Mostyn@drax.com

+44 (0) 7743 963 483

**J.P. Morgan Cazenove (Financial Adviser and Corporate Broker to Drax and Drax Bidco)**

Tel: +44 (0)20 3493 8000

Robert Constant

James Robinson

Alia Malik

Rupert Budge

**FTI Consulting (PR Adviser to Drax and Drax Bidco)**

Kate Brader

+44 (0) 79 2918 1850

Senior Managing Director / Partner

+44 (0)20 3727 1539

FTI Consulting

kate.brader@fticonsulting.com

Via Panmure Liberum  
Limited

**HEIT**

Norman Crighton, Chairman

**Panmure Liberum (Financial Adviser, Rule 3 Adviser and Joint Broker to HEIT)**

Tel: +44 (0)20 3100 2222

*Corporate Finance:*

Chris Clarke

Darren Vickers

Will King

*M&A:*

Tim Medak

**Stifel (Joint Broker to HEIT)**

Tel: +44 (0)20 7710 7600

Mark Young

Edward Gibson-Watt

Rajpal Padam

Madison Kominski

**Camarco (PR Adviser to HEIT)**

Tel: +44 (0)20 3757 4980

Eddie Livingstone-Learmonth

Andrew Turner

Pinsent Masons LLP is acting as legal adviser to Drax Bidco and Drax, and Gowling WLG (UK) LLP is acting as legal adviser to HEIT, in connection with the Acquisition.

### **Important notices**

*J.P. Morgan Securities plc, which conducts its UK investment banking business as J.P. Morgan Cazenove ("**J.P. Morgan Cazenove**"), is authorised in the United Kingdom by the PRA and regulated in the United Kingdom by the PRA and the FCA. J.P. Morgan Cazenove is acting as financial adviser exclusively for Drax Bidco and Drax and no one else in connection with the matters set out in this announcement and will not regard any other person as its client in relation to the matters in this announcement and will not be responsible to anyone other than Drax Bidco and Drax for providing the protections afforded to clients of J.P. Morgan Cazenove or its affiliates, nor for providing advice in relation to any matter referred to herein.*

*Panmure Liberum Limited ("**Panmure Liberum**"), which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively as financial adviser, Rule 3 adviser and joint broker to HEIT and no one else in connection with the Acquisition and the matters and arrangements set out in this announcement. Panmure Liberum will not regard any other person as its client in relation to the Acquisition or any other matter or arrangement set out in this announcement and will not be responsible to anyone other than HEIT for providing the protections afforded to clients of Panmure Liberum, nor for providing advice in relation to the Acquisition or any other matter or arrangement referred to in this announcement. Neither Panmure Liberum nor any of its affiliates (nor their respective directors, officers, employees or agents) owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, consequential, whether in contract, in tort, in delict, under statute or otherwise) to any person who is not a client of Panmure Liberum in connection with the Acquisition, this announcement, any statement contained herein or otherwise. No representation or warranty, express or implied, is made by Panmure Liberum as to the contents of this announcement.*

*Stifel Nicolaus Europe Limited ("**Stifel**"), which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively as joint broker to HEIT and no one else in connection with the Acquisition and the matters and arrangements set out in this announcement.*

*Stifel will not regard any other person as its client in relation to the Acquisition or any other matter or arrangement set out in this announcement and will not be responsible to anyone other than HEIT for providing the protections afforded to clients of Stifel, nor for providing advice in relation to the Acquisition or any other matter or arrangement referred to in this announcement. Neither Stifel nor any of its affiliates (nor their respective directors, officers, employees or agents) owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, consequential, whether in contract, in tort, in delict, under statute or otherwise) to any person who is not a client of Stifel in connection with the Acquisition, this announcement, any statement contained herein or otherwise. No representation or warranty, express or implied, is made by Stifel as to the contents of this announcement.*

### **Further information**

This announcement is for information purposes only and is not intended to and does not constitute, or form part of, an offer to sell or an invitation to purchase any securities or the solicitation of an offer to buy, otherwise acquire, subscribe for, sell or otherwise dispose of any securities, pursuant to the Acquisition or otherwise, nor shall there be any purchase, sale, issuance or exchange of securities or such solicitation in any jurisdiction in which such offer, invitation, solicitation, purchase, sale, issuance or exchange is unlawful.

The Acquisition shall be made solely by means of the Scheme Document (or, if the Acquisition is implemented by way of a Takeover Offer, any document by which the Takeover Offer is made) which, together with the Forms of Proxy (or forms of acceptance, if applicable), shall contain the full terms and conditions of the Acquisition, including details of how to vote in respect of the resolutions proposed in connection with the Acquisition. Any vote, approval, decision in respect of, or other response to, the Acquisition should be made only on the basis of the information contained in the Scheme Document (or if the Acquisition is to be implemented by way of a Takeover Offer, the offer document).

The statements contained in this announcement are made as at the date of this announcement, unless some other time is specified in relation to them, and the release of this announcement shall not give rise to any implication that there has been no change in the facts set out in this announcement since such date.

*This announcement has been prepared for the purpose of complying with English law, the Code, the Market Abuse Regulation and the Disclosure Guidance and Transparency Rules and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws of jurisdictions outside England and Wales. The Acquisition will be subject to the applicable requirements of the Code, the Panel, the London Stock Exchange and the Financial Conduct Authority.*

*HEIT will prepare the Scheme Document to be distributed to HEIT Shareholders. The Acquisition will be implemented solely pursuant to the terms of the Scheme Document (or, in the event that the Acquisition is to be implemented by means of a Takeover Offer, the Offer Document), which, together with the Forms of Proxy, will contain the full terms and conditions of the Acquisition, including details of how to vote in respect of the Acquisition. HEIT Shareholders are advised to read the Scheme Document (including the related Forms of Proxy) (and/or, in the event that the Acquisition is to be implemented by way of a Takeover Offer, the Offer Document) carefully once these become available because they will contain important information in relation to the Acquisition. Any vote in respect of resolutions to be proposed at the General Meeting, and any decision in respect of the*

*Scheme or other response in relation to the Acquisition by HEIT Shareholders should be made only on the basis of the information contained in the Scheme Document (and/or, in the event that the Acquisition is to be implemented by way of a Takeover Offer, the Offer Document).*

*This announcement contains inside information in relation to each of HEIT and Drax for the purposes of Article 7 of the Market Abuse Regulation. The person responsible for making this announcement on behalf of HEIT is Susan Fadil of the Company Secretary, JTC (UK) Limited and the person responsible for making this announcement on behalf of Drax is Brett Gladden, Company Secretary.*

*This announcement does not constitute a prospectus or prospectus exempted document.*

*Drax Bidco reserves the right to elect (with the consent of the Panel) to implement the Acquisition by way of a Takeover Offer as an alternative to the Scheme. In such event, the Takeover Offer will be implemented on substantially the same terms, so far as applicable, as those which would apply to the Scheme, subject to appropriate amendments to reflect the change in structure by which the Acquisition is to be implemented and compliance with all applicable laws.*

### **Overseas shareholders**

*The release, publication or distribution of this announcement in or into certain jurisdictions other than the United Kingdom may be restricted by the laws and/or regulations of those jurisdictions. Persons into whose possession this announcement comes who are not resident in the United Kingdom or who are subject to the laws and/or regulations of any jurisdiction other than the United Kingdom should inform themselves of, and observe, any such applicable laws and/or regulations in their jurisdiction. In particular, the ability of persons who are not resident in the United Kingdom to vote their HEIT Shares with respect to the Scheme at the Court Meeting or the resolution(s) at the General Meeting, or to appoint another person as proxy to vote at the Court Meeting or the General Meeting on their behalf, may be affected by the laws of the relevant jurisdiction in which they are located. Further details in relation to Overseas Shareholders will be contained in the Scheme Document. Any failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Acquisition disclaim any responsibility or liability for the violation of such restrictions by any person.*

