

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PART II (EXPLANATORY STATEMENT) OF THIS DOCUMENT COMPRISES AN EXPLANATORY STATEMENT IN COMPLIANCE WITH SECTION 897 OF THE COMPANIES ACT 2006.

This Document contains a proposal which, if implemented, will result in the cancellation of the trading of HEIT Shares on the specialist fund segment of the London Stock Exchange's main market for listed securities.

If you are in any doubt as to the contents of this Document or the action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, accountant or other independent financial adviser authorised under FSMA, if you are in the United Kingdom, or from another appropriately authorised independent financial adviser if you are taking advice in a territory outside the United Kingdom.

If you sell or have sold or otherwise transferred all of your HEIT Shares, please forward this Document together with the accompanying pre-paid envelope (but not the accompanying forms personalised to you) at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee. However, such documents should not be forwarded or transmitted (in whole or in part) in, into or from any jurisdiction in which such act would constitute a violation of the relevant laws of such jurisdiction. If you sell or have sold or otherwise transferred only part of your holding of HEIT Shares, you should retain these documents and contact the bank, stockbroker or other agent through whom the sale or transfer was effected. If you have recently purchased or otherwise been transferred HEIT Shares in certificated form, notwithstanding receipt of this Document from the transferor, you should contact HEIT's registrar, Computershare, through the Shareholder Helpline (details of which appear on page 13 of this Document) to obtain personalised Forms of Proxy and any other replacement documents.

The release, publication or distribution of this Document and/or any accompanying documents (in whole or in part), directly or indirectly, in, into or from jurisdictions other than the United Kingdom may be restricted by the laws of those jurisdictions and therefore persons into whose possession this Document and/or the accompanying documents come should inform themselves about, and observe, any such restrictions. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws and regulations of any such jurisdiction.

Neither this Document nor any of the accompanying documents do, or are intended to, constitute or form part of any offer or invitation to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities or the solicitation of any vote or approval pursuant to the Acquisition, the Scheme or otherwise, in any jurisdiction in which such offer, invitation or solicitation is unlawful. This Document is not a prospectus or prospectus equivalent document.

Recommended cash acquisition

of

Harmony Energy Income Trust plc ("HEIT")

by

Drax BESS Holdco Limited ("Drax Bidco")

a wholly-owned subsidiary undertaking of Drax Group plc ("Drax")
to be implemented by means of a Court-sanctioned scheme of
arrangement under Part 26 of the Companies Act 2006

This Document (including all information incorporated into this Document by reference to another source) should be read as a whole and in conjunction with the Forms of Proxy. Your attention is drawn to Part I (*Letter from the Chair of HEIT*) of this Document, which contains the unanimous recommendation of the HEIT Directors that you vote in favour of the Scheme at the Court Meeting and in favour of the Special Resolution at the General Meeting. A letter from Panmure Liberum explaining the Scheme appears in Part II (*Explanatory Statement*) of this Document, which constitutes an explanatory statement in compliance with section 897 of the Companies Act.

Notices of the Court Meeting and the General Meeting, each of which will be held at the offices of Gowling WLG (UK) LLP, 4 More London Riverside, London SE1 2AU on 7 May 2025, are set out in Part XI (*Notice of Court Meeting*) and Part XII (*Notice of General Meeting*) of this Document respectively. The Court Meeting will start at 10.00 a.m. and the General Meeting at 10.15 a.m. or as soon thereafter as the Court Meeting is concluded or adjourned.

The action to be taken by Scheme Shareholders and HEIT Shareholders (as relevant) in respect of the Acquisition and the Scheme is set out on pages 10 to 13 and in paragraph 17 of Part II (*Explanatory Statement*) of this Document.

Scheme Shareholders and HEIT Shareholders are asked to complete and return the enclosed blue and white Forms of Proxy respectively (or appoint a proxy online at www.investorcentre.co.uk/eproxy, through CREST or (for institutional investors) via the Proximity platform) in accordance with the instructions set out in this Document and on the Forms of Proxy as soon as possible, but in any event so as to be received by Computershare not later than 10.00 a.m. on 2 May 2025 in the case of the Court Meeting and not later than 10.15 a.m. on 2 May 2025 in the case of the General Meeting or, in the case of any adjournment, not later than 48 hours before the time fixed for the adjourned Meeting (excluding any part of such 48 hour period falling on a non-working day).

Alternatively, if not returned by 10.00 a.m. on 2 May 2025, Scheme Shareholders may hand the blue Form of Proxy for the Court Meeting (but not the white Form of Proxy for the General Meeting) to the Chair of the Court Meeting (or Computershare on the Chair's

behalf) at the start of the Court Meeting or any adjournment thereof. If the white Form of Proxy for the General Meeting is not lodged (or an electronic proxy appointment is not transmitted online at www.investorcentre.co.uk/eproxy, through CREST or (for institutional investors) via the Proxymity platform) by 10.15 a.m. on 2 May 2025, it will be invalid. Forms of Proxy returned by fax will not be accepted.

Scheme Shareholders and HEIT Shareholders are strongly encouraged to appoint “the Chair of the Meeting” as their proxy in connection with the Court Meeting and the General Meeting respectively.

Any changes to the arrangements for the Court Meeting and the General Meeting will be communicated to Scheme Shareholders and HEIT Shareholders before the Meetings through HEIT’s website www.heitp.co.uk/investors/proposed-offer-from-drax and, where appropriate, by announcement through a Regulatory Information Service.

It is important that, for the Court Meeting in particular, as many votes as possible are cast (whether in person or by proxy) so that the Court may be satisfied that there is a fair representation of opinion of Scheme Shareholders. Whether or not you intend to attend, speak and/or vote at the Meetings, you are therefore strongly encouraged to either sign and return your Forms of Proxy by post or transmit a proxy appointment electronically online at www.investorcentre.co.uk/eproxy, through CREST or (for institutional investors) via the Proxymity platform as soon as possible.

The return of a completed Form of Proxy or the electronic appointment of a proxy online at www.investorcentre.co.uk/eproxy, through CREST or via the Proxymity platform will not prevent you from attending, asking questions and voting (and/or, in the case of the Court Meeting, raising any objections) at the Court Meeting and/or the General Meeting (or any adjournment of such Meeting) in person if you so wish and are so entitled.

If you have any questions about this Document, the Court Meeting or the General Meeting, or are in any doubt as to how to submit your proxies electronically online at www.investorcentre.co.uk/eproxy, through CREST or (for institutional investors) via the Proxymity platform or to complete the Forms of Proxy, please call HEIT’s registrar, Computershare, on +44 (0) 370 703 6003. Lines are open from 8.30 a.m. to 5.30 p.m., Monday to Friday (excluding public holidays in England and Wales). Calls are charged at the standard geographic rate and will vary by provider. Calls outside the UK will be charged at the applicable international rate. Please note that Computershare cannot provide any financial, legal or tax advice, or any advice on the merits of the Acquisition or the Scheme, and calls may be recorded and monitored for security and training purposes.

Certain terms used in this Document are defined in Part X (*Definitions*) of this Document. References to times in this Document are to London, United Kingdom time unless otherwise stated.

Panmure Liberum Limited (“**Panmure Liberum**”), which is authorised and regulated in the United Kingdom by the FCA, is acting as financial adviser, Rule 3 adviser and joint broker exclusively to HEIT and no-one else in connection with the matters described in this Document and will not regard any other person as its client in respect thereof or be responsible to anyone other than HEIT for providing the protections afforded to clients of Panmure Liberum or its affiliates nor for providing advice in connection with any matter referred to in this Document. 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 or its affiliates in connection with this Document, any statement contained herein, the Acquisition, the Scheme or otherwise. No representation or warranty, express or implied, is made by Panmure Liberum as to the contents of this Document.

Stifel Nicolaus Europe Limited (“**Stifel**”), which is authorised and regulated in the United Kingdom by the FCA, is acting as joint broker exclusively to HEIT and no-one else in connection with the matters described in this Document and will not regard any other person as its client in respect thereof or be responsible to anyone other than HEIT for providing the protections afforded to clients of Stifel or its affiliates nor for providing advice in connection with any matter referred to in this Document. 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 or its affiliates in connection with this Document, any statement contained herein, the Acquisition, the Scheme or otherwise. No representation or warranty, express or implied, is made by Stifel as to the contents of this Document.

J.P. Morgan Securities plc, which conducts its UK investment banking business as J.P. Morgan Cazenove (“**J.P. Morgan Cazenove**”), which is authorised in the United Kingdom by the PRA and regulated in the United Kingdom by the PRA and the FCA, is acting as financial adviser exclusively to Drax Bidco and Drax and no-one else in connection with the matters described in this Document and will not regard any other person as its client in respect thereof or be responsible to anyone other than Drax Bidco or Drax or their respective affiliates for providing the protections afforded to clients of J.P. Morgan Cazenove or its affiliates nor for providing advice in connection with any matter referred to in this Document. Neither J.P. Morgan Cazenove 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 J.P. Morgan Cazenove or its affiliates in connection with this Document, any statement contained herein, the Acquisition, the Scheme or otherwise. No representation or warranty, express or implied, is made by J.P. Morgan Cazenove as to the contents of this Document.

No person has been authorised to give any information or make any representations other than those contained in this Document and, if given or made, such information or representations must not be relied upon as having been authorised by HEIT, the HEIT Directors, Drax Bidco, the Drax Bidco Directors, Drax, the Drax Directors or by Panmure Liberum, Stifel, J.P. Morgan Cazenove or any other person involved in the Acquisition. Neither the delivery of this Document nor the holding of the Meetings, the Court Sanction Hearing, or filing of the Court Order shall, under any circumstances, create any implication that there has been no change in the affairs of the HEIT Group or the Drax Group since the date of this Document or that the information in, or incorporated into, this Document is correct as at any time subsequent to its date.

IMPORTANT NOTICE

Neither this Document nor any of the accompanying documents do, or are intended to, constitute or form part of any offer or invitation to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities or the solicitation of any vote or approval pursuant to the Acquisition or otherwise, in any jurisdiction in which such offer, invitation or solicitation is unlawful. This Document is not a prospectus or prospectus equivalent document.

The statements contained in this Document are made as at the date of this Document, unless some other time is specified in relation to them, and service of this Document shall not give rise to any implication that there has been no change in the facts set forth in this Document since such date. Nothing in this Document shall be deemed to be a forecast, projection or estimate of the future financial performance of HEIT, Drax Bidco or Drax.

The summary of the principal provisions of the Scheme contained in this Document is qualified in its entirety by reference to the Scheme itself, the full text of which is set out in Part IV (*The Scheme of Arrangement*) of this Document. Each HEIT Shareholder is advised to read and consider carefully the text of the Scheme itself. This Document, and in particular the letter from the Chair of HEIT in Part I (*Letter from the Chair of HEIT*) and the letter from Panmure Liberum in Part II (*Explanatory Statement*) of this Document, has been prepared solely to assist Scheme Shareholders in respect of voting on the resolution to approve the Scheme to be proposed at the Court Meeting and to assist HEIT Shareholders in respect of voting on the Special Resolution to be proposed at the General Meeting. Nothing in this Document should be construed as legal, business, financial or tax advice and HEIT Shareholders should consult with their own advisers as to the matters described in this Document.

Overseas Shareholders

This Document and the accompanying documents have been prepared in connection with proposals in relation to a scheme of arrangement in accordance with and for the purpose of complying with English law, the Code, the Market Abuse Regulation, the Disclosure Guidance and Transparency Rules and (to the extent the Company has voluntarily elected to comply therewith) the UK Listing Rules and the information disclosed may not be the same as that which would have been disclosed if this Document had been prepared in accordance with the laws of jurisdictions outside England. Nothing in this Document should be relied on for any other purpose. Overseas Shareholders should consult their own professional advisers with respect to the legal and tax consequences of the Acquisition.

The release, publication or distribution of this Document and/or any accompanying documents (in whole or in part), directly or indirectly, in, into or from jurisdictions other than the United Kingdom may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about, and observe, such restrictions. The availability of the Acquisition to Scheme Shareholders who are not resident in, and citizens of, the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are located or of which they are citizens, and the ability of persons who are not resident in the United Kingdom to vote their Scheme Shares or HEIT Shares (as applicable) with respect to the Scheme at the Court Meeting and/or with respect to the Special Resolution at the General Meeting, or to appoint another person as proxy to vote at the Court Meeting and/or the General Meeting on their behalf, may be affected by the laws of the relevant jurisdictions in which they are located. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws and regulations 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 will not be made available, directly or indirectly, in, into or from any Restricted Jurisdiction where to do so would violate the laws in that jurisdiction and no person may vote in favour of the Scheme by any such use, means, instrumentality or from within any Restricted Jurisdiction or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction. Accordingly, copies of this Document 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 any Restricted Jurisdiction where to do so would violate the laws in that jurisdiction and persons receiving this Document and all such documents

relating to the Acquisition (including, without limitation, agents, custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in, into or from any Restricted Jurisdiction. Doing so may render invalid any related purported vote in respect of the Acquisition. If the Acquisition is implemented (with the consent of the Panel) by way of a Takeover Offer (unless otherwise permitted by applicable law and regulation), the Takeover Offer may not be made, directly or indirectly, in or into, or by the use of mails or any means or 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 and the Takeover Offer may not be capable of acceptance by any such use, means, instrumentality or facilities or from or within any Restricted Jurisdiction.

The Acquisition shall be subject to, among other things, the applicable requirements of the Code, the Panel, the London Stock Exchange and the FCA.

Persons who are not resident in, and citizens of, the United Kingdom should inform themselves of, and observe, any applicable requirements.

Notice to US investors in HEIT

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 laws of England. A transaction effected by means of a scheme of arrangement is not subject to the tender offer or proxy solicitation rules under 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 the US tender offer and proxy solicitation rules.

The financial information included in this Document has been prepared in accordance with UK IFRS and thus may not be comparable to the financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States, which differ in certain significant respects from UK IFRS.

If, in the future, Drax Bidco exercises its right to implement the Acquisition by means of a Takeover Offer which is to be made into the United States, such a Takeover Offer would be made in compliance with all applicable US laws and regulations, including any applicable exemptions under the US Exchange Act. Such a Takeover Offer would be made in the United States by Drax Bidco and no-one else.

In accordance with normal United Kingdom practice and pursuant to Rule 14e-5(b) of the US Exchange Act (to the extent applicable), Drax Bidco, certain affiliated companies and their respective nominees or brokers (acting as agents), may from time to time make certain purchases of, or arrangements to purchase, HEIT Shares or other securities of HEIT outside of the US, other than pursuant to the Acquisition, until the date on which the Acquisition and/or Scheme and/or Takeover Offer (as relevant) becomes effective, lapses or is otherwise withdrawn. If such purchases or arrangements to purchase were to be made, they would be made outside of the United States and would be in accordance with applicable law, including English law, the US Exchange Act and the Code. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. Any information about such purchases or arrangements to purchase will be disclosed as required in the United Kingdom, will be reported to a Regulatory Information Service and will be available on the London Stock Exchange website at www.londonstockexchange.com.

Neither the SEC nor any US state securities commission nor any other US regulatory authority has approved or disapproved of the Acquisition, passed upon the fairness of the Acquisition or determined if this Document is accurate or complete or adequate. Any representation to the contrary is a criminal offence in the United States.

The receipt of cash by a US holder as consideration for the transfer of its Scheme Shares pursuant to the Scheme will likely be a taxable transaction for US federal income tax purposes and may also be a taxable transaction under applicable state and local tax laws, as well as non-US and other tax laws. Each US holder of Scheme Shares is urged to consult their own appropriately qualified independent professional tax adviser immediately regarding the particular tax consequences and information reporting requirements of the Scheme applicable to them, including under applicable United States federal, state and local, as well as non-US and other, tax laws.

HEIT and Drax Bidco are each incorporated under the laws of England. Some or all of the officers and directors of Drax Bidco and HEIT, respectively, are residents of countries other than the United States. In addition, some or all of the assets of Drax Bidco and HEIT are located outside the United States. As a result, it may be difficult for US holders of HEIT Shares to enforce their rights and any claim arising out of US federal laws or to enforce against them a judgment of a US court predicated upon the securities laws of the United Kingdom. US holders of HEIT Shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgment.

Forward-looking statements

This Document (including information incorporated by reference into this Document), any oral statements made regarding the Acquisition, and other information published by Drax Bidco, Drax and HEIT contain statements which are, or may be deemed to be, "forward-looking statements". Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and projections of the management of Drax Bidco, Drax and HEIT about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements.

The forward-looking statements contained in this Document include statements relating to the expected effects of the Acquisition on Drax Bidco, the Drax Group, HEIT and the HEIT Group (including their future prospects, developments and strategies), the expected timing and scope of the Acquisition and other statements other than historical facts. Often, but not always, forward-looking statements can be identified by the use of forward-looking words such as, without limitation, "anticipate", "target", "expect", "estimate", "intend", "plan", "forecast", "project", "goal", "believe", "aim", "will", "may", "hope", "continue", "would", "could" or "should" or other words of similar meaning or the negative thereof. Forward-looking statements may include, but are not limited to, statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; (ii) business and management strategies and the expansion and growth of Drax Bidco's, HEIT's, any member of the Drax Group's or any member of the HEIT Group's operations and potential synergies resulting from the Acquisition; and (iii) the effects of global economic conditions and governmental regulation on Drax Bidco's, HEIT's, any member of the Drax Group's or any member of the HEIT Group's business.

Although Drax Bidco, Drax and HEIT believe that the expectations reflected in such forward-looking statements are reasonable, none of Drax Bidco, Drax or HEIT can give any assurance that such expectations will prove to be correct. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future.

There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. These factors include, but are not limited to: the ability to complete the Acquisition; the ability to obtain requisite regulatory and shareholder approvals and the satisfaction of other Conditions on the proposed terms and timetable; changes in the global and domestic political, economic, business and competitive environments and in market and regulatory forces, circumstances or conditions; changes in future exchange and interest rates; changes in tax law or rates; future business combinations or disposals; and any epidemic, pandemic or disease outbreak. Other unknown or unpredictable factors could cause actual results to differ materially from those expected, estimated or projected in the forward-looking statements. If any one or more of these risks or uncertainties materialises or if any one or more of the assumptions proves incorrect, actual results may differ materially from those expected, estimated or projected. Such forward-looking statements should therefore be construed in the light of such factors.

Neither Drax Bidco, Drax nor HEIT, nor any of their respective associates or directors, officers, managers, partners or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this Document will actually occur. You are cautioned not to place any reliance on these forward-looking statements. The forward-looking statements speak only at the date of this Document. All subsequent oral or written forward-looking statements attributable to Drax Bidco or any member of the Wider Drax Group or HEIT or any member of the Wider HEIT Group, or any of their respective associates, directors, officers, employees or advisers, are expressly qualified in their entirety by the cautionary statement above.

Other than in accordance with their legal or regulatory obligations, none of Drax Bidco, Drax or HEIT is under any obligation, and Drax Bidco, Drax and HEIT expressly disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

No profit forecasts, estimates or quantified financial benefits statements

No statement in this Document, or incorporated by reference into this Document, is intended to constitute a profit forecast, profit estimate or quantified financial benefits statement for any period and no statement in this Document should be interpreted to mean that earnings or earnings per share for HEIT or Drax, as appropriate, for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share for HEIT or Drax, 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 will 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 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.

Publication on a website

In accordance with Rule 26.1 of the Code, a copy of this Document and the documents required to be published under Rule 26 of the Code will be made available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on HEIT's website at www.heitp.co.uk/investors/proposed-offer-from-drax and on Drax's website at www.drax.com/investors/offer by no later than 12 noon (London time) on the first Business Day following the date of this Document.

For the avoidance of doubt, neither the contents of these websites nor any website accessible from hyperlinks is incorporated into or forms part of this Document.

Requesting hard copy documents

In accordance with Rule 30.3 of the Code, HEIT Shareholders and persons with information rights may request a hard copy of this Document (and any such information incorporated into it by reference to another source) by contacting HEIT's registrar, Computershare, between 8.30 a.m. and 5.30 p.m. (London time) Monday to Friday (excluding public holidays in England and Wales) on +44 (0) 370 703 6003 or by submitting a request in writing to Computershare, The Pavilions, Bridgwater Road, Bristol BS13 8AE, United Kingdom. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the UK will be charged at the applicable international rate. Please note that Computershare cannot provide any financial, legal or tax advice, or any advice on the merits of the Acquisition or the Scheme, and calls may be recorded and monitored for security and training purposes.

Electronic communications

Please be aware that addresses, electronic addresses and certain other 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 required under Section 4 of Appendix 4 of the Code to comply with Rule 2.11(c) of the Code.

Rounding

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

Incorporation of information by reference into this Document

Part V (*Financial and ratings information*) of this Document refers to sections of certain documents which are incorporated by reference into, and form part of, this Document.

This information is available on HEIT's website at www.heitp.co.uk/investors/proposed-offer-from-drax and on Drax's website at www.drax.com/investors/offer. HEIT Shareholders and persons with information rights may request a hard copy of such documents incorporated by reference. A copy of any such documents or information incorporated by reference will not be sent to such persons unless requested, free of charge, by calling HEIT's registrar, Computershare, between 8.30 a.m. and 5.30 p.m. (London time) Monday to Friday (excluding public holidays in England and Wales) on +44 (0) 370 703 6003 or by submitting a request in writing to Computershare, The Pavilions, Bridgwater Road, Bristol BS13 8AE, United Kingdom stating your name, and the address to which the hard copy should be sent. You will not receive a hard copy of this information unless you so request. 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 and calls may be recorded and monitored for security and training purposes.

Time

All times shown in this Document are London times, unless otherwise stated.

General

If the Acquisition is effected by way of a Takeover Offer and such Takeover Offer becomes or is declared unconditional and sufficient acceptances are received, Drax Bidco intends to exercise its rights to apply the provisions of Chapter 3 of Part 28 of the Companies Act so as to acquire compulsorily the remaining HEIT Shares in respect of which the Takeover Offer has not been accepted.

Investors should be aware that Drax Bidco may purchase HEIT Shares otherwise than under any Takeover Offer or the Scheme, including pursuant to privately negotiated purchases.

If you are in any doubt about the contents of this Document or the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor or independent financial adviser duly authorised under FSMA if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

Scheme process

In accordance with section 5 of Appendix 7 of the Code, HEIT will announce through a Regulatory Information Service key events in the Scheme process including the outcomes of the Meetings and the Court Sanction Hearing.

In accordance with section 7 of Appendix 7 of the Code, unless otherwise consented to by the Panel and (if required) approved by the Court, any revision to the Scheme will be made no later than the day which is 14 days prior to the Meetings (or any later date to which such Meetings are adjourned).

This Document is dated 15 April 2025.

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ACTION TO BE TAKEN

For the reasons set out in this Document, 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 financial advice to the 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, in order to implement the Acquisition, the HEIT Directors unanimously recommend that you vote in favour of the Scheme at the Court Meeting and in favour of the Special Resolution 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 HEIT Shares, and that you take the action described below.

This section should be read in conjunction with the rest of this Document, and in particular, paragraph 17 of Part II (*Explanatory Statement*) of this Document and the notices of the Court Meeting and the General Meeting set out in Part XI (*Notice of Court Meeting*) and Part XII (*Notice of General Meeting*) of this Document, respectively.

1. Documents

Please check that you have received with this Document:

- a blue Attendance Card and Form of Proxy for the Court Meeting to be held at 10.00 a.m. on 7 May 2025;
- a white Attendance Card and Form of Proxy for the General Meeting to be held at 10.15 a.m. on 7 May 2025 (or as soon thereafter as the Court Meeting concludes or is adjourned); and
- a pre-paid envelope for use in the UK only for the return of the blue Form of Proxy and the white Form of Proxy.

If you have not received all of these documents or have any other queries, please contact Computershare via the Shareholder Helpline as detailed in paragraph 3 of this section.

2. Voting at the Court Meeting and the General Meeting

IT IS IMPORTANT THAT, FOR THE COURT MEETING IN PARTICULAR, AS MANY VOTES AS POSSIBLE ARE CAST (WHETHER IN PERSON OR BY PROXY) SO THAT THE COURT MAY BE SATISFIED THAT THERE IS A FAIR REPRESENTATION OF SCHEME SHAREHOLDER OPINION. WHETHER OR NOT YOU INTEND TO ATTEND THE MEETINGS, YOU ARE THEREFORE STRONGLY ENCOURAGED TO SIGN AND RETURN YOUR FORMS OF PROXY BY POST OR APPOINT A PROXY ELECTRONICALLY ONLINE AT WWW.INVESTORCENTRE.CO.UK/EPROXY, THROUGH CREST OR (FOR INSTITUTIONAL INVESTORS) VIA THE PROXYMITY PLATFORM AS SOON AS POSSIBLE, BUT IN ANY EVENT SO AS TO BE RECEIVED BY COMPUTERSHARE NOT LATER THAN 10.00 A.M. ON 2 MAY 2025 IN THE CASE OF THE COURT MEETING AND NOT LATER THAN 10.15 A.M. ON 2 MAY 2025 IN THE CASE OF THE GENERAL MEETING OR, IN THE CASE OF ANY ADJOURNMENT, NOT LATER THAN 48 HOURS BEFORE THE TIME FIXED FOR THE ADJOURNED MEETING (EXCLUDING ANY PART OF SUCH 48 HOUR PERIOD FALLING ON A NON-WORKING DAY).

The Scheme will require approval by Scheme Shareholders at the Court Meeting, being the meeting of Scheme Shareholders convened with the permission of the Court to be held at 10.00 a.m. on 7 May 2025 at the offices of Gowling WLG (UK) LLP, 4 More London Riverside, London SE1 2AU. Implementation of the Scheme will also require approval of the Special Resolution relating to the Acquisition to be proposed at the General Meeting. The General Meeting will be held at the same place as the Court Meeting on 7 May 2025 at 10.15 a.m. (or as soon thereafter as the Court Meeting concludes or is adjourned). Notices of the Meetings are set out at Part XI (*Notice of Court Meeting*) and Part XII (*Notice of General Meeting*), respectively, of this Document. If the Scheme becomes Effective, it will be binding on all Scheme Shareholders, including any

Scheme Shareholders who were not eligible to vote, who did not vote or who voted against the Scheme at the Court Meeting.

Any changes to the arrangements for the Meetings will be communicated to Scheme Shareholders and HEIT Shareholders before the Meetings through HEIT's website www.heitp.co.uk/investors/proposed-offer-from-drax and, where appropriate, by announcement through a Regulatory Information Service.

Scheme Shareholders and HEIT Shareholders are strongly encouraged to submit proxy appointments and instructions for the Meetings as soon as possible, using any of the methods (by post or electronically online at www.investorcentre.co.uk/eproxy, through CREST or (for institutional investors) via the Proximity platform) set out below, and are further strongly encouraged to appoint "the Chair of the Meeting" as their proxy in connection with the Meetings.

Scheme Shareholders and HEIT Shareholders are required to submit or amend proxy voting instructions in respect of the relevant Meeting not later than 10.00 a.m. on 2 May 2025 in the case of the Court Meeting and not later than 10.15 a.m. on 2 May 2025 in the case of the General Meeting or, in the case of any adjournment, not later than 48 hours before the time fixed for the adjourned Meeting (excluding any part of such 48 hour period falling on a non-working day). In the case of the Court Meeting only, Scheme Shareholders who have not submitted or amended their proxy voting instructions by this time may hand the blue Form of Proxy to the Chair of the Court Meeting (or Computershare on the Chair's behalf) at the start of the Court Meeting or any adjournment thereof. **However, if the white Form of Proxy for the General Meeting is not lodged by the relevant time, it will be invalid.**

Scheme Shareholders and HEIT Shareholders are entitled to appoint a proxy in respect of some or all of their Scheme Shares or HEIT Shares (as relevant) and may also appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by such holder. Scheme Shareholders or HEIT Shareholders who wish to appoint more than one proxy in respect of their holding of Scheme Shares or HEIT Shares (as relevant) should contact Computershare via the Shareholder Helpline as detailed in paragraph 3 of this section for further Forms of Proxy or photocopy the Forms of Proxy as required.

The return of a completed Form of Proxy or the electronic appointment of a proxy online at www.investorcentre.co.uk/eproxy, through CREST or (for institutional investors) via the Proximity platform will not prevent you from attending, asking questions and voting (and/or, in the case of the Court Meeting, raising any objections) at the Court Meeting and/or the General Meeting (or any adjournment of such Meeting) in person if you so wish and are so entitled.

(a) ***Electronic appointment of proxies online at www.investorcentre.co.uk/eproxy***

Proxies may be appointed electronically online at www.investorcentre.co.uk/eproxy. You will need to accept the relevant terms and conditions, enter the Control Number, Shareholder Reference Number (SRN) and PIN provided on the Forms of Proxy and follow the instructions given. For an electronic proxy appointment to be valid, the appointment must be received by Computershare not later than 10.00 a.m. on 2 May 2025 in the case of the Court Meeting and not later than 10.15 a.m. on 2 May 2025 in the case of the General Meeting or, in the case of any adjournment, not later than 48 hours before the time fixed for the adjourned Meeting (excluding any part of such 48 hour period falling on a non-working day).

In the case of the Court Meeting only, if you have not appointed a proxy electronically by such time, you may complete the blue Form of Proxy and hand it to the Chair of the Court Meeting (or Computershare on the Chair's behalf) at the start of the Court Meeting or any adjournment thereof.

(b) ***Electronic appointment of proxies through CREST***

If you hold HEIT Shares in uncertificated form through CREST and wish to appoint a proxy or proxies for the Court Meeting or the General Meeting (or any adjourned Meeting) by using the CREST electronic proxy appointment service, you may do so by following the procedures described in the CREST Manual (please also refer to the accompanying notes to the notices of the Meetings set out in Part XI (*Notice of Court Meeting*) and Part XII (*Notice of General Meeting*) of this Document). CREST personal members or other CREST sponsored members, and those CREST members who have appointed any

voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a “**CREST Proxy Instruction**”) must be properly authenticated in accordance with the specifications of Euroclear and must contain the information required for such instructions as described in the CREST Manual. The message (regardless of whether it constitutes the appointment of a proxy or an amendment to the instructions given to a previously appointed proxy) must, in order to be valid, be transmitted so as to be received by Computershare (ID: 3RA50) not later than 10.00 a.m. on 2 May 2025 in the case of the Court Meeting and not later than 10.15 a.m. on 2 May 2025 in the case of the General Meeting or, in the case of any adjournment, not later than 48 hours before the time fixed for the adjourned Meeting (excluding any part of such 48 hour period falling on a non-working day). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Computershare is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed any voting service provider(s), to procure that his/her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. For further information on the logistics of submitting messages in CREST, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

HEIT may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the CREST Regulations.

