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Statement by Takeover Panel

HARMONY ENERGY - AUCTION PROCEDURE UNDER RULE 32.5

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Takeover Panel
16 May 2025

2025/3

OFFERS BY

DRAX BESS HOLDCO LIMITED

("DRAX BIDCO")

AND

PP BIDCO LIMITED

WHOLLY CONTROLLED BY TWO FUNDS WITHIN THE PORTFOLIO OF FUNDS MANAGED BY

FORESIGHT GROUP LLP

("FORESIGHT BIDCO")

FOR

HARMONY ENERGY INCOME TRUST PLC

("HEIT")

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 Group plc, would acquire the entire issued ordinary share capital of HEIT at a price of 88.0p per HEIT share (the "**Drax Bidco Offer**") to be implemented by way of a scheme of arrangement.

On 15 April 2025, HEIT and Drax Bidco announced the publication of the scheme document and shareholder meetings to approve the Drax Bidco Offer were convened for 7 May 2025.

On 16 April 2025, the boards of directors of HEIT and Foresight Bidco announced that they had reached agreement on the terms of a recommended cash acquisition, pursuant to which Foresight Bidco, a newly formed company indirectly and wholly controlled by two funds within the portfolio of funds managed by Foresight Group LLP, would acquire the entire issued and to be issued ordinary share capital of HEIT at a price of 92.4p per HEIT share (the "**Foresight Bidco Offer**") to be implemented by way of a scheme of arrangement. HEIT also announced that it had withdrawn its recommendation of the Drax Bidco Offer and would be adjourning the shareholder meetings related to the Drax Bidco Offer.

On 6 May 2025, HEIT and Foresight Bidco announced the publication of the scheme document and shareholder meetings to approve the Foresight Bidco Offer were convened for 30 May 2025.

On 7 May 2025, HEIT announced the indefinite adjournment of the shareholder meetings to approve the Drax Bidco Offer.

On the basis that neither offeror has declared its offer final, such that either offer may be increased or otherwise revised, a competitive situation continues to exist for the purposes of Rule 32.5 of the Takeover Code (the "**Code**").

In order to provide an orderly framework for the resolution of this competitive situation, and in accordance with Rule 32.5 of the Code, the Panel Executive has, at the request of the parties, established an auction procedure. Each of the parties has accepted these terms and accordingly the auction procedure set out below shall be applied (and the procedure set out in Appendix 8 of the Code shall not apply).

The auction procedure will consist of a maximum of five rounds which will all take place on the evening of Wednesday 21 May 2025. In the first round, either offeror may make an increased bid. If the auction procedure has not concluded in the first round (which it will if no increased bid is made in the first round), there will be up to three further rounds, in which an offeror will be eligible to make a bid only if the other offeror made an increased bid in the immediately preceding round. If the auction procedure has not concluded after these three further rounds (which it will if no increased bid is made in a round), there will be a fifth and final round, in which both offerors may make an increased bid.

Any increased bid lodged in the auction procedure must be at a fixed price in cash in pounds sterling and: (a) in Rounds 1-4 must be at a level that is no less than one penny per share above that offeror's previous offer price; and (b) in the fifth and final round must be at a level that is no less than one tenth of a penny per share above that offeror's previous offer price. There is no requirement for an increased bid lodged in any round of the auction procedure to be any higher (or any minimum increment higher) than the previous offer price of the other offeror. Additionally, in the fifth and final round, each offeror will be permitted to make its offer subject to a condition that the other offeror also makes a bid in that round. Formula bids will not be permitted at any stage in the auction procedure.

Any increased bids lodged during the auction procedure will not be announced publicly by any of the parties other than as set out below.

As soon as practicable following completion of the auction procedure on the evening of Wednesday 21 May 2025, the Panel Executive will make an announcement in accordance with Rule 30.1 of the Code (which will also be published on the Panel's website). That announcement will set out the prices of the offers to be announced or confirmed by each offeror following the conclusion of the auction procedure.

Following the Panel Executive's announcement of the result of the auction procedure and by no later than 07.00 on Thursday 22 May 2025, each of the offerors is required to make an appropriate announcement under Rule 2.7 of the Code of a revised offer in respect of its latest bid lodged in accordance with the auction procedure (or alternatively, if it did not lodge an increased bid during the auction procedure, a confirmation of its pre-existing offer). It is possible that the auction procedure may complete in circumstances where the revised offers which the offerors are required to announce are at the same price in cash.

Following the release of the announcements by both offerors referred to above and by no later than 07.30 on Thursday 22 May 2025, HEIT is required to make an announcement in accordance with Rule 30.1 of the Code setting out its board's views on the revised offers (if any) announced by the offerors, including the substance of the advice given to the HEIT board by its Rule 3 adviser, and its intended recommendation to HEIT shareholders. This announcement may be combined with an announcement made by an offeror under the preceding paragraph.

Between 17.00 on Tuesday 20 May 2025 and the end of the auction procedure:

- (a) an offeror may not introduce additional conditions to its offer, reduce the level of its acceptance condition (if applicable), waive any of the other conditions to its offer, or switch from a scheme of arrangement to a contractual offer or vice versa;
- (b) an offeror (and each person acting in concert with an offeror) may not deal in relevant securities of HEIT or take any steps to procure, amend or renew any irrevocable commitment or letter of intent in relation to its or the other offeror's offer; and
- (c) an offeror (and each person acting in concert with an offeror) may not make any public statement in relation to or impacting on the auction procedure or the terms of its or the other

offeror's offer for HEIT.

The Panel Executive reserves the discretion to amend the auction procedure as appropriate. In particular, the times referred to above are subject to change, depending on the circumstances at the time.

Save for an offer in respect of a bid lodged in accordance with, or as otherwise provided by, the auction procedure, neither offeror will be permitted to announce or to make a revised offer for HEIT at or after 17.00 on Tuesday 20 May 2025. Following the conclusion of the auction procedure, neither offeror is permitted to revise the price of its offer for HEIT from that established by means of the auction procedure, or to introduce any new alternative offer unless, under the normal provisions of the Code, a person other than Drax Bidco or Foresight Bidco (or any person acting in concert with either Drax Bidco or Foresight Bidco) announces a firm intention to make an offer for HEIT.

If either offeror makes a "no increase" statement prior to 17.00 on Tuesday 20 May 2025, the auction procedure shall not commence. However, if one offeror makes a "no increase" statement between 17.00 on Friday 16 May 2025 and 17.00 on Tuesday 20 May 2025, the other offeror shall be permitted to announce a revised offer prior to 17.00 on Thursday 22 May 2025.

If HEIT pays a dividend between the conclusion of the auction procedure and the end of the offer period, each offeror will reduce the terms of its offer by an amount per share equal to the amount of the dividend per share.

Each of HEIT, Drax Bidco and Foresight Bidco has agreed to the terms of the auction procedure and this statement.

16 May 2025

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