*Unless otherwise determined by Drax Bidco or required by the Code, and permitted by applicable law and regulation, the Acquisition shall not be made available, directly or indirectly, in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction and no person may vote in favour of the Acquisition by any such use, means, instrumentality or form within a Restricted Jurisdiction or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction. Accordingly, copies of this announcement and all documents relating to the Acquisition are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction, and persons receiving this announcement and all documents relating to the Acquisition (including custodians, nominees and trustees) must not mail or otherwise distribute or send them in, into or from such jurisdictions where to do so would violate the laws in that jurisdiction. If the Acquisition is implemented by a Takeover Offer (unless otherwise permitted by applicable law or regulation), the Takeover Offer may not be made, directly or indirectly, in or into or by use of the mails or any other means or instrumentality (including, without limitation, facsimile, email or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or any facility of a national state or other securities exchange, of any Restricted Jurisdiction and the Takeover Offer will not be capable of acceptance by any such use, means, instrumentality or facilities or from or within any Restricted Jurisdiction.*

*The availability of the Acquisition to HEIT Shareholders who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are resident. Persons who are not resident in the United Kingdom should inform themselves of, and observe, any applicable requirements.*

**Additional Information for HEIT Shareholders Resident in the United States**

*HEIT Shareholders resident in the United States should note that the Acquisition relates to the shares of an English company and is being made by means of a scheme of arrangement provided for under, and governed by, the law of England and Wales. A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules or the proxy solicitation rules under the US Securities Exchange Act of 1934, as amended (the "US Exchange Act"). Accordingly, the Acquisition is subject to the disclosure requirements and practices applicable in the United Kingdom to schemes of arrangement which differ from the disclosure requirements of United States tender offer and proxy solicitation rules. If, in the future, Drax Bidco exercises the right to implement the Acquisition by way of a Takeover Offer and determines to extend the Takeover Offer into the United States, the Acquisition will be made in compliance with applicable United States laws and regulations, including Section 14(e) of the US Exchange Act and Regulation 14E thereunder. Any such Takeover Offer would be made in the United States by Drax Bidco and no one else.*

*Financial information included in this announcement and the Scheme Document has been or will have been prepared in accordance with accounting standards under UK-adopted international accounting standards and in accordance with International Financial Reporting Standards ("IFRS") and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.*

*The receipt of cash pursuant to the Acquisition by a US holder of HEIT Shares as consideration for the transfer of its Scheme Shares pursuant to the Scheme may be a taxable transaction for US federal income tax purposes and under applicable US state and local, as well as foreign and other, tax laws. Each HEIT Shareholder is therefore urged to consult with independent legal, tax and financial advisers in connection with making a decision regarding the Acquisition.*

*Drax Bidco and HEIT are each organised and located in a non-US jurisdiction and some or all of their officers and directors may be residents of a non-US jurisdiction. It may therefore be difficult for holders of HEIT Shares located in the United States to enforce their rights and any claim arising out of US securities law. It may not be possible to sue Drax Bidco and HEIT (or their officers and directors) in a non-US court for violations of US securities laws. Furthermore, it may be difficult to compel Drax Bidco and HEIT and their respective affiliates to subject themselves to the jurisdiction or judgment of a US court.*

*In accordance with normal UK practice and to the extent permitted under Rule 14e-5(b) of the US Exchange Act, Drax Bidco, certain affiliated companies and their nominees or brokers (acting as agents), may from time to time make certain purchases of, or arrangements to purchase, HEIT Shares outside of the United States, other than pursuant to the Acquisition, until the Effective Date, lapses or is otherwise withdrawn. If such purchases or arrangements to purchase were to be made they would occur either in the open market at prevailing prices or in private transactions at negotiated prices and comply with applicable law, including English law, the Code and the US Exchange Act. Any information about such purchases will be disclosed as required in the UK, will be reported to the Regulatory News Service of the London Stock Exchange and will be available on the London Stock Exchange website at <https://www.londonstockexchange.com/>.*

*The receipt of consideration by a US holder for the transfer of its HEIT Shares pursuant to the Acquisition may have tax consequences in the US and such consequences, if any, are not described herein. US holders of HEIT Shares are urged to consult their independent professional adviser immediately regarding the legal, tax and financial consequences of the Acquisition applicable to them.*

*This announcement does not constitute or form a part of any offer to sell or issue, or any solicitation of any offer to purchase, subscribe for or otherwise acquire, any securities in the United States.*

*Neither the US Securities and Exchange Commission nor any securities commission of any state of the United States has approved or disapproved the Acquisition, passed upon the fairness of the Acquisition, or passed upon the adequacy or accuracy of this announcement. Any representation to the contrary is a criminal offence in the United States.*

### **Forward looking statements**

*The information provided in this announcement contains certain forward-looking statements and information (collectively, "**forward-looking statements**") within the meaning of applicable securities laws. Such forward-looking statements include, without limitation, forecasts, estimates, expectations and objectives for future operations that are subject to assumptions, risks and uncertainties, many of which are beyond the control of Drax Bidco or HEIT. Forward-looking statements are predictive in nature, depend upon or refer to future events or conditions, or include words such as "expect", "plan", "anticipate", "believe", "intend", "maintain", "continue to", "pursue", "design", "result in", "sustain" "estimate", "potential", "growth", "near-term", "long-term", "forecast", "contingent" and similar expressions, or are events or conditions that "will", "would", "may", "could" or "should" occur or be achieved. The forward-looking statements contained in this announcement speak only as of the date hereof and are expressly qualified by this cautionary statement.*

*Forward-looking statements are based upon, among other things, factors, expectations and assumptions that Drax Bidco and HEIT have made as at the date of this announcement regarding, among other things: the satisfaction of the conditions to closing of the Acquisition in a timely manner, if at all, including the receipt of all necessary approvals; and that the Acquisition will comply with all applicable requirements of the Code, the Panel, the London Stock Exchange and the Financial Conduct Authority.*

*Undue reliance should not be placed on the forward-looking statements because no assurance can be given that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. These risks include, but are not limited to: the completion and timing of the Acquisition; the ability of Drax Bidco and HEIT to receive, in a timely manner, the necessary regulatory, Court, shareholder, stock exchange and other third-party approvals and to satisfy the other conditions to closing of the Acquisition; the ability of the parties to complete the Acquisition on the terms contemplated by Drax Bidco and HEIT or at all; consequences of not completing the Acquisition, including the volatility of the share prices of Drax and HEIT, negative reactions from the investment community, and the required payment of certain costs related to the termination of the Acquisition; and the focus of management's time and attention on the Acquisition and other disruptions arising from the Acquisition.*

*Except as may be required by applicable securities laws, neither Drax Bidco nor HEIT assume any obligation or intent to update publicly or revise any forward-looking statements made herein, whether as a result of new information, future events or otherwise.*

### **No profit forecasts, profit estimates or quantified financial benefit statement**

*No statement in this announcement is intended as a profit forecast, profit estimate or quantified financial benefit statement for any period and no statement in this announcement should be interpreted to mean that earnings or earnings per share for Drax or HEIT, as appropriate, for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share for Drax or HEIT, as appropriate.*

### **Disclosure requirements of the Code**

*Under Rule 8.3(a) of the Code, any person who is interested in 1 per cent. or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 p.m. (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 p.m. (London time) on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.*

*Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1 per cent. or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 p.m. (London time) on the business day following the date of the relevant dealing.*

*If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they shall be deemed to be a single person for the purpose of Rule 8.3.*

*Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).*

*Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Panel's website at <http://www.thetakeoverpanel.org.uk>, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.*

### **Electronic communications**

*Please be aware that addresses, electronic addresses and certain information provided by HEIT Shareholders, persons with information rights and other relevant persons for the receipt of*

communications from HEIT may be provided to Drax Bidco during the offer period as requested under Section 4 of Appendix 4 of the Code to comply with Rule 2.11(c) of the Code.

#### **Publication on website and availability of hard copies**

A copy of this announcement will be made available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on Drax's and HEIT's websites at [www.drax.com/investors/offer](http://www.drax.com/investors/offer) and [www.heitp.co.uk/investors/proposed-offer-from-drax](http://www.heitp.co.uk/investors/proposed-offer-from-drax) respectively by no later than 12 noon (London time) on 26 March 2025. For the avoidance of doubt, the contents of these websites are not incorporated into and do not form part of this announcement.