In the case of the Court Meeting only, if you have not appointed a proxy electronically by such time, you may complete the blue Form of Proxy and hand it to the Chair of the Court Meeting (or Computershare on the Chair’s behalf) at the start of the Court Meeting or any adjournment thereof.

(c) ***Electronic appointment of proxies through Proximity***

If you are an institutional investor, you may be able to appoint a proxy electronically via the Proximity platform, a process which has been agreed by HEIT and approved by HEIT’s registrar, Computershare. For further information regarding Proximity, please go to www.proximity.io. Before you can appoint a proxy via this process you will need to have agreed to Proximity’s associated terms and conditions. It is important that you read these carefully as you will be bound by them, and they will govern the electronic appointment of your proxy.

For an electronic proxy appointment to be valid, it must be lodged not later than 10.00 a.m. on 2 May 2025 in the case of the Court Meeting and not later than 10.15 a.m. on 2 May 2025 in the case of the General Meeting or, in the case of any adjournment, not later than 48 hours before the time fixed for the adjourned Meeting (excluding any part of such 48 hour period falling on a non-working day).

In the case of the Court Meeting only, if you have not appointed a proxy electronically by such time, you may complete the blue Form of Proxy and hand it to the Chair of the Court Meeting (or Computershare on the Chair’s behalf) at the start of the Court Meeting or any adjournment thereof.

(d) ***Sending Forms of Proxy by post***

As an alternative to appointing proxies electronically online at www.investorcentre.co.uk/eproxy, through CREST or (for institutional investors) via the Proximity platform, Scheme Shareholders can complete a blue Form of Proxy for the Court Meeting and HEIT Shareholders can complete a white Form of Proxy for the General Meeting. Please complete and sign the Forms of Proxy in accordance with the instructions printed on them and return them to HEIT’s registrar, Computershare, by post to Computershare at The Pavilions, Bridgwater Road, Bristol, United Kingdom BS99 6ZY so as to be received as soon as possible and in any event not later than the relevant times set out below:

Blue Form of Proxy for the Court Meeting 10.00 a.m. on 2 May 2025

White Form of Proxy for the General Meeting 10.15 a.m. on 2 May 2025

or, if in either case the Meeting is adjourned, the relevant Form of Proxy should be received not later than 48 hours (excluding any part of such 48 hours period falling on a non-working day) before the time fixed for the adjourned Meeting.

In the case of the Court Meeting only, if you have not lodged the blue Form of Proxy by such time, you may hand the blue Form of Proxy to the Chair of the Court Meeting (or Computershare on the Chair's behalf) at the start of the Court Meeting or any adjournment thereof. However, if the white Form of Proxy for the General Meeting is not lodged by the relevant time, it will be invalid.

3. Shareholder Helpline

If you have any questions about this Document, the Court Meeting or the General Meeting, or are in any doubt as to how to submit your proxies electronically online at www.investorcentre.co.uk/eproxy, through CREST or (for institutional investors) via the Proximity platform or to complete the Forms of Proxy, please call HEIT's registrar, Computershare, on +44 (0) 370 703 6003. Lines are open from 8.30 a.m. to 5.30 p.m., Monday to Friday (excluding public holidays in England and Wales). Calls are charged at the standard geographic 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, or provide advice on the merits of the Acquisition or the Scheme, and calls may be recorded and monitored for security and training purposes.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

The following indicative timetable is based on HEIT's and Drax Bidco's current expectations of the dates for the implementation of the Scheme and is subject to change. If any of the dates and/or times in this expected timetable change, the revised dates and/or times will be notified to HEIT Shareholders by announcement through the Regulatory Information Service of the London Stock Exchange with such announcement being made available on HEIT's website at www.heitp.co.uk/investors/proposed-offer-from-drax and, if required by the Panel, by posting notice of the change(s) to HEIT Shareholders.

<i>Event</i>	<i>Time and/or date¹</i>
Publication of this Document	15 April 2025
<p>Latest time for lodging Forms of Proxy or submitting proxy instructions online at www.investorcentre.co.uk/eproxy, through CREST or (for institutional investors) via the Proxymity platform for the:</p>	
Court Meeting (blue form)	10.00 a.m. on 2 May 2025 ²
General Meeting (white form)	10.15 a.m. on 2 May 2025 ³
Voting Record Time for the Court Meeting and the General Meeting	6.30 p.m. on 2 May 2025 ⁴
Court Meeting	10.00 a.m. on 7 May 2025
General Meeting	10.15 a.m. on 7 May 2025 ⁵

The following dates and times associated with the Scheme are indicative only and are subject to change.¹

<i>Event</i>	<i>Time and/or date¹</i>
Last day of dealings in HEIT Shares for normal settlement	12 June 2025
Court Sanction Hearing	13 June 2025
Last day for the registration of transfers of HEIT Shares	16 June 2025
Scheme Record Time	6.00 p.m. on 16 June 2025
Disablement in CREST of HEIT Shares	6.00 p.m. on 16 June 2025
Suspension of dealings in HEIT Shares	7.30 a.m. on 17 June 2025
Effective Date of the Scheme	17 June 2025
Cancellation of trading of HEIT Shares on the specialist fund segment of the London Stock Exchange's main market for listed securities	By 8.00 a.m. on 18 June 2025
Latest date for despatch of cheques, making of electronic payments and crediting of CREST accounts for cash consideration due under the Acquisition	Within 14 days of the Effective Date
Long Stop Date ⁽⁶⁾	31 July 2025

Notes:

- 1 The dates and times given are indicative only and are based on current expectations and are subject to change. References to times are to London, United Kingdom time unless otherwise stated. If any of the times and/or dates above change, the revised times and/or dates will be notified to HEIT Shareholders by announcement through a Regulatory Information Service.
- 2 It is requested that blue Forms of Proxy for the Court Meeting be lodged by 10.00 a.m. on 2 May 2025 or, if the Court Meeting is adjourned, by no later than 48 hours prior to the time fixed for the adjourned Court Meeting (excluding any part of such 48 hour

period falling on a non-working day in the UK). Blue Forms of Proxy not so lodged can be handed to the Chair of the Court Meeting (or Computershare on the Chair's behalf) at the start of the Court Meeting or any adjournment thereof.

- 3 In order to be valid, white Forms of Proxy for the General Meeting must be received by Computershare by 10.15 a.m. on 2 May 2025 or, if the General Meeting is adjourned, 48 hours prior to the time appointed for the adjourned General Meeting (excluding any part of such 48 hour period falling on a non-working day in the UK). If the white Form of Proxy is not lodged by the relevant time, it will be invalid.
- 4 If either the Court Meeting or the General Meeting is adjourned, the Voting Record Time for the relevant adjourned Meeting will be 6.30 p.m. on the day which is two Business Days prior to the date of the adjourned Meeting.
- 5 Or as soon thereafter as the Court Meeting concludes or is adjourned.
- 6 This is the latest date by which the Scheme may become Effective. However, the Long Stop Date may be extended to such later date: (i) as may be agreed in writing by Drax Bidco and HEIT (with the Panel's consent if required and (if required) as the Court may allow); or (ii) at the direction of the Panel under the Note on Section 3 of Appendix 7 to the Code.

PART I

LETTER FROM THE CHAIR OF HEIT

Incorporated in England and Wales with registered number 13656587

Directors (all of whom are independent and non-executive):

Norman Crighton (*Non-executive Chair*)
Dr Shefaly Yogendra
William Rickett, CB
Dr Hugh McNeal
Janine Freeman

Harmony Energy Income Trust plc
The Scalpel 18th Floor
52 Lime Street
London
England
EC3M 7AF

15 April 2025

To the holders of HEIT Shares and, for information only, to persons with information rights

Dear HEIT Shareholder,

RECOMMENDED CASH ACQUISITION OF HEIT BY DRAX BIDCO, A WHOLLY-OWNED SUBSIDIARY UNDERTAKING OF DRAX

1. Introduction

On 25 March 2025, the boards of directors of HEIT and Drax Bidco announced that they had 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. It is intended that the Acquisition will be effected by means of a Court-sanctioned scheme of arrangement under Part 26 of the Companies Act.

I am writing to you today, on behalf of the HEIT Directors, to set out the background to the Acquisition and the reasons why the HEIT Directors consider the terms of the Acquisition to be fair and reasonable and are unanimously recommending that you vote in favour of the Scheme at the Court Meeting and in favour of the Special Resolution at the General Meeting, as the HEIT Directors have irrevocably undertaken to do in respect of their own beneficial holdings of HEIT Shares, which amount to, in aggregate, 101,116 HEIT Shares representing approximately 0.04 per cent. of the issued ordinary share capital of HEIT as at the Latest Practicable Date. I draw your attention to the letter from Panmure Liberum set out in Part II (*Explanatory Statement*) of this Document which gives further details about the Acquisition and to the additional information set out in Part IX (*Additional information on HEIT, Drax Bidco and Drax*). Further information relating to the irrevocable undertakings given by the HEIT Directors, including the circumstances in which they may lapse, is set out in paragraph 5 of this letter, and in paragraph 8 of Part IX (*Additional information on HEIT, Drax Bidco and Drax*) of this Document.

In order to approve the terms of the Acquisition, the required majorities of Scheme Shareholders will need to vote in favour of the Scheme at the Court Meeting and the required majority of HEIT Shareholders will need to vote in favour of the Special Resolution at the General Meeting. The Court Meeting and the General Meeting are to be held on 7 May 2025 at 10.00 a.m. and 10.15 a.m. respectively (or, in the case of the General Meeting, as soon thereafter as the Court Meeting concludes or is adjourned), at the offices of Gowling WLG (UK) LLP, 4 More London Riverside, London SE1 2AU. In addition, the Scheme will require the subsequent sanction of the Court.

Details of the actions you should take are set out in paragraph 17 of Part II (*Explanatory Statement*) of this Document. The recommendation of the HEIT Directors is set out in paragraph 13 of this letter.

2. Summary of the terms of the Acquisition and the Scheme

The Acquisition will be implemented by the acquisition of the Scheme Shares by Drax Bidco pursuant to a scheme of arrangement between HEIT and the Scheme Shareholders under Part 26 of the Companies Act.

Under the terms of the Acquisition, which is subject to the Conditions and further terms set out in Part III (*Conditions to, and certain further terms of, the Acquisition and the Scheme*) of this Document, each Scheme Shareholder at the Scheme Record Time will be entitled to receive:

for each Scheme Share: 88.0 pence in cash (the “Offer Price”)

The Acquisition values the entire issued share capital of HEIT at approximately £199.9 million and the Offer Price represents:

- a premium of approximately 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 commencement of the Offer Period);
- a premium of approximately 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 the Announcement);
- a premium of approximately 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 Asset Sale process); and
- a discount of approximately 5 per cent. to the 31 January 2025 unaudited NAV per HEIT Share of 92.4 pence.

The Scheme Shares will be acquired by Drax Bidco pursuant to the Acquisition fully paid and free from all liens, equitable interests, charges, encumbrances, options, rights of pre-emption and any other third party rights or interests of any nature whatsoever and together with all rights or interests of any nature attaching or accruing thereto, including (without limitation) voting rights and the right to receive and retain, in full, all dividends and other distributions (if any) or any other return of capital or value (whether by way of reduction of share capital or share premium account or otherwise) declared, made or paid in respect of the Scheme Shares by reference to a record date falling on or after the Effective Date.

Right to switch to Takeover Offer

Drax Bidco reserves the right to elect to implement the Acquisition by way of a Takeover Offer as an alternative to the Scheme (subject to the Panel’s consent).

Further information about the Acquisition is provided in Part II (*Explanatory Statement*) of this Document.

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 Offer Price 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. HEIT's existing £130 million seven-year debt facility will be retained following completion of the Acquisition. 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 HEIT Directors' recommendation of the Acquisition

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 thereby growing its asset base.
- **Volatility in revenues** caused by the Ukraine conflict and other geopolitical events, with periods where revenues have been both significantly higher and significantly lower than independent forecasts, 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 non-binding indicative offer 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 non-binding indicative offer 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 the 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 a possible offer from Foresight and subsequently a firm offer from Drax Bidco at an increased price 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.

In considering the merits of the Acquisition, the HEIT Directors have taken into account that the Offer Price represents:

- a premium of approximately 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 start of the Offer Period); and
- a premium of approximately 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 Asset Sale process).

In addition, the HEIT Directors have given due consideration to Drax's strategic rationale for the Acquisition and intentions with regard to the business of HEIT as set out in paragraphs 3 and 6 of this letter respectively.

5. Irrevocable undertakings

Drax Bidco has received irrevocable undertakings to vote in favour of the Scheme at the Court Meeting and in favour of the Special Resolution 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 44,549,750 HEIT Shares representing, in aggregate, approximately 19.6 per cent. of the issued ordinary share capital of HEIT as at the Latest Practicable Date.

The irrevocable undertakings include irrevocable undertakings received from each of the HEIT Directors to vote (or take all steps within their power to procure the vote): (i) in favour of the Scheme at the Court Meeting; and (ii) in favour of the Special Resolution 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 take all steps within their power to procure acceptance of the Takeover Offer) in respect of their entire beneficial holding of HEIT Shares. In aggregate, this represents 101,116 HEIT Shares, being approximately 0.04 per cent. of the issued share capital of HEIT as at the Latest Practicable Date. The undertakings from the HEIT Directors will remain binding in the event that an alternative or higher competing offer for HEIT is made.

The irrevocable undertakings also include irrevocable undertakings received from Premier Miton and Schroders, in each case to vote (or to procure the vote): (i) in favour of the Scheme at the Court Meeting, and (ii) in favour of the Special Resolution 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). The irrevocable undertakings from Premier Miton and Schroders represent, in aggregate, 44,448,634 HEIT Shares, being approximately 19.6 per cent. of the issued share capital of HEIT as at the Latest Practicable Date.

Further details of these irrevocable undertakings (including the circumstances in which they will lapse and cease to be binding) are set out in paragraph 8 of Part IX (*Additional information on HEIT, Drax Bidco and Drax*) of this Document. Copies of the irrevocable undertakings are available on HEIT's website at www.heitp.co.uk/investors/proposed-offer-from-drax and Drax's website at www.drax.com/investors/offer and will remain on display until the end of the Offer Period.

6. Intentions with regard to HEIT

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 has been in discussions with HEIT's existing investment adviser, HEAL, regarding future asset management and advisory services and it has been agreed with HEAL that Drax Bidco, HEIT and HEAL will enter into an asset management agreement (the "**Asset Management Agreement**") prior to the Scheme becoming Effective and treated as effective from the Scheme becoming Effective in respect of the provision of asset management services. This agreement is proposed to be entered into to provide for continuity of management services and to facilitate the efficient transition of such services to the new owner, Drax Bidco, or another member of the Wider Drax Group. A summary of the agreed form Asset Management Agreement is set out in paragraph 11 of Part II (*Explanatory Statement*) of this Document. Pursuant to the terms of the Asset Management Agreement, HEAL will be paid an annual fee of £1,108,500 to provide the services set out in the Asset Management Agreement.

As a consequence of the intended entry into the Asset Management Agreement, Drax Bidco intends to liaise with the parties to the Investment Advisory Agreement and the AIFM Agreement (together, the "**Existing Management Arrangements**") with the purpose of entering into a deed of termination in respect of each of the Existing Management Arrangements conditional on the Scheme becoming Effective. In consideration for the termination of the Investment Advisory Agreement, Drax Bidco intends to procure that HEIT will, on the Scheme becoming Effective, pay a termination payment to each of HEAL and the AIFM of, in aggregate, £600,000. Drax Bidco further intends to liaise with the AIFM with a view to agreeing a termination payment to be paid to the AIFM in consideration for termination of the AIFM Agreement on the Scheme becoming Effective, such payment to be consistent with the amount that the AIFM would have received had the services under the AIFM Agreement continued for the six month notice period under such agreement.

For the purposes of Rule 16 of the Code, Panmure Liberum has confirmed that, in its opinion, the terms of the Asset Management Agreement are fair and reasonable so far as HEIT Shareholders are concerned.

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. The company secretary of each of the HEIT Group companies will also step down and be replaced by the company secretary of Drax Bidco.

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 has been in discussions with HEAL regarding future asset management and advisory services and it has been agreed between Drax Bidco and HEAL that Drax Bidco, HEIT and HEAL will enter into the Asset Management Agreement in respect of the provision of asset management services on and from the Scheme becoming Effective and that accordingly the Existing Management Arrangements will be terminated with effect from the Scheme becoming Effective.

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. It is further intended that an application will be made to the London Stock Exchange to cancel the trading in HEIT Shares on the specialist fund segment of the main market of the London Stock Exchange with effect from or shortly following the Effective Date. Further details about the cancellation of trading of the HEIT Shares can be found in paragraph 12 of Part II (*Explanatory Statement*) of this Document.

No “post offer undertakings”

No statements in this paragraph 6 are “post-offer undertakings” for the purposes of Rule 19.5 of the Code.

7. Current trading

On 26 February 2025, HEIT published a replacement Net Asset Value and trading update for the three months ended 31 January 2025, which can be accessed on HEIT’s website at www.heitp.co.uk/investors/regulatory-news.

Update since 31 January 2025

In early March, HEIT transferred revenue optimisation services in relation to its Pillswood project (196MWh/98MW) from Tesla to BP. This resulted in a short period of downtime as new equipment was installed on site and market testing was completed. Despite this, revenue generation since 31 January 2025 has remained in line with the assumptions underpinning HEIT’s most recent NAV calculation.

8. Dividends

If, on or after the Announcement Date and prior to the Effective Date, any dividend and/or other distribution and/or other return of capital or value is announced, declared, made or paid or becomes payable in respect of the HEIT Shares, Drax Bidco reserves the right to reduce the consideration for the Scheme Shares due under the terms of the Acquisition by an amount up to the amount of such dividend and/or other distribution and/or other return of capital or value (provided that, to the extent that such dividend or distribution or other return of capital or value is cancelled, the consideration shall not be subject to change). In such circumstances, Scheme Shareholders will be entitled to receive and retain any such dividend, distribution and/or other return of capital or value and any reference in this Document to the consideration payable under the terms of the Acquisition will be deemed to be a reference to the consideration as so reduced. Any exercise by Drax Bidco of its rights referred to in this paragraph 8 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 terms of the Scheme or the Acquisition.

9. Valuations

In accordance with the requirements of Rule 29 of the Code, Part VI (*Rule 29 Valuation Report*) of this Document contains a valuation report in respect of HEIT's portfolio of battery storage assets from Forvis Mazars confirming the valuation as at 31 January 2025 prepared by the Investment Adviser in connection with the Net Asset Value as at 31 January 2025 published by HEIT on 26 February 2025.

10. Action to be taken by HEIT Shareholders and Scheme Shareholders

Details of the approvals being sought at the Court Meeting and the General Meeting and the action to be taken by Scheme Shareholders and HEIT Shareholders in respect of the Acquisition and the Scheme are set out in paragraphs 9 and 17 of Part II (*Explanatory Statement*) of this Document.

Details relating to the de-listing of the HEIT Shares and settlement of the consideration offered by Drax Bidco are included in paragraphs 12 and 13 respectively of Part II (*Explanatory Statement*) of this Document.

11. Overseas Shareholders

Overseas Shareholders should refer to Part VIII (*Additional information for Overseas Shareholders*) of this Document, which contains important information relevant to such holders.

12. United Kingdom taxation

Your attention is drawn to Part VII (*United Kingdom taxation*) and Part VIII (*Additional information for Overseas Shareholders*) of this Document, which contain a summary of limited aspects of the UK tax treatment of the Scheme. This summary relates only to the position of certain categories of HEIT Shareholders (as explained further in Part VII (*United Kingdom taxation*) and Part VIII (*Additional information for Overseas Shareholders*) of this Document), does not constitute tax advice and does not purport to be a complete analysis of all potential UK tax consequences of the Scheme.

You are strongly advised to contact an appropriate independent professional adviser immediately to discuss the tax consequences of the Scheme in respect of your particular circumstances, in particular if you are in any doubt about your own taxation position or you are subject to taxation in a jurisdiction other than the United Kingdom.

13. 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 the 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.

The HEIT Directors believe that the Acquisition (including the Scheme) is in the best interests of HEIT Shareholders as a whole and unanimously recommend that the Scheme Shareholders vote in favour of the Scheme at the Court Meeting and HEIT Shareholders vote in favour of the Special Resolution 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 they have irrevocably undertaken to do in respect of their own beneficial holdings of, in aggregate, 101,116 HEIT Shares (representing, in aggregate, approximately 0.04 per cent. of the issued ordinary share capital of HEIT as at the Latest Practicable Date).

14. Further information

Your attention is drawn to the further information contained in Part II (*Explanatory Statement*), Part III (*Conditions to, and certain further terms of, the Acquisition and the Scheme*), Part IV (*The Scheme of Arrangement*), Part IX (*Additional information on HEIT, Drax Bidco and Drax*), Part XI (*Notice of Court Meeting*) and Part XII (*Notice of General Meeting*) of this Document.

You are advised to read the whole of this Document and the accompanying Forms of Proxy and not just rely on the summary information contained in this letter or the Explanatory Statement.

Yours faithfully,

Norman Crighton

Chair

Harmony Energy Income Trust plc

PART II

EXPLANATORY STATEMENT

(in compliance with section 897 of the Companies Act 2006)

15 April 2025

To the holders of HEIT Shares and, for information only, to persons with information rights

Dear HEIT Shareholder,

RECOMMENDED CASH ACQUISITION OF HEIT BY DRAX BIDCO, A WHOLLY-OWNED SUBSIDIARY UNDERTAKING OF DRAX

1. Introduction

On 25 March 2025, the boards of directors of HEIT and Drax Bidco announced that they had 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, as described below. It is intended that the Acquisition will be effected by means of a Court-sanctioned scheme of arrangement under Part 26 of the Companies Act.

The Scheme requires, among other things, the approval of Scheme Shareholders at the Court Meeting and HEIT Shareholders at the General Meeting as well as the sanction of the Court.

Your attention is drawn to the letter from the Chair of HEIT set out in Part I (*Letter from the Chair of HEIT*) of this Document, which forms part of this Explanatory Statement. The letter contains, among other things: (i) the unanimous recommendation by the HEIT Directors to Scheme Shareholders and HEIT Shareholders to vote in favour of the Scheme at the Court Meeting and the Special Resolution at the General Meeting, respectively; (ii) information on the background to, and reasons for, the HEIT Directors giving their unanimous recommendation; (iii) information on the strategic rationale for the Acquisition; and (iv) the intentions of Drax Bidco and Drax for HEIT following the Effective Date.

The HEIT Directors have been advised by Panmure Liberum in connection with the Acquisition and the Scheme. Panmure Liberum is providing independent financial advice to the HEIT Directors for the purposes of Rule 3 of the Code. Panmure Liberum has been authorised by the HEIT Directors to write to you to explain the terms of the Acquisition and the Scheme and to provide you with other relevant information.

This Explanatory Statement contains a summary of the provisions of the Scheme. The Scheme is set out in full in Part IV (*The Scheme of Arrangement*) of this Document. Your attention is also drawn to the other parts of this Document, which are deemed to form part of this Explanatory Statement, including Part I (*Letter from the Chair of HEIT*), the Conditions to, and certain further terms of, the Acquisition and the Scheme set out in Part III (*Conditions to, and further terms of, the Acquisition and the Scheme*) and the additional information set out in Part IX (*Additional information on HEIT, Drax Bidco and Drax*) of this Document. For Overseas Shareholders, your attention is drawn to Part VIII (*Additional information for Overseas Shareholders*) of this Document, which forms part of this Explanatory Statement.

Statements made or referred to in this Explanatory Statement regarding Drax Bidco's and/or Drax's strategic rationale for the Acquisition, information concerning the business of Drax Bidco and/or the Drax Group, the financial effects of the Acquisition on Drax Bidco and/or intentions or expectations of or concerning Drax Bidco and/or Drax reflect the views of the Drax Bidco Directors and the Drax Directors (whose names are set out in paragraphs 2.2 and 2.3 of Part IX (*Additional information on HEIT, Drax Bidco and Drax*) of this Document, respectively).

Statements made or referred to in this Explanatory Statement regarding the background to, and reasons for, the recommendation of the HEIT Directors, information concerning the business of the HEIT Group and/or intentions or expectations of or concerning the HEIT Group prior to completion of the Acquisition reflect the views of the HEIT Directors.

2. Summary of the terms of the Acquisition and the Scheme

The Acquisition will be implemented by the acquisition of the Scheme Shares by Drax Bidco pursuant to a scheme of arrangement between HEIT and the Scheme Shareholders under Part 26 of the Companies Act.

Under the terms of the Acquisition, which is subject to the Conditions and further terms set out in Part III (*Conditions to, and certain further terms of, the Acquisition and the Scheme*) of this Document, each Scheme Shareholder at the Scheme Record Time will be entitled to receive:

for each Scheme Share: 88.0 pence in cash (the “Offer Price”)

The Acquisition values the entire issued share capital of HEIT at approximately £199.9 million and the Offer Price represents:

- a premium of approximately 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 commencement of the Offer Period);
- a premium of approximately 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 the Announcement);
- a premium of approximately 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 Asset Sale process); and
- a discount of approximately 5 per cent. to the 31 January 2025 unaudited NAV per HEIT Share of 92.4 pence.

The Scheme Shares will be acquired by Drax Bidco pursuant to the Acquisition fully paid and free from all liens, equitable interests, charges, encumbrances, options, rights of pre-emption and any other third party rights or interests of any nature whatsoever and together with all rights or interests of any nature attaching or accruing thereto, including (without limitation) voting rights and the right to receive and retain, in full, all dividends and other distributions (if any) or any other return of capital or value (whether by way of reduction of share capital or share premium account or otherwise) declared, made or paid in respect of the Scheme Shares by reference to a record date falling on or after the Effective Date.

If, on or after the Announcement Date and prior to the Effective Date, any dividend and/or other distribution and/or other return of capital or value is announced, declared, made or paid or becomes payable in respect of the HEIT Shares, Drax Bidco reserves the right to reduce the consideration for the Scheme Shares due under the terms of the Acquisition by an amount up to the amount of such dividend and/or other distribution and/or other return of capital or value (provided that, to the extent that such dividend or distribution or other return of capital or value is cancelled, the consideration shall not be subject to change). In such circumstances, Scheme Shareholders will be entitled to receive and retain any such dividend, distribution and/or other return of capital or value and any reference in this Document to the consideration payable under the terms of the Acquisition will be deemed to be a reference to the consideration as so reduced. Any exercise by Drax Bidco of its rights referred to in this paragraph 2 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 terms of the Scheme or the Acquisition.

Right to switch to Takeover Offer

Drax Bidco reserves the right to elect to implement the Acquisition by way of a Takeover Offer as an alternative to the Scheme (subject to the Panel’s consent).

3. Background to, and reasons for, the recommendation of the Acquisition

Information relating to the background to, and reasons for, the HEIT Directors’ recommendation of the Acquisition is set out in paragraph 4 of Part I (*Letter from the Chair of HEIT*) of this Document.

Drax Bidco has received irrevocable undertakings to vote in favour of the Scheme at the Court Meeting and in favour of the Special Resolution 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 44,549,750 HEIT Shares representing, in aggregate, approximately 19.6 per cent. of the issued ordinary share capital of HEIT as at the Latest Practicable Date.

Further details of these irrevocable undertakings (including the circumstances in which they will lapse and cease to be binding) are set out in paragraph 8 of Part IX (*Additional information on HEIT, Drax Bidco and Drax*) of this Document. Copies of the irrevocable undertakings are available on HEIT's website at www.heitp.co.uk/investors/proposed-offer-from-drax and Drax's website at www.drax.com/investors/offer and will remain on display until the end of the Offer Period.

4. 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.

On 26 February 2025, HEIT published an unaudited NAV as at 31 January 2025 of £209.83 million (92.38 pence per HEIT Share), an increase of 4.36 per cent. (or 3.86 pence per HEIT Share) from the NAV reported as at 31 October 2024.

In accordance with Rule 29 of the Code, Part VI (*Rule 29 Valuation Report*) of this Document contains a valuation report in respect of HEIT's portfolio of battery storage assets from Forvis Mazars confirming the valuation as at 31 January 2025 prepared by the Investment Adviser in connection with the Net Asset Value as at 31 January 2025 published by HEIT on 26 February 2025.

5. Information on the Drax Group

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. In the financial year ended 31 December 2024, the Wider Drax Group had total revenue of £6,163 million 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.

6. Financial effects of the Acquisition on Drax Bidco

Drax Bidco has no material assets or liabilities other than those described in this Document in connection with its incorporation and the Acquisition. With effect from the Effective Date, the earnings, assets and liabilities in the consolidated Drax accounts will include the consolidated earnings, assets and liabilities of the HEIT Group.

7. Financing of the Acquisition

The consideration payable by Drax Bidco to Scheme Shareholders under the terms of 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 to Scheme Shareholders under the terms of the Acquisition.

8. The HEIT Directors and the effect of the Scheme on their interests

Details of the interests of the HEIT Directors in the ordinary share capital of HEIT are set out in paragraph 4 of Part IX (*Additional information on HEIT, Drax Bidco and Drax*) of this Document. Scheme Shares held by the HEIT Directors at the Scheme Record Time will be subject to the Scheme.

The HEIT Directors have irrevocably undertaken to vote (or take all steps within their power to procure voting) in favour of the Scheme at the Court Meeting and the Special Resolution at the General Meeting in respect of their own beneficial holdings of, in aggregate, 101,116 HEIT Shares. Further details of these irrevocable undertakings (including the circumstances in which they will lapse and cease to be binding) are set out in paragraph 8 of Part IX (*Additional information on HEIT, Drax Bidco and Drax*) of this Document.

Particulars of the letters of appointment of the HEIT Directors are set out in paragraph 5 of Part IX (*Additional information on HEIT, Drax Bidco and Drax*) of this Document.

Particulars of the additional fees which HEIT has agreed to pay to each of the HEIT Directors pursuant to the terms of their respective letters of appointment and the HEIT Articles to reflect the increased workload relating to the preparation of a response to Drax's approach and the Acquisition are set out in paragraph 5 of Part IX (*Additional information on HEIT, Drax Bidco and Drax*) of this Document.

It is intended that, with effect from the Effective Date, each of the members of the HEIT Board shall resign from his or her office as a director of HEIT.

Save as set out above, the effect of the Scheme on the interests of HEIT Directors does not differ from its effect on the like interests of any other Scheme Shareholder.

9. Description of the Scheme and the Meetings

9.1 The Scheme

The Acquisition is to be implemented by means of a Court-sanctioned scheme of arrangement between HEIT and the Scheme Shareholders who are on the HEIT Register at the Scheme Record Time 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). The procedure requires approval by Scheme Shareholders at the Court Meeting and by HEIT Shareholders at the General Meeting, and sanction of the Scheme by the Court. The Scheme is set out in full in Part IV (*The Scheme of Arrangement*) of this Document.

The purpose of the Scheme is to provide for Drax Bidco to become the holder of the entire issued share capital of HEIT. This is to be achieved by transferring the Scheme Shares held by Scheme Shareholders as at the Scheme Record Time to Drax Bidco in consideration for which the Scheme Shareholders will receive the Offer Price. The transfer to Drax Bidco of the Scheme Shares will result in HEIT becoming a wholly owned subsidiary of Drax Bidco.

9.2 The Meetings

The Scheme will require the approval of Scheme Shareholders at the Court Meeting and HEIT Shareholders at the separate General Meeting, both of which will be held on 7 May 2025 at 10.00 a.m. and 10.15 a.m., respectively (or, in the case of the General Meeting, as soon thereafter as the Court Meeting is concluded or adjourned), at the offices of Gowling WLG (UK) LLP, 4 More London Riverside, London SE1 2AU. The Court Meeting is being held with the permission of the Court to seek the approval of Scheme Shareholders for the Scheme. The General Meeting is being convened to seek

the approval of HEIT Shareholders to enable the HEIT Directors to implement the Scheme and to amend the HEIT Articles as described in paragraph 9.3 of this Part II (*Explanatory Statement*) of this Document.

Notices of the Court Meeting and the General Meeting are set out in Part XI (*Notice of Court Meeting*) and Part XII (*Notice of General Meeting*) of this Document, respectively. Entitlement to attend, speak and vote at these Meetings and the number of votes which may be cast thereat will be determined by reference to the HEIT Register at the Voting Record Time.

Any changes to the arrangements for the Court Meeting and the General Meeting will be communicated to Scheme Shareholders and HEIT Shareholders before the Meetings through HEIT's website www.heitp.co.uk/investors/proposed-offer-from-drax and, where appropriate, by announcement through a Regulatory Information Service.

If the Scheme becomes Effective, it will be binding on all Scheme Shareholders holding Scheme Shares at the Scheme Record Time, irrespective of whether or not they attended or voted in favour of, or against, the Scheme at the Court Meeting or in favour of, or against, or abstained from voting on the Special Resolution at the General Meeting.

Any HEIT Shares which Drax Bidco or any other member of the Wider Drax Group (or their respective nominees) may acquire prior to the Court Meeting or the General Meeting will not be Scheme Shares and therefore none of Drax Bidco or any other member of the Wider Drax Group (or their respective nominees) will be entitled to vote at the Court Meeting in respect of any HEIT Shares held or acquired by it.

(A) *Court Meeting*

The Court Meeting has been convened with the permission of the Court for 10.00 a.m. on 7 May 2025 to enable the Scheme Shareholders who are registered as members of HEIT at the Voting Record Time to consider and, if thought fit, approve the Scheme. At the Court Meeting, voting will be by poll and each Scheme Shareholder present (either in person or by proxy) will be entitled to one vote for each Scheme Share held as at the Voting Record Time. The approval required at the Court Meeting is a majority in number of those Scheme Shareholders present and voting (and entitled to vote) in person or by proxy, representing 75 per cent. or more in value of the Scheme Shares voted by such Scheme Shareholders present and voting in person or by proxy.

It is important that, for the Court Meeting in particular, as many votes as possible are cast (whether in person or by proxy) so that the Court may be satisfied that there is a fair representation of opinion of Scheme Shareholders. Whether or not you intend to attend, speak and/or vote at the Meetings, you are therefore strongly encouraged to either sign and return your Forms of Proxy by post or transmit proxy appointments electronically online at www.investorcentre.co.uk/eproxy, through CREST or (for institutional investors) via the Proxymity platform as soon as possible.

The return of completed Forms of Proxy or the electronic appointment of proxies online at www.investorcentre.co.uk/eproxy, through CREST or (for institutional investors) via the Proxymity platform will not prevent you from attending, asking questions and voting (and/or, in the case of the Court Meeting, raising any objections) at the Court Meeting or the General Meeting (or any adjournment thereof) in person if you so wish and are so entitled.

If the blue Form of Proxy for the Court Meeting is not lodged by 10.00 a.m. on 2 May 2025, it may be handed to the Chair of the Court Meeting (or Computershare on the Chair's behalf) at the start of the Court Meeting or any adjournment thereof. However, if the white Form of Proxy for the General Meeting is not lodged by 10.15 a.m. on 2 May 2025, it will be invalid.

(B) *General Meeting*

In addition, the General Meeting has been convened for the same date (to be held at 10.15 a.m. (or as soon thereafter as the Court Meeting has concluded or adjourned)) to consider and, if thought fit, pass the Special Resolution to:

- (i) authorise the HEIT Directors to take all such actions as they may consider necessary or appropriate for implementing the Scheme; and
- (ii) amend the HEIT Articles in the manner described in paragraph 9.3 of this Part II (*Explanatory Statement*) of this Document.

Voting at the General Meeting will be by poll and each HEIT Shareholder present in person or by proxy will be entitled to one vote for each HEIT Share held as at the Voting Record Time. The majority required for the Special Resolution to be passed is at least 75 per cent. of the votes cast on such resolution (in person or by proxy).

HEIT will announce the details of the votes at the Meetings as required under the Code through a Regulatory Information Service as soon as practicable after the conclusion of the Meetings and, in any event, by no later than 8.00 a.m. on the Business Day following the Meetings.

(C) *Court Sanction Hearing*

Under the Companies Act, the Scheme requires the sanction of the Court. The Court Sanction Hearing is currently expected to be held on 13 June 2025, subject to the prior satisfaction (or, where applicable, waiver) of the other Conditions set out in Part A (*Conditions to the Acquisition and the Scheme*) of Part III (*Conditions to, and certain further terms of, the Acquisition and the Scheme*) of this Document and, in any event, prior to the Long Stop Date.

The Scheme shall lapse if:

- (i) the Court Meeting and the General Meeting are not held by the 22nd day after the expected date of such Meetings, being 7 May 2025 (or such later date, if any, as Drax Bidco and HEIT may agree, with the consent of the Panel (and that the Court may allow, if required));
- (ii) the Court Sanction Hearing is not held by the 22nd day after the expected date of the Court Sanction Hearing, being 13 June 2025 (or such later date, if any, as Drax Bidco and HEIT may agree, with the consent of the Panel (and that the Court may allow, if required)); or
- (iii) the Scheme does not become Effective by 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 Sanction 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 Drax Bidco and HEIT (with the Panel's consent and (if required) as the Court may allow).

The Court Sanction Hearing is expected to be held at the Royal Courts of Justice, The Rolls Building, 7 Rolls Buildings, Fetter Lane, London EC4A 1NL. Scheme Shareholders are entitled to attend the Court Sanction Hearing, should they wish to do so, in person or represented by counsel.

Following sanction of the Scheme by the Court, the Scheme will become Effective in accordance with its terms upon a copy of the Court Order being delivered to the Registrar of Companies. This is presently expected to occur two Business Days after the date of the Court Sanction Hearing, subject to the satisfaction (or, where applicable, waiver) of the Conditions.

HEIT and/or Drax Bidco will make an announcement through a Regulatory Information Service as soon as practicable following the Scheme becoming Effective.

Upon the Scheme becoming Effective, it will be binding on all Scheme Shareholders holding Scheme Shares at the Scheme Record Time, irrespective of whether or not they attended or voted in favour of, or against, the Scheme at the Court Meeting or in favour of, or against, or abstained from voting on the Special Resolution at the General Meeting.

If the Scheme does not become Effective by 11.59 p.m. on the Long Stop Date, the Scheme will lapse and the Acquisition will not proceed (unless Drax Bidco and HEIT otherwise agree and the Panel otherwise consents).

9.3 **Amendments to the HEIT Articles**

It is proposed, in the Special Resolution, that the HEIT Articles be amended to ensure that any HEIT Shares issued or transferred out of treasury between the time at which the Special Resolution is passed and the Scheme Record Time will be subject to the Scheme and the holders of such HEIT Shares will be bound by the terms of the Scheme. It is also proposed to amend the HEIT Articles so that, subject to the Scheme becoming Effective, any HEIT Shares issued or transferred out of treasury to any person other than Drax Bidco or its nominee(s) at or after the Scheme Record Time will be automatically acquired by Drax Bidco on the same terms as under the Scheme (other than terms as to timing and formalities). This will avoid any person (other than Drax Bidco or its nominee(s)) being left with HEIT Shares after dealings in such shares have ceased on the Scheme becoming Effective. The Special Resolution set out in the notice of General Meeting in Part XII (*Notice of General Meeting*) of this Document seeks the approval of HEIT Shareholders for such amendment.

9.4 **Entitlement to vote at the Meetings**

Each HEIT Shareholder who is entered in the HEIT Register at the Voting Record Time will be entitled to attend, speak and vote (in person or by proxy) on all resolutions to be put to the General Meeting (or any adjournment thereof). Only those HEIT Shareholders who are also Scheme Shareholders will be entitled to vote at the Court Meeting (or any adjournment thereof). If either Meeting is adjourned, only those HEIT Shareholders or Scheme Shareholders (as relevant) on the HEIT Register at 6.30 p.m. on the day which is two Business Days before the adjourned Meeting will be entitled to attend, speak and vote (in person or by proxy).

Each eligible HEIT Shareholder is entitled to appoint a proxy or proxies to attend, speak and, on a poll, to vote, instead of him or her. A proxy need not be a HEIT Shareholder but must attend the relevant Meeting.

The return of completed Forms of Proxy or the electronic appointment of proxies online at www.investorcentre.co.uk/eproxy, through CREST or (for institutional investors) via the Proxymity platform will not prevent you from attending, asking questions and voting (and/or, in the case of the Court Meeting, raising any objections) at the Court Meeting and/or the General Meeting (or any adjournment of such Meeting) in person if you so wish and are so entitled.

If you are in any doubt as to whether or not you are permitted to vote at the Meetings (either in person or by appointing a proxy), please call HEIT's registrar, Computershare, on +44 (0) 370 703 6003. Lines are open from 8.30 a.m. to 5.30 p.m., Monday to Friday (excluding public holidays in England and Wales). Calls are charged at the standard geographic rate and will vary by provider. Calls outside the UK will be charged at the applicable international rate. Please note that Computershare cannot provide any financial, legal or tax advice, or any advice on the merits of the Acquisition or the Scheme, and calls may be recorded and monitored for security and training purposes.

Further information on the actions to be taken is set out in paragraph 17 of this Part II (*Explanatory Statement*) of this Document.

9.5 **Return of documents of title**

If the Scheme lapses or is withdrawn, all documents of title and other documents lodged with any Form of Proxy shall be returned to such Scheme Shareholder as soon as practicable (and in any event within 14 days of such lapsing or withdrawal).

9.6 **Modifications to the Scheme**

The Scheme contains a provision for HEIT and Drax Bidco jointly to consent (on behalf of all persons concerned) to any modification of, or addition or condition to, the Scheme which the Court may approve or impose (with the consent of the Panel where such consent is required under the Code). The Court would be unlikely to approve or impose any modification of, or addition or condition to, the Scheme which might be material to the interests of Scheme Shareholders unless Scheme Shareholders were informed of any such modification, addition or condition. It would be for the Court to decide, in its discretion, whether or not a further meeting of Scheme Shareholders should be held in those circumstances for the purpose of approving any such modification, addition or condition.

9.7 **Implementation by way of a Takeover Offer**

Drax Bidco reserves the right to elect, with the consent of the Panel, to implement the Acquisition by way of a Takeover Offer for the entire issued ordinary share capital of HEIT as an alternative to the Scheme.

In such an event, the Acquisition will be implemented on the same terms and conditions, so far as applicable, as those which would apply to the Scheme (subject to appropriate amendments for an acquisition being made by way of a Takeover Offer, including (without limitation) the inclusion of an acceptance condition set at 75 per cent. of the HEIT Shares to which the Takeover Offer relates (or such lesser percentage as may be determined by Drax Bidco after consultation with the Panel (if necessary)), being, in any case, more than 50 per cent. of the voting rights normally exercisable at a general meeting of HEIT, including, for this purpose, any such voting rights attaching to HEIT Shares that are issued before the Takeover Offer becomes or is declared unconditional, whether pursuant to the exercise of any outstanding subscription or conversion rights or otherwise). Further, if sufficient acceptances of the Takeover 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 compulsorily acquire any outstanding HEIT Shares to which the Takeover Offer relates.

10. **Conditions to the Acquisition and the Scheme**

The Acquisition and, accordingly, the Scheme is subject to a number of Conditions set out in full in Part III (*Conditions to, and certain further terms of, the Acquisition and the Scheme*) of this Document. In particular, the Scheme will 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 resolution to approve the Scheme is passed by a majority in number of, representing 75 per cent. in value of the Scheme Shares voted by, Scheme Shareholders present and voting (and entitled to vote) at the Court Meeting, either in person or by proxy;
- (B) the Special Resolution is passed by the requisite majority of HEIT Shareholders at the General Meeting;
- (C) the Scheme is sanctioned by the Court (with or without modification but subject to any modification being on terms acceptable to HEIT and Drax Bidco); and
- (D) following the sanction by the Court, a copy of the Court Order is delivered to the Registrar of Companies.

The Meetings and the nature of the approvals required to be given at them are described in more detail in paragraph 9.2 of this Part II (*Explanatory Statement*) of this Document. All Scheme Shareholders are entitled to attend the Court Sanction Hearing in person or through representation to support or oppose the sanctioning of the Scheme.

The Scheme can only become Effective if all Conditions to the Scheme, including shareholder approvals and the sanction of the Court, have been satisfied (unless, where applicable, the relevant Condition is waived). The Scheme will become Effective upon a copy of the Court Order being delivered to the Registrar of Companies for registration. This is expected to occur on or about 17 June 2025. If the Scheme does not become Effective at or before 11.59 p.m. on the Long Stop Date, it will lapse and the Acquisition will not proceed (unless Drax Bidco and HEIT otherwise agree and the Panel otherwise consents).

If any of Conditions 2(a)(ii), 2(b)(ii) or 2(c)(ii) set out in Part A (Conditions to the Acquisition and the Scheme) of Part III (*Conditions to, and certain further terms of, the Acquisition and the Scheme*) of this Document are not satisfied by the deadline specified in the relevant Condition, Drax Bidco shall make an announcement through a Regulatory Information Service by 8.00 a.m. on the Business Day following such deadline confirming whether Drax Bidco has invoked the relevant Condition, waived the relevant deadline or agreed with HEIT (with the consent of the Panel (and as the Court may allow, if required)) to extend the relevant deadline.

11. Offer-related arrangements

Asset Management Agreement

Drax Bidco and HEAL have agreed to enter into the Asset Management Agreement prior to the Scheme becoming Effective and treated as effective from the date and time at which the Scheme becomes Effective (the “**Commencement Date**”).

Pursuant to the Asset Management Agreement, HEAL will be appointed to undertake various agreed asset management services (the “**Services**”) on behalf of Drax Bidco and HEIT (together the “**Employer**”) for the benefit of Drax Bidco and the subsidiaries of the HEIT Group. These Services include technical services relating to the day-to-day project management of the Employers’ BESS project portfolio (the “**Projects**”); contract management services; finance services (including invoice processing and payment and accounting support); route-to-market services; regulatory services and cyber security services for the Projects and additional services as may be requested by the Employer from time to time and agreed by HEAL.

The Services will be provided for an annual fee of £1,108,500, to be invoiced and paid on a monthly basis. Any additional services will be charged in addition to the annual fee at agreed rates.

The Asset Management Agreement shall subsist for:

- six months from the Commencement Date, in respect of the majority of the finance services; and
- 12 months following the Commencement Date, in respect of all other Services (and any additional services).

The parties may agree to extend the term of the relevant Services under the Asset Management Agreement provided such agreement is concluded no less than one month prior to the end of the relevant term and the Employer may reduce the scope of the services on three months’ prior written notice to HEAL.

HEAL may terminate the Asset Management Agreement immediately on written notice: (i) if the Employer fails to settle any undisputed payment within 30 days of written demand; (ii) if either or both of Drax Bidco and HEIT suffers an insolvency event; or (iii) in the event of any fraud or wilful misconduct by the Employer.

The Employer may terminate the Asset Management Agreement immediately on written notice: (i) if HEAL suffers an insolvency event; or (ii) in the event of any fraud or wilful misconduct by HEAL. The Employer may also terminate the Asset Management Agreement on 30 days’ written notice by reason of any persistent or material default by HEAL in its performance of its obligations under the Asset Management Agreement and/or any failure to materially comply with certain business ethics requirements of the Employer, in each case which remains unrectified after 30 Business Days from receiving written notice requiring rectification.

The Asset Management Agreement is governed by the laws of England.

As a consequence of the intended entry into the Asset Management Agreement, Drax intends to liaise with the parties to the Existing Management Arrangements with the purpose of entering into a deed of termination in respect of each of the Existing Management Arrangements conditional on the Scheme becoming Effective. In consideration for the termination of the Investment Advisory Agreement, Drax intends to procure that HEIT will, on the Scheme becoming Effective, pay a termination payment to each of HEAL and the AIFM of, in aggregate, £600,000. Drax further intends to liaise with the AIFM with a view to agreeing a termination payment to the AIFM in consideration for termination of the AIFM Agreement on the Scheme becoming Effective, such payment to be consistent with the amount that the AIFM would have received had the services under the AIFM Agreement continued for the six month notice period under such agreement.

Confidentiality Agreement

Drax Corporate and HEAL 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 Asset Sale process and the other party confidential 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 Asset Sale process.

12. Cancellation of admission to trading of HEIT Shares

The last day of dealings in HEIT Shares for normal settlement on the London Stock Exchange's main market for listed securities is expected to be the Business Day immediately prior to the Court Sanction Hearing, and the last day for registration of transfers of HEIT Shares (other than the registration of the transfer of the Scheme Shares to Drax Bidco pursuant to the Scheme) is expected to be the Business Day immediately prior to the Effective Date, following which all HEIT Shares will be suspended from trading on the specialist fund segment of the London Stock Exchange's main market for listed securities.

Prior to the Scheme becoming Effective, HEIT will apply for the cancellation of the admission to trading of the HEIT Shares on the specialist fund segment of the London Stock Exchange's main market for listed securities. It is expected that such cancellation of admission to trading will take effect on the first Business Day after the Effective Date or shortly thereafter.

On the Effective Date, share certificates in respect of Scheme Shares shall cease to be valid documents of title (and should be destroyed or, at the request of HEIT, delivered up to HEIT, or to any person appointed by HEIT to receive the same) and entitlements to Scheme Shares held within the CREST system shall be cancelled.

If any HEIT Shares are held as treasury shares as at the time the Scheme is sanctioned, such treasury shares will be cancelled prior to the Scheme becoming Effective.

It is Drax Bidco's intention that, as soon as practicable following cancellation of the admission to trading of HEIT Shares, HEIT will be re-registered as a private limited company.

13. Settlement

Subject to the Acquisition becoming Effective (and except as provided in Part VIII (*Additional information for Overseas Shareholders*) of this Document in relation to certain Overseas Shareholders), settlement of the consideration to which any Scheme Shareholder is entitled under the Scheme will be effected not later than 14 days after the Effective Date in the following manner:

13.1 Cash consideration where Scheme Shares are held in uncertificated form (that is, in CREST)

Where, at the Scheme Record Time, a Scheme Shareholder holds Scheme Shares in uncertificated form, the cash consideration to which such Scheme Shareholder is entitled will be transferred to such person through CREST by Drax Bidco instructing or procuring the instruction of Euroclear to create an assured payment obligation in favour of the appropriate CREST account through which the relevant Scheme Shareholder holds such uncertificated Scheme Shares in respect of the cash consideration due to such Scheme Shareholder not later than 14 days following the Effective Date.

As from the Effective Date, each holding of Scheme Shares credited to any stock account in CREST will be disabled and all Scheme Shares will be removed from CREST in due course.

Subject to the terms of the Scheme, Drax Bidco reserves the right to pay all, or any part of, the cash consideration referred to above to all or any Scheme Shareholder(s) who hold Scheme Shares in uncertificated form in the manner referred to in paragraph 13.2 of this Part II (*Explanatory Statement*) of this Document if, for reasons outside its reasonable control, it is not able to effect settlement in accordance with this paragraph 13.1 or to do so would incur material additional costs.

13.2 Cash consideration where Scheme Shares are held in certificated form

Where, at the Scheme Record Time, a Scheme Shareholder holds Scheme Shares in certificated form, settlement of the cash consideration due under the Scheme in respect of the Scheme Shares will be despatched by first class post (or by international post or airmail, if overseas) by cheque drawn on a branch of a UK clearing bank or made by electronic payment should there already be a valid mandate held on file by Computershare, provided that if the amount payable to such Scheme Shareholder exceeds £1,000,000, Drax Bidco reserves the right to make arrangements with such Scheme Shareholder to effect electronic payment of such amount instead of paying by cheque. Drax Bidco further reserves the right to make payment of the said consideration by any other method approved by the Panel.

All such cash payments will be made in pounds sterling and drawn on a United Kingdom clearing bank or made by electronic payment should there already be a valid mandate held on file by Computershare. Payments made by cheque will be payable to the Scheme Shareholder(s) concerned and the encashment of any such cheque shall be a complete discharge of Drax Bidco's obligations under the Scheme to pay the monies represented thereby. Computershare, on behalf of Drax Bidco, shall despatch or procure the despatch of cheques within 14 days of the Effective Date to the person(s) entitled thereto at the address as appearing in the HEIT Register at the Scheme Record Time or in accordance with any special standing instructions regarding communications (except that, in the case of joint holders, Drax Bidco reserves the right to make such cheques payable to the joint holder whose name stands first in the HEIT Register in respect of such holding at the Scheme Record Time). None of HEIT, Drax Bidco, any nominee(s) of HEIT or Drax Bidco or any of their respective agents shall be responsible for any loss or delay in the transmission of cheques sent in this way, and such cheques shall be sent at the risk of the person(s) entitled thereto.

Electronic payments shall be made within 14 days of the Effective Date and shall be paid to the Scheme Shareholder concerned using the account details provided to HEIT. The transfer of such amount by way of electronic transfer shall be a complete discharge of Drax Bidco's obligations under the Scheme to pay the monies represented thereby.

13.3 **General**

All documents and remittances sent to Scheme Shareholders will be sent at the risk of the person(s) entitled thereto.

On the Effective Date each certificate representing a holding of Scheme Shares will cease to be a valid document of title and should be destroyed or, at the request of HEIT, delivered up to HEIT, or to any person appointed by HEIT to receive the same.

In accordance with the Scheme, as from the Effective Date, HEIT shall procure that each holding of Scheme Shares credited to any stock account in CREST shall be disabled. With effect from, or as soon as practicable after, the Effective Date, Computershare on behalf of HEIT shall procure that Euroclear is instructed to cancel or transfer the entitlements to Scheme Shares of Scheme Shareholders in uncertificated form. Following cancellation of the entitlements to Scheme Shares of Scheme Shareholders in uncertificated form, HEIT shall procure (if necessary) that such entitlements to Scheme Shares are rematerialised.

Subject to the completion of the relevant forms of transfer or other instruments or instructions of transfer as may be required in accordance with the Scheme and the payment of any UK stamp duty thereon, HEIT shall make, or procure to be made, the appropriate entries in the HEIT Register to reflect the transfer of the Scheme Shares to Drax Bidco and/or its nominee(s).

Except with the consent of the Panel and subject to the provisions of paragraph 13.4 below, settlement of the consideration to which any Scheme Shareholder is entitled under the Scheme will be implemented in full in accordance with the terms of the Scheme free of any lien, right of set-off, counterclaim or other analogous right to which Drax Bidco might otherwise be, or claim to be, entitled against such Scheme Shareholder.

All mandates and other instructions given to HEIT by Scheme Shareholders in force at the Scheme Record Time relating to Scheme Shares shall, as from the Effective Date, cease to be valid.

13.4 **Dividends**

Please refer to paragraph 2 of this Part II (*Explanatory Statement*) and paragraph 8 of Part B (*Certain further terms of the Acquisition and the Scheme*) of Part III (*Conditions to, and certain further terms of, the Acquisition and the Scheme*) of this Document for further information on dividends.

14. United Kingdom taxation

Your attention is drawn to Part VII (*United Kingdom taxation*) and Part VIII (*Additional information for Overseas Shareholders*) of this Document, which contain a summary of limited aspects of the UK tax treatment of the Scheme. This summary relates only to the position of certain categories of Scheme Shareholders (as explained further in Part VII (*United Kingdom taxation*) and Part VIII (*Additional information for Overseas Shareholders*) of this Document), does not constitute tax advice and does not purport to be a complete analysis of all potential UK tax consequences of the Scheme.

You are strongly advised to contact an appropriate independent professional adviser immediately to discuss the tax consequences of the Scheme in respect of your particular circumstances, in particular if you are in any doubt about your own taxation position or you are subject to taxation in a jurisdiction other than the United Kingdom.

15. Overseas Shareholders

Overseas Shareholders should refer to Part VIII (*Additional information for Overseas Shareholders*) of this Document which contains important information relevant to such holders.

16. Further information

The terms of the Scheme are set out in full in Part IV (*The Scheme of Arrangement*) of this Document. Further information regarding HEIT, Drax Bidco and Drax is set out in Part IX (*Additional information on HEIT, Drax Bidco and Drax*) of this Document. Documents published and available for inspection are listed in paragraph 16 of Part IX (*Additional information on HEIT, Drax Bidco and Drax*) of this Document.

17. Action to be taken

IT IS IMPORTANT THAT, FOR THE COURT MEETING IN PARTICULAR, AS MANY VOTES AS POSSIBLE ARE CAST (WHETHER IN PERSON OR BY PROXY) SO THAT THE COURT MAY BE SATISFIED THAT THERE IS A FAIR REPRESENTATION OF SCHEME SHAREHOLDER OPINION. WHETHER OR NOT YOU INTEND TO ATTEND THE MEETINGS, YOU ARE THEREFORE STRONGLY ENCOURAGED TO SIGN AND RETURN YOUR FORMS OF PROXY BY POST OR APPOINT A PROXY ELECTRONICALLY ONLINE AT WWW.INVESTORCENTRE.CO.UK/EPROXY, THROUGH CREST OR (FOR INSTITUTIONAL INVESTORS) VIA THE PROXYMITY PLATFORM AS SOON AS POSSIBLE, BUT IN ANY EVENT SO AS TO BE RECEIVED BY COMPUTERSHARE NOT LATER THAN 10.00 A.M. ON 2 MAY 2025 IN THE CASE OF THE COURT MEETING AND NOT LATER THAN 10.15 A.M. ON 2 MAY 2025 IN THE CASE OF THE GENERAL MEETING OR, IN THE CASE OF ANY ADJOURNMENT, NOT LATER THAN 48 HOURS BEFORE THE TIME FIXED FOR THE ADJOURNED MEETING (EXCLUDING ANY PART OF SUCH 48 HOUR PERIOD FALLING ON A NON-WORKING DAY).

The Scheme will require approval by Scheme Shareholders at the Court Meeting, being the meeting of Scheme Shareholders convened with the permission of the Court to be held at 10.00 a.m. on 7 May 2025 at the offices of Gowling WLG (UK) LLP, 4 More London Riverside, London SE1 2AU. Implementation of the Scheme will also require approval of the Special Resolution relating to the Acquisition to be proposed at the General Meeting. The General Meeting will be held at the same place as the Court Meeting on 7 May 2025 at 10.15 a.m. (or as soon thereafter as the Court Meeting has concluded or adjourned).

Notices of the Meetings are set out at Part XI (*Notice of Court Meeting*) and Part XII (*Notice of General Meeting*), respectively, of this Document. If the Scheme becomes Effective, it will be binding on all Scheme Shareholders, including any Scheme Shareholders who were not eligible to vote, who did not vote or who voted against the Scheme at the Court Meeting.

Any changes to the arrangements for the Meetings will be communicated to Scheme Shareholders and HEIT Shareholders before the Meetings through HEIT's website www.heitp.co.uk/investors/proposed-offer-from-drax and, where appropriate, by announcement through a Regulatory Information Service.

Scheme Shareholders and HEIT Shareholders are strongly encouraged to submit proxy appointments and instructions for the Meetings as soon as possible, using any of the methods (by post or electronically online at www.investorcentre.co.uk/eproxy, through CREST or (for institutional investors) via the Proximity platform) set out below, and are further strongly encouraged to appoint “the Chair of the Meeting” as their proxy in connection with the Meetings.

Scheme Shareholders and HEIT Shareholders are required to submit or amend proxy voting instructions in respect of the relevant Meeting not later than 10.00 a.m. on 2 May 2025 in the case of the Court Meeting and not later than 10.15 a.m. on 2 May 2025 in the case of the General Meeting or, in the case of any adjournment, not later than 48 hours before the time fixed for the adjourned Meeting (excluding any part of such 48 hour period falling on a non-working day). In the case of the Court Meeting only, Scheme Shareholders who have not submitted or amended their proxy voting instructions by this time may hand the blue Form of Proxy to the Chair of the Court Meeting (or Computershare on the Chair’s behalf) at the start of the Court Meeting or any adjournment thereof. **However, if the white Form of Proxy for the General Meeting is not lodged by the relevant time, it will be invalid.**

Scheme Shareholders and HEIT Shareholders are entitled to appoint a proxy in respect of some or all of their Scheme Shares or HEIT Shares (as relevant) and may also appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by such holder. Scheme Shareholders or HEIT Shareholders (as relevant) who wish to appoint more than one proxy in respect of their holding of Scheme Shares or HEIT Shares (as relevant) should contact Computershare via the Shareholder Helpline as detailed at the end of this Explanatory Statement for further Forms of Proxy or photocopy the Forms of Proxy as required.

The return of a completed Form of Proxy or the electronic appointment of a proxy online at www.investorcentre.co.uk/eproxy, through CREST or (for institutional investors) or via the Proximity platform will not prevent you from attending, asking questions and voting (and/or, in the case of the Court Meeting, raising any objections) at the Court Meeting and/or the General Meeting (or any adjournment of such Meeting) in person if you so wish and are so entitled.