HEIT Shareholders and persons with information rights may request a hard copy of this announcement by contacting HEIT's registrar, Computershare Investor Services PLC, by writing to them at The Pavilions, Bridgwater Road, Bristol BS99 6ZZ or by calling them on +44 (0)370 703 6003 during business hours (9.30 a.m. to 5.30 p.m. (London time) Monday to Friday excluding public holidays in England and Wales). Calls are charged at the standard geographical rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Please note that Computershare cannot provide any financial, legal or tax advice. Calls may be recorded and monitored for security and training purposes.

HEIT Shareholders and persons with information rights may also request that all future documents, announcements and information to be sent to them in relation to the Acquisition should be sent to them in hard copy form, again by writing to the address set out above or by calling the telephone number above.

If you are in any doubt about the contents of this announcement or the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

#### **Rounding**

Certain figures included in this announcement have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

#### **Rule 2.9 Disclosure**

In accordance with Rule 2.9 of the Code, HEIT confirms that as at the date of this announcement, it has in issue and admitted to trading on the main market of the London Stock Exchange 227,128,295 ordinary shares of £0.01 each (excluding any shares held in treasury). Accordingly, the total number of voting rights in HEIT is 227,128,295. The International Securities Identification Number (ISIN) of the ordinary shares is GB00BLNNFY18.



**APPENDIX I**  
**CONDITIONS AND FURTHER TERMS OF THE ACQUISITION**

**Part A: Conditions to the Scheme and the Acquisition**

- 1 The Acquisition is conditional upon the Scheme becoming unconditional and effective, subject to the Code, by no later than 11.59 p.m. on the Long-stop Date or such later date (if any) as Drax Bidco and HEIT may, with the consent of the Panel, agree and, if required, the Court may allow.
- 2 The Scheme shall be subject to the following conditions:
  - 2.1
    - (i) its approval by a majority in number of the HEIT Shareholders who are present and vote (and who are entitled to vote), whether in person or by proxy, at the Court Meeting and who represent 75 per cent. or more in value of the HEIT Shares voted by those HEIT Shareholders; and
    - (ii) such Court Meeting being held on or before the 22nd day after the expected date of the Court Meeting to be set out in the Scheme Document in due course (or such later date as may be agreed by Drax Bidco and HEIT with the consent of the Panel and, if required, the Court may allow);
  - 2.2
    - (i) the resolutions required to implement the Scheme being duly passed by HEIT Shareholders representing 75 per cent. or more of votes cast at the General Meeting; and
    - (ii) such General Meeting being held on or before the 22nd day after the expected date of the General Meeting to be set out in the Scheme Document in due course (or such later date as may be agreed by Drax Bidco and HEIT with the consent of the Panel and, if required, the Court may allow);
  - 2.3
    - (i) the sanction of the Scheme by the Court (with or without modification but subject to any modification being on terms acceptable to HEIT and Drax Bidco) and the delivery of a copy of the Court Order to the Registrar of Companies; and
    - (ii) the Court Hearing being held on or before the 22nd day after the expected date of the Court Hearing to be set out in either (X) the Scheme Document in due course (or such later date as may be agreed by Drax Bidco and HEIT with the consent of the Panel and, if required, the Court may allow); or (Y) in the event that such expected date remains unknown at the time of publication of the Scheme Document and the Scheme Document identifies any date as indicative only, in any update announcement issued through a Regulatory Information Service pursuant to paragraph 6(a) of Appendix 7 of the Code (or such later date (if any) as may be agreed by Drax Bidco and HEIT, with the consent of the Panel and (if required) that the Court may allow);

- 3 In addition, subject as stated in Part B below and to the requirements of the Panel, the Acquisition shall be conditional upon the following Conditions and, accordingly, the Court Order shall not be delivered to the Registrar of Companies unless such Conditions (as amended, if appropriate) have been satisfied or, where relevant, waived;

#### **Regulatory and Antitrust**

- 4 In the event that Drax Bidco is satisfied that the Acquisition must be notified to, and approved by, the Secretary of State under the NSI Act before it can be completed, either:
- 4.1 Drax Bidco having notified the Acquisition to the Secretary of State in accordance with the NSI Act, and the Secretary of State subsequently notifying Drax Bidco (before the expiry of the relevant assessment period within which the Secretary of State may give a call-in notice under the NSI Act) that no further action will be taken in relation to the Acquisition; or
- 4.2 in the event that a call-in notice is given in relation to the Acquisition, the Secretary of State either:
- 4.2.1 giving a final notification confirming that no further action will be taken in relation to Acquisition under the NSI Act; or
- 4.2.2 making a final order permitting the Acquisition to proceed subject only to such remedies or requirements that are in all respects reasonably acceptable to Drax Bidco, and such order not being revoked or varied in a manner that is not reasonably satisfactory to Drago Bidco before the Effective Date.

#### **Notifications, waiting periods and Authorisations**

- 5
- (a) other than in relation to the matters referred to in Condition 4, all material notifications, filings or applications which are reasonably deemed necessary or appropriate by Drax Bidco having been made in connection with the Acquisition and all necessary waiting periods (including any extensions thereof) under any applicable legislation or regulation of any jurisdiction having expired, lapsed or been terminated (as appropriate) and all material statutory and regulatory obligations in any jurisdiction having been complied with in each case in respect of the Acquisition and all Authorisations reasonably deemed necessary or appropriate by Drax Bidco in any jurisdiction for or in respect of the Acquisition and, except pursuant to Chapter 3 of Part 28 of the Companies Act, the acquisition or the proposed acquisition of any shares or other securities in, or control or management of, HEIT or any other member of the Wider HEIT Group by any member of the Wider Drax Group having been obtained in terms and in a form reasonably satisfactory to Drax Bidco from all appropriate Third Parties or (without prejudice to the generality of the foregoing) from any person or bodies with whom any member of the Wider HEIT Group or the Wider Drax Group has entered into contractual arrangements and all such Authorisations reasonably deemed necessary or appropriate to carry on the business of any member of the Wider HEIT Group in any jurisdiction which are material in the context of the Wider HEIT Group taken as a whole or in the context of the Acquisition having been obtained and all such Authorisations remaining in full force and effect at the time at which the Acquisition becomes otherwise unconditional and there being no notice or intimation of an intention to revoke, suspend, restrict, modify or not to renew such Authorisations;

- (b) other than in relation to the matters referred to in Condition 4, no antitrust regulator or Third Party having given notice of a decision to take, institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference (and in each case, not having withdrawn the same), or having required any action to be taken or otherwise having done anything, or having enacted, made or proposed any statute, regulation, decision, order or change to published practice (and in each case, not having withdrawn the same) and there not continuing to be outstanding any statute, regulation, decision or order which would or might reasonably be expected to:
- (i) require, prevent or delay the divestiture or alter the terms envisaged for such divestiture by any member of the Wider Drax Group or by any member of the Wider HEIT Group of all or any part of its businesses, assets or property or impose any limitation on the ability of all or any of them to conduct their businesses (or any part thereof) or to own, control or manage any of their assets or properties (or any part thereof) which, in any such case, is material in the context of the Wider Drax Group or the Wider HEIT Group in either case taken as whole or in the context of the Acquisition;
  - (ii) except pursuant to Chapter 3 of Part 28 of the Companies Act, require any member of the Wider Drax Group or the Wider HEIT Group to acquire or offer to acquire any shares, other securities (or the equivalent) or interest in any member of the Wider HEIT Group or any asset owned by any Third Party (other than Scheme Shares in the implementation of the Acquisition);
  - (iii) impose any limitation on, or result in a delay in, the ability of any member of the Wider Drax Group directly or indirectly to acquire, hold or to exercise effectively all or any rights of ownership in respect of shares or other securities in HEIT or on the ability of any member of the Wider HEIT Group or any member of the Wider Drax Group directly or indirectly to hold or exercise effectively all or any rights of ownership in respect of shares or other securities (or the equivalent) in, or to exercise voting or management control over, any member of the Wider HEIT Group to the extent which, in any such case, is material in the context of the Wider Drax Group or the Wider HEIT Group in either case taken as a whole or in the context of the Acquisition;
  - (iv) otherwise adversely affect any or all of the business, assets, profits or prospects of any member of the Wider HEIT Group or any member of the Wider Drax Group;
  - (v) result in any member of the Wider HEIT Group or any member of the Wider Drax Group ceasing to be able to carry on business under any name under which it presently carries on business;
  - (vi) make the Acquisition, its implementation or the acquisition or proposed acquisition of any shares or other securities in, or control or management of, HEIT by any member of the Wider Drax Group void, unenforceable and/or illegal under the laws of any relevant jurisdiction, or otherwise, directly or indirectly prevent or prohibit, restrict, restrain, or delay or otherwise interfere with the implementation of, or impose additional conditions or obligations with respect to, or otherwise challenge, impede, interfere or require amendment of the Acquisition or the acquisition or proposed acquisition of any shares or other securities in, or control or management of, HEIT by any member of the