(A) ***Electronic appointment of proxies online at www.investorcentre.co.uk/eproxy***

Proxies may be appointed electronically at Computershare’s online voting portal, www.investorcentre.co.uk/eproxy. You will need to accept the relevant terms and conditions, enter the Control Number, Shareholder Reference Number (SRN) and PIN provided on the Forms of Proxy and follow the instructions given. For an electronic proxy appointment to be valid, the appointment must be received by Computershare not later than 10.00 a.m. on 2 May 2025 in the case of the Court Meeting and not later than 10.15 a.m. on 2 May 2025 in the case of the General Meeting or, in the case of any adjournment, not later than 48 hours before the time fixed for the adjourned Meeting (excluding any part of such 48 hour period falling on a non-working day).

In the case of the Court Meeting only, if you have not appointed a proxy electronically by such time, you may complete the blue Form of Proxy and hand it to the Chair of the Court Meeting (or Computershare on the Chair’s behalf) at the start of the Court Meeting or any adjournment thereof.

(B) ***Electronic appointment of proxies through CREST***

If you hold HEIT Shares in uncertificated form through CREST and wish to appoint a proxy or proxies for the Court Meeting or the General Meeting (or any adjourned Meeting) by using the CREST electronic proxy appointment service, you may do so by following the procedures described in the CREST Manual (please also refer to the accompanying notes to the notices of the Meetings set out in Part XI (*Notice of Court Meeting*) and Part XII (*Notice of General Meeting*) of this Document). CREST personal members or other CREST sponsored members, and those CREST members who have appointed any voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a “**CREST Proxy Instruction**”) must be properly authenticated in accordance with the specifications of Euroclear and must contain the information required for such instructions as

described in the CREST Manual. The message (regardless of whether it constitutes the appointment of a proxy or an amendment to the instructions given to a previously appointed proxy) must, in order to be valid, be transmitted so as to be received by Computershare (ID: 3RA50) not later than 10.00 a.m. on 2 May 2025 in the case of the Court Meeting and not later than 10.15 a.m. on 2 May 2025 in the case of the General Meeting or, in the case of any adjournment, not later than 48 hours before the time fixed for the adjourned Meeting (excluding any part of such 48 hour period falling on a non-working day). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Computershare is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed any voting service provider(s), to procure that his/her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. For further information on the logistics of submitting messages in CREST, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

HEIT may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the CREST Regulations.

In the case of the Court Meeting only, if you have not appointed a proxy electronically by such time, you may complete the blue Form of Proxy and hand it to the Chair of the Court Meeting (or Computershare on the Chair's behalf) at the start of the Court Meeting or any adjournment thereof.

(C) ***Electronic appointment of proxies through Proximity***

If you are an institutional investor, you may be able to appoint a proxy electronically via the Proximity platform, a process which has been agreed by HEIT and approved by HEIT's registrar, Computershare. For further information regarding Proximity, please go to www.proximity.io. Before you can appoint a proxy via this process you will need to have agreed to Proximity's associated terms and conditions. It is important that you read these carefully as you will be bound by them, and they will govern the electronic appointment of your proxy.

For an electronic proxy appointment to be valid, it must be lodged not later than 10.00 a.m. on 2 May 2025 in the case of the Court Meeting and not later than 10.15 a.m. on 2 May 2025 in the case of the General Meeting or, in the case of any adjournment, not later than 48 hours before the time fixed for the adjourned Meeting (excluding any part of such 48 hour period falling on a non-working day).

In the case of the Court Meeting only, if you have not appointed a proxy electronically by such time, you may complete the blue Form of Proxy and hand it to the Chair of the Court Meeting (or Computershare on the Chair's behalf) at the start of the Court Meeting or any adjournment thereof.

(D) ***Sending Forms of Proxy by post***

As an alternative to appointing proxies electronically online at www.investorcentre.co.uk/eproxy, through CREST or (for institutional investors) via the Proximity platform, Scheme Shareholders can complete a blue Form of Proxy for the Court Meeting and HEIT Shareholders can complete a white Form of Proxy for the General Meeting. Please complete and sign the Forms of Proxy in accordance with the instructions printed on them and return them to HEIT's registrar, Computershare, by post to Computershare at The Pavilions, Bridgwater Road, Bristol, United Kingdom, BS99 6ZY so as to be received as soon as possible and in any event not later than the relevant times set out below:

Blue Form of Proxy for the Court Meeting	10.00 a.m. on 2 May 2025
White Form of Proxy for the General Meeting	10.15 a.m. on 2 May 2025

or, if in either case the Meeting is adjourned, the relevant Form of Proxy should be received not later than 48 hours (excluding any part of such 48 hours period falling on a non-working day) before the time fixed for the adjourned Meeting.

In the case of the Court Meeting only, if you have not lodged the blue Form of Proxy by such time, you may hand the blue Form of Proxy to the Chair of the Court Meeting (or Computershare on the Chair's behalf) at the start of the Court Meeting or any adjournment thereof. However, if the white Form of Proxy for the General Meeting is not lodged by the relevant time, it will be invalid.

Shareholder Helpline

If you have any questions about this Document, the Court Meeting or the General Meeting, or are in any doubt as to how to submit your proxies electronically online at www.investorcentre.co.uk/eproxy, through CREST or (for institutional investors) via the Proxymity platform or to complete the Forms of Proxy, please call HEIT's registrar, Computershare, on +44 (0) 370 703 6003. Lines are open from 8.30 a.m. to 5.30 p.m., Monday to Friday (excluding public holidays in England and Wales). Calls are charged at the standard geographic 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, or provide advice on the merits of the Acquisition or the Scheme, and calls may be recorded and monitored for security and training purposes.

Yours faithfully,

Chris Clarke
For and on behalf of Panmure Liberum Limited

PART III

CONDITIONS TO, AND CERTAIN FURTHER TERMS OF, THE ACQUISITION AND THE SCHEME

Part A: Conditions to the Scheme and the Acquisition

Long Stop Date

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.

Conditions of the Scheme

2. The Scheme shall be subject to the following conditions:
 - (a)
 - (i) its approval by a majority in number of the Scheme 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 Scheme Shares voted by those Scheme Shareholders; and
 - (ii) such Court Meeting being held on or before the 22nd day after the expected date of the Court Meeting as set out in this Document (or such later date as may be agreed by Drax Bidco and HEIT with the consent of the Panel and, if required, that the Court may allow);
 - (b)
 - (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 set out in this Document (or such later date as may be agreed by Drax Bidco and HEIT with the consent of the Panel and, if required, that the Court may allow);
 - (c)
 - (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 Sanction Hearing being held on or before the 22nd day after the expected date of the Court Sanction Hearing set out in this Document (or such later date as may be agreed by Drax Bidco and HEIT with the consent of the Panel and, if required, that the Court may allow);

General Conditions

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 anti-trust clearances

- (a) 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:
 - (i) 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

- (ii) in the event that a call-in notice is given in relation to the Acquisition, the Secretary of State either:
 - (A) giving a final notification confirming that no further action will be taken in relation to the Acquisition under the NSI Act; or
 - (B) 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 Drax Bidco before the Effective Date;

Notifications, waiting periods and Authorisations

- (b) other than in relation to the matters referred to in Condition 3(a), 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;
- (c) other than in relation to the matters referred to in Condition 3(a), 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.

- (d) 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 subject to 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 3(d)(i) to 3(d)(viii);

Certain events occurring since 31 October 2024

- (e) 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 taken 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 taken 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 taken 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 of HEIT), 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 3(e);

No adverse change, litigation, regulatory enquiry or similar

- (f) 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

- (g) 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 the 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 the 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 the 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 environmental 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

- (h) 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; and

No criminal property

- (i) 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

1. 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 this Part III, except Conditions 2(a)(i), 2(b)(i) and 2(c)(i), which cannot be waived. If any of Conditions 2(a)(ii), 2(b)(ii) and 2(c)(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 deadline, or agreed with HEIT to extend the relevant deadline.

2. 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.
3. 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 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.
4. Under Rule 13.5(a) of the Code and subject to paragraph 5 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.
5. Condition 1 and Conditions 2(a)(i), 2(b)(i) and 2(c)(i), 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.
6. Any Condition that is subject to Rule 13.5(a) of the Code may be waived by Drax Bidco.
7. 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.
8. If, on or after the date of the 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(e)(ii) 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.
9. If on or after the date of the 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 8 above to reduce the consideration payable under the terms of the Acquisition, any reference in this Document to the consideration payable under the terms of the Acquisition shall be deemed to be a reference to the consideration as so reduced.
10. 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 8 above.
11. 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.
12. Any exercise by Drax Bidco of its rights referred to in paragraph 8 above 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.

13. 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. 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.
14. 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.
15. 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.
16. The Acquisition is governed by the law of England and is subject to the jurisdiction of the courts of England and to the Conditions and further terms set out in this Part III of this 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.
17. Each of the Conditions shall be regarded as a separate Condition and shall not be limited by reference to any other Condition.

PART IV

THE SCHEME OF ARRANGEMENT

IN THE HIGH COURT OF JUSTICE

CR-2025-001878

BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES

COMPANIES COURT (ChD)

IN THE MATTER OF HARMONY ENERGY INCOME TRUST PLC

and

IN THE MATTER OF THE COMPANIES ACT 2006

SCHEME OF ARRANGEMENT

(under Part 26 of the Companies Act 2006)

between

HARMONY ENERGY INCOME TRUST PLC

and

THE SCHEME SHAREHOLDERS

(as hereinafter defined)

PRELIMINARY

(A) In this Scheme, unless inconsistent with the subject or context, the following expressions bear the following meanings:

“Acquisition”	the proposed recommended cash acquisition by Drax Bidco of the entire issued ordinary share capital of HEIT, to be effected by means of this Scheme, on the terms and subject to the Conditions set out in the Document (or by means of a Takeover Offer under certain circumstances as described in the Document) and, where the context permits, any subsequent revision, variation, extension or renewal thereof;
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which banks in London are open for normal business;
“certificated” or “in certificated form”	where a share or other security is not in uncertificated form (that is, not in CREST);
“Code”	the City Code on Takeovers and Mergers issued by the Panel (as amended from time to time);
“Companies Act”	the Companies Act 2006 (as amended from time to time);
“Computershare”	Computershare Investor Services PLC, a public company limited by shares incorporated and registered in England and Wales with registered number 03498808, the registered office of which is at The Pavilions, Bridgwater Road, Bristol BS13 8AE, United Kingdom;
“Conditions”	the conditions to the Acquisition and to the implementation of this Scheme set out in Part III (<i>Conditions to, and certain further terms of, the Acquisition and the Scheme</i>) of the Document;

“Court”	the High Court of Justice, Business and Property Courts of England and Wales, Companies Court;
“Court Meeting”	the meeting of Scheme Shareholders (including any adjournment, postponement or reconvention thereof) convened by order of the Court pursuant to section 896 of the Companies Act, notice of which is set out in Part XI (<i>Notice of Court Meeting</i>) of the Document, for the purpose of considering and, if thought fit, approving this Scheme (without modification, or with any modification, addition or condition consented to by Drax Bidco and HEIT (on behalf of all persons concerned) which the Court has approved or imposed (with the consent of the Panel where such consent is required under the Code));
“Court Order”	the order of the Court sanctioning this Scheme under section 899 of the Companies Act;
“Court Sanction Hearing”	the hearing of the Court to sanction this Scheme under section 899 of the Companies Act and, if such hearing is adjourned, reference to the commencement of any such hearing shall mean the commencement of the final adjournment thereof;
“CREST”	the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear in accordance with the CREST Regulations;
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755), as amended from time to time;
“Document”	the circular dated 15 April 2025 addressed to HEIT Shareholders and persons with information rights of which this Scheme forms part;
“Drax”	Drax Group plc, a public limited company incorporated and registered in England and Wales with registered number 05562053, the registered office of which is at Drax Power Station, Selby, North Yorkshire YO8 8PH;
“Drax Bidco”	Drax BESS Holdco Limited, a private limited company incorporated and registered in England and Wales with registered number 16152612, the registered office of which is at Drax Power Station, Selby, North Yorkshire, United Kingdom YO8 8PH;
“Drax Group”	Drax and its subsidiary undertakings from time to time, including Drax Bidco;
“Effective Date”	the date on which either: (i) the Scheme becomes effective in accordance with its terms; or (ii) if Drax Bidco elects to implement the Acquisition by way of a Takeover Offer (subject to Panel consent), the date on which such takeover offer becomes or is declared unconditional;
“Euroclear”	Euroclear UK & International Limited, a private limited company incorporated and registered in England and Wales with registered number 02878738, the registered office of which is at 33 Cannon Street, London EC4M 5SB, the operator of CREST;

“Excluded Shares”	any HEIT Shares which, at the relevant time, are: (a) registered in the name of or beneficially owned by Drax Bidco or any other member of the Wider Drax Group (or their nominee(s)); or (b) held in treasury;
“General Meeting”	the general meeting of HEIT Shareholders (including any adjournment, postponement or reconvention thereof) convened for the purpose of considering and, if thought fit, approving the Special Resolution by the notice set out in Part XII (<i>Notice of General Meeting</i>) of the Document;
“HEIT”	Harmony Energy Income Trust plc, a public company limited by shares incorporated and registered in England and Wales with registered number 13656587, the registered office of which is at The Scalpel 18th Floor, 52 Lime Street, London, England EC3M 7AF;
“HEIT Articles”	the articles of association of HEIT in force from time to time;
“HEIT Register”	the register of members of HEIT;
“HEIT Shareholders(s)”	holder(s) of HEIT Shares from time to time;
“HEIT Share(s)”	the ordinary shares of £0.01 each in the capital of HEIT;
“holder(s)”	(a) registered holder(s) and includes any person(s) entitled by transmission;
“Latest Practicable Date”	close of business on 14 April 2025, being the latest practicable date before publication of the Document;
“Long Stop Date”	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));
“Offer Document”	should the Acquisition be implemented by way of a Takeover Offer, the offer document to be sent to (amongst others) HEIT Shareholders setting out, amongst other things, the full terms and conditions of the Takeover Offer;
“Offer Price”	88.0 pence for each Scheme Share payable by Drax Bidco to Scheme Shareholders pursuant to the Acquisition;
“Panel”	the Panel on Takeovers and Mergers, or its successor from time to time;
“Registrar of Companies”	the registrar of companies in England and Wales;
“Scheme” or “Scheme of Arrangement”	this scheme of arrangement under Part 26 of the Companies Act between HEIT and the Scheme Shareholders in order to implement the Acquisition, in its present form or with or subject to any modification, addition or condition consented to by Drax Bidco and HEIT (on behalf of all persons concerned) which the Court has approved or imposed (with the consent of the Panel where such consent is required under the Code);
“Scheme Record Time”	6.00 p.m. on the day that is one Business Day after the Court Sanction Hearing;

“Scheme Shareholder(s)”	holder(s) of Scheme Shares from time to time;
“Scheme Shares”	<p>all HEIT Shares:</p> <p>(a) in issue at the date of the Document and which remain in issue at the Scheme Record Time;</p> <p>(b) if any, issued after the date of the Document but before the Voting Record Time and which remain in issue at the Scheme Record Time; and</p> <p>(c) if any, issued at or after the Voting Record Time but at or before the Scheme Record Time and which remain in issue at the Scheme Record Time, either on terms that the original or any subsequent holders of such shares are to be bound by this Scheme or in respect of which their holders are, or shall have agreed in writing to be, bound by this Scheme,</p> <p>but, in each case, other than the Excluded Shares;</p>
“Significant Interest”	in relation to an undertaking, a direct or indirect interest of 30 per cent. or more of: (a) the total voting rights conferred by the equity share capital (as defined in section 548 of the Companies Act) of such undertaking;
“Special Resolution”	the special resolution to be proposed at the General Meeting in connection with, among other things, the implementation of this Scheme and the alteration of the HEIT Articles and such other matters as may be necessary or appropriate to implement this Scheme;
“Takeover Offer”	if the Acquisition is 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 on the terms and subject to the conditions to be set out in the related Offer Document and, where the context permits, any subsequent revision, variation, extension or renewal of such takeover offer;
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland;
“uncertificated” or “in uncertificated form”	a share or other security recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;
“Voting Record Time”	6.30 p.m. on the day which is two Business Days prior to the date of the Court Meeting and the General Meeting or, if the Court Meeting and/or the General Meeting is adjourned, 6.30 p.m. on the day which is two Business Days before the date of such adjourned meeting(s);
“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, including Drax Bidco but excluding for these purposes, HEIT;
“£”	pounds sterling, the lawful currency for the time being of the UK and references to “pence” and “p” shall be construed accordingly.

- (B) In this Scheme:
 - (i) all references to times of day are to London time; and
 - (ii) all references to clauses and sub-clauses are to clauses and sub-clauses of this Scheme.
- (C) As at the Latest Practicable Date, the issued share capital of HEIT comprised 227,128,295 ordinary shares of £0.01 each, all of which are credited as fully paid up. As at the Latest Practicable Date no HEIT Shares were held in treasury.
- (D) Drax Bidco was incorporated on 27 December 2024 under the laws of England and Wales as a private limited company for the purpose of carrying out the Acquisition.
- (E) As at the Latest Practicable Date, neither Drax Bidco nor any member of the Drax Group nor any person acting in concert (within the meaning of the Code) with Drax Bidco, is the registered holder of, or beneficially owns, any HEIT Shares.
- (G) Drax Bidco has agreed, subject to the satisfaction or (where applicable) waiver of the Conditions (other than Condition 2(c) set out in Part A (*Conditions to the Acquisition and the Scheme*) of Part III (*Conditions to, and certain further terms of, the Acquisition and the Scheme*)) set out in the Document, to appear by Counsel at the hearing to sanction this Scheme and to undertake to the Court to be bound by the provisions of this Scheme in so far as it relates to Drax Bidco and to execute and do or procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed or done by it to give effect to this Scheme.

THE SCHEME

1. Transfer of Scheme Shares

- (A) Upon and with effect from the Effective Date, Drax Bidco (and/or its nominee(s)) shall acquire all the Scheme Shares fully paid up, with full title guarantee, free from all liens, equitable interests, charges, encumbrances, options, rights of pre-emption and any other third party rights or interests of any nature whatsoever, and together with all rights or interests of any nature at the Effective Date or thereafter attached or accruing thereto, including (without limitation) voting rights and the right to receive and retain, in full, all dividends and other distributions (if any) and any other return of capital or value (whether by way of reduction of share capital or share premium account or otherwise) declared, made or paid in respect of the Scheme Shares by reference to a record date falling on or after the Effective Date.
- (B) For the purposes of such acquisition, the Scheme Shares shall be transferred to Drax Bidco (and/or its nominee(s)) and such transfer shall be effected by means of a form of transfer or other instrument or instruction of transfer and to give effect to such transfer(s) any person may be appointed by Drax Bidco as attorney and/or agent and shall be authorised as such attorney and/or agent on behalf of the relevant holder of Scheme Shares to execute and deliver as transferor a form of transfer or other instrument of transfer (whether as a deed or otherwise) of, or give any instruction to transfer, such Scheme Shares and every form, instrument or instruction of transfer so executed or instruction given shall be as effective as if it had been executed or given by the holder or holders of the Scheme Shares thereby transferred. Such instruments, forms or instructions of transfer shall be deemed to be the principal instruments of transfer and the equitable and beneficial interest in the Scheme Shares shall only be transferred to Drax Bidco (and/or its nominee(s)), together with the legal interest in such Scheme Shares, pursuant to such instruction, forms or instruments of transfer.
- (C) With effect from the Effective Date and pending the transfer of the Scheme Shares pursuant to sub-clause 1(A) and sub-clause 1(B) of this Scheme and the updating of the HEIT Register to reflect such transfer, each Scheme Shareholder irrevocably:
 - (i) appoints Drax Bidco (and/or its nominee(s)) as its attorney and/or agent to exercise on its behalf (in place of and to the exclusion of the relevant Scheme Shareholder) any voting rights attached to its Scheme Shares and any or all rights and privileges (including the right to requisition the convening of a general meeting of HEIT or of any class of its shareholders) attaching to its Scheme Shares;

- (ii) appoints Drax Bidco (and/or its nominee(s)) and any one or more of its directors or agents to sign on behalf of such Scheme Shareholder any such documents, and do such things, as may in the opinion of Drax Bidco and/or any one or more of its directors or agents be necessary or desirable in connection with the exercise of any votes or any other rights or privileges attaching to its Scheme Shares (including, without limitation, an authority to sign any consent to short notice of any general or separate class meeting of HEIT as attorney or agent for, and on behalf of, such Scheme Shareholder and/or to attend, speak and/or to execute a form of proxy in respect of its Scheme Shares appointing any person nominated by Drax Bidco and/or any one or more of its directors or agents to attend any general and separate class meetings of HEIT (or any adjournment thereof) and to exercise or refrain from exercising the votes attaching to the Scheme Shares on such Scheme Shareholder's behalf); and
- (iii) authorises HEIT and/or its agents to send to Drax Bidco (and/or its nominee(s)) any notice, circular, warrant or other document or communication which may be required to be sent to them as a member of HEIT in respect of such Scheme Shares (including any share certificate(s) or other document(s) of title issued as a result of conversion of their Scheme Shares into certificated form), such that from the Effective Date, no Scheme Shareholder shall be entitled to exercise any voting rights attached to the Scheme Shares or any other rights or privileges attaching to the Scheme Shares otherwise than in accordance with the directions of Drax Bidco.

2. Consideration for the transfer of Scheme Shares

- (A) In consideration for the transfer of the Scheme Shares to Drax Bidco (and/or its nominee(s)) pursuant to clause 1 of this Scheme, Drax Bidco shall, subject as hereinafter provided, pay or procure that there shall be paid to or for the account of each Scheme Shareholder (as appearing on the HEIT Register as at the Scheme Record Time):

for each Scheme Share: 88.0 pence in cash

- (B) If, prior to the Effective Date, any dividend, distribution or other return of capital or value is declared, made or paid or becomes payable by HEIT in respect of the Scheme Shares, Drax Bidco may reduce the Offer Price by an amount up to the amount of such dividend, distribution or other return of capital or value so declared, made, paid or payable per Scheme Share.
- (C) If Drax Bidco exercises the right referred to in sub-clause 2(B) of this Scheme to reduce the Offer Price by all or part of the amount of any dividend and/or other distribution and/or other return of capital or value that has not been paid but is payable by reference to a record date prior to the Effective Date:
 - (i) Scheme Shareholders appearing on the HEIT Register at the relevant record time as determined by the directors of HEIT shall be entitled to receive and retain that dividend and/or other distribution and/or other return of capital or value in respect of the Scheme Shares they held at such record time;
 - (ii) any reference in this Scheme and the Document to the Offer Price payable under this Scheme shall be deemed to be a reference to the Offer Price as so reduced; and
 - (iii) the exercise of such rights shall not be regarded as constituting any revision or modification of the terms of this Scheme.
- (D) To the extent that any such dividend, distribution and/or other return of capital or value is announced, declared, made, paid or is payable and: (i) the Scheme Shares are transferred pursuant to the Acquisition on a basis which entitles Drax Bidco (and/or its nominees) alone to receive the dividend and/or distribution and/or other return of capital or value and to retain it; or (ii) such dividend and/or distribution and/or other return of capital or value is cancelled, the Offer Price payable under the terms of this Scheme shall not be subject to change in accordance with sub-clause 2(B) of this Scheme.

3. Settlement and despatch of consideration

- (A) As soon as practicable after the Effective Date, and in any event not more than 14 days after the Effective Date (unless the Panel agrees otherwise), Drax Bidco shall:
 - (i) in the case of the Scheme Shares which at the Scheme Record Time are in certificated form, procure payment is made by cheque or by electronic payment should there already be a valid

mandate held on file by Computershare for the sums payable to the persons entitled thereto in accordance with clause 2 of this Scheme, provided if the amount payable to any Scheme Shareholder exceeds £1,000,000, Drax Bidco reserves the right to make arrangements with such Scheme Shareholder to effect electronic payment of such amount instead of paying by cheque. Drax Bidco further reserves the right to make payment of the said consideration by any other method approved by the Panel; and

- (ii) in the case of the Scheme Shares which at the Scheme Record Time are in uncertificated form, instruct, or procure the instruction of, Euroclear to create an assured payment obligation in respect of the sums payable to the Scheme Shareholder in accordance with the CREST assured payment arrangements, provided that Drax Bidco reserves the right to make payment of the said consideration by electronic payment or by cheque as aforesaid in sub-clause 3(A)(i) of this Scheme if, for reasons outside its reasonable control, it is not able to effect settlement in accordance with this sub-clause 3(A)(ii) or to do so would incur material additional costs.
- (B) With effect from the Scheme Record Time, each holding of Scheme Shares credited to any stock account in CREST shall be disabled and all Scheme Shares shall be removed from CREST in due course.
 - (C) All cheques shall be in pounds sterling and drawn on a United Kingdom clearing bank and shall be made payable to the Scheme Shareholder(s) concerned (except that, in the case of joint holders, Drax Bidco reserves the right to make such cheques payable to that one of the joint holders whose name stands first in the HEIT Register in respect of such holding at the Scheme Record Time), and the encashment of any such cheque or the making of an electronic payment in accordance with this clause 3 shall be a complete discharge of Drax Bidco's obligation under this Scheme to pay the monies represented thereby. Drax Bidco shall despatch or procure the despatch of cheques, and make electronic payments, within 14 days of the Effective Date (unless the Panel otherwise agrees).
 - (D) In respect of payments made through CREST, Drax Bidco shall instruct, or procure the instruction of, Euroclear to create an assured payment obligation in accordance with the CREST assured payment arrangements within 14 days of the Effective Date (unless the Panel otherwise agrees). The instruction of Euroclear shall be a complete discharge of Drax Bidco's obligations under this Scheme with reference to payments made through CREST.
 - (E) All deliveries of notices, cheques or statements of entitlement required to be made pursuant to this Scheme shall be effected by sending the same by first class post in pre-paid envelopes or by international standard post if overseas (or by such other method as may be approved by the Panel) addressed to the persons entitled thereto at their respective addresses as appearing in the HEIT Register at the Scheme Record Time or, in the case of joint holders, to the address of the holder whose name stands first in such register in respect of the joint holding concerned at such time, and none of HEIT, Drax Bidco or their respective agents or nominees shall be responsible for any loss or delay in the transmission of any notices, cheques or statements of entitlement sent in accordance with this sub-clause 3(E), which shall be sent at the risk of the person or persons entitled thereto.
 - (F) None of HEIT, Drax Bidco or their respective agents or nominees shall be responsible for any loss or delay in the transmission or delivery of any notices, cheques or statements of entitlement sent in accordance with this clause 3, which shall be sent at the risk of the person or persons entitled thereto.
 - (G) If any Scheme Shareholders have not encashed their respective cheques within six months of the Effective Date, HEIT and Drax Bidco will procure that the cash due to such Scheme Shareholders under this Scheme shall be held on trust for such Scheme Shareholders for a period of 12 years from the Effective Date, and such Scheme Shareholders may claim the consideration due to them (plus any interest accrued thereon but net of any expenses and taxes) by written notice to HEIT in a form which HEIT determines evidences their entitlement to such consideration at any time during the period of 12 years from the Effective Date and Drax Bidco undertakes that neither it nor its nominee(s) will seek, require or accept repayment of the monies so held on trust for the purposes detailed above prior to the first Business Day after the twelfth anniversary of the Effective Date without the permission of the Court.
 - (H) The preceding sub-clauses of this clause 3 shall take effect subject to any prohibition or condition imposed by law.

4. Certificates in respect of Scheme Shares and cancellation of CREST entitlements

With effect from and including the Effective Date:

- (A) Scheme Shareholders shall, in accordance with this Scheme, cease to have any rights with respect to the Scheme Shares, except the right to receive the consideration for the transfer of Scheme Shares as set out in this Scheme;
- (B) all certificates representing Scheme Shares shall cease to be valid or have effect as documents of title to the shares represented thereby and every holder of Scheme Shares shall be bound at the request of HEIT to deliver up the same to HEIT (or any person appointed by HEIT to receive such certificates), or, as it may direct, to destroy the same;
- (C) HEIT shall procure that Euroclear is instructed to cancel or transfer the entitlements to Scheme Shares of holders of the Scheme Shares in uncertificated form;
- (D) following cancellation of the entitlements to Scheme Shares of the holders of Scheme Shares in uncertificated form, HEIT shall procure that such entitlements to Scheme Shares are rematerialised; and
- (E) subject to the completion of such forms of transfer or other instruments or instructions of transfer as may be required in accordance with clause 1 of this Scheme and the payment of any UK stamp duty thereon, HEIT shall make or procure to be made, the appropriate entries in the HEIT Register to reflect the transfer of the Scheme Shares to Drax Bidco (and/or its nominee(s)).

5. Mandates

All mandates and other instructions given to HEIT by Scheme Shareholders in force at the Scheme Record Time relating to Scheme Shares shall, as from the Effective Date, cease to be valid.

6. Operation of this Scheme

- (A) This Scheme shall become effective as soon as a copy of the Court Order shall have been delivered to the Registrar of Companies.
- (B) Unless this Scheme has become effective on or before 11.59 p.m. on the Long Stop Date, this Scheme shall never become effective.

7. Modification

HEIT and Drax Bidco may jointly consent on behalf of all persons concerned to any modification of, or addition or condition to, this Scheme which the Court may approve or impose. Any such modification or addition shall require the consent of the Panel where such consent is required under the Code. For the avoidance of doubt, no modification of this Scheme may be made pursuant to this clause 7 once this Scheme has become effective.

8. Governing law

This Scheme is governed by English law and is subject to the exclusive jurisdiction of the English courts. The rules of the Code apply to this Scheme.

Dated 15 April 2025

PART V

FINANCIAL AND RATINGS INFORMATION

Part A: Financial information relating to HEIT

The following sets out financial information in respect of HEIT as required by Rule 24.3 of the Code. The documents referred to below, the contents of which have previously been announced through a Regulatory Information Service, are incorporated into this Document by reference pursuant to Rule 24.15 of the Code:

- the audited accounts of HEIT for the financial year ended 31 October 2024 are set out on pages 96 - 119 (both inclusive) of HEIT's annual report and accounts for the year ended 31 October 2024 available from HEIT's website at www.heitp.co.uk/investors/results-reports-and-presentations;
- the audited accounts of HEIT for the financial year ended 31 October 2023 are set out on pages 108 - 136 (both inclusive) of HEIT's annual report and accounts for the year ended 31 October 2023 available from HEIT's website at www.heitp.co.uk/investors/results-reports-and-presentations; and
- the announcement, released on 26 February 2025, under the heading "Replacement: Net Asset Value and Trading Update" available from HEIT's website at www.heitp.co.uk/investors/regulatory-news.

Part B: HEIT ratings information

There are no current ratings or outlooks publicly accorded to HEIT by ratings agencies.

Part C: Financial information relating to Drax Bidco

Drax Bidco was incorporated on 27 December 2024 and has not traded or paid any dividends since its date of incorporation. Accordingly, no financial information is available or has been published in respect of Drax Bidco. Drax Bidco has no material assets or liabilities, in each case other than those described in this Document in connection with the Acquisition.

Following the Scheme becoming Effective, the earnings, assets and liabilities of Drax Bidco will include the consolidated earnings, assets and liabilities of the HEIT Group on the Effective Date.

Part D: Drax Bidco ratings information

As Drax Bidco was incorporated on 27 December 2024, has not traded since its date of incorporation and was incorporated for the sole purpose of carrying out the Acquisition, there are no current ratings or outlooks publicly accorded to Drax Bidco by ratings agencies.

Part E: Financial information relating to Drax

The following sets out financial information in respect of Drax as required by Rule 24.3 of the Code. The documents referred to below are incorporated into this Document by reference pursuant to Rule 24.15 of the Code:

- the audited accounts of Drax for the financial year ended 31 December 2024 are set out on pages 150 - 273 (both inclusive) of Drax's annual report and accounts for the year ended 31 December 2024 available from Drax's website at www.drax.com/results-reports-presentations; and
- the audited accounts of Drax for the financial year ended 31 December 2023 are set out on pages 166 - 281 (both inclusive) of Drax's annual report and accounts for the year ended 31 December 2023 available from Drax's website at www.drax.com/results-reports-presentations.

Part F: Drax ratings information

As at the Latest Practicable Date, DGHL holds long term corporate credit ratings of BB+ from Fitch and S&P and DGHL and Drax Finco hold senior secured credit ratings of BBB- and BB+ with Fitch and S&P respectively. All ratings are provided with a stable outlook.

Part G: No incorporation of website information

Save as expressly referred to herein, neither the content of HEIT's or Drax's websites, nor the content of any website accessible from hyperlinks on HEIT's or Drax's websites, is incorporated into, or forms part of, this Document.

PART VI
RULE 29 VALUATION REPORT

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The Scalpel 18th Floor
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Direct line
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Panmure Liberum Limited
Level 12 Ropemaker Place,
25 Ropemaker Street
London, EC2Y 9LY

15 April 2025

Dear Sirs,

Valuation Report under Rule 29 of The City Code on Takeovers and Mergers (the “Takeover Code”)

We are writing to provide our opinion on the underlying fair market valuation as at 31 January 2025 (the "Valuation Date") of the portfolio of battery storage assets (together the “Projects”) owned by Harmony Energy Income Trust plc (“HEIT”, “Company”, “Fund”), being £334 million, (the "Valuation"), prepared by Harmony Energy Advisers Limited (the "Investment Adviser") in connection with the unaudited net asset value as at the Valuation Date published by the Company on 26 February 2025 (the "31 Jan 2025 NAV"). The list of Projects is shown in Appendix A.

The scope of work undertaken in respect of forming our opinion was as set out in our engagement letter signed 10 April 2025 (the “Engagement Letter”) and is subject to the terms contained therein.

Our work in respect of this Valuation Report concluded on 15 April 2025 being the date of the scheme document published by the Company in connection with the recommended cash acquisition (the "Acquisition") of the Company by Drax BESS Holdco Limited (the “Scheme Document”), based on the Valuation Date of 31 January 2025. No responsibility is accepted for matters arising after this date.

1. Purpose

This Valuation Report is required to be included in the Scheme Document by Rule 29.1 of the Takeover Code and is given for the purpose of complying with that requirement and for no other purpose.

Forvis Mazars LLP

Forvis Mazars LLP is the UK firm of Forvis Mazars Global, a leading global professional services network. Forvis Mazars LLP is a limited liability partnership registered in England and Wales with registered number OC308299 and with its registered office at 30 Old Bailey, London, EC4M 7AU. Registered to carry on audit work in the UK by the Institute of Chartered Accountants in England and Wales. Details about our audit registration can be viewed at www.auditregister.org.uk under reference number C001139861. VAT number: GB 839 8356 73

2. Responsibility

The Investment Adviser prepared the 31 Jan 2025 NAV, and the underlying Valuation, on behalf of the Company and the Investment Adviser and the Company are solely responsible for the 31 Jan 2025 NAV.

It is our responsibility to form an opinion as required by the Takeover Code to support the Valuation used in the calculation of the 31 Jan 2025 NAV prepared by the Investment Adviser.

Save for any responsibility we may have to those persons to whom this Valuation Report is expressly addressed, and such persons covered under the Engagement Letter, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Rule 23.2 of the Takeover Code, consenting to its inclusion in the Scheme Document to be published by the Company in connection with the Acquisition.

3. Basis of Valuation and Limitations

This Report sets out our opinion on a fair market value for the Projects owned by the Fund prepared by the Investment Adviser as at the Valuation Date, assuming a willing buyer and seller, dealing at arm's length and with equal information.

The Valuation is necessarily based on economic, market and other conditions in effect on the Valuation Date.

In providing this opinion, we have relied upon public information and on the information provided by the Investment Adviser, discussion on commercial assessment of a number of issues, including the markets in which the Projects operate and the assumptions underlying the projected financial information which were provided by the Investment Adviser on behalf of the Company, for which the Investment Adviser and the Company are wholly responsible.

The Valuation has been determined using a discounted cash flow methodology, whereby the estimated future equity cash flows accruing to the equity interest and attributable to the Projects have been discounted to 31 January 2025 using a discount rate reflecting the risks associated with the equity interest and the time value of money. The Valuation is based on the estimated equity cash flows projected to be received, or paid, on or after 1 February 2025 and on the discount rate assumed. There is no one precise applicable discount rate but rather a range which we consider at the Valuation Date to fall within the appropriate range, having regard to various factors, including, but not limited to, the stage the Projects have reached, the period of operations, the historical track record and the expected power prices.

As a final step, we have then compared the Valuation with the asset multiples seen for companies and transactions in the sector.

We have made the following key assumptions in providing our opinion on the Valuation:

- the financial model ("Model") for the Projects made available to us for the purpose of our services accurately reflects the terms of all agreements relating to the Projects;
- the accounting policies applied in the Model for the Projects is in accordance with the relevant IFRS;

- the tax treatment applied in the Model for the Projects is in accordance with the applicable tax legislation and does not materially understate the future liability of the Projects to pay tax;
- the Company has legal title to all Project special purpose vehicles which are set out in the Model and the Projects are entitled to receive the income assumed to be received by it in the Model; and
- there are no material disputes with parties contracting directly or indirectly with the Project special purpose vehicles nor any going concern issues, nor performance issues in regard to the contracting parties, nor any other contingent liabilities, which as at the date of the delivery of our Valuation Report are expected to give rise to a material adverse effect on the future cash flows of the Projects as set out in the relevant project Model provided to us.

For the avoidance of doubt, we were not required to:

- review underlying Project agreements;
- review any transaction documentation;
- review or audit the workings in the Model and independently verify its results; or
- carry out any detailed due diligence work or perform any verification procedures or other procedures during our review which are in the nature of a statutory audit (or otherwise) of any party.

4. Basis of opinion

We have performed our work in accordance with IFRS 13 issued by the International Accounting Standards Board (as in force at the Valuation Date) ("IFRS 13") and the International Valuation Standards Council ('IVSC') valuation guidelines.

We planned and performed our work so as to obtain the information and explanations which we considered necessary in order to provide our opinion.

In carrying out our work we have:

- reviewed the work papers & Model prepared by the Investment Adviser in support of the Valuation;
- considered the basis of value and assumptions used in the Valuation by the Investment Adviser including a comparison of these assumptions to publicly available and proprietary data;
- made enquiries to HEIT and the Investment Adviser with respect to the performance and operations of the Projects; and
- where necessary, considered supporting evidence obtained by HEIT or from public sources.

The Valuation does not take into account any costs of disposing of the Projects or any liability to taxation that may arise on their disposal. Nor have any other adjustments been made.

5. Our opinion

In our opinion, the Valuation of HEIT's portfolio of battery storage Projects as at 31 January 2025:

- complies with, was fairly presented and was prepared in accordance with IFRS 13 and IVSC valuation guidelines; and
- has been prepared after due care and consideration.

On the basis of our review, we are not aware of any material modifications that should be made to the Valuation as at the Valuation Date.

6. Rule 29.4 of the Code

We present below the necessary details to comply with Rule 29.4(a)(i) of the Takeover Code:

Forvis Mazars LLP

30 Old Bailey, London, EC4M 7AU – United Kingdom

Phone: 020 7063 5046

<https://www.forvismazars.com/uk/en>

Forvis Mazars is a leading global professional services network operating under a single brand with just two members: Forvis Mazars, LLP in the United States and Forvis Mazars Group SC, an internationally integrated partnership operating in over 100 countries and territories. Both members share a commitment to providing an unmatched client experience, delivering audit & assurance, tax, advisory and consulting services across the globe.

Forvis Mazars Energy, Infrastructure & Environment, is a globally integrated team providing a broad range of services across the entire asset lifecycle, including; financial model development, model audits, financial modelling training, advisory and valuations, with global expertise in tax and accounting. The Energy and Infrastructure practice of Forvis Mazars has specialist offices in Sydney, London, Paris, New York, Toronto, Delhi, Johannesburg with over 150 professionals dedicated to providing valuation, modelling or financial advisory services in the infrastructure and energy sectors. The dedicated infrastructure and energy valuation team provides in-depth understanding of the asset characteristics and independent valuation services supported by global benchmarks, industry expertise and robust processes.

7. Consent

Forvis Mazars LLP has given and not withdrawn its consent to the inclusion of this Valuation Report in the Scheme Document.

Yours faithfully

Forvis Mazars LLP

Appendix A

No.	Projects	Rated power capacity (MW)	Energy storage capacity (MWh)	Status
1	Pillswood 1	49.0	98.0	Operational
2	Pillswood 2	49.0	98.0	Operational
3	Broadditch	11.0	22.0	Operational
4	Farnham	20.0	40.0	Operational
5	Rusholme	35.0	70.0	Operational
6	Little Raith	49.5	99.0	Operational
7	Bumpers 1 &2	99.0	198.0	Operational
8	Wormald Green	33.0	66.0	Operational
9	Hawthorn Pit	49.9	99.8	Operational
	Total	395.4		

PART VII

UNITED KINGDOM TAXATION

The comments set out below and in Part VIII (*Additional information for Overseas Shareholders*) of this Document summarise certain limited aspects of the UK taxation treatment of certain Scheme Shareholders under the Scheme and do not constitute legal or tax advice or purport to be a complete analysis of all tax considerations relating to the Scheme. They are based on current UK tax legislation and what is understood to be current HMRC published practice (which may not be binding on HMRC), in each case as at the Latest Practicable Date, both of which are subject to change, possibly with retrospective effect.

The comments are intended as a general guide and do not deal with certain types of Scheme Shareholder such as charities, trustees, market makers, brokers, dealers in securities, intermediaries, persons who have or could be treated for tax purposes as having acquired their Scheme Shares by reason of an office or their employment or as carried interest, collective investment schemes, persons subject to UK tax on the remittance basis, persons connected with depositary arrangements or clearance services or insurance companies, to whom special rules apply.

References below to “**UK holders**” are to Scheme Shareholders who: (i) are resident (and, in the case of individuals, domiciled or deemed domiciled) for tax purposes solely in the United Kingdom (and to whom split-year treatment does not apply); (ii) do not have a branch, agency or permanent establishment in any jurisdiction other than the UK in connection with which they acquired or hold their Scheme Shares; (iii) hold their Scheme Shares as an investment (other than under a pension arrangement or, except as otherwise stated, an ISA); and (iv) are the absolute beneficial owners of their Scheme Shares.

The comments set out below relate to UK holders only, except insofar as they concern UK stamp duty or stamp duty reserve tax (which apply to all Scheme Shares). Overseas Shareholders are referred to Part VIII (*Additional information for Overseas Shareholders*) of this Document, which summarises certain UK tax consequences of the Scheme for such holders.

IF YOU ARE IN ANY DOUBT ABOUT YOUR TAX POSITION OR YOU ARE SUBJECT TO TAXATION IN ANY JURISDICTION OTHER THAN THE UNITED KINGDOM, YOU SHOULD CONSULT AN APPROPRIATELY QUALIFIED INDEPENDENT PROFESSIONAL ADVISER IMMEDIATELY.

UK TAXATION OF CHARGEABLE GAINS

The transfer of Scheme Shares under the Scheme in return for cash should be treated as a disposal of the UK holder’s Scheme Shares for the purposes of UK capital gains tax (“**CGT**”) or UK corporation tax on chargeable gains (as applicable) and therefore may, depending on the UK holder’s particular circumstances (including the UK holder’s base cost in their holding of the Scheme Shares, and the availability of exemptions, reliefs and/or allowable losses), give rise to a liability to UK taxation on chargeable gains or, alternatively, an allowable capital loss.

Individual Scheme Shareholders

Subject to available reliefs or allowances, chargeable gains arising on a disposal of Scheme Shares by an individual UK holder should be subject to CGT at the rate of (for the 2025/26 tax year) 18 per cent. to the extent that: (i) the individual UK holder is subject to income tax at the basic rate (after taking into account any income tax annual personal allowance); and (ii) any chargeable gain does not exceed the unused part of their basic rate income tax band. If and to the extent that the chargeable gain, when it is added to the UK holder’s other taxable income and gains in the relevant tax year, takes the individual UK holder’s aggregate taxable income and gains over the upper limit of the income tax basic rate band (£50,270 for the 2025/26 tax year), the rate of CGT on the excess should be 24 per cent.

The CGT annual exemption (which is £3,000 for the 2025/26 tax year) may be available to individual UK holders, depending on their personal circumstances, to offset against chargeable gains realised on the disposal of their Scheme Shares.

Individual UK holders who hold their Scheme Shares on a tax-exempt basis through an ISA should be exempt from CGT in respect of any capital gain realised on sale under the Acquisition.

Corporate Scheme Shareholders

Subject to available exemptions, reliefs or allowances, chargeable gains arising on a disposal of Scheme Shares by a UK holder within the charge to UK corporation tax should be subject to UK corporation tax at the rate applicable to that Scheme Shareholder (which, for the 2025/26 tax year, is 25 per cent. for companies with profits in excess of £250,000 (the “**main rate**”) or 19 per cent. for companies with profits of £50,000 or less, with marginal relief from the main rate available to companies with profits between £50,000 and £250,000, subject to meeting certain criteria).

Where a UK holder within the charge to UK corporation tax has (either itself or together with certain associated companies) held not less than 10 per cent. of the issued ordinary share capital of HEIT for a continuous period of at least one year beginning not more than six years prior to the date of disposal, the substantial shareholding exemption may, subject to satisfaction of a number of conditions, apply to exempt any gain (or disallow any loss) arising on the disposal of that UK holder’s Scheme Shares under the Scheme for the purposes of UK corporation tax on chargeable gains.

UK stamp duty and stamp duty reserve tax (“SDRT”)

No UK stamp duty or SDRT should generally be payable by Scheme Shareholders on the transfer of their Scheme Shares under the Scheme but, for the avoidance of doubt, UK stamp duty at 0.5 per cent. (rounded up to the nearest £5) is expected to be paid by Drax Bidco in respect of its acquisition of the Scheme Shares.

PART VIII

ADDITIONAL INFORMATION FOR OVERSEAS SHAREHOLDERS

1. General

This Document and the accompanying documents have been prepared in connection with proposals in relation to a scheme of arrangement in accordance with and for the purpose of complying with English law, the Code, the Market Abuse Regulation, the Disclosure Guidance and Transparency Rules and (to the extent the Company has voluntarily elected to comply therewith) the UK Listing Rules and the information disclosed may not be the same as that which would have been disclosed if this Document had been prepared in accordance with the laws of jurisdictions outside England. Nothing in this Document should be relied on for any other purpose. Overseas Shareholders should consult their own professional advisers with respect to the legal and tax consequences of the Acquisition.

The release, publication or distribution of this Document and/or any accompanying documents (in whole or in part), directly or indirectly, in, into or from jurisdictions other than the United Kingdom may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about, and observe, such restrictions. The availability of the Acquisition to Scheme Shareholders who are not resident in, and citizens of, the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are located or of which they are citizens, and the ability of persons who are not resident in the United Kingdom to vote their Scheme Shares or HEIT Shares (as applicable) with respect to the Scheme at the Court Meeting and/or with respect to the Special Resolution at the General Meeting, or to appoint another person as proxy to vote at the Court Meeting and/or the General Meeting on their behalf, may be affected by the laws of the relevant jurisdictions in which they are located. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws and regulations 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.

Neither this Document nor any of the accompanying documents do, or are intended to, constitute or form part of any offer or invitation to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities or the solicitation of any vote or approval pursuant to the Acquisition or otherwise, in any jurisdiction in which such offer, invitation or solicitation is unlawful.

Unless otherwise determined by Drax Bidco or required by the Code, and permitted by applicable law and regulation, the Acquisition will not be made available, directly or indirectly, in, into or from any Restricted Jurisdiction where to do so would violate the laws in that jurisdiction and no person may vote in favour of the Scheme by any such use, means, instrumentality or from within any Restricted Jurisdiction or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction. Accordingly, copies of this Document 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 any Restricted Jurisdiction where to do so would violate the laws in that jurisdiction and persons receiving this Document and all such documents relating to the Acquisition (including, without limitation, agents, custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in, into or from any Restricted Jurisdiction. Doing so may render invalid any related purported vote in respect of the Acquisition. If the Acquisition is implemented (with the consent of the Panel) by way of a Takeover Offer (unless otherwise permitted by applicable law and regulation), the Takeover Offer may not be made, directly or indirectly, in or into, or by the use of mails or any means or 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 and the Takeover Offer may not be capable of acceptance by any such use, means, instrumentality or facilities or from or within any Restricted Jurisdiction.

It is the responsibility of any person outside the UK into whose possession this Document and/or the accompanying documents come to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection with the Acquisition including the obtaining of any governmental, exchange control or other consents which may be required and/or compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes or levies due in such jurisdiction.

Overseas Shareholders should consult their own legal and tax advisers with respect to the legal and tax consequences of the Scheme.

2. US holders of HEIT Shares

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 laws of England. A transaction effected by means of a scheme of arrangement is not subject to the tender offer or proxy solicitation rules under 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 the US tender offer and proxy solicitation rules.

The financial information included in this Document has been prepared in accordance with UK IFRS and thus may not be comparable to the financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States, which differ in certain significant respects from UK IFRS.

If, in the future, Drax Bidco exercises its right to implement the Acquisition by means of a Takeover Offer which is to be made into the United States, such a Takeover Offer would be made in compliance with all applicable US laws and regulations, including any applicable exemptions under the US Exchange Act. Such a Takeover Offer would be made in the United States by Drax Bidco and no-one else.

In accordance with normal United Kingdom practice and pursuant to Rule 14e-5(b) of the US Exchange Act (to the extent applicable), Drax Bidco, certain affiliated companies and their respective nominees or brokers (acting as agents), may from time to time make certain purchases of, or arrangements to purchase, HEIT Shares or other securities of HEIT outside of the US, other than pursuant to the Acquisition, until the date on which the Acquisition and/or Scheme and/or Takeover Offer (as relevant) becomes effective, lapses or is otherwise withdrawn. If such purchases or arrangements to purchase were to be made, they would be made outside of the United States and would be in accordance with applicable law, including English law, the US Exchange Act and the Code. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. Any information about such purchases or arrangements to purchase will be disclosed as required in the United Kingdom, will be reported to a Regulatory Information Service and will be available on the London Stock Exchange website at www.londonstockexchange.com.

Neither the SEC nor any US state securities commission nor any other US regulatory authority has approved or disapproved of the Acquisition, passed upon the fairness of the Acquisition or determined if this Document is accurate or complete or adequate. Any representation to the contrary is a criminal offence in the United States.

The receipt of cash by a US holder as consideration for the transfer of its Scheme Shares pursuant to the Scheme will likely be a taxable transaction for US federal income tax purposes and may also be a taxable transaction under applicable state and local tax laws, as well as non-US and other tax laws. Each US holder of Scheme Shares is urged to consult their own appropriately qualified independent professional tax adviser immediately regarding the particular tax consequences and information reporting requirements of the Scheme applicable to them, including under applicable United States federal, state and local, as well as non-US and other, tax laws.

HEIT and Drax Bidco are each incorporated under the laws of England. Some or all of the officers and directors of Drax Bidco and HEIT, respectively, are residents of countries other than the United States. In addition, some or all of the assets of Drax Bidco and HEIT are located outside the United States. As a result, it may be difficult for US holders of HEIT Shares to enforce their rights and any claim arising out of US federal laws or to enforce against them a judgment of a US court predicated upon the securities laws of the United Kingdom. US holders of HEIT Shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgment.

3. UK taxation of certain Overseas Shareholders

As mentioned in Part VII (*United Kingdom taxation*) of this Document, the comments set out below summarise certain limited aspects of the UK taxation treatment under the Scheme that may be relevant to certain Overseas Shareholders. These comments do not constitute legal or tax advice or purport to be a complete analysis of all tax considerations relating to the Scheme. They are based on current UK tax legislation and what is understood to be current HMRC published practice (which may not be binding on HMRC), in each case as at the Latest Practicable Date, both of which are subject to change, possibly with retrospective effect. The comments are intended as a general guide and may not deal with certain types of Overseas Shareholders.

Subject to the paragraphs below, Scheme Shareholders who are not resident in the UK for UK tax purposes at any point during the year of assessment in which the Acquisition takes place will not be subject to UK tax on chargeable gains (and any loss will not be an allowable loss) on the transfer of their Scheme Shares pursuant to the Acquisition unless they carry on:

- (i) (in the case of a Scheme Shareholder who is an individual) a trade, profession or vocation in the United Kingdom through a branch or agency and the Scheme Shares have either been used in or for the purposes of the trade, profession or vocation, or have been used or held for the purposes of the branch or agency, or acquired for use by or for the purposes of the branch or agency; or
- (ii) (in the case of a Scheme Shareholder which is a company) a trade in the United Kingdom through a permanent establishment and the Scheme Shares have either been used in or for the purposes of the trade, or have been used or held for the purposes of the permanent establishment, or acquired for use by or for the purposes of the permanent establishment.

Scheme Shareholders who are not tax resident in the United Kingdom or who are tax resident in the United Kingdom but also have a nexus with another jurisdiction for tax purposes may be subject to taxation in a jurisdiction other than the United Kingdom depending upon their personal circumstances.

A Scheme Shareholder who is an individual and who disposes of their Scheme Shares in a tax year in which they are not resident in the United Kingdom for tax purposes may, in certain circumstances, on becoming tax resident in the United Kingdom again within a period of five years or less, be subject to tax on any chargeable gains (or may claim an allowable loss) in respect of any such disposal. The rules in relation to tax residence and temporary non-residence are complex and Scheme Shareholders should consult their professional advisers if in any doubt.

PART IX

ADDITIONAL INFORMATION ON HEIT, DRAX BIDCO AND DRAX

1. Responsibility

- 1.1 The HEIT Directors, whose names are set out in paragraph 2.1 below, accept responsibility for the information contained in this Document (including any expressions of opinion) other than the information for which responsibility is taken by the Drax Bidco Directors pursuant to paragraph 1.2 of this Part IX of this Document and/or the Drax Directors pursuant to paragraph 1.3 of this Part IX of this Document. To the best of the knowledge and belief of the HEIT Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.2 The Drax Bidco Directors, whose names are set out in paragraph 2.2 below, accept responsibility for the information contained in this Document (including any expressions of opinion) relating to Drax Bidco, the Drax Group, themselves and their close relatives, related trusts and other persons connected with them, and any persons deemed to be acting in concert with Drax Bidco (as such terms are defined in the Code). To the best of the knowledge and belief of the Drax Bidco Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.3 The Drax Directors, whose names are set out in paragraph 2.3 below, accept responsibility for the information contained in this Document (including any expressions of opinion) relating to Drax, Drax Bidco, the Drax Group and themselves and their respective close relatives, related trusts and other persons connected with them and any persons acting in concert with Drax Bidco (as such terms are defined in the Code). To the best of the knowledge and belief of the Drax Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Document (including any expressions of opinion) for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Directors

- 2.1 The HEIT Directors and their respective positions are:

Norman Crighton	<i>Independent Non-executive Chair</i>
Dr Shefaly Yogendra	<i>Independent Non-executive Director</i>
William Rickett, CB	<i>Independent Non-executive Director</i>
Dr Hugh McNeal	<i>Independent Non-executive Director</i>
Janine Freeman	<i>Independent Non-executive Director</i>

The registered office of HEIT and the business address of each of the HEIT Directors is The Scalpel 18th Floor, 52 Lime Street, London, England EC3M 7AF.

The company secretary of HEIT is JTC (UK) Limited.

- 2.2 The Drax Bidco Directors and their respective positions are:

Lee Michael Dawes	<i>Director</i>
Dwight Daniel Willard Gardiner	<i>Director</i>
Paul Nathan Sheffield	<i>Director</i>
Andrew Keith Skelton	<i>Director</i>

The registered office of Drax Bidco and the business address of the Drax Bidco Directors is Drax Power Station, Selby, North Yorkshire, United Kingdom YO8 8PH.

The company secretary of Drax Bidco is Brett Gladden.

2.3 The Drax Directors and their respective positions are:

Andrea Elisabeth Bertone	<i>Chair</i>
Dwight Daniel Willard Gardiner	<i>Group Chief Executive Officer</i>
Andrew Keith Skelton	<i>Group Chief Financial Officer</i>
David Simon Matthew Nussbaum	<i>Senior Independent Non-executive Director</i>
Dr Nicola Hodson	<i>Independent Non-executive Director</i>
John Baxter CBE	<i>Independent Non-executive Director</i>
Erika M Peterman	<i>Independent Non-executive Director</i>
Kimberley A Keating	<i>Independent Non-executive Director</i>
Robert Andrew Shuter	<i>Independent Non-executive Director</i>

The registered office of Drax and the business address of each of the Drax Directors is Drax Power Station, Selby, North Yorkshire, United Kingdom YO8 8PH.

The company secretary of Drax is Brett Gladden.

3. Persons acting in concert

3.1 In addition to the HEIT Directors (together with their close relatives and related trusts) and members of the Wider HEIT Group and members of the Wider Harmony Energy Group, the persons who, for the purposes of the Code, are acting in concert with HEIT in respect of the Acquisition and who are required to be disclosed are:

<i>Name</i>	<i>Registered office / business address</i>	<i>Relationship with HEIT</i>
Panmure Liberum Limited	Ropemaker Place, Level 12, 25 Ropemaker Street, London, England EC2Y 9LY	Financial adviser, Rule 3 adviser and joint broker to HEIT
Stifel Nicolaus Europe Limited	4th Floor, 150 Cheapside, London EC2V 6ET United Kingdom	Joint broker to HEIT
Harmony Energy Advisors Limited	10 St James Business Park, Grimbald Crag Court, Knaresborough, England HG5 8QB	Investment adviser to HEIT
Harmony Energy Limited	10 St James Business Park, Grimbald Crag Court, Knaresborough, England HG5 8QB	Controlling shareholder of HEAL (which is presumed to be acting in concert with HEAL and, also, HEIT)
Peter Kavanagh	C/o Harmony Energy Advisors Limited, 10 St James Business Park, Grimbald Crag Court, Knaresborough, England HG5 8QB	Director of HEAL and Harmony Energy (who is presumed to be acting in concert with HEAL and Harmony Energy and, also, HEIT)
Paul Mason	C/o Harmony Energy Advisors Limited, 10 St James Business Park, Grimbald Crag Court, Knaresborough, England HG5 8QB	Director of HEAL (who is presumed to be acting in concert with HEAL and, also, HEIT)
James Ritchie-Bland	C/o Harmony Energy Advisors Limited, 10 St James Business Park, Grimbald Crag Court, Knaresborough, England HG5 8QB	Director of HEAL and Harmony Energy (who is presumed to be acting in concert with HEAL and Harmony Energy and, also, HEIT)

<i>Name</i>	<i>Registered office / business address</i>	<i>Relationship with HEIT</i>
Alexander Maxwell Slade	C/o Harmony Energy Advisors Limited, 10 St James Business Park, Grimbald Crag Court, Knaresborough, England HG5 8QB	Director of HEAL (who is presumed to be acting in concert with HEAL and, also, HEIT)
Peter Grogan	C/o Harmony Energy Limited, 10 St James Business Park, Grimbald Crag Court, Knaresborough, England HG5 8QB	Director of Harmony Energy (who is presumed to be acting in concert with Harmony Energy and, also, HEAL and HEIT)
Alexander Thornton	C/o Harmony Energy Limited, 10 St James Business Park, Grimbald Crag Court, Knaresborough, England HG5 8QB	Director of Harmony Energy (who is presumed to be acting in concert with Harmony Energy and, also, HEAL and HEIT)
Ritchie-Bland Energy (Number 2) Ltd	3 Kingfisher Court, Bowesfield Park, Stockton On Tees, United Kingdom TS18 3EX	Entity in respect of which James Ritchie-Bland, a director of HEAL and Harmony Energy, is a controller (which is presumed to be acting in concert with HEAL, Harmony Energy and, also, HEIT)

3.2 In addition to the Drax Bidco Directors and the Drax Directors (together with their close relatives and related trusts) and members of the Wider Drax Group, the persons who, for the purposes of the Code, are acting in concert with Drax Bidco in respect of the Acquisition and who are required to be disclosed are:

<i>Name</i>	<i>Registered office / business address</i>	<i>Relationship with Drax Bidco / Drax</i>
J.P. Morgan Securities plc	25 Bank Street, Canary Wharf, London, E14 5JP	Financial adviser to Drax Bidco and Drax

4. Interests and dealings in relevant HEIT securities and relevant Drax Bidco securities

Definitions

4.1 For the purposes of this paragraph 4:

- (a) **“acting in concert”** has the meaning given to it in the Code;
- (b) **“arrangement”** includes indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to securities which may be an inducement to deal or refrain from dealing;
- (c) **“close relative”** has the meaning given to it in the Code;
- (d) **“dealing”** has the meaning given to it in the Code;
- (e) **“derivative”** has the meaning given to it in the Code;
- (f) **“disclosure period”** means the period beginning on 17 March 2024 (being the date that is 12 months before the start of the Offer Period) and ending on the Latest Practicable Date;
- (g) **“interest”** or **“interests”** in relevant securities shall have the meaning given to it in the Code;
- (h) **“Interested Persons”** means, in relation to a director, other persons (including, without limitation, bodies corporate) whose interests that director is taken as having by virtue of the application of Part 22 of the Companies Act;
- (i) **“relevant Drax Bidco securities”** mean relevant securities (such term having the meaning given to it in the Code in relation to an offeror) of Drax Bidco including equity share capital in Drax Bidco (or derivatives referenced thereto) and securities convertible into, rights to subscribe for and options (including traded options) in respect thereof;

- (j) **“relevant HEIT securities”** mean relevant securities (such term having the meaning given to it in the Code in relation to an offeree) of HEIT including equity share capital in HEIT (or derivatives referenced thereto) and securities convertible into, rights to subscribe for and options (including traded options) in respect thereof; and
- (k) **“short position”** means any short position (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.