Wider Drax Group to the extent which, in any such case, is material in the context of the Wider Drax Group or the Wider HEIT Group in either case taken as a whole or in the context of the Acquisition;

- (vii) require, prevent or materially delay a divestiture by any member of the Wider Drax Group of any shares or other securities (or the equivalent) in any member of the Wider HEIT Group or any member of the Wider Drax Group; or
- (viii) impose any limitation on the ability of any member of the Wider Drax Group or any member of the Wider HEIT Group to conduct, integrate or co-ordinate all or any part of its business with all or any part of the business of any other member of the Wider Drax Group and/or the Wider HEIT Group,

and all applicable waiting and other time periods (including any extensions thereof) during which any such antitrust regulator or Third Party could decide to take, institute, implement or threaten any such action, proceeding, suit, investigation, enquiry or reference or take any other step under the laws of any jurisdiction in respect of the Acquisition or the acquisition or proposed acquisition of any HEIT Shares or otherwise intervene having expired, lapsed or been terminated;

**Certain matters arising as a result of any arrangement, agreement, etc.**

- (c) except as Disclosed, there being no provision of any arrangement, agreement, lease, licence, franchise, permit or other instrument to which any member of the Wider HEIT Group is a party or by or to which any such member or any of its assets is or may be bound, entitled or be subject or any event or circumstance which, as a consequence of the Acquisition or the acquisition or the proposed acquisition by any member of the Wider Drax Group of any shares or other securities (or the equivalent) in HEIT or because of a change in the control or management of any member of the Wider HEIT Group or otherwise, could or might reasonably be expected to result in any of the following, in any case to an extent which is or would be material in the context of the Wider Drax Group or the Wider HEIT Group in either case taken as a whole or in the context of the Acquisition:
  - (i) any monies borrowed by, or any other indebtedness, actual or contingent, of, or any grant available to, any member of the Wider HEIT Group being or becoming repayable, or capable of being declared repayable, immediately or prior to its or their stated maturity date or repayment date, or the ability of any such member to borrow monies or incur any indebtedness being withdrawn or inhibited or being capable of becoming or being withdrawn or inhibited;
  - (ii) the creation, save in the ordinary and usual course of business, or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property or assets of any member of the Wider HEIT Group or any such mortgage, charge or other security interest (whenever created, arising or having arisen) having become enforceable;
  - (iii) any such arrangement, agreement, lease, licence, franchise, permit or other instrument being terminated or the rights, liabilities, obligations or interests of any member of the Wider HEIT Group being adversely modified or adversely affected or any obligation or liability arising or any adverse action being taken or arising thereunder;

- (iv) any liability of any member of the Wider HEIT Group to make any severance, termination, bonus or other payment to any of its directors, or other officers;
- (v) the rights, liabilities, obligations, interests or business of any member of the Wider HEIT Group or any member of the Wider Drax Group under any such arrangement, agreement, licence, permit, lease or instrument or the interests or business of any member of the Wider HEIT Group or any member of the Wider Drax Group in or with any other person or body or firm or company (or any arrangement or arrangement relating to any such interests or business) being or becoming capable of being terminated, or adversely modified or adversely affected or any onerous obligation or liability arising or any adverse action being taken thereunder;
- (vi) any member of the Wider HEIT Group ceasing to be able to carry on business under any name under which it presently carries on business;
- (vii) the value of, or the financial or trading position or prospects of, any member of the Wider HEIT Group being prejudiced or adversely affected; or
- (viii) the creation or acceleration of any liability (actual or contingent) by any member of the Wider HEIT Group other than trade creditors or other liabilities incurred in the ordinary course of business or in connection with the Acquisition,

and, except as Disclosed, no event having occurred which, under any provision of any arrangement, agreement, licence, permit, franchise, lease or other instrument to which any member of the Wider HEIT Group is a party or by or to which any such member or any of its assets are bound, entitled or subject, would or might result in any of the events or circumstances as are referred to in Conditions 5(c)(i) to (viii);

**Certain events occurring since 31 October 2024**

- (d) except as Disclosed, no member of the Wider HEIT Group having since 31 October 2024:
  - (i) issued or agreed to issue or authorised or proposed or announced its intention to authorise or propose the issue of additional shares of any class, or securities or securities convertible into, or exchangeable for, or rights, warrants or options to subscribe for or acquire, any such shares, securities or convertible securities or transferred or sold or agreed to transfer or sell or authorised or proposed the transfer or sale of HEIT Shares out of treasury (except, where relevant, as between HEIT and wholly-owned subsidiaries of HEIT or between the wholly-owned subsidiaries of HEIT);
  - (ii) recommended, declared, paid or made or proposed to recommend, declare, pay or make any bonus, dividend or other distribution (whether payable in cash or otherwise) other than dividends (or other distributions whether payable in cash or otherwise) lawfully paid or made by any wholly-owned subsidiary of HEIT to HEIT or any of its wholly-owned subsidiaries;
  - (iii) other than pursuant to the Acquisition (and except for transactions between HEIT and its wholly-owned subsidiaries or between the wholly-owned subsidiaries of HEIT and transactions in the ordinary course of business) implemented, effected, authorised or proposed or announced its intention to implement, effect, authorise or propose any merger, demerger, reconstruction,

amalgamation, scheme, commitment or acquisition or disposal of assets or shares or loan capital (or the equivalent thereof) in any undertaking or undertakings in any such case to an extent which is material in the context of the Wider HEIT Group taken as a whole;

- (iv) except for transactions between HEIT and its wholly-owned subsidiaries or between the wholly-owned subsidiaries of HEIT, and except for transactions in the ordinary course of business, disposed of, or transferred, mortgaged or created any security interest over any asset or any right, title or interest in any material asset or authorised, proposed or announced any intention to do so;
- (v) except for transactions between HEIT and its wholly-owned subsidiaries or between the wholly-owned subsidiaries of HEIT, issued, authorised or proposed or announced an intention to authorise or propose, the issue of or made any change in or to the terms of any debentures or become subject to any contingent liability or incurred or increased any indebtedness which is material in the context of the Wider HEIT Group as a whole;
- (vi) entered into or varied or authorised, proposed or announced its intention to enter into or vary any material contract, arrangement, agreement, transaction or commitment (whether in respect of capital expenditure or otherwise) except in the ordinary course of business which is of a long term, unusual or onerous nature or magnitude or which is or which involves or could reasonably be expected to involve an obligation of a nature or magnitude which is likely to be materially restrictive on the business of any member of the Wider HEIT Group which is or could reasonably be expected to be material in the context of the Wider HEIT Group as a whole;
- (vii) entered into or materially varied the terms of, or made any offer (which remains open for acceptance) to enter into or vary to a material extent the terms of any contract, service agreement, commitment or arrangement with any director;
- (viii) purchased, redeemed or repaid or announced any proposal to purchase, redeem or repay any of its own shares or other securities or reduced or, except in respect of the matters mentioned in sub-paragraph (i) above, made any other change to any part of its share capital;
- (ix) other than with respect to claims between HEIT and its wholly-owned subsidiaries or between such wholly-owned subsidiaries or in the ordinary course of business, waived, compromised or settled any claim which is material in the context of the Wider HEIT Group as a whole;
- (x) terminated or varied the terms of any agreement or arrangement between any member of the Wider HEIT Group and any other person in a manner which would or might reasonably be expected to have a material adverse effect on the financial position of the Wider HEIT Group taken as a whole;
- (xi) except as disclosed on publicly available registers or in connection with the Acquisition, made any alteration to its memorandum or articles of association or other incorporation documents (in each case, other than in connection with the implementation of the Acquisition) which is material in the context of the Acquisition;