Interests and dealings in relevant HEIT securities

4.2 As at the Latest Practicable Date, the HEIT Directors (together with their Interested Persons) held the following interests in, or right to subscribe in respect of, the following relevant HEIT securities:

<i>Name of HEIT Director</i>	<i>Nature of interest or right</i>	<i>Number of relevant HEIT securities¹</i>	<i>Percentage of total issued share capital of HEIT (excluding treasury shares) as at the Latest Practicable Date (%)</i>
Norman Crighton	HEIT Shares	16,528	0.01
Janine Freeman	HEIT Shares	29,823	0.01
Hugh McNeal	HEIT Shares	26,514	0.01
William Rickett	HEIT Shares	16,633 ²	0.01
Shefaly Yogendra	HEIT Shares	11,618	0.01

Notes:

1 The HEIT Shares referred to in the table are, in some instances, held via nominees.

2 Held jointly with his wife, Lucy Rickett.

4.3 As at the Latest Practicable Date, persons acting in concert with HEIT held the following interests in, or right to subscribe in respect of, the following relevant HEIT securities:

<i>Name of HEIT Shareholder</i>	<i>Nature of interest or right</i>	<i>Number of relevant HEIT securities¹</i>	<i>Percentage of total issued share capital of HEIT (excluding treasury shares) as at the Latest Practicable Date (%)</i>
Harmony Energy Limited	HEIT Shares	27,338,696	12.0
Peter Kavanagh	HEIT Shares	2,706,990	1.2
Alexander Maxwell Slade and close relatives	HEIT Shares	1,079,994	0.5
Peter Grogan	HEIT Shares	976,869	0.4
Alexander Thornton	HEIT Shares	500,000	0.2
Ritchie-Bland Energy (Number 2) Ltd	HEIT Shares	5,976,314	2.6

Notes:

1 The HEIT Shares referred to in the table are, in some instances, held via nominees.

Interests and dealings – general

4.4 Save as disclosed in paragraphs 4.2 to 4.3 above and in paragraph 8 below, as at the Latest Practicable Date:

- (a) no member of the Drax Group had any interest in, right to subscribe in respect of, or any short position in relation to, any relevant HEIT securities, nor has any member of the Drax Group dealt in any relevant HEIT securities during the disclosure period;

- (b) none of the Drax Bidco Directors or the Drax Directors or their respective Interested Persons had any interest in, right to subscribe in respect of, or any short position in relation to, any relevant HEIT securities, nor has any such person dealt in any relevant HEIT securities during the disclosure period;
 - (c) no person deemed to be acting in concert with Drax Bidco had any interest in, right to subscribe in respect of, or any short position in relation to, any relevant HEIT securities, nor has any such person dealt in any relevant HEIT securities during the disclosure period;
 - (d) no person who has an arrangement with Drax Bidco or any person acting in concert with Drax Bidco had any interest in, right to subscribe in respect of, or any short position in relation to, any relevant HEIT securities, nor has any such person dealt in any relevant HEIT securities during the disclosure period;
 - (e) neither Drax Bidco, nor any person acting in concert with Drax Bidco, has borrowed or lent any relevant HEIT securities, save for any borrowed shares which have been either on-lent or sold;
 - (f) no member of the HEIT Group had any interest in, right to subscribe in respect of, or any short position in relation to, any relevant HEIT securities or relevant Drax Bidco securities, nor has any such person dealt in any relevant HEIT securities or relevant Drax Bidco securities during the Offer Period;
 - (g) none of the HEIT Directors or their Interested Persons had any interest in, right to subscribe in respect of, or any short position in relation to, any relevant HEIT securities or relevant Drax Bidco securities, nor has any such person dealt in any relevant HEIT securities or any relevant Drax Bidco securities during the Offer Period;
 - (h) no person deemed to be acting in concert with HEIT had any interest in, right to subscribe in respect of, or any short position in relation to, any relevant HEIT securities, nor has any such person dealt in any relevant HEIT securities during the Offer Period;
 - (i) no person who has an arrangement with HEIT or any person acting in concert with HEIT had any interest in, right to subscribe in respect of, or any short position in relation to, any relevant HEIT securities, nor has any such person dealt in any relevant HEIT securities during the Offer Period; and
 - (j) neither HEIT, nor any person acting in concert with HEIT, has borrowed or lent any relevant HEIT securities, save for any borrowed shares which have been either on-lent or sold.
- 4.5 Save as disclosed in this Document, no persons have given any irrevocable or other commitment to vote in favour of the Scheme at the Court Meeting or in favour of the Special Resolution at the General Meeting.
- 4.6 Save as disclosed in this Document, none of: (i) Drax Bidco or any person acting in concert with Drax Bidco; or (ii) HEIT or any person acting in concert with HEIT, has, in either case, any dealing arrangement of the kind referred to in Note 11 of the definition of acting in concert in the Code in relation to relevant HEIT securities.
- 4.7 Save as disclosed in this Document, no agreement, arrangement or understanding (including any compensation arrangement) exists between Drax Bidco or any person acting in concert with it and any of the HEIT Directors or the recent directors, shareholders or recent shareholders of HEIT, or any person interested or recently interested in HEIT Shares, having any connection with or dependence upon, or which is conditional upon the Acquisition.
- 4.8 Save as disclosed in this Document and save that Drax Bidco reserves the right to transfer any such shares to any other member of the Drax Group, there is no agreement, arrangement or understanding whereby the beneficial ownership of any HEIT Shares to be acquired by Drax Bidco pursuant to the Scheme will be transferred to any other person.

5. HEIT Directors' letters of appointment

- 5.1 Each of the HEIT Directors has entered into a letter of appointment with HEIT terminable on one month's notice by either party. Their appointments are each subject to continued satisfactory performance, the provisions of the HEIT Articles, annual re-election by HEIT Shareholders and any

relevant statutory provisions relating to the removal of a director. Each letter of appointment will terminate with immediate effect and without compensation if the relevant HEIT Director is not re-elected by HEIT Shareholders at the annual general meeting of HEIT held each year, is retired from office under the HEIT Articles or for certain other specified reasons, such as the relevant HEIT Director committing any act of gross misconduct, fraud or dishonesty, as set out in their respective letters of appointment and the HEIT Articles.

5.2 The dates of appointment and current fees per annum of each HEIT Director are summarised as follows:

<i>HEIT Director</i>	<i>Date of appointment</i>	<i>Current fees (per annum)</i>
Norman Crighton	12 October 2021	£56,800
Janine Freeman	12 October 2021	£51,100
Hugh McNeal	12 October 2021	£45,400
William Rickett	12 October 2021	£45,400
Shefaly Yogendra	12 October 2021	£45,400

5.3 In addition to the current fees (per annum) that each HEIT Director is entitled to receive from HEIT as set out in the table in paragraph 5.2 above, pursuant to the terms of their respective letters of appointment and the HEIT Articles, HEIT has agreed to pay each of the HEIT Directors additional fees in the amount of £20,000 (in respect of the Chair, Norman Crighton) and £15,000 (in respect of each other HEIT Director) to reflect the increased workload relating to the preparation of a response to Drax's approach and the Acquisition, which is not contingent on completion of the Acquisition. The HEIT Directors are also entitled to reimbursement from HEIT of all reasonable and properly documented expenses incurred in the performance of their duties.

5.4 HEIT also maintains directors' and officers' insurance for the benefit of each HEIT Director. The HEIT Directors are entitled to the indemnification afforded to directors by the HEIT Articles and under the deeds of indemnity that have been entered into between HEIT and each of the HEIT Directors.

5.5 Save as disclosed above:

- (a) there are no service agreements or letters of appointment between any HEIT Director or proposed director of HEIT and HEIT or any of its subsidiaries; and
- (b) no such contract or letter of appointment has been entered into or amended within the six months preceding the date of this Document.

5.6 Save as set out in paragraph 8 of Part II (*Explanatory Statement*) of this Document, the effect of the Scheme on the interests of the HEIT Directors does not differ from its effect on the like interests of any other holder of Scheme Shares.

6. Market quotations

The following table shows the Closing Price for HEIT Shares as derived from the Daily Official List for the first Business Day of each of the six months before the date of this Document, for 14 March 2025 (being the last Business Day prior to the commencement of the Offer Period) and for the Latest Practicable Date:

<i>Date</i>	<i>HEIT Share price (p)</i>
1 November 2024	51.8
2 December 2024	59.2
2 January 2025	65.2
3 February 2025	60.6
3 March 2025	65.3
14 March 2025	65.2
1 April 2025	88.3
Latest Practicable Date	87.4

7. Material contracts

7.1 *Drax Bidco material contracts*

Save as disclosed below, Drax Bidco has not, during the period beginning on 17 March 2023 (being the date two years before the commencement of the Offer Period) and ending on the Latest Practicable Date, entered into any material contract otherwise than in the ordinary course of business.

The following contracts, not being contracts entered into in the ordinary course of business, and which are or may be material, have been entered into by members of the Drax Group in the period beginning on 17 March 2023 (being the date two years before the commencement of the Offer Period) and ending on the Latest Practicable Date:

The Drax Senior Facilities Agreement, the Pinnacle Facilities Agreement, the February 2024 Facilities Agreement, the April 2024 Facilities Agreement and the August 2024 Facilities Agreement (each as defined below) are collectively the “**Facility Agreements**” for the purpose of this paragraph 7.1 only.

2029 EUR Notes

On 2 May 2024 Drax Finco entered into an indenture (the “**2029 EUR Indenture**”) with BNY Mellon Corporate Trustee Services Limited (as trustee) for €350 million aggregate principal amount of 5.875 per cent. senior secured notes due 2029 (the “**2029 EUR Notes**”).

The 2029 EUR Notes will mature on 15 April 2029 and were issued in minimum denominations of €100,000, and in integral multiples of €1,000 in excess thereof. The 2029 EUR Notes are listed on the Official List of the Irish Stock Exchange plc, trading as Euronext Dublin and admitted to trading on the Global Exchange Market of Euronext Dublin.

The 2029 EUR Notes are not subject to the registration requirements of the US Securities Act. The 2029 EUR Indenture was not qualified under, or subject to, the US Trust Indenture Act of 1939, as amended.

The 2029 EUR Notes are guaranteed on a senior secured basis by the Guarantors. The 2029 EUR Notes and the guarantees thereof are secured by first priority liens on the Collateral. The 2029 EUR Notes may be secured by further security interests and are subject to certain agreed security principles set out in the Drax Senior Facilities Agreement and subject to the terms of the Intercreditor Agreement (each as more particularly described below).

The 2029 EUR Notes are general senior obligations of Drax Finco, subject to the provisions of the Intercreditor Agreement and are guaranteed by the Guarantors on a senior secured basis.

Interest: Interest on the 2029 EUR Notes accrues at a rate of 5.875 per cent. per annum and is payable in cash semi-annually in arrears on 15 April and 15 October of each year.

Prepayments and redemptions: On and after 15 April 2026, Drax Finco may redeem all or, from time to time, part of, the 2029 EUR Notes, subject to the terms of, and at the redemption prices specified in, the 2029 EUR Indenture, plus accrued and unpaid interest and additional tax amounts to the redemption date.

Redemption for taxation reasons: Drax Finco may redeem the 2029 EUR Notes in whole, but not in part, at any time in certain circumstances if Drax Finco determines in good faith that, as a result of any change in tax law in any applicable tax jurisdiction, Drax Finco would become obligated to pay additional amounts on payments on the 2029 EUR Notes.

Covenants and events of default: The 2029 EUR Indenture contains customary covenants which, amongst other things, restrict the ability of DGHL, Drax Finco and certain restricted subsidiaries from taking certain actions. In addition, the 2029 EUR Indenture contains certain customary events of default.

Governing law: The 2029 EUR Notes are governed by and construed in accordance with the laws of the State of New York.

Drax Senior Facilities Agreement

Key terms and parties: On 19 August 2024 Drax Corporate entered into a revolving credit facility agreement with, amongst others, Banco Santander, S.A., London Branch as facility agent (the “**Drax Senior Facilities Agreement**”). The Drax Senior Facilities Agreement comprises a £450 million committed multicurrency revolving credit facility, including a letter of credit facility (the “**Drax Senior Facilities**”). The Drax Senior Facilities can be drawn in pounds sterling, euro or US dollars. As at the Latest Practicable Date no cash had been drawn under the Drax Senior Facilities Agreement and there were no balances drawn as letters of credit.

Purpose: Each loan under the Drax Senior Facilities may be used to provide cash, cash cover in favour of an issuing bank of a letter of credit or in respect of an ancillary facility under the Drax Senior Facilities Agreement and for the other general corporate purposes of the Drax Group.

Interest and fees: Interest is payable under the Drax Senior Facilities at a rate of SONIA (or: (i) in the case of loans in euro, EURIBOR; or (ii) in the case of loans in US dollars, the Sterling Overnight Index Average, an interest rate benchmark administered by the Bank of England) (in each case subject to a zero floor) plus the applicable margin. The margin is subject to adjustment based on Drax Group meeting sustainability performance targets. A commitment fee and utilisation fee are payable quarterly in arrears on the available but unused commitments under the Drax Senior Facilities.

Availability and maturity: The Drax Senior Facilities are available to be drawn until one month prior to the final maturity date and letters of credit may be issued up until the final maturity date (in each case, as such may be extended). The Drax Senior Facilities have a maturity date of 19 August 2027 with an option to extend to 19 August 2028 and subsequently, to 19 August 2029. The Drax Senior Facilities may be utilised by way of letter of credit, reducing the amount available for cash drawings under the Drax Senior Facilities by an amount equivalent to the letters of credit issued.

Pinnacle Facilities Agreement

Drax Finco entered into a credit facility agreement on 12 July 2021 between, amongst others, Pinnacle Renewable Energy Inc and Royal Bank of Canada as mandated lead arranger and facility agent, which was amended and restated pursuant to an amendment and restatement agreement dated 31 October 2023 and as further amended and restated on 22 December 2023 (as amended and restated, the “**Pinnacle Facilities Agreement**”). The facilities under the Pinnacle Facilities Agreement comprised a Canadian dollar-denominated CAD10 million revolving credit facility (the “**Pinnacle Revolving Facility**”) and a Canadian dollar-denominated CAD300 million term loan facility (the “**Pinnacle Term Facility**”, and together with the Pinnacle Revolving Facility, the “**Pinnacle Facilities**”).

Purpose: The loan under the Pinnacle Term Facility was used for the purposes of refinancing a credit agreement which had been in place prior to the acquisition of Pinnacle Renewable Energy Inc in 2021, save for certain amounts outstanding in respect of two irrevocable standby letters of credit.

Interest and fees: Interest is payable under the Pinnacle Facilities Agreement at the Canadian Overnight Repo Rate Average, or if unavailable, at an alternative interest rate (in each case subject to a zero floor) plus the applicable margin. The margin is subject to adjustment based on Drax Group’s total carbon dioxide emissions per GWh of electricity generation, measured annually.

Availability and maturity: The Pinnacle Revolving Facility matured in January 2024. The Pinnacle Term Facility had an initial maturity date of 31 January 2024, with an option to extend to 31 January 2026. On 31 October 2023, the Drax Group agreed with the lender to extend the final maturity date of the Pinnacle Term Facility to 31 January 2026. As part of the extension, the Drax Group repaid CAD 100 million of the outstanding loan reducing the outstanding principal value to CAD 200 million, as at the Latest Practicable Date. The Pinnacle Term Facility may be utilised by way of loans.

February 2024 Facilities Agreement

Drax Corporate entered into a facilities agreement as borrower on 22 February 2024 between, among others, Lloyds Bank plc as facility agent, and DGHL as parent guarantor (the “**February 2024 Facilities Agreement**”). The February 2024 Facilities Agreement comprises €185 million and £50 million term loan facilities structured in three tranches (facilities A-C) (being: (i) facility A (€135 million); (ii) facility B (£50 million); and (iii) facility C (€50 million), together the “**February 2024 Term Facilities**”). An option to obtain an additional incremental facility of up to £50 million (or the equivalent in euros) was exercised on 27 February 2024 (the “**February 2024 Incremental Facility**”, together with the February 2024 Term Facilities, the “**February 2024 Facilities**”). The February 2024 Facilities can only be drawn in euros and pounds sterling, as applicable. The February 2024 Facilities were fully drawn in April 2024.

Purpose: Amounts borrowed under the February 2024 Facilities Agreement shall be applied for the general corporate purposes of the Drax Group.

Interest and fees: Interest is payable under the February 2024 Facilities Agreement at a rate of SONIA (subject to a zero floor) in the case of loans denominated in sterling or EURIBOR (subject to a zero floor) in the case of loans denominated in euro plus, in each case, the applicable margin.

On the February 2024 Facilities, a commitment fee is payable quarterly in arrears on the available but unused commitments at a rate of 35 per cent. per annum of the applicable margin. The February 2024 Facilities Agreement provides a mechanism for the parties to agree to activate a sustainability-linked adjustment to the margin. To date, such an adjustment has not been agreed or activated.

Availability and maturity: The February 2024 Term Facilities were available to be drawn for three months from the date of entry into the February 2024 Facilities Agreement, and the February 2024 Incremental Facility was available to be drawn by 27 May 2024, being the date three months from the date of its establishment on 27 February 2024, in accordance with the terms of the February 2024 Facilities Agreement.

The February 2024 Term Facilities have varying maturity dates. Facility A matures on 22 February 2027 (which may be extended up to 22 February 2029, if notice is given by Drax Corporate in accordance with the terms of the February 2024 Facilities Agreement). Both facility B and facility C will mature on 22 February 2029. The February 2024 Incremental Facility shall mature on the date falling 36 months after its establishment, being 27 February 2027, and may be extended for a maximum period of up to 24 months in accordance with the terms of the February 2024 Facilities Agreement.

April 2024 Facilities Agreement

Drax Corporate entered into a facilities agreement as borrower on 3 April 2024 between, among others, Banco Santander S.A., London Branch as facility agent, and DGHL as parent guarantor (the “**April 2024 Facilities Agreement**”). The April 2024 Facilities Agreement comprises £125 million term loan facilities, structured in two tranches, being facility A (£95 million) and facility B (£30 million) (facilities A-B, together the “**April 2024 Term Facilities**”), with the option to obtain an additional incremental facility not exceeding £25 million at any one time (the “**April 2024 Incremental Facility**”, together with the April 2024 Term Facilities, the “**April 2024 Facilities**”), by delivering a specified notice, the “**April 2024 Incremental Facility Notice**”. The April 2024 Facilities can only be drawn in pounds sterling. The April 2024 Term Facilities were fully drawn in May 2024. The option to utilise the April 2024 Incremental Facility has not been exercised.

Purpose: Amounts borrowed under the April 2024 Facilities Agreement shall be applied for the general corporate purposes of the Drax Group.

Interest and fees: Interest is payable under the April 2024 Facilities Agreement on a compounded rate of SONIA (subject to a zero floor) plus the applicable margin.

On the April 2024 Term Facilities, a commitment fee is payable quarterly in arrears on the available but unused commitments at a rate of 35 per cent. per annum of the applicable margin and in relation to the April 2024 Incremental Facility, a commitment fee shall be payable at the percentage rate specified in the April 2024 Incremental Facility Notice on the available but unused commitments.

The April 2024 Facilities Agreement also provides that an arrangement fee is payable to the facility agent *on account* for the arranger, Banco Santander S.A., London Branch in respect of the April 2024 Facilities.

Availability and maturity: The April 2024 Term Facilities were available to be drawn for three months from the date of entry into the April 2024 Facilities Agreement, and the April 2024 Incremental Facility shall be available to be drawn for a period (as specified in the April 2024 Incremental Facility Notice) from the date of its establishment, in accordance with the April 2024 Facilities Agreement.

The April 2024 Term Facilities have varying maturity dates. Facility A matures on 3 April 2027 and facility B matures on 3 April 2029.

August 2024 Facility Agreement

Drax Corporate entered into a facility agreement as borrower on 19 August 2024 between, among others, MUFG Bank Ltd as facility agent, and DGH as parent guarantor (the “**August 2024 Facility Agreement**”). The August 2024 Facility Agreement comprises a £50 million term loan facility, which was fully drawn in September 2024.

Purpose: Amounts borrowed under the August 2024 Facility Agreement shall be applied for the general corporate purposes of the Drax Group.

Interest and fees: Interest is payable under the August 2024 Facility Agreement at a rate of SONIA (subject to a zero floor) plus 1.65 per cent. per annum. The August 2024 Facility Agreement provides for interest being payable at a compounded basis in certain events, including, where an interest payment is overdue. On the August 2024 Facility, a commitment fee was payable on the last day of the availability period on the available but unused commitment at a rate of 35 per cent. per annum of the applicable margin.

Availability and maturity: The August 2024 Term Facility was available to be drawn for three months from the date of entry into the August 2024 Facility Agreement and has a maturity date of 19 August 2028, with an option to extend by an additional 12 months.

Summary of the common terms of the Facility Agreements

Save as set out above, each Facility Agreement has been entered into on materially the same terms, which are as summarised below:

Events of default: The Facility Agreements contain customary events of default (subject in certain cases to agreed thresholds, grace periods and qualifications), including non-payment, breach of other obligations, misrepresentation, cross-default, insolvency, insolvency proceedings, creditors’ process, cessation of business, effectiveness of finance documents, ownership of obligors and proceedings. In addition to these customary events of default, the Facility Agreements contain events of default reflective of the nature of the business, relating to the generation licence granted to Drax Power pursuant to the Electricity Act 1989 and nationalisation, and relating to the breach of the consolidated net leverage ratio covenant described above. At any time after the occurrence of an event of default, the facility agent may, and on the instruction of majority lenders must, cancel all or any part of the total commitments and/or declare that amounts outstanding are immediately due and payable and/or payable on demand and/or exercise or direct the Security Agent (being Deutsche Bank AG, London Branch acting as security agent for the secured parties) to exercise any or all of its rights, remedies, powers or discretions under the finance documents.

Governing law: The Facility Agreements are governed by and construed and enforced in accordance with English law, although the incurrence covenants contained therein shall be interpreted in accordance with the laws of the State of New York.

Agreed security principles: The agreed security principles embody recognition by all parties to the Facility Agreements that there may be certain legal and practical difficulties in obtaining security and guarantees from all the guarantors under the Facility Agreements in every jurisdiction in which such guarantors are incorporated. The agreed security principles provide that guarantees will not be given and security will not be granted in certain circumstances.

Undertakings and covenants: The Facility Agreements contain customary negative covenants, subject to certain agreed exceptions and they also require each obligor to observe certain affirmative undertakings subject to materiality, and other customary and agreed exceptions.

The Facility Agreements include a lock-up event, pursuant to which certain distributions by members of the Drax Group are prohibited, subject to exceptions. A lock-up event will occur where, on any covenant calculation date, the consolidated net leverage ratio is less than or equal to a prescribed amount.

Guarantee and indemnity: The Facility Agreements are guaranteed by the Guarantors. Each guarantor under the Facility Agreements irrevocably and unconditionally, jointly and severally:

- (a) guarantees to each finance party punctual performance by each other obligor of all that obligor's obligations under the Facility Agreements;
- (b) undertakes with each finance party that whenever another obligor does not pay any amount when due under or in connection with any finance document relating to the Facility Agreements, that Guarantor shall immediately on demand pay that amount as if it were the principal obligor; and
- (c) indemnifies each finance party immediately on demand against any cost, loss or liability suffered by that finance party if any amount claimed by a finance party under the guarantee is not recoverable from the guarantor on the basis of the guarantee. The amount of the cost, loss or liability shall be equal to the amount which that finance party would otherwise have been entitled to recover.

Prepayment: The Facility Agreements contain customary provisions for the prepayment and cancellation of a particular lender's commitments in the case of a defaulting lender, additional payments being charged for tax reasons or increased costs. Subject to certain conditions, the borrowers under the Facility Agreements may voluntarily prepay their utilisations or permanently cancel all or part of the available commitments under the Facility Agreements.

Subject to certain thresholds and other qualifications, there are mandatory prepayments required to be made in respect of the Facility Agreements upon the occurrence of certain events such as change of control, illegality and sale of all or substantially all of the assets of the Drax Group.

Security: The same Collateral secures the Facility Agreements, the 2029 EUR Notes and certain hedging obligations.

Under the terms of the Intercreditor Agreement, the proceeds from any distressed disposal and from any enforcement of the Collateral will be applied to repayment of the Drax Senior Facilities and certain hedging obligations in priority to repayment of the other Facility Agreements (being the 2029 EUR Notes, the Pinnacle Term Facility, the February 2024 Facilities, the April 2024 Facilities and the August 2024 Facility (the "**Other Facility Agreements**")). Thereafter, when the Drax Senior Facilities and certain hedging obligations have been repaid in full, the proceeds from any distressed disposal and from any enforcement of the Collateral will be applied to repayment of the Other Facility Agreements, *pari passu*.

Hedging

Drax Power has outstanding currency rate hedging arrangements and has the ability to enter into additional currency, interest rate and inflation rate hedging arrangements on a secured basis, with certain counterparties also benefiting from the same Collateral as the Facility Agreements. Such Collateral will also secure the 2029 EUR Notes. These arrangements are in addition to any commodities and/or currency, interest rate and inflation rate trading that the Drax Group undertakes on an unsecured and/or title transfer collateral basis.

Intercreditor Agreement

Drax Finco, the Guarantors and certain other subsidiaries of DGHL entered into an intercreditor agreement on 5 May 2017 (the "**Intercreditor Agreement**") to govern the relationships and relative priorities among: (i) Deutsche Bank AG, London Branch acting as security agent for the secured parties

(the “**Security Agent**”); (ii) Barclays Bank PLC acting as agent under the Drax Senior Facilities Agreement; (iii) the lenders under the Drax Senior Facilities Agreement; (iv) the counterparties to certain hedging arrangements (the “**Hedging Agreements**”); (v) intra-group creditors and debtors; (vi) Drax and the Drax Group; and (vii) those persons who accede to the Intercreditor Agreement in accordance with its terms.

New Proceeds Loan

A proceeds loan with respect to the 2029 EUR Notes (the “**New Proceeds Loan**”) was documented under an English law governed loan agreement made between Drax Finco, as lender, and Drax Corporate, as borrower on 2 May 2024 (the “**New Proceeds Loan Agreement**”). Pursuant to the New Proceeds Loan Agreement, Drax Finco lent to Drax Corporate the proceeds from the issuance of the 2029 EUR Notes.

The New Proceeds Loan bears interest, payable in cash semi-annually, concurrently with the relevant interest payment dates for the 2029 EUR Notes. The maturity date of the New Proceeds Loan is the same date as the maturity date of the 2029 EUR Notes. The New Proceeds Loan is an unsecured obligation of Drax Corporate.

Existing Proceeds Loans

On 2 May 2024, Drax Finco entered into a loan agreement (as lender) with Drax Corporate (as borrower) (the “**2029 EUR Proceeds Loan**”). The 2029 EUR Proceeds Loan is an unsecured agreement, governed by English law.

Purpose: The purpose of this agreement is to allocate the proceeds from the issuance of the corresponding 2029 EUR Notes.

Availability, maturity and interest: The 2029 EUR Proceeds Loan is denominated in euros and bears interest equal to or above the rates of the respective 2029 EUR Notes, payable semi-annually and matures on the same dates as the 2029 EUR Notes.

Payments under these loans are made without deductions for tax, but if required, Drax Corporate must cover additional amounts to ensure net payments remain unaffected. Subject to the Intercreditor Agreement, repayments are structured to align with Drax Finco’s payment obligations for the 2029 EUR Notes. The loans are also assigned as security for multiple stakeholders, including holders of the 2029 EUR Notes, various lenders under agreements like the Drax Senior Facilities Agreement, and counterparties to Hedging Agreements.

Unsecured Trade Clearing Facility Agreement

Drax Power entered into an unsecured trade clearing facility agreement with Banco Santander S.A., London Branch on 15 August 2023, pursuant to which the facility provider may make available from time to time amounts under an uncommitted facility in a maximum aggregate amount of £200 million (the “**Trade Clearing Facility**”). Amounts borrowed under the Trade Clearing Facility must be applied by Drax Power towards its general working capital requirements including payment obligations made or to be made under any trading and clearing agreement with the facility provider. In July 2024, the £120 million outstanding under the Trade Clearing Facility was repaid in full.

7.2 **HEIT material contracts**

Save as disclosed below, no member of the HEIT Group has, during the period beginning on 17 March 2023 (being the date two years before the commencement of the Offer Period) and ending on the Latest Practicable Date, entered into any material contract otherwise than in the ordinary course of business.

The following contracts, not being contracts entered into in the ordinary course of business, and which are or may be material, have been entered into by members of the HEIT Group in the period beginning on 17 March 2023 (being the date two years before the commencement of the Offer Period) and ending on the Latest Practicable Date:

HEIT Senior Facilities Agreement

HEIT Holdings Ltd (the “**Borrower**”) entered into a senior facilities agreement on 21 June 2022 (as amended and/or amended and restated from time to time including as amended by the consent and amendment letter dated 28 January 2025) with, amongst others, National Westminster Bank plc (as agent) (the “**Agent**”) and National Westminster Bank plc and Coöperatieve Rabobank U.A. (as lenders) (the “**HEIT Senior Facilities Agreement**”). The HEIT Senior Facilities Agreement provides for a £130,000,000 term loan facility to be used for, amongst other things, the financing or refinancing of the development costs of battery energy storage assets at various sites across the United Kingdom and other fees, costs and expenses as agreed between the Borrower and the Agent from time to time (the “**Term Loan**”). The termination date is the seventh anniversary of 21 February 2024 unless otherwise agreed by the Agent (acting in its sole discretion) (the “**Termination Date**”). Certain members of the Borrower’s group (defined in the HEIT Senior Facilities Agreement as the “**AssetCos**” (the “**AssetCos**”)) have acceded to the HEIT Senior Facilities Agreement in the capacity as obligors.