- (xii) been unable, or admitted in writing that it is unable, to pay its debts or commenced negotiations with one or more of its creditors with a view to rescheduling or restructuring any of its indebtedness, or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business;
- (xiii) other than in respect of a member of the Wider HEIT Group which is dormant and was solvent at the relevant time, taken or proposed any steps, corporate action or had any legal proceedings instituted or threatened against it in relation to the suspension of payments, a moratorium of any indebtedness, its winding-up (voluntary or otherwise), dissolution, reorganisation or for the appointment of a receiver, administrator, manager, administrative receiver, trustee or similar officer of all or any of its assets or revenues or any analogous or equivalent steps or proceedings in any jurisdiction or appointed any analogous person in any jurisdiction or had any such person appointed;
- (xiv) (except for transactions between HEIT and its wholly-owned subsidiaries or between the wholly-owned subsidiaries), made, authorised, proposed or announced an intention to propose any change in its loan capital other than in the ordinary course of business and, in each case, to the extent which is material in the context of the Wider HEIT Group taken as a whole or in the context of the Acquisition;
- (xv) entered into, implemented or authorised the entry into, any joint venture, asset or profit sharing arrangement, partnership or merger of business or corporate entities (other than the Scheme);
- (xvi) having taken (or agreed or proposed to take) any action which requires or would require the consent of the Panel or the approval of HEIT Shareholders in general meeting in accordance with, or as contemplated by, Rule 21.1 of the Code; or
- (xvii) entered into any agreement, arrangement, commitment or contract otherwise than in the ordinary course of business or passed any resolution or made any offer (which remains open for acceptance) with respect to or announced an intention to, or to propose to, effect any of the transactions, matters or events referred to in this Condition 5((d));

**No adverse change, litigation, regulatory enquiry or similar**

- (e) except as Disclosed, since 31 October 2024 there having been:
  - (i) no adverse change and no circumstance having arisen which would or might reasonably be expected to result in any adverse change in, the business, assets, financial or trading position or profits or prospects or operational performance of any member of the Wider HEIT Group which is material in the context of the Wider HEIT Group taken as a whole;
  - (ii) no litigation, arbitration proceedings, prosecution or other legal proceedings having been threatened, announced or instituted by or against or remaining outstanding against or in respect of, any member of the Wider HEIT Group or to which any member of the Wider HEIT Group is or may become a party (whether as claimant, defendant or otherwise) having been threatened,

announced, instituted or remaining outstanding by, against or in respect of, any member of the Wider HEIT Group, in each case which might reasonably be expected to have a material adverse effect on the Wider HEIT Group taken as a whole;

- (iii) no enquiry, review or investigation by, or complaint or reference to, any Third Party against or in respect of any member of the Wider HEIT Group having been threatened, announced or instituted or remaining outstanding by, against or in respect of any member of the Wider HEIT Group, in each case which might reasonably be expected to have a material adverse effect on the Wider HEIT Group taken as a whole;
- (iv) no contingent or other liability having arisen or become apparent to Drax Bidco or increased other than in the ordinary course of business which is reasonably likely to affect adversely the business, assets, financial or trading position or profits or prospects of any member of the Wider HEIT Group to an extent which is material in the context of the Wider HEIT Group taken as a whole; and
- (v) no steps having been taken and no omissions having been made which are likely to result in the withdrawal, cancellation, termination or modification of any licence held by any member of the Wider HEIT Group which is necessary for the proper carrying on of its business and the withdrawal, cancellation, termination or modification of which might reasonably be expected to have a material adverse effect on the Wider HEIT Group taken as a whole;

**No discovery of certain matters regarding information, liabilities and environmental issues**

- (f) except as Disclosed, Drax Bidco not having discovered that:
  - (i) any financial, business or other information concerning the Wider HEIT Group publicly announced prior to the date of this announcement or disclosed at any time to any member of the Wider Drax Group by or on behalf of any member of the Wider HEIT Group prior to the date of this announcement is misleading, contains a material misrepresentation of any fact, or omits to state a fact necessary to make that information not misleading and which was not subsequently corrected before the date of this announcement by disclosure either publicly or otherwise to Drax Bidco or its professional advisers;
  - (ii) any member of the Wider HEIT Group or any partnership, company or other entity in which any member of the Wider HEIT Group has a significant economic interest and which is not a subsidiary undertaking of HEIT is, otherwise than in the ordinary course of business, subject to any liability, contingent or otherwise and which is material in the context of the Wider HEIT Group taken as a whole;
  - (iii) any past or present member of the Wider HEIT Group has not complied in any material respect with all applicable legislation, regulations or other requirements of any jurisdiction or any Authorisations relating to the use, treatment, storage, carriage, disposal, discharge, spillage, release, leak or emission of any waste or hazardous substance or any substance likely to impair the environment (including property) or harm human or animal health or otherwise relating to environmental matters or the health and safety of



humans, which non-compliance would be likely to give rise to any material liability including any penalty for non-compliance (whether actual or contingent) on the part of any member of the Wider HEIT Group;

- (iv) there has been a material disposal, discharge, spillage, accumulation, release, leak, emission or the migration, production, supply, treatment, storage, transport or use of any waste or hazardous substance or any substance likely to impair the environment (including any property) or harm human or animal health which (whether or not giving rise to non-compliance with any law or regulation), would be likely to give rise to any material liability (whether actual or contingent) on the part of any member of the Wider HEIT Group;
- (v) there is or is reasonably likely to be any obligation or liability (whether actual or contingent) or requirement to make good, remediate, repair, reinstate or clean up any property, asset or any controlled waters currently or previously owned, occupied, operated or made use of or controlled by any past or present member of the Wider HEIT Group (or on its behalf), or in which any such member may have or previously have had or be deemed to have had an interest, under any environmental legislation, common law, regulation, notice, circular, Authorisation or order of any Third Party in any jurisdiction or to contribute to the cost thereof or associated therewith or indemnify any person in relation thereto; or
- (vi) circumstances exist (whether as a result of making the Acquisition or otherwise) which would be reasonably likely to lead to any Third Party instituting (or whereby any member of the Wider HEIT Group would be likely to be required to institute), an environment audit or take any steps which would in any such case be reasonably likely to result in any actual or contingent liability to improve or install new plant or equipment or to make good, repair, reinstate or clean up any property of any description or any asset now or previously owned, occupied or made use of by any past or present member of the Wider HEIT Group (or on its behalf) or by any person for which a member of the Wider HEIT Group is or has been responsible, or in which any such member may have or previously have had or be deemed to have had an interest in any case;

### **Anti-corruption**

- (g) Drax Bidco not having discovered that:
  - (i) any member of the Wider HEIT Group or any person that performs or has performed services for or on behalf of any such company is or has engaged in any activity, practice or conduct which would constitute an offence under the Bribery Act 2010 or any other applicable anti-corruption legislation; or
  - (ii) any member of the Wider HEIT Group has engaged in any transaction which would cause any member of the Wider Drax Group to be in breach of applicable law or regulation upon completion of the Acquisition, including the economic sanctions of the United States Office of Foreign Assets Control or HM Treasury, or any government, entity or individual targeted by any of the economic sanctions of the United Nations, United States or the European Union or any of its member states;

### **No criminal property**

- (h) Drax Bidco not having discovered that any asset of any member of the Wider HEIT Group constitutes criminal property as defined by Section 340(3) of the Proceeds of Crime Act 2002 (but disregarding paragraph (b) of that definition).