The HEIT Senior Facilities Agreement also includes an uncommitted accordion facility in a maximum amount of £30,000,000 (the “**Accordion Facility**”). The availability period for the Accordion Facility runs from the original date of the HEIT Senior Facilities Agreement (21 June 2022) until the date falling six months prior to the Termination Date. The Accordion Facility cannot be used more than twice. The existing lenders have a first right of refusal to provide the Accordion Facility.

The interest rate is made up of SONIA plus the applicable margin. The margin applicable to the Term Loan is currently 2.75 per cent. per annum but will ratchet up as the Termination Date approaches to a maximum rate of 3.50 per cent. per annum. Pursuant to certain fee letters in connection with the HEIT Senior Facilities Agreement, the Borrower has incurred an arrangement fee and a structuring fee in connection with the HEIT Senior Facilities Agreement, both of which have been paid, and also incurs annual agency and security agent fees. Prepayments of any of the Term Loan before 21 February 2025 were subject to a prepayment fee of 2.00 per cent. of the amount prepaid and prepayments of any of the Term Loan during the period from 22 February 2025 to 21 February 2026 are subject to a prepayment fee of 1.00 per cent. of the amount prepaid. Default interest is payable at the rate which is 2.00 per cent. higher than the rate which would otherwise have been payable.

The HEIT Senior Facilities Agreement contains customary representations, financial and non-financial covenants and events of default. The financial covenants include a historic and projected debt service cover ratio test set (in each case) at 1.2:1. The non-financial covenants include customary restrictions on disposals and the incurrence of financial indebtedness (in each case subject to certain pre-agreed exclusions). The HEIT Senior Facilities Agreement also includes customary information undertakings and sector specific site undertakings, project document undertakings and project bank account provisions.

The HEIT Senior Facilities Agreement provides for mandatory prepayment in various circumstances, including upon a change of control and with insurance and compensation proceeds (subject to certain exclusions and de minimis thresholds). There are also a number of different cash sweep mechanics that apply at various times during the life of the HEIT Senior Facilities Agreement. The Borrower may voluntarily cancel any part of the Term Loan that has not been drawn and/or voluntarily prepay any part of the Term Loan that has been drawn (in each case subject to doing so in a minimum amount of £1,000,000).

Pursuant to the HEIT Senior Facilities Agreement, the Borrower and the AssetCos have granted all assets security (containing both fixed and floating charges) in favour of National Westminster Bank plc (as security agent) as well as cross-guarantees.

The HEIT Senior Facilities Agreement is governed by the laws of England.

8. Irrevocable undertakings

- 8.1 Each of the HEIT Directors has given an irrevocable undertaking to vote (and, if applicable, take all steps in their power to procure the vote) in favour of the Scheme at the Court Meeting and the Special Resolution at the General Meeting or, if Drax Bidco exercises its right to implement the Acquisition by way of a Takeover Offer, to accept or procure the acceptance of such Takeover Offer, in respect of their entire beneficial holdings of HEIT Shares as follows:

<i>Name</i>	<i>Total Number of HEIT Shares</i>	<i>Percentage of total issued share capital of HEIT (excluding treasury shares) as at the Latest Practicable Date (%)</i>
Norman Crighton	16,528	0.01
Janine Freeman	29,823	0.01
Hugh McNeal	26,514	0.01
William Rickett (and his wife, Lucy Rickett)	16,633 ¹	0.01
Shefaly Yogendra	11,618	0.01
Total	<u>101,116</u>	<u>0.04</u>

Notes:

- 1 Held jointly by William Rickett and his wife, Lucy Rickett.

The irrevocable undertakings given by the HEIT Directors will remain binding in the event that an alternate or higher competing offer for HEIT is made but will lapse and cease to be binding: (a) immediately if Drax Bidco announces (with the consent of the Panel) that it does not intend to proceed with the Acquisition; or (b) on and from the earlier of: (i) 31 July 2025; (ii) the time and date on which the Acquisition is withdrawn, lapses or otherwise terminates in accordance with its terms; and (iii) the date on which any competing offer for the entire issued and to be issued share capital of HEIT is declared unconditional or, if implemented by way of a scheme of arrangement, becomes effective.

- 8.2 The following HEIT Shareholders have given irrevocable undertakings to vote (and, if applicable, procure the vote) in favour of the Scheme at the Court Meeting and the Special Resolution at the General Meeting or, if Drax Bidco exercises its right to implement the Acquisition by way of a Takeover Offer, to accept or procure the acceptance of such Takeover Offer, in respect of their beneficial holdings of HEIT Shares as follows:

<i>Name</i>	<i>Total Number of HEIT Shares</i>	<i>Percentage of total issued share capital of HEIT (excluding treasury shares) as at the Latest Practicable Date (%)</i>
Premier Miton	7,113,857	3.1
Schroders	37,334,777	16.4
Total	<u>44,448,634</u>	<u>19.6</u>

The irrevocable undertakings given by such HEIT Shareholders will lapse and cease to be binding: (a) immediately if: (i) Drax Bidco announces (with the consent of the Panel) that it does not intend to proceed with the Acquisition; (ii) 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 whole, or a majority of, the issued and to be issued ordinary share capital of HEIT, howsoever structured, on terms representing certain agreed levels of improvement in the amount of value of the consideration offered under the terms of the Acquisition and Drax Bidco has not announced a revised offer on terms which exceed the value of the competing offer within ten days thereof; (iii) the Scheme does not become Effective or if Drax Bidco exercises its right to implement the Acquisition by way of a Takeover Offer, the Takeover Offer does not become unconditional before 11.59 p.m. on the Long Stop Date; or (iv) in the case of the irrevocable undertaking given by Premier Miton only, any of

the HEIT Shares in respect of which it has been given are required to be sold to meet redemption requests or to ensure compliance with certain regulatory obligations (provided that Premier Miton has used all reasonable endeavours to explore other options to meet these regulatory obligations); and (b) on and from the time and date on which the Acquisition is withdrawn, lapses or otherwise terminates in accordance with its terms.

9. Offer-related fees and expenses

9.1 *Drax Bidco fees and expenses*

The aggregate fees and expenses incurred by Drax Bidco and, as applicable, Drax in connection with the Acquisition (excluding any applicable VAT and other taxes) are expected to be approximately:

<i>Category</i>	<i>Amount (£m)</i>
Financing arrangements	0.010
Financial and corporate broking advice	3.250 – 3.750
Legal advice	0.815 – 0.975
Accounting advice	0.375 – 0.500
Public relations advice	0.005 – 0.010
Other professional services	0.210 – 0.250
Total	<u>4.665 – 5.495</u>

9.2 *HEIT fees and expenses*

The aggregate fees and expenses incurred by HEIT in connection with the Acquisition (excluding any applicable VAT and other taxes) are expected to be approximately:

<i>Category</i>	<i>Amount (£m)</i>
Financial and corporate broking advice	2.698
Legal advice	0.720
Accounting advice	0.036
Public relations advice	0.030
Other professional services	0.124
Other costs and expenses	0.052
Total	<u>3.661</u>

10. Financing arrangements relating to Drax Bidco

The consideration payable by Drax Bidco to the Scheme Shareholders under the terms of the Acquisition will be funded from the Wider Drax Group's existing cash resources.

11. Cash confirmation

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 to Scheme Shareholders under the terms of the Acquisition.

12. No significant change

Save as disclosed in this Document, there has been no significant change in the financial or trading position of HEIT since 31 October 2024, being the date to which the latest audited financial statements of HEIT were prepared.

13. Portfolio Valuation Report

For the purposes of Rule 29.5 of the Code, the HEIT Directors confirm that Forvis Mazars has confirmed to them that the value of HEIT's portfolio of battery storage assets as at the date of this Document would not be materially different from the valuation as at 31 January 2025 as confirmed by Forvis Mazars in the valuation report set out in Part VI (*Rule 29 Valuation Report*) of this Document.

14. Potential tax liability

Prior to the Effective Date, in the event that the battery storage assets within HEIT's portfolio were to be sold at the valuation reported on in Forvis Mazars' valuation report set out in Part VI (*Rule 29 Valuation Report*) of this Document, any gains realised on such disposals may, in certain circumstances, be subject to taxation in the UK. If HEIT were to dispose of assets it would seek to do so, where possible, by the sale of the shares in an underlying UK subsidiary which holds such assets. As an investment trust for the purposes of UK taxation, HEIT would generally be exempt from UK corporation tax on any gains realised from such disposals. However, if an underlying UK subsidiary of HEIT were to dispose of assets held by it, any gains realised from such disposal may be subject to UK corporation tax. In connection with the Acquisition, it is not contemplated that any aforementioned liability to taxation will crystallise. Following the Effective Date, HEIT is no longer expected to qualify as an investment trust for the purposes of UK taxation. Therefore, if HEIT were to dispose of its subsidiaries or an underlying UK subsidiary of HEIT were to dispose of assets held by it following the Effective Date, any gains realised from such disposals may be subject to UK corporation tax.

15. Consent

Each of Panmure Liberum, Stifel, J.P. Morgan Cazenove and Forvis Mazars has given and not withdrawn its written consent to the issue of this Document with the inclusion of references to its name in the form and context in which they appear.

16. Documents published on a website

Copies of the following documents will be available for viewing on HEIT's website at www.heitp.co.uk/investors/proposed-offer-from-drax and on Drax's website at www.drax.com/investors/offer by no later than 12.00 p.m. (London time) on the Business Day following the date of publication of this Document (subject to any applicable restrictions relating to persons resident in Restricted Jurisdictions) up to and including the Effective Date or the date the Scheme lapses or is withdrawn, whichever is earlier:

- 16.1 this Document;
- 16.2 the Forms of Proxy;
- 16.3 the HEIT Articles;
- 16.4 a draft of the HEIT Articles as proposed to be amended at the General Meeting;
- 16.5 the Drax Bidco Articles;
- 16.6 the Announcement;
- 16.7 the financial information relating to HEIT referred to in Part A (*Financial information relating to HEIT*) of Part V (*Financial and ratings information*) of this Document;
- 16.8 the financial information relating to Drax referred to in Part E (*Financial information relating to Drax*) of Part V (*Financial and ratings information*) of this Document;
- 16.9 the written consents referred to in paragraph 15 above;
- 16.10 the portfolio valuation report contained in Part VI (*Rule 29 Valuation Report*) of this Document;
- 16.11 the irrevocable undertakings and letters of intent referred to in paragraph 8 above;
- 16.12 the agreed form Asset Management Agreement;
- 16.13 the Confidentiality Agreement; and

16.14 the material contracts referred to in paragraph 7 above to the extent there were entered into in connection with the Acquisition.

17. Sources of information and bases of calculation

17.1 As at the Latest Practicable Date, there were 227,128,295 HEIT Shares in issue, none of which were held in treasury.

17.2 As at the Latest Practicable Date, there were 227,128,295 Scheme Shares in issue, being equal to the 227,128,295 HEIT Shares in issue referred to in paragraph 17.1 above.

17.3 Any references to the entire issued share capital of HEIT are based on the 227,128,295 HEIT Shares in issue referred to in paragraph 17.1 above.

17.4 The value of approximately £199.9 million for the entire issued share capital of HEIT is based on the Offer Price of 88.0 pence for each Scheme Share multiplied by the entire issued share capital of HEIT set out in paragraph 17.1 above.

17.5 Unless otherwise stated, all prices quoted for HEIT Shares are closing middle market quotations of a share derived from the Daily Official List on the relevant date(s) and have been rounded to the nearest tenth of a penny.

17.6 Portfolio information relating to HEIT's portfolio of battery storage assets is derived from the Investment Adviser and valuation information relating to HEIT's portfolio of battery storage assets is derived from the Investment Adviser, as reported on in the valuation report prepared by Forvis Mazars as set out in Part VI (*Rule 29 Valuation Report*) of this Document.

17.7 The premium calculations to the price for each HEIT Share have been calculated by reference to:

- the Closing Price of 65.2 pence per HEIT Share on 14 March 2025 (being the last Business Day before the commencement of the Offer Period);
- the Closing Price of 79.2 pence per HEIT Share on 24 March 2025 (being the last Business Day prior to the date of the Announcement); and
- 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).

17.8 Unless otherwise stated, the financial information relating to HEIT has been extracted from HEIT's annual report and audited financial statements for the financial year ended 31 October 2024.

17.9 Certain figures included in this Document have been subject to rounding adjustments.

17.10 The 31 January 2025 unaudited NAV has been calculated by reference to the valuation in respect of HEIT's portfolio of battery storage assets as at 31 January 2025 prepared by the Investment Adviser as confirmed by Forvis Mazars in the valuation report set out in Part VI (*Rule 29 Valuation Report*) of this Document adjusted as follows:

	<i>£m</i>
Value of HEIT's portfolio of battery storage assets as confirmed in valuation report	334.04
Adjustments ¹	0
Fair value of portfolio of investments	334.04
HEIT Group cash	2.65
Other net current assets/(liabilities)	3.14
Outstanding debt	(130.00)
31 January 2025 unaudited NAV	209.83
Total HEIT Shares in issue	27,128,295
31 January 2025 unaudited NAV per HEIT Share (p)	92.38

PART X

DEFINITIONS

The following definitions apply throughout this Document unless the context otherwise requires.

“Acquisition”	the proposed recommended cash acquisition by Drax Bidco of the entire issued ordinary share capital of HEIT, to be effected by means of the Scheme, on the terms and subject to the Conditions set out in this Document (or by means of a Takeover Offer under certain circumstances as described in this Document) and, where the context permits, any subsequent revision, variation, extension or renewal thereof;
“AIFM”	JTC Global AIFM Solutions Limited, a non-cellular company incorporated and registered in Guernsey with registered number 62964, the registered office of which is at Ground Floor, Dorey Court, Admiral Park, St Peter Port, Guernsey GY1 2HT;
“AIFM Agreement”	the management agreement dated 14 October 2021 between HEIT and the AIFM pursuant to which the AIFM has been appointed as the alternative investment fund manager to HEIT;
“Announcement”	the announcement by Drax Bidco of a firm intention to make an offer for HEIT dated 25 March 2025;
“Announcement Date”	25 March 2025;
“Asset Management Agreement”	the asset management agreement proposed to be entered into between Drax Bidco, HEIT and HEAL, as summarised in paragraph 11 of Part II (<i>Explanatory Statement</i>) of this Document;
“Asset Sale”	has the meaning given in paragraph 4 of Part I (<i>Letter from the Chair of HEIT</i>) of this Document;
“associated undertaking”	shall be construed in accordance with paragraph 19 of Schedule 6 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410) but for this purpose ignoring paragraph 19(1)(b) of Schedule 6 to those regulations;
“Attendance Card”	the attendance card printed at the top of the relevant Form of Proxy for use in respect of the relevant Meeting;
“Authorisations”	regulatory authorisations, orders, recognitions, grants, consents, clearances, confirmations, certificates, licences, permissions or approvals;
“BESS”	battery energy storage system;
“BM”	the Balancing Mechanism administered by NESO;
“Business Day” or “working day”	a day (other than a Saturday, Sunday or public holiday) on which banks in London are open for normal business;
“certificated” or “in certificated form”	where a share or other security is not in uncertificated form (that is, not in CREST);
“Closing Price”	the closing middle market price of a HEIT Share on a particular trading day as derived from the Daily Official List;

“Code”	the City Code on Takeovers and Mergers issued by the Panel (as amended from time to time);
“Collateral”	the various assets and receivables over which security interests are held for the purposes of securing the Facility Agreements, as specified in each such agreement;
“Companies Act”	the Companies Act 2006 (as amended from time to time);
“Computershare”	Computershare Investor Services PLC, a public company limited by shares incorporated and registered in England and Wales with registered number 03498808, the registered office of which is at The Pavilions, Bridgwater Road, Bristol BS13 8AE, United Kingdom;
“Conditions”	the conditions to the Acquisition and to the implementation of the Scheme set out in Part III (<i>Conditions to, and certain further terms of, the Acquisition and the Scheme</i>) of this Document;
“Confidentiality Agreement”	the confidentiality agreement dated 7 August 2024 between Drax Corporate and HEAL, as summarised in paragraph 11 of Part II (<i>Explanatory Statement</i>) of this Document;
“Court”	the High Court of Justice, Business and Property Courts of England and Wales, Companies Court;
“Court Meeting”	the meeting of Scheme Shareholders (including any adjournment, postponement or reconvention thereof) convened by order of the Court pursuant to section 896 of the Companies Act, notice of which is set out in Part XI (<i>Notice of Court Meeting</i>) of this Document, for the purpose of considering and, if thought fit, approving the Scheme (without modification, or with any modification, addition or condition consented to by Drax Bidco and HEIT (on behalf of all persons concerned) which the Court has approved or imposed (with the consent of the Panel where such consent is required under the Code));
“Court Order”	the order of the Court sanctioning the Scheme under section 899 of the Companies Act;
“Court Sanction Hearing”	the hearing of the Court to sanction the Scheme under section 899 of the Companies Act and, if such hearing is adjourned, reference to the commencement of any such hearing shall mean the commencement of the final adjournment thereof;
“CREST”	the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear in accordance with the CREST Regulations;
“CREST Applications Host”	the communication hosting system operated by Euroclear;
“CREST Manual”	the CREST Manual published by Euroclear, as amended from time to time;
“CREST Proxy Instruction”	has the meaning given to it on page 12 (<i>Action to be Taken</i>) of this Document;
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755), as amended from time to time;
“CREST sponsor”	a CREST participant admitted to CREST as a CREST sponsor;

“CREST sponsored member”	a CREST member admitted to CREST as a sponsored member (which includes all CREST personal members);
“Daily Official List”	the daily official list published by the London Stock Exchange;
“Dealing Disclosure”	an announcement pursuant to Rule 8 of the Code containing details of dealings in relevant securities of a party to an offer;
“DGHL”	Drax Group Holdings Limited, a private limited company incorporated and registered in England and Wales with registered number 09887429, the registered office of which is at Drax Power Station, Selby, North Yorkshire, United Kingdom YO8 8PH;
“Disclosed”	the information disclosed by, or on behalf of, HEIT: <ul style="list-style-type: none"> (a) in the annual report and accounts of the HEIT Group for the financial year ended 31 October 2024; (b) in the Announcement; (c) in any other announcement to a Regulatory Information Service by, or on behalf of, HEIT prior to the date of the Announcement; or (d) as otherwise fairly disclosed to Drax (or its respective officers, employees, agents or advisers) prior to the date of the Announcement;
“Disclosure Guidance and Transparency Rules”	the disclosure guidance and transparency rules made by the FCA pursuant to section 73 of FSMA (as amended from time to time);
“Document”	this circular dated 15 April 2025 addressed to HEIT Shareholders and persons with information rights containing, <i>inter alia</i> , the Scheme and the Explanatory Statement;
“Drax”	Drax Group plc, a public limited company incorporated and registered in England and Wales with registered number 05562053, the registered office of which is at Drax Power Station, Selby, North Yorkshire YO8 8PH;
“Drax Bidco”	Drax BESS Holdco Limited, a private limited company incorporated and registered in England and Wales with registered number 16152612, the registered office of which is at Drax Power Station, Selby, North Yorkshire, United Kingdom YO8 8PH;
“Drax Bidco Articles”	the articles of association of Drax Bidco as at the date of this Document or as in force from time to time (as the context may require);
“Drax Bidco Board”	the board of directors of Drax Bidco as at the date of this Document or, where the context so requires, the board of directors of Drax Bidco from time to time;
“Drax Bidco Directors”	the directors of Drax Bidco as at the date of this Document (whose names are set out in paragraph 2.2 of Part IX (<i>Additional information on HEIT, Drax Bidco and Drax</i>) of this Document) or, where the context so requires, the directors of Drax Bidco from time to time;
“Drax Corporate”	Drax Corporate Limited, a private limited company incorporated and registered in England and Wales with registered number 05562058, the registered office of which is at Drax Power Station, Selby, North Yorkshire, United Kingdom YO8 8PH;

“Drax Directors”	the directors of Drax as at the date of this Document (whose names are set out in paragraph 2.3 of Part IX (<i>Additional information on HEIT, Drax Bidco and Drax</i>) of this Document) or, where the context so requires, the directors of Drax from time to time;
“Drax Finco”	Drax Finco Plc, a public limited company incorporated and registered in England and Wales with registered number 10664639, the registered office of which is at Drax Power Station, Selby, North Yorkshire, United Kingdom YO8 8PH;
“Drax Group”	Drax and its subsidiary undertakings from time to time, including Drax Bidco;
“Drax Power”	Drax Power Limited, a private limited company incorporated and registered in England and Wales with registered number 04883589, the registered office of which is at Drax Power Station, Selby, North Yorkshire YO8 8PH;
“EBITDA”	earnings before interest, taxes, depreciation and amortisation;
“Effective”	in the context of the Acquisition: (a) if the Acquisition is implemented by way of the Scheme, the Scheme having become effective pursuant to and in accordance with its terms; or (b) if the Acquisition is implemented by way of a Takeover Offer, the Takeover Offer having been declared or become unconditional in accordance with the requirements of the Code;
“Effective Date”	the date on which either: (i) the Scheme becomes effective in accordance with its terms; or (ii) if Drax Bidco elects to implement the Acquisition by way of a Takeover Offer (subject to Panel consent), the date on which such takeover offer becomes or is declared unconditional;
“EURIBOR”	the euro interbank offered rate administered by the European Money Markets Institute (or any other person which takes over the administration of that rate);
“Euroclear”	Euroclear UK & International Limited, a private limited company incorporated and registered in England and Wales with registered number 02878738, the registered office of which is at 33 Cannon Street, London EC4M 5SB, the operator of CREST;
“Excluded Shares”	any HEIT Shares which, at the relevant time, are: <ul style="list-style-type: none"> (a) registered in the name of or beneficially owned by Drax Bidco or any other member of the Wider Drax Group (or their nominee(s)); or (b) held in treasury;
“Existing Management Arrangements”	the AIFM Agreement and the Investment Advisory Agreement;
“Explanatory Statement”	the explanatory statement (in compliance with section 897 of the Companies Act) relating to the Scheme set out in Part II (<i>Explanatory Statement</i>) of this Document;
“Facility Agreements”	has the meaning given to it in paragraph 7.1 of Part IX (<i>Additional information on HEIT, Drax Bidco and Drax</i>) of this Document;
“FCA”	the Financial Conduct Authority or its successor from time to time;

“FlexGen”	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);
“Foresight”	Foresight Group LLP
“Form(s) of Proxy”	either or both (as the context may require) of the blue Form of Proxy for use in relation to the Court Meeting and the white Form of Proxy for use in relation to the General Meeting, accompanying this Document;
“Forvis Mazars”	Forvis Mazars LLP, a limited liability partnership incorporated and registered in England and Wales with registered number OC308299, the registered office of which is at 30 Old Bailey, London, United Kingdom, EC4M 7AU, the valuer to HEIT;
“FQ1”	financial quarter one, being the first three-month period of a company’s financial year;
“FSMA”	the Financial Services and Markets Act 2000 (as amended from time to time);
“FY 2023”	the financial year of HEIT ended 31 October 2023;
“FY 2024”	the financial year of HEIT ended 31 October 2024;
“FY 2025”	the financial year of HEIT ending 31 October 2025;
“General Meeting”	the general meeting of HEIT Shareholders (including any adjournment, postponement or reconvention thereof) convened for the purpose of considering and, if thought fit, approving the Special Resolution by the notice set out in Part XII (<i>Notice of General Meeting</i>) of this Document;
“Guarantors”	DGHL, any subsidiary guarantor and Drax Finco (the “Guarantors”)
“GW”	gigawatt;
“GWh”	gigawatt hour;
“Harmony Energy”	Harmony Energy Limited, a private company limited by shares incorporated and registered in England and Wales with registered number 10141078, the registered office of which is at 10 St James Business Park, Grimbald Crag Court, Knaresborough, England HG5 8QB, the parent company of HEAL;
“HEAL” or the “Investment Adviser”	Harmony Energy Advisors Limited, a private company limited by shares incorporated and registered in England and Wales with registered number 13538492, the registered office of which is at 10 St James Business Park, Grimbald Crag Court, Knaresborough, England HG5 8QB, the investment adviser of HEIT;
“HEIT”	Harmony Energy Income Trust plc, a public company limited by shares incorporated and registered in England and Wales with registered number 13656587, the registered office of which is at The Scalpel 18th Floor, 52 Lime Street, London, England EC3M 7AF;
“HEIT Articles”	the articles of association of HEIT as at the date of this Document or as in force from time to time (as the context may require);

“HEIT Board”	the board of directors of HEIT as at the date of this Document or, where the context so requires, the board of directors of HEIT from time to time;
“HEIT Directors”	the directors of HEIT as at the date of this Document (whose names are set out in paragraph 2.1 of Part IX (<i>Additional information on HEIT, Drax Bidco and Drax</i>) of this Document) or, where the context so requires, the directors of HEIT from time to time;
“HEIT Group”	HEIT and its subsidiary undertakings from time to time and, where the context permits, each of them;
“HEIT Register”	the register of members of HEIT;
“HEIT Senior Facilities Agreement”	has the meaning given to it, and as summarised in, paragraph 7.2 of Part IX (<i>Additional information on HEIT, Drax Bidco and Drax</i>) of this Document;
“HEIT Shareholder(s)”	holder(s) of HEIT Shares from time to time;
“HEIT Share(s)”	the ordinary shares of £0.01 each in the capital of HEIT;
“HMRC”	HM Revenue and Customs or its successor from time to time;
“holder(s)”	(a) registered holder(s) and includes any person(s) entitled by transmission;
“Investment Advisory Agreement”	the investment advisory agreement dated 14 October 2021 between the Investment Adviser, HEIT and the AIFM pursuant to which the Investment Adviser has been appointed by HEIT and the AIFM to provide investment advisory, asset management and certain other services to the AIFM and/or HEIT (as relevant);
“IPO”	initial public offering;
“ISA”	a UK individual savings account;
“J.P. Morgan Cazenove”	J.P. Morgan Securities plc, which conducts its UK investment banking business as J.P. Morgan Cazenove, a public company limited by shares incorporated and registered in England and Wales with registered number 02711006, the registered office of which is at 25 Bank Street, Canary Wharf, London E14 5JP, financial adviser to Drax and Drax Bidco;
“Latest Practicable Date”	close of business on 14 April 2025, being the latest practicable date before the publication of this Document;
“London Stock Exchange”	London Stock Exchange plc;
“Long Stop Date”	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));
“Market Abuse Regulation”	the UK version of EU Regulation No. 596/2014, which has effect in English law by virtue of the European Union (Withdrawal) Act 2018, as amended by the Market Abuse (Amendment) (EU Exit) Regulations 2019;
“Meetings”	the Court Meeting and the General Meeting, and “Meeting” shall be construed accordingly;

“MW”	megawatt;
“MWh”	megawatt hour;
“NESO”	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);
“Net Asset Value “ or “NAV”	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;
“NAV per HEIT Share”	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;
“NSI Act”	the National Security and Investment Act 2021;
“Offer Document”	should the Acquisition be implemented by way of a Takeover Offer, the offer document to be sent to (amongst others) HEIT Shareholders setting out, amongst other things, the full terms and conditions of the Takeover Offer;
“Offer Period”	the offer period (as defined by the Code) relating to HEIT which commenced on 17 March 2025;
“Offer Price”	88.0 pence for each Scheme Share payable by Drax Bidco to Scheme Shareholders pursuant to the Acquisition;
“Opening Position Disclosure”	has the meaning in Rule 8 of the Code;
“Overseas Shareholders”	holders of Scheme Shares who are resident in, ordinarily resident in, or citizens of, jurisdictions outside the United Kingdom;
“Panel”	the Panel on Takeovers and Mergers, or its successor from time to time;
“Panmure Liberum”	Panmure Liberum Limited, a private company limited by shares incorporated and registered in England and Wales with registered number 04915201, the registered office of which is at Ropemaker Place, Level 12, 25 Ropemaker Street, London, England EC2Y 9LY, financial adviser, Rule 3 adviser and joint broker to HEIT;
“PRA”	the Prudential Regulation Authority or its successor from time to time;
“Premier Miton”	Premier Fund Managers Limited, acting in its capacity as investment manager for and behalf of certain funds which are invested in HEIT;
“Registrar of Companies”	the registrar of companies in England and Wales;
“Regulatory Information Service”	an information service authorised from time to time by the FCA for the purposes of disseminating regulatory announcements;
“relevant securities”	shall be construed in accordance with the Code;
“Restricted Jurisdiction”	any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure for Drax Bidco or HEIT if information or documentation concerning the Acquisition is sent, published or made available to HEIT Shareholders in that jurisdiction without any amendment and “Restricted Jurisdictions” shall be construed accordingly;

“Scheme” or “Scheme of Arrangement”	the scheme of arrangement under Part 26 of the Companies Act between HEIT and the Scheme Shareholders in order to implement the Acquisition set out in Part IV (<i>The Scheme of Arrangement</i>) of this Document without modification, or with any modification, addition or condition consented to by Drax Bidco and HEIT (on behalf of all persons concerned) which the Court has approved or imposed (with the consent of the Panel where such consent is required under the Code);
“Scheme Record Time”	6.00 p.m. on the day that is one Business Day after the Court Sanction Hearing;
“Scheme Shareholder(s)”	holder(s) of Scheme Shares from time to time;
“Scheme Shares”	all HEIT Shares: <ul style="list-style-type: none"> (a) in issue at the date of this Document and which remain in issue at the Scheme Record Time; (b) if any, issued after the date of this 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 and which remain in issue at the Scheme Record Time, either on terms that the original or any subsequent holders of such shares are to be bound by the Scheme or in respect of which their holders are, or shall have agreed in writing to be, bound by the Scheme, but, in each case, other than the Excluded Shares;
“Schroders”	Schroder & Co Ltd;
“SEC”	the US Securities and Exchange Commission;
“Secretary of State”	the Secretary of State in the Cabinet Office;
“Seed Portfolio”	the initial portfolio of five BESS development projects acquired by HEIT at IPO;
“Shareholder Helpline”	the helpline set up by Computershare, further details of which are provided at the end of Part II (<i>Explanatory Statement</i>) of this Document;
“Significant Interest”	in relation to an undertaking, a direct or indirect interest of 30 per cent. or more of: (a) the total voting rights conferred by the equity share capital (as defined in section 548 of the Companies Act) of such undertaking;
“SONIA”	the Sterling Overnight Index Average, an interest rate benchmark administered by the Bank of England;
“Special Resolution”	the special resolution to be proposed at the General Meeting in connection with, among other things, the implementation of the Scheme and the alteration of the HEIT Articles and such other matters as may be necessary or appropriate to implement the Scheme;
“Stifel”	Stifel Nicolaus Europe Limited, a private company limited by shares incorporated and registered in England and Wales with registered number 03719559, the registered office of which is at 4th Floor, 150 Cheapside, London, United Kingdom, EC2V 6ET, joint broker to HEIT;

“subsidiary”, “subsidiary undertaking” and “undertaking”	shall be construed in accordance with the Companies Act;
“Takeover Offer”	if the Acquisition is 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 on the terms and subject to the conditions to be set out in the related Offer Document and, where the context permits, any subsequent revision, variation, extension or renewal of such takeover offer;
“Third Party”	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;
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland;
“UK IFRS”	International Financial Reporting Standards, as adopted by the United Kingdom;
“UK Listing Rules”	the UK listing rules made by the FCA pursuant to section 73A of FSMA (as amended from time to time);
“uncertificated” or “in uncertificated form”	a share or other security recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;
“US” or “United States”	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia;
“US Exchange Act”	the US Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder;
“US Securities Act”	the US Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder;
“Voting Record Time”	6.30 p.m. on the day which is two Business Days prior to the date of the Court Meeting and the General Meeting or, if the Court Meeting and/or the General Meeting is adjourned, 6.30 p.m. on the day which is two Business Days before the date of such adjourned Meeting(s);
“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, including Drax Bidco but excluding for these purposes, HEIT;
“Wider HEIT Group”	HEIT and associated undertakings and any other body corporate, partnership, joint venture or person in which HEIT and all such undertakings (aggregating their interests) have a Significant Interest; and
“Wider Harmony Energy Group”	Harmony Energy and associated undertakings and any other body corporate, partnership, joint venture or person in which Harmony Energy and all such undertakings (aggregating their interests) have a Significant Interest.