### **Part B: Certain further terms of the Acquisition**

- 6 Subject to the requirements of the Panel, Drax Bidco reserves the right, in its sole discretion, to waive, in whole or in part, all or any of the Conditions set out in Part A of Appendix I above, except Conditions 2.1(i), 2.2(i) and 2.3(i), which cannot be waived. If any of Conditions 2.1(ii), 2.2(ii), and 2.3(ii) is not satisfied by the relevant deadline specified in the relevant Condition, Drax Bidco shall make an announcement by 8.00 a.m. on the Business Day following such deadline confirming whether it has invoked the relevant Condition, waived the relevant deadlines, or agreed with HEIT to extend the relevant deadline.
- 7 If Drax Bidco is required by the Panel to make an offer for HEIT Shares under the provisions of Rule 9 of the Code, Drax Bidco may make such alterations to any of the above Conditions and terms of the Acquisition as are necessary to comply with the provisions of that Rule.
- 8 Drax Bidco shall be under no obligation to waive (if capable of waiver), to determine to be or remain satisfied or to treat as fulfilled any of the Conditions in Part A of Appendix I above that are capable of waiver by a date earlier than the latest date for the fulfilment or waiver of that Condition notwithstanding that the other Conditions of the Acquisition may at such earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that any of such Conditions may not be capable of satisfaction or fulfilment.
- 9 Under Rule 13.5(a) of the Code and subject to paragraph 10 below, Drax Bidco may only invoke a Condition so as to cause the Acquisition not to proceed, to lapse, or to be withdrawn with the consent of the Panel. The Panel shall normally only give its consent if the circumstances which give rise to the right to invoke the Condition are of material significance to Drax Bidco in the context of the Acquisition. This shall be judged by reference to the facts of each case at the time that the relevant circumstances arise.
- 10 Condition 1 and Conditions 2.1, 2.2 and 2.3 in Part A of Appendix I above, and, if applicable, any acceptance condition if the Acquisition is implemented by means of a takeover offer, are not subject to Rule 13.5(a) of the Code.
- 11 Any Condition that is subject to Rule 13.5(a) of the Code may be waived by Drax Bidco.
- 12 The HEIT Shares acquired under the Acquisition shall be acquired fully paid and free from all liens, equities, charges, encumbrances, options, rights of pre-emption and any other third party rights and interests of any nature and together with all rights now or hereafter attaching or accruing to them, including, without limitation, voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid, or any other return of value (whether by reduction of share capital or share premium account or otherwise) made on or after the Effective Date.
- 13 If, on or after the date of this announcement and prior to or on the Effective Date, any dividend, distribution or other return of value is declared, paid or made, or becomes payable by HEIT, Drax Bidco reserves the right (without prejudice to any right of Drax Bidco, with the consent of the Panel, to invoke Condition 3(d)(ii) of Appendix I above) to reduce the consideration payable under the Acquisition to reflect the aggregate amount of such dividend, distribution,

or other return of value or excess. In such circumstances, HEIT Shareholders shall be entitled to retain any such dividend, distribution, or other return of value declared, made, or paid.

- 14 If on or after the date of this announcement, and to the extent that any such dividend, distribution or other return of value has been declared, paid, or made, or becomes payable by HEIT on or prior to the Effective Date and Drax Bidco exercises its rights under paragraph 13 to reduce the consideration payable under the terms of the Acquisition, any reference in this announcement to the consideration payable under the terms of the Acquisition shall be deemed to be a reference to the consideration as so reduced.
- 15 If and to the extent that such a dividend, distribution, or other return of value has been declared or announced, but not paid or made, or is not payable by reference to a record date on or prior to the Effective Date and is or shall be: (i) transferred pursuant to the Acquisition on a basis which entitles Drax Bidco to receive the dividend, distribution, or other return of value and to retain it; or (ii) cancelled, the consideration payable under the terms of the Acquisition shall not be subject to change in accordance with paragraph 13.
- 16 Drax Bidco also reserves the right to reduce the consideration payable under the Acquisition in such circumstances as are, and by such amount as is, permitted by the Panel.
- 17 Any exercise by Drax Bidco of its rights referred to in paragraph 13 shall be the subject of an announcement and, for the avoidance of doubt, shall not be regarded as constituting any revision or variation of the Acquisition.
- 18 Drax Bidco reserves the right to elect (with the consent of the Panel and in compliance with the Takeover Code) to implement the Acquisition by way of a Takeover Offer for the HEIT Shares as an alternative to the Scheme. In such event, the Takeover Offer shall be implemented on the same terms, so far as applicable, as those which would apply to the Scheme, subject to appropriate amendments, including (without limitation) an acceptance condition set at a level permitted by the Panel. Further, if sufficient acceptances of such offer are received and/or sufficient HEIT Shares are otherwise acquired, it is the intention of Drax Bidco to apply the provisions of the Companies Act to acquire compulsorily any outstanding HEIT Shares to which such offer relates.
- 19 The availability of the Acquisition to persons not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions. Persons who are not resident in the United Kingdom should inform themselves about and observe any applicable requirements.
- 20 The Acquisition is not being made, directly or indirectly, in, into or from, or by use of the mails of, or by any means of instrumentality (including, but not limited to, facsimile, email or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or of any facility of a national, state or other securities exchange of, any Restricted Jurisdiction where to do so would violate the laws of that jurisdiction.
- 21 The Acquisition is governed by the law of England and Wales and is subject to the jurisdiction of the courts of England and Wales and to the Conditions and further terms set out in this Appendix I and to be set out in the Scheme Document. The Acquisition is subject to the applicable requirements of the Companies Act, the Court, the Code, the Panel, the London Stock Exchange and the Financial Conduct Authority.
- 22 Each of the Conditions shall be regarded as a separate Condition and shall not be limited by reference to any other Condition.

## **APPENDIX II SOURCES OF INFORMATION AND BASES OF CALCULATION**

In this announcement, unless otherwise stated or the context otherwise requires, the following bases and sources have been used.

1. Financial information relating to Drax has been extracted or derived (without any adjustment) from the annual report and audited accounts of Drax for the financial year ended 31 December 2024.
2. Financial information relating to HEIT has been extracted or derived (without any material adjustment) from the annual report and audited accounts of HEIT for the financial year ended 31 October 2024.
3. The value of each HEIT Share is calculated:
  - (i) by reference to the price of 79.2 pence per HEIT Share, being the Closing Price on the Latest Practicable Date;
  - (ii) on the basis of the existing number of HEIT Shares in issue referred to in paragraph 4 below.
4. As at the close of business on the Latest Practicable Date, HEIT had in issue 227,128,295 HEIT Shares (excluding shares held in treasury). Therefore, the total voting rights in issue in HEIT at the latest practicable date is 227,128,295.
5. Unless otherwise stated, all prices, volume weighted average prices and Closing Prices for HEIT Shares are based upon London Stock Exchange quotations derived from Bloomberg for the relevant periods and have been rounded to one decimal place.
6. Unless otherwise stated, information relating to HEIT's NAV has been sourced from HEIT's financial results for the year ended 31 October 2024.

**APPENDIX III  
IRREVOCABLE UNDERTAKINGS**

**Irrevocable Undertakings from HEIT Directors and Shareholders**

The following holders or controllers of HEIT Shares have given irrevocable undertakings to vote in favour of the Scheme at the Court Meeting and the resolutions to be proposed at the General Meeting and, if Drax Bidco exercises its right to implement the Acquisition by way of a Takeover Offer, to accept or procure acceptance of such offer:

**Part A - HEIT Directors' Irrevocable Undertakings**

Name of HEIT Director	Number of HEIT Shares in respect of which undertaking is given	Percentage of HEIT issued share capital as at the Latest Practicable Date
Norman Crighton	16,528	0.01%
Janine Freeman	29,823	0.01%
Hugh McNeal	26,514	0.01%
William Rickett	16,633	0.01%
Shefaly Yogendra	11,618	0.01%
<b>TOTAL</b>	101,116	<b>0.04%</b>

The obligations of the HEIT Directors under the irrevocable undertakings shall lapse and cease to have effect if:

- Drax Bidco announces, with the consent of the Panel, that it does not intend to proceed with the Acquisition;
- the Acquisition (whether implemented by way of a Scheme or a Takeover Offer) is withdrawn, lapses or otherwise terminates in accordance with its terms;
- any competing offer for the entire issued share capital of HEIT is declared unconditional or, if implemented by way of a scheme of arrangement, becomes effective; or
- the Acquisition has not become effective in accordance with its terms, or been declared unconditional, by the Long-stop Date.

The irrevocable undertakings therefore remain binding in the event an alternate or higher competing possible offer or offer is made for HEIT.

**Part B - Non-director HEIT Shareholder irrevocable undertakings**

Name of HEIT Shareholder giving undertaking	Number of HEIT Shares in respect of which undertaking is given	Percentage of HEIT issued share capital as at the Latest Practicable Date
Premier Miton	7,113,857	3.1%
Schroders	37,334,777	16.4%
<b>TOTAL</b>	44,448,634	<b>19.6%</b>

The irrevocable undertakings shall lapse and cease to have effect if:

- the Scheme Document or Offer Document (as the case may be) is not published within 28 days of the date of publication of this announcement (or within such longer period as HEIT and Drax Bidco may agree, with the consent of the Panel);
- Drax Bidco announces, with the consent of the Panel that it does not intend to proceed with the Acquisition;
- the Scheme does not become effective or the Offer does not become unconditional before 11.59 p.m. on the Long-stop Date;
- the Acquisition (whether implemented by way of a Scheme or a Takeover Offer) is withdrawn, lapses or otherwise terminates in accordance with its terms;
- any third party other than Drax Bidco (or any person acting in concert with Drax Bidco) announces pursuant to Rule 2.7 of the Code a firm intention to make a competing offer for the entire issued share capital of HEIT on terms which represent certain agreed levels of improvement in the amount of value of the consideration offered under the terms of the Acquisition; or
- any competing offer for the entire issued share capital of HEIT is declared unconditional or, if proceeding by way of a scheme of arrangement, becomes effective.

## APPENDIX IV DEFINITIONS

The following definitions apply throughout this announcement unless the context requires otherwise:

<b>Acquisition</b>	the recommended cash offer pursuant to which Drax shall acquire the entire issued ordinary share capital of HEIT to be effected by means of the Scheme (or by way of Takeover Offer under certain circumstances described in this announcement) and, where the context admits, any subsequent revision, variation, extension or renewal thereof
<b>Asset Sale</b>	has the meaning given in paragraph 4 of this announcement
<b>Authorisations</b>	regulatory authorisations, orders, recognitions, grants, consents, clearances, confirmations, certificates, licences, permissions or approvals
<b>BESS</b>	battery energy storage system
<b>BM</b>	the Balancing Mechanism administered by NESO
<b>Business Day</b>	a day (other than Saturdays, Sundays and public holidays in the UK) on which banks are open for business in London
<b>Closing Price</b>	the closing middle market price of a HEIT Share on a particular trading day as derived from the Daily Official List published by the London Stock Exchange
<b>Code</b>	the City Code on Takeovers and Mergers
<b>Companies Act</b>	the Companies Act 2006, as amended
<b>Conditions</b>	the conditions to the implementation of the Acquisition, as set out in Appendix I to this announcement and to be set out in the Scheme Document
<b>Confidentiality Agreement</b>	the confidentiality agreement dated 7 August 2024 between Drax Corporate and HEAL, as described in paragraph 12 of this announcement
<b>Consideration</b>	the consideration of 88.0 pence in cash per HEIT Share payable by Drax Bidco to HEIT Shareholders pursuant to the Acquisition
<b>Court</b>	the High Court of Justice in England and Wales
<b>Court Hearing</b>	the hearing by the Court of the application to sanction the Scheme under Part 26 of the Companies Act
<b>Court Meeting</b>	the meeting of Scheme Shareholders to be convened pursuant to an order of the Court under the Companies Act for the purpose of considering and, if thought fit, approving the Scheme (with or without amendment), including any adjournment thereof, notice of which is to be contained in the Scheme Document
<b>Court Order</b>	the order of the Court sanctioning the Scheme under section 899 of the Companies Act

<b>CREST</b>	the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear
<b>Dealing Arrangement</b>	an arrangement of the kind referred to in Note 11(a) on the definition of acting in concert in the Code
<b>Dealing Disclosure</b>	has the same meaning as in Rule 8 of the Code
<b>Drax</b>	Drax Group plc, a public limited company incorporated in England and Wales with registered number 05562053 and whose registered office is at Drax Power Station, Selby, North Yorkshire, YO8 8PH
<b>Drax Bidco</b>	Drax BESS Holdco Limited, a private limited company incorporated in England and Wales with registered number 16152612 and whose registered office is at Drax Power Station, Selby, North Yorkshire, United Kingdom, YO8 8PH
<b>Drax Corporate</b>	Drax Corporate Limited, a private limited company incorporated in England and Wales with registered number 05562058 and whose registered office is at Drax Power Station, Selby, North Yorkshire, United Kingdom, YO8 8PH
<b>Drax Directors</b>	the board of directors of Drax at the time of this announcement or, where the context so requires, the directors of Drax from time to time
<b>Disclosed</b>	the information disclosed by, or on behalf of HEIT, (i) in the annual report and accounts of the HEIT Group for the financial year ended 31 October 2024; (ii) in this announcement; (iii) in any other announcement to a Regulatory Information Service by, or on behalf of HEIT prior to the date of this announcement; or (vi) as otherwise fairly disclosed to Drax (or its respective officers, employees, agents or advisers) prior to the date of this announcement
<b>Disclosure Guidance and Transparency Rules</b>	the disclosure guidance and transparency rules made by the FCA under Part VI of FSMA
<b>EBITDA</b>	earnings before interest, taxes, depreciation and amortisation
<b>Effective</b>	in the context of the Acquisition: <ul style="list-style-type: none"> <li>(a) if the Acquisition is implemented by way of the Scheme, the Scheme having become effective pursuant to its terms upon the delivery of a copy of the Court Order to the Registrar of Companies; or</li> <li>(b) if the Acquisition is implemented by way of a Takeover Offer, such Takeover Offer having been declared and become unconditional in accordance with the Code</li> </ul>
<b>Effective Date</b>	the date on which either (i) the Scheme becomes effective in accordance with its terms; or (ii) if Drax Bidco elects, and the Panel consents, to implement the Acquisition by way of a takeover offer (as defined in Chapter 3 of Part 28 of the Companies Act), the date on which such takeover offer becomes or is declared unconditional



<b>Euroclear</b>	Euroclear UK & International Limited
<b>Excluded Shares</b>	any HEIT Shares: (a) held by or on behalf of Drax Bidco or the Wider Drax Group; or (b) held in treasury, in each case, immediately prior to the Scheme Record Time;
<b>FCA or Financial Conduct Authority</b>	the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part VI of the UK Financial Services and Markets Act 2000
<b>Foresight</b>	Foresight Group LLP
<b>Foresight Rule 2.4 Announcement</b>	the joint announcement by HEIT and Foresight, on behalf of one or more funds managed by Foresight and its affiliates, on 17 March 2025 of a possible cash offer for the entire issued share capital of HEIT by Foresight at 84.0 pence per HEIT Share
<b>FlexGen</b>	Drax's pumped storage hydro facility at Cruachan (440MW), its run-of-river hydro facilities at Lanark and Galloway and three open cycle gas turbine assets (c.900MW, which are currently under development)
<b>Forms of Proxy</b>	the forms of proxy for use in connection with each of the Court Meeting and the General Meeting which shall accompany the Scheme Document
<b>FQ1</b>	financial quarter one, being the first three-month period of a company's financial year
<b>FSMA</b>	the Financial Services and Markets Act 2000, as amended from time to time
<b>FY 2023</b>	the financial year of HEIT ended 31 October 2023
<b>FY 2024</b>	the financial year of HEIT ended 31 October 2024
<b>FY 2025</b>	the financial year of HEIT ending 31 October 2025
<b>General Meeting</b>	the general meeting of HEIT Shareholders (including any adjournment thereof) to be convened in connection with the Scheme to consider and, if thought fit, to approve the resolution(s) (with or without amendment) and including any adjournment, postponement or reconvening thereof, notice of which is to be contained in the Scheme Document
<b>GW</b>	gigawatt
<b>GWh</b>	gigawatt hour
<b>HEAL</b>	Harmony Energy Advisors Limited, investment adviser to HEIT
<b>Harmony Energy</b>	Harmony Energy Limited, the parent company of HEAL
<b>HEIT</b>	Harmony Energy Income Trust Plc, a company incorporated in England and Wales with registered number 13656587 and whose registered office is at The Scalpel 18th Floor, 52 Lime Street, London, England, EC3M 7AF