All references to “**pounds**”, “**pounds sterling**”, “**Sterling**”, “**£**”, “**pence**”, “**penny**” and “**p**” are to the lawful currency of the United Kingdom. All references to “**euros**”, “**EUR**” or “**€**” are to the lawful currency of participating member states of the European Union. All references to “**Canadian dollars**” or “**CAD**”, are to the lawful currency of Canada. All references to “**US dollars**”, “**USD**”, or “**US\$**” are to the lawful currency of the United States.

PART XI

NOTICE OF COURT MEETING

IN THE HIGH COURT OF JUSTICE

CR-2025-001878

BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES COMPANIES COURT (ChD)

DEPUTY INSOLVENCY AND COMPANIES COURT JUDGE LAMBERT

IN THE MATTER OF HARMONY ENERGY INCOME TRUST PLC

AND

IN THE MATTER OF THE COMPANIES ACT 2006

NOTICE IS HEREBY GIVEN that, by an Order dated 11 April 2025 made in the above matters, the High Court of Justice in England and Wales (the “**Court**”) has given permission for Harmony Energy Income Trust plc (the “**Company**”) to convene a meeting (the “**Court Meeting**”) of the holders of Scheme Shares as at the Voting Record Time (each as defined in the Scheme (defined below)) for the purpose of considering and, if thought fit, approving (without modification, or with any modification, addition or condition consented to by Drax BESS Holdco Limited and the Company (on behalf of all persons concerned) which the Court has approved or imposed (with the consent of the Panel where such consent is required under the Code)) a scheme of arrangement (the “**Scheme**”) proposed to be made pursuant to Part 26 of the Companies Act 2006 between the Company and the Scheme Shareholders (as defined in the Scheme) and that such Court Meeting will be held at 10.00 a.m. on 7 May 2025 at the offices of Gowling WLG (UK) LLP, 4 More London Riverside, London SE1 2AU at which time and place all Scheme Shareholders are requested to attend either in person or by proxy.

A copy of the Scheme and a copy of the Explanatory Statement required to be published pursuant to section 897 of the Companies Act 2006 are incorporated into the Document of which this Notice forms part.

Unless the context requires otherwise, any capitalised term used but not defined in this Notice shall have the meaning given to such term in the Document of which this Notice forms part.

Voting on the resolution to approve the Scheme will be by poll, which shall be conducted as the Chair of the Court Meeting may determine.

Any changes to the arrangements for the Court Meeting will be communicated to Scheme Shareholders before the Court Meeting through the Company’s website at www.heitp.co.uk/investors/proposed-offer-from-drax and, where appropriate, by announcement through a Regulatory Information Service.

Right to appoint a proxy and procedure for appointment

It is important that, for the Court Meeting, as many votes as possible are cast (whether in person or by proxy) so that the Court may be satisfied that there is a fair representation of opinion of Scheme Shareholders. Scheme Shareholders entitled to attend, speak and vote at the Court Meeting may vote in person or they may appoint another person, whether a member of the Company or not, as their proxy to attend, speak and vote at the Court Meeting on their behalf. A Scheme Shareholder may appoint more than one proxy in relation to the Court Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that holder. Scheme Shareholders are strongly encouraged to submit proxy appointments and instructions for the Court Meeting as soon as possible, using any of the methods (by post or electronically at www.investorcentre.co.uk/eproxy, through CREST or (for institutional investors) via the Proximity platform) set out below, and are further strongly encouraged to appoint “the Chair of the Meeting” as their proxy in connection with the Court Meeting.

A blue Form of Proxy for the Court Meeting is enclosed with this Notice. The completion and return of the blue Form of Proxy by post (or appointment of a proxy electronically at www.investorcentre.co.uk/eproxy, through CREST or (for institutional investors) via the Proxymity platform) will not prevent you from attending, asking questions and/or raising any objections and voting at the Court Meeting, or any adjournment thereof, if you wish to do so and are so entitled.

(a) **Electronic appointment of proxies online at www.investorcentre.co.uk/eproxy**

Proxies may be appointed electronically at Computershare's online voting portal, www.investorcentre.co.uk/eproxy. You will need to accept the relevant terms and conditions, enter the Control Number, Shareholder Reference Number (SRN) and PIN provided on the blue Form of Proxy and follow the instructions given. For an electronic proxy appointment to be valid, the appointment must be received by Computershare not later than 10.00 a.m. on 2 May 2025 or, in the case of any adjournment, not later than 48 hours before the time fixed for the adjourned Meeting (excluding any part of such 48 hour period falling on a non-working day).

If you have not appointed a proxy electronically by such time, you may complete the blue Form of Proxy and hand it to the Chair of the Court Meeting (or Computershare on the Chair's behalf) at the start of the Court Meeting or any adjournment thereof.

(b) **Electronic appointment of proxies through CREST**

If you hold Scheme Shares in uncertificated form through CREST and wish to appoint a proxy or proxies for the Court Meeting (or any adjournment thereof) by using the CREST electronic proxy appointment service, you may do so by following the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed any voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with the specifications of Euroclear and must contain the information required for such instructions as described in the CREST Manual. The message (regardless of whether it constitutes the appointment of a proxy or an amendment to the instructions given to a previously appointed proxy) must, in order to be valid, be transmitted so as to be received by Computershare (ID: 3RA50) not later than 10.00 a.m. on 2 May 2025 or, in the case of any adjournment, not later than 48 hours before the time fixed for the adjourned Meeting (excluding any part of such 48 hour period falling on a non-working day). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Computershare is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed any voting service provider(s), to procure that his/her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. For further information on the logistics of submitting messages in CREST, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the CREST Regulations.

If you have not appointed a proxy electronically by such time, you may complete the blue Form of Proxy and hand it to the Chair of the Court Meeting (or Computershare on the Chair's behalf) at the start of the Court Meeting or any adjournment thereof.

(c) **Electronic appointment of proxies through Proximity**

If you are an institutional investor, you may be able to appoint a proxy electronically via the Proximity platform, a process which has been agreed by HEIT and approved by HEIT's registrar, Computershare. For further information regarding Proximity, please go to www.proximity.io. Before you can appoint a proxy via this process you will need to have agreed to Proximity's associated terms and conditions. It is important that you read these carefully as you will be bound by them, and they will govern the electronic appointment of your proxy.

For an electronic proxy appointment to be valid, it must be lodged not later than 10.00 a.m. on 2 May 2025 or, in the case of any adjournment, not later than 48 hours before the time fixed for the adjourned Meeting (excluding any part of such 48 hour period falling on a non-working day).

If you have not appointed a proxy electronically by such time, you may complete the blue Form of Proxy and hand it to the Chair of the Court Meeting (or Computershare on the Chair's behalf) at the start of the Court Meeting or any adjournment thereof.

(d) **Sending blue Forms of Proxy by post**

As an alternative to appointing proxies electronically online at www.investorcentre.co.uk/eproxy, through CREST or (for institutional investors) via the Proximity platform, Scheme Shareholders can complete a blue Form of Proxy for the Court Meeting. Instructions for its use are set out on the form. It is requested that the blue Form of Proxy (together with any power of attorney or other authority, if any, under which it is signed, or a duly certified copy thereof) be returned to the Company's registrar, Computershare, by post to Computershare at The Pavilions, Bridgwater Road, Bristol, United Kingdom, BS99 6ZY so as to be received as soon as possible and in any event not later than 10.00 a.m. on 2 May 2025 (or, in the case of an adjournment of the Court Meeting, 48 hours (excluding any part of such 48 hour period falling on a non-working day) before the time appointed for the adjourned Court Meeting).

If you have not lodged the blue Form of Proxy by such time, you may hand the blue Form of Proxy to the Chair of the Court Meeting (or Computershare on the Chair's behalf) at the start of the Court Meeting or any adjournment thereof.

Voting Record Time

Entitlement to attend, speak and vote (in person or by proxy) at the Court Meeting or any adjournment thereof and the number of votes which may be cast at the Court Meeting will be determined by reference to the HEIT Register at 6.30 p.m. on 2 May 2025 or, if the Court Meeting is adjourned, 6.30 p.m. on the date which is two Business Days before the date fixed for the adjourned Meeting. Changes to the HEIT Register after the relevant time shall be disregarded in determining the rights of any person to attend, speak and vote (in person or by proxy) at the Court Meeting.

Joint holders

In the case of joint holders of Scheme Shares, the vote of the senior who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint holder(s). For this purpose, seniority will be determined by the order in which their names stand in the HEIT Register in respect of the joint holding.

Corporate representatives

As an alternative to appointing a proxy, any Scheme Shareholder which is a corporation may appoint one or more corporate representatives who may exercise on its behalf all its powers as a shareholder, provided that no more than one corporate representative exercises powers over the same share.

Chair of the Court Meeting

By the said Order, the Court has appointed Norman Crighton (Chair of the Company), or failing him, any other director of the Company to act as Chair of the Court Meeting and has directed the Chair to report the result thereof to the Court.

Sanction of the Court

The Scheme will be subject to the subsequent sanction of the Court.

Dated 15 April 2025

Gowling WLG (UK) LLP
4 More London Riverside
London SE1 2AU

Solicitors for Harmony Energy Income Trust plc

GUIDANCE NOTES

The guidance notes set out below should be read in conjunction with the explanatory notes printed on the blue Form of Proxy.

1. Scheme Shareholders entitled to attend and vote at the Court Meeting are entitled to appoint one or more proxies to attend and to vote in their place. If you wish to appoint more than one proxy, each proxy must be appointed to exercise the rights attached to a different share or shares held by you. If you wish to appoint a proxy, please use the blue Form of Proxy enclosed with this Notice of Court Meeting. In the case of joint shareholders, only one need sign the blue Form of Proxy. The vote of the senior joint shareholder will be accepted to the exclusion of the votes of the other joint shareholders. For this purpose, seniority will be determined by the order in which the names of the shareholders appear in the HEIT Register in respect of the joint shareholding. The completion and return of the blue Form of Proxy (or appointment of a proxy online at www.investorcentre.co.uk/eproxy, through CREST or (for institutional investors) via the Proxymity platform) will not stop you from attending and voting in person at the Court Meeting should you wish to do so and be so entitled. A proxy need not be a Scheme Shareholder.
2. If you do not specify the name of your appointee in the relevant box, the Chair will be appointed as your proxy. You must instruct your proxy how to vote on the resolution by signing in the appropriate box on the blue Form of Proxy. If you sign both boxes, or if you do not sign in either box, then the blue Form of Proxy will be invalid. Unless otherwise instructed, the person appointed as your proxy will exercise his or her discretion as to how he or she votes as to any business other than the resolution to approve the Scheme (including amendments to the resolution and any procedural business, including any resolution to adjourn) which may come before the Court Meeting.
3. If you are appointing a proxy in relation to less than your full voting entitlement, please enter in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. If left blank your proxy will be deemed to be authorised in respect of your full voting entitlement (or if the blue Form of Proxy has been issued in respect of a designated account for a shareholder, the full voting entitlement for that designated account).
4. To appoint more than one proxy, you may photocopy the blue Form of Proxy or obtain additional blue Forms of Proxy by contacting the Company's registrar, Computershare, on +44 (0) 370 703 6003. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 8.30 a.m. and 5.30 p.m., Monday to Friday (excluding public holidays in England and Wales). Please note that Computershare cannot provide advice on the merits of the Acquisition or the Scheme nor give any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All blue Forms of Proxy must be signed and should be returned together in a single envelope, rather than posted separately.
5. Any person to whom this Notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "**nominated person**") does not, in that capacity, have a right to appoint a proxy, such right only being exercisable by shareholders of the Company. However, nominated persons may, under an agreement between him/her and the shareholder by whom he/she was nominated have a right to be appointed (or to have someone else appointed) as a proxy for the Court Meeting. If a nominated person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

6. The blue Form of Proxy: (i) in the case of an individual, must either be signed by the appointor or his or her attorney; and (ii) in the case of a corporation, must be either given under its common seal or be signed on its behalf by an attorney or a duly authorised officer of the corporation. Any signature on or authentication of such appointment need not be witnessed. Where an appointment of a proxy is signed on behalf of the appointor by an attorney, the power of attorney or a copy thereof certified notarially or in some other way approved by the directors of the Company must (failing previous registration with the Company) be submitted to the Company, failing which the appointment may be treated as invalid.
7. To be valid, the blue Form of Proxy and any other power of attorney or other authority under which it is executed (or duly certified copy of any such power or authority) must be received by Computershare by no later than 10.00 a.m. on 2 May 2025. For your convenience the blue Form of Proxy has been supplied with a pre-paid envelope addressed to Computershare (for use in the UK only). If sending from outside the UK, the correct postage will need to be applied. If you wish you may use your own envelope and return the blue Form of Proxy by post to Computershare at The Pavilions, Bridgwater Road, Bristol, United Kingdom, BS99 6ZY or (during normal business hours) by hand to the same address by no later than 10.00 a.m. on 2 May 2025. If the blue Form of Proxy for the Court Meeting is not lodged by the relevant time, it may be handed to the Chair of the Court Meeting (or Computershare on the Chair's behalf) at the start of the Court Meeting or any adjournment thereof.
8. You may not use any electronic address provided in either the Notice of Court Meeting or any related documents (including the blue Form of Proxy) to communicate with the Company for any purpose other than those expressly stated.
9. Unless the context otherwise requires, terms defined in Part X (*Definitions*) of the Scheme Document dated 15 April 2025, of which this Notice of Court Meeting forms part, shall apply to these guidance notes.

PART XII

NOTICE OF GENERAL MEETING

HARMONY ENERGY INCOME TRUST PLC

NOTICE IS HEREBY GIVEN that a general meeting of Harmony Energy Income Trust plc (the “**Company**”) will be held at the offices of Gowling WLG (UK) LLP, 4 More London Riverside, London SE1 2AU at 10.15 a.m. on 7 May 2025 (or as soon thereafter as the Court Meeting (as defined in Part X (*Definitions*) of the Document of which this Notice forms part) concludes or is adjourned) for the purpose of considering and, if thought fit, passing the following resolution, which will be proposed as a special resolution (the “**Special Resolution**”).

Unless the context requires otherwise, any capitalised term used but not defined in this Notice of General Meeting shall have the meaning given to such term in the Document of which this Notice of General Meeting forms part.

SPECIAL RESOLUTION

THAT:

- (A) for the purpose of giving effect to the scheme of arrangement dated 15 April 2025 (the “**Scheme**”) between Harmony Energy Income Trust plc (the “**Company**”) and the holders of Scheme Shares (as defined in the Scheme), a copy of which has been produced to this meeting and for the purposes of identification signed by the chair of this meeting, in its original form or with or subject to any modification, addition or condition to which the Company and Drax BESS Holdco Limited (“**Drax Bidco**”) have jointly consented on behalf of all persons concerned and which the High Court of Justice of England and Wales has approved or imposed (with the consent of the Panel on Takeovers and Mergers (the “**Panel**”) where such consent is required under the City Code on Takeovers and Mergers issued by the Panel), the directors of the Company (or a duly authorised committee thereof) be authorised to take all such actions as they may consider necessary or appropriate for implementing the Scheme; and
- (B) with effect from the passing of this resolution, the articles of association of the Company be and are hereby amended by the adoption and inclusion of the following new Article 184:

“184. **Scheme of Arrangement**

184.1 In this Article 184, references to the “**Scheme**” are to the scheme of arrangement under Part 26 of the Companies Act 2006 between the Company and the holders of Scheme Shares (as defined in the Scheme) dated 15 April 2025 (without modification, or with any modification, addition or condition consented to by Drax BESS Holdco Limited (“**Drax Bidco**”) and the Company (on behalf of all persons concerned) which the Court has approved or imposed (with the consent of the Panel where such consent is required under the Code)) and (save as defined in this Article 184) terms defined in the Scheme shall have the same meanings in this Article 184.

184.2 Notwithstanding any other provisions in these Articles, if the Company issues or transfers out of treasury any HEIT Shares (other than to Drax Bidco, any subsidiary undertaking of Drax Bidco, any parent undertaking of Drax Bidco or any subsidiary of such parent undertaking, or any nominee of any of the foregoing (each a “**Drax Bidco Company**”)) on or after the date of the adoption of this Article 184 and prior to the Scheme Record Time, such HEIT Shares shall be issued or transferred subject to the terms of the Scheme (and shall be Scheme Shares for the purposes thereof) and the original or subsequent holder or holders of such HEIT Shares shall be bound by the Scheme accordingly.

184.3 Notwithstanding any other provision of these Articles, subject to the Scheme becoming Effective, any shares issued or transferred out of treasury to any person (other than a Drax Bidco Company) at or after the Scheme Record Time (a “**New Member**”) (each a “**Post-Scheme Share**”) shall be issued or transferred

on terms that they shall (on the Effective Date or, if later, on issue or transfer (but subject to the terms of Article 184.4 below)), be immediately transferred to Drax Bidco (or such person as it may direct) (the “**Purchaser**”), who shall be obliged to acquire each Post-Scheme Share in consideration of and conditional upon the payment by or on behalf of Drax Bidco to the New Member of an amount in cash for each Post-Scheme Share equal to the Offer Price to which a New Member would have been entitled under the Scheme had such Post-Scheme Share been a Scheme Share.

184.4 On any reorganisation of, or material alteration to, the share capital of the Company (including, without limitation, any subdivision and/or consolidation) carried out after the Effective Date, the value of the consideration per Post-Scheme Share to be paid under Article 184.3 shall be adjusted by the Company in such manner as the auditors of the Company may determine to be appropriate to reflect such reorganisation or alteration. References in this Article 184 to such shares shall, following such adjustment, be construed accordingly.

184.5 To give effect to any transfer of Post-Scheme Shares required pursuant to Article 184.3, the Company may appoint any person as attorney and/or agent for the New Member to transfer the Post-Scheme Shares to the Purchaser and do all such other things and execute and deliver all such documents or deeds as may in the opinion of such attorney or agent be necessary or desirable to vest the Post-Scheme Shares in the Purchaser and pending such vesting to exercise all such rights attaching to the Post-Scheme Shares as the Purchaser may direct. If an attorney or agent is so appointed, the New Member shall not thereafter (except to the extent that the attorney or agent fails to act in accordance with the directions of the Purchaser) be entitled to exercise any rights attaching to the Post-Scheme Shares unless so agreed in writing by the Purchaser. The attorney or agent shall be empowered to execute and deliver as transferor a form of transfer or other instrument(s) or instruction(s) of transfer (whether as a deed or otherwise) on behalf of the New Member (or any subsequent holder) in favour of the Purchaser and the Company may give a good receipt for the consideration for the Post-Scheme Shares and may register the Purchaser as holder thereof and issue to it certificate(s) for the same. The Company shall not be obliged to issue a certificate to the New Member for the Post-Scheme Shares. The Purchaser shall settle the consideration due to the New Member pursuant to Article 184.3 above by sending a cheque drawn on a UK clearing bank in favour of the New Member (or any subsequent holder), or by any alternative method communicated by the Purchaser to the New Member, for the purchase price of such Post-Scheme Shares no later than 14 days after the date on which the Post-Scheme Shares are issued or transferred to the New Member.

184.6 If the Scheme shall not have become effective by the applicable date referred to in (or otherwise set in accordance with) clause 6(B) of the Scheme, this Article 184 shall cease to be of any effect.

184.7 Notwithstanding any other provision of these Articles, both the Company and the board of directors of the Company shall refuse to register the transfer of any Scheme Shares effected between the Scheme Record Time and the Effective Date other than to the Purchaser pursuant to the Scheme.”

By Order of the Board

JTC (UK) Limited
Company Secretary
Harmony Energy Income Trust plc

Registered Office:

The Scalpel 18th Floor
52 Lime Street
London
England
EC3M 7AF

Registered in England No. 13656587

15 April 2025

GUIDANCE NOTES

The guidance notes set out below should be read in conjunction with the explanatory notes printed on the white Form of Proxy.

1. Right to appoint a proxy and procedure for appointment

HEIT Shareholders are strongly encouraged to submit proxy appointments and instructions for the General Meeting as soon as possible, using any of the methods (by post or electronically online at www.investorcentre.co.uk/eproxy, through CREST or (for institutional investors) via the Proximity platform) set out below, and are further strongly encouraged to appoint “the Chair of the Meeting” as their proxy in connection with the General Meeting.

HEIT Shareholders entitled to attend and vote at the General Meeting are entitled to appoint one or more proxies to attend and vote in their place. If you wish to appoint more than one proxy, each proxy must be appointed to exercise the rights attached to a different share or shares held by you. A proxy need not be a HEIT Shareholder.

The return of a completed white Form of Proxy or the electronic appointment of a proxy online at www.investorcentre.co.uk/eproxy, through CREST or via the Proximity platform will not prevent you from attending, asking questions and voting at the General Meeting (or any adjournment of such Meeting) in person if you so wish and are so entitled.

(a) **Electronic appointment of proxies online at www.investorcentre.co.uk/eproxy**

Proxies may be appointed electronically at Computershare’s online voting portal, www.investorcentre.co.uk/eproxy. You will need to accept the relevant terms and conditions, enter the Control Number, Shareholder Reference Number (SRN) and PIN provided on the white Form of Proxy and follow the instructions given. For an electronic proxy appointment to be valid, the appointment must be received by Computershare not later than 10.15 a.m. on 2 May 2025 or, in the case of any adjournment, not later than 48 hours before the time fixed for the adjourned Meeting (excluding any part of such 48 hour period falling on a non-working day).

(b) **Electronic appointment of proxies through CREST**

If you hold HEIT Shares in uncertificated form through CREST and wish to appoint a proxy or proxies for the General Meeting (or any adjournment thereof) by using the CREST electronic proxy appointment service, you may do so by following the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed any voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a “**CREST Proxy Instruction**”) must be properly authenticated in accordance with the specifications of Euroclear and must contain the information required for such instructions as described in the CREST Manual. The message (regardless of whether it constitutes the appointment of a proxy or an amendment to the instructions given to a previously appointed proxy) must, in order to be valid, be transmitted so as to be received by Computershare (ID: 3RA50) not later than 10.15 a.m. on 2 May 2025 or, in the case of any adjournment, not later than 48 hours before the time fixed for the adjourned Meeting (excluding any part of such 48 hour period falling on a non-working day). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Computershare is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed any voting service provider(s), to procure that his/her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. For further information on the logistics of submitting messages in CREST, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the CREST Regulations.

(c) **Electronic appointment of proxies through Proximity**

If you are an institutional investor, you may be able to appoint a proxy electronically via the Proximity platform, a process which has been agreed by HEIT and approved by HEIT’s registrar, Computershare. For further information regarding Proximity, please go to www.proximity.io. Before you can appoint a proxy via this process you will need to have agreed to Proximity’s associated terms and conditions. It is important that you read these carefully as you will be bound by them, and they will govern the electronic appointment of your proxy.

For an electronic proxy appointment to be valid, it must be lodged not later than 10.15 a.m. on 2 May 2025 or, in the case of any adjournment, not later than 48 hours before the time fixed for the adjourned Meeting (excluding any part of such 48 hour period falling on a non-working day).

(d) **Sending white Forms of Proxy by post**

As an alternative to appointing proxies electronically online at www.investorcentre.co.uk/eproxy, through CREST or (for institutional investors) via the Proximity platform, HEIT Shareholders can complete a white Form of Proxy for the General Meeting. Instructions for its use are set out on the form. It is requested that the white Form of Proxy (together with any power of attorney or other authority, if any, under which it is signed, or a duly certified copy thereof) be returned to the Company’s registrar, Computershare, by post to Computershare at The Pavilions, Bridgwater Road, Bristol, United Kingdom, BS99 6ZY so as to be received as soon as possible and in any event not later than 10.15 a.m. on 2 May 2025 (or, in the case of an adjournment of the General Meeting, 48 hours (excluding any part of such 48 hour period falling on a non-working day) before the time appointed for the adjourned General Meeting). **If the white Form of Proxy for the General Meeting is not lodged by the relevant time, it will be invalid.**

You can appoint the Chair of the General Meeting, or any other person, as your proxy. If you wish to appoint someone other than the Chair, insert the name of your appointee in the appropriate box.

If you do not specify the name of your appointee in the relevant box, the Chair will be appointed as your proxy. You can instruct your proxy how to vote on the Special Resolution by placing an "X" in the relevant box. If you wish to abstain from voting, please place an "X" in the box which is marked "Vote withheld". It should be noted that an abstention is not a vote in law and will not be counted in the calculation of the proportion of the votes "For" and "Against" the Special Resolution. Unless otherwise instructed, the person appointed as your proxy may vote as he or she sees fit or abstain in relation to any business of the General Meeting (including any amendments to the Special Resolution, the Special Resolution itself and any procedural business, including any resolution to adjourn) which may come before the General Meeting.

If you are appointing a proxy in relation to less than your full voting entitlement, please enter in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. If left blank your proxy will be deemed to be authorised in respect of your full voting entitlement (or if the white Form of Proxy has been issued in respect of a designated account for a shareholder, the full voting entitlement for that designated account).

To appoint more than one proxy, you may photocopy the white Form of Proxy or obtain additional white Forms of Proxy by contacting the Company's registrar, Computershare, on +44 (0) 370 703 6003. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 8.30 a.m. and 5.30 p.m., Monday to Friday (excluding public holidays in England and Wales). Please note that Computershare cannot provide advice on the merits of the Acquisition or the Scheme nor give any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All white Forms of Proxy must be signed and should be returned together in a single envelope, rather than posted separately.

The white Form of Proxy: (i) in the case of an individual, must either be signed by the appointor or his or her attorney; and (ii) in the case of a corporation, must be either given under its common seal or be signed on its behalf by an attorney or a duly authorised officer of the corporation. Any signature on or authentication of such appointment need not be witnessed. Where an appointment of a proxy is signed on behalf of the appointor by an attorney, the power of attorney or a copy thereof certified notarially or in some other way approved by the directors of the Company must (failing previous registration with the Company) be submitted to the Company, failing which the appointment may be treated as invalid.

2. Voting Record Time

Entitlement to attend, speak and vote (in person or by proxy) at the General Meeting or any adjournment thereof and the number of votes which may be cast at the General Meeting will be determined by reference to the HEIT Register at 6.30 p.m. on 2 May 2025 or, if the General Meeting is adjourned, 6.30 p.m. on the date which is two Business Days before the date fixed for the adjourned Meeting. Changes to the HEIT Register after the relevant time shall be disregarded in determining the rights of any person to attend, speak and vote (in person or by proxy) at the General Meeting.

3. Joint holders

In the case of joint holders, the vote of the senior who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint holder(s). For this purpose, seniority will be determined by the order in which their names stand in the HEIT Register in respect of the joint holding.

4. Corporate representatives

As an alternative to appointing a proxy, any HEIT Shareholder which is a corporation may appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder, provided that no more than one corporate representative exercises powers over the same share.

5. The Special Resolution, voting arrangements and results

The Special Resolution will be proposed as a special resolution. For the Special Resolution to pass, at least three quarters of the votes cast must be in favour of the Special Resolution. Voting on the Special Resolution will be conducted by poll. The results of the poll will be announced through a Regulatory Information Service and published on the Company's website as soon as reasonably practicable following the conclusion of the General Meeting.

6. Nominated persons

Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act to enjoy information rights (a "**Nominated Person**") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

The statement of the rights of shareholders in relation to the appointment of proxies in note 1 above does not apply to Nominated Persons; such rights can only be exercised by shareholders of the Company.

7. Website providing information regarding the General Meeting

Information regarding the General Meeting, including information required by section 311A of the Companies Act, and a copy of this Notice may be found on our website at: www.heitp.co.uk/investors/proposed-offer-from-drax.

8. Issued share capital and total voting rights

As at 14 April 2025 (being the latest practicable date prior to the publication of this Notice) the Company's issued share capital consisted of 227,128,295 ordinary shares of £0.01, carrying one vote each (none of which being held in treasury).

9. Further questions and communication

Under section 319(a) of the Companies Act, any HEIT Shareholder attending the General Meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the Meeting but no such answer need be given if: (a) to do so would interfere unduly with the preparation for the Meeting or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered.

HEIT Shareholders who have any queries about the General Meeting should contact the Shareholder Helpline operated by Computershare, the Company's registrar, between 8.30 a.m. and 5.30 p.m. (London time) Monday to Friday (excluding public holidays in England and Wales) on +44 (0) 370 703 6003. Calls are charged at the standard geographic 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, or any advice on the merits of the Acquisition or the Scheme, and calls may be recorded and monitored for security and training purposes.

HEIT Shareholders may not use any electronic address provided in this Notice or in any related documents (including the white Form of Proxy) to communicate with the Company for any purpose other than those expressly stated.

10. Definitions

Unless the context requires otherwise, terms defined in Part X (*Definitions*) of the Scheme Document dated 15 April 2025, of which this Notice forms part, shall apply to these guidance notes.