<b>HEIT Directors</b>	the board of directors of HEIT at the time of this announcement or, where the context so requires, the directors of HEIT from time to time
<b>HEIT Group</b>	HEIT and its subsidiary undertakings and, where the context permits, each of them
<b>HEIT Shareholders</b> <b>Shareholders</b>	or the holders of HEIT Shares
<b>HEIT Shares</b>	the ordinary shares of £0.01 each in the capital of HEIT
<b>IPO</b>	initial public offering
<b>J.P. Morgan Cazenove</b>	J.P. Morgan Securities plc, financial adviser and corporate broker to Drax
<b>Latest Practicable Date</b>	24 March 2025, being the latest practicable date prior to this announcement
<b>London Stock Exchange</b>	London Stock Exchange plc
<b>Long-stop Date</b>	31 July 2025, or such later date as may be agreed by Drax Bidco and HEIT (with the Panel's consent and as the Court may approve (if such approval(s) are required))
<b>Market Abuse Regulation</b>	the retained EU law version of Regulation (EU) No. 596/2014 of the European Parliament and the Council of 16 April 2014 on market abuse as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended from time to time (including by the Market Abuse (Amendment) (EU Exit) Regulations 2019 (SI 2019/310))
<b>MW</b>	megawatt
<b>MWh</b>	megawatt hour
<b>NESO</b>	the National Energy System Operator (responsible for, amongst other things, balancing the system) for Great Britain, formerly operating under the name "National Grid ESO" (NGESO)
<b>Net Asset Value or NAV</b>	the value, as at any date, of the assets of HEIT after deduction of all liabilities determined in accordance with the accounting policies adopted by HEIT from time to time
<b>Net Asset Value per HEIT Share</b>	at any time, the Net Asset Value attributable to the HEIT Shares divided by the number of HEIT Shares in issue (other than HEIT Shares held as treasury shares) at the date of calculation
<b>NSI Act</b>	the National Security and Investment Act 2021
<b>OBP</b>	the Open Balancing Platform developed by NESO in Great Britain to enhance the BM of the electricity network
<b>Offer Document</b>	the document containing a Takeover Offer
<b>Opening Position Disclosure</b>	has the same meaning as in Rule 8 of the Code
<b>Overseas Shareholders</b>	HEIT Shareholders (or nominees of, or custodians or trustees for HEIT Shareholders) not resident in, or nationals or citizens of, the United Kingdom

<b>Panel</b>	the Panel on Takeovers and Mergers
<b>Panmure Liberum</b>	Panmure Liberum Limited, sole financial adviser and rule 3 adviser and joint broker to HEIT
<b>Registrar of Companies</b>	the Registrar of Companies in England and Wales
<b>Regulatory Information Service</b>	any information service authorised from time to time by the FCA for the purpose of disseminating regulatory announcements
<b>Relevant Authority</b>	any central bank, ministry, governmental, quasi-governmental, supranational (including the European Union), statutory, regulatory or investigative body, authority or tribunal (including any national or supranational anti-trust, competition or merger control authority, any sectoral ministry or regulator and any foreign investment review body), national, state, municipal or local government (including any subdivision, court, tribunal, administrative agency or commission or other authority thereof), any entity owned or controlled by them, any private body exercising any regulatory, taxing, importing or other authority, trade agency, association, institution or professional or environmental body in any jurisdiction, including, for the avoidance of doubt, the Panel
<b>Restricted Jurisdiction</b>	any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure if information concerning the Acquisition is sent or made available to HEIT Shareholders
<b>Restricted Overseas Person</b>	HEIT Shareholders resident in, or nationals or citizens of, Restricted Jurisdictions or who are nominees or custodians, trustees or guardians for, citizens, residents or nationals of such Restricted Jurisdictions
<b>Scheme or Scheme of Arrangement</b>	the proposed scheme of arrangement under Part 26 of the Companies Act between HEIT and the HEIT Shareholders in connection with the Acquisition, with or subject to any modification, addition or condition approved or imposed by the Court and agreed by HEIT and Drax Bidco
<b>Scheme Document</b>	the document to be sent to HEIT Shareholders containing, amongst other things, the Scheme and the notices convening the Court Meeting and the General Meeting
<b>Scheme Record Time</b>	the time and date to be specified in the Scheme Document by reference to which the entitlements of Scheme Shareholders under the Scheme will be determined, expected to be 6.00 p.m. on the Business Day immediately prior to the Effective Date
<b>Scheme Shares</b>	unless otherwise defined in the Scheme Document, the HEIT Shares: <p>(a) in issue at the date of the Scheme Document;</p>

- (b) (if any) issued after the date of the Scheme Document but before the Voting Record Time and which remain in issue at the Scheme Record Time; and
- (c) (if any) issued at or after the Voting Record Time but at or before the Scheme Record Time on terms that the holder thereof shall be bound by this Scheme or in respect of which the original or any subsequent holders thereof are, or have agreed in writing to be, bound by this Scheme,

in each case (where the context requires) which remain in issue at the Scheme Record Time, other than any Excluded Shares

<b>Secretary of State</b>	the Secretary of State in the Cabinet Office
<b>Seed Portfolio</b>	the initial portfolio of five BESS development projects acquired by HEIT at IPO
<b>Significant Interest</b>	in relation to an undertaking, a direct or indirect interest of 30 per cent. or more of the total voting rights conferred by the equity share capital (as defined in Section 548 of the Companies Act) of such undertaking
<b>Stifel</b>	Stifel Nicolaus Europe Limited, joint broker to HEIT
<b>Takeover Offer</b>	should the Acquisition be implemented by way of a Takeover Offer as defined in Chapter 3 of Part 28 of the Companies Act, the offer to be made by or on behalf of Drax Bidco to acquire the entire issued ordinary share capital of HEIT and, where the context admits, any subsequent revision, variation, extension or renewal of such takeover offer
<b>Third Party</b>	each of a central bank, government or governmental, quasi-governmental, supranational, statutory, regulatory, environmental, administrative, fiscal or investigative body, court, trade agency, association, institution, environmental body, employee representative body or any other body or person whatsoever in any jurisdiction
<b>United Kingdom or UK</b>	the United Kingdom of Great Britain and Northern Ireland
<b>United States or US</b>	the United States of America, its territories and possessions, any state of the United States of America, the District of Columbia and all other areas subject to its jurisdiction and any political sub-division thereof
<b>US Exchange Act</b>	the US Securities Exchange Act 1934, as amended
<b>Voting Record Time</b>	the time and date to be specified in the Scheme Document by reference to which entitlement to vote at the Court Meeting will be determined, expected to be 6.00 p.m. on the day which is two Business Days before the date of the Court Meeting or if the Court Meeting is adjourned, 6.00 p.m. on the day which is two Business Days prior to the date of such adjourned meeting

**Wider HEIT Group**

HEIT and associated undertakings and any other body corporate, partnership, joint venture or person in which HEIT and such undertakings (aggregating their interests) have a Significant Interest

**Wider Drax Group**

Drax and associated undertakings and any other body corporate, partnership, joint venture or person in which Drax and all such undertakings (aggregating their interests) have a Significant Interest

For the purposes of this announcement, “**subsidiary**”, “**subsidiary undertaking**”, “**undertaking**” and “**associated undertaking**” have the respective meanings given thereto by the Companies Act.

All references to “**pounds**”, “**pounds Sterling**”, “**Sterling**”, “**£**”, “**pence**”, “**penny**” and “**p**” are to the lawful currency of the United Kingdom.

All the times referred to in this announcement are London times unless otherwise stated.

References to the singular include the plural and vice versa.

All references to statutory provisions or law or to any order or regulation shall be construed as a reference to that provision, law, order or regulation as extended, modified, replaced or re-enacted from time to time and all statutory instruments, regulations and order from time to time made thereunder or deriving validity therefrom.

I intend this document to be a deed and execute and deliver it as a deed.

Dated: 25 March 2025

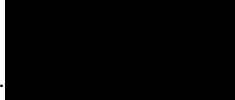
Name:

**NORMAN CRIGHTON**

**EXECUTED** and delivered as a  
Deed by the person named  
above in the presence of:  
Witness's signature:

)  
)  
)

.....  
(Signature)



.....  
.....

(Signature of Witness)

Name: .....

Address: .....

.....  
.....