

AGM MEETING MINUTES

Meeting Type:	AGM Meeting #07
Attendees:	Participants 23 (5 Board Members, and 17 ordinary shareholders)
Board:	Samantha Marshall, Company Secretary & Acting Chair Andrew Swann, Treasurer Peter Thomas, Operations Director Carol Thomas, Project Supervisor & Director Cath Auty, DIG Nominated Director
Others:	Pam Stansbury, Awesome Energy Administrator Rachel Searle, Foundation Scotland Debbie Herron, Foundation Scotland 15 ordinary shareholders (22 Shareholders in total)
Apologies:	Sheila Clark, Chair Michael Odumosu, Elected Director 14 Shareholders sent advance apologies.
Meeting Details:	20 th May 2023, 11:00 am via Zoom.

MINUTES

1) **Welcome and Apologies**

Carol Thomas opened the meeting at 11am and welcomed all the attending shareholders. As previous AGM's had been held on Zoom Carol made a brief introduction, ran through the housekeeping and reminded attendees that all instructions were in the briefing pack. Votes would be made by poll and that help could be obtained by raising their hand electronically or typing a message in the chat box.

There would be an opportunity to ask questions at the end of each item on the agenda, and again at the end of the meeting.

There were 22 members in attendance, which made the meeting Quorate.

All required documents had been made available to the members prior to the meeting, and key points would be displayed in the presentation.

Carol handed the meeting to Sam Marshall, who completed the introduction and chaired the meeting.

Sam welcomed everyone to the seventh Annual General Meeting, and reminded everyone that the meeting was being recorded. Apologies were recorded from Sheila Clark, Chair of the Board of Directors, who was unable to attend due to a work commitment, and from Michael Odumosu, elected Director, who was also unable to attend.

The agenda was available in the briefing pack, and would be referred to throughout the meeting.

Apologies had been received from 14 shareholders.

2) **Approval of previous minutes**

The minutes had been distributed prior to the meeting. The minutes were proposed by Tony Harvey, seconded by Cath Auty. The minutes were approved by poll, with a 77% approval.

3) **Actions arising from previous minutes.**

Tony Harvey asked if the minutes could be distributed earlier this year. Admin responded that the aim was to send the minutes to those attending once approved by the Board, which would be within the next two to five month.

There were no other matters arising.

4a) **Chair's report.**

Apologies had been received from Sheila Clark, Sam presented the report on behalf of the Chair. The report had been circulated in the briefing pack prior to the meeting.

I would like to begin my report by apologising to you all for being unable to attend the AGM, unfortunately due to a work-related conflict of dates. My thanks go to Sam for both chairing the meeting and presenting my report to you.

This year 1st December 2021 to 30th November 2022 covers Awesome Energy's fourth full year of generating electricity, and I am pleased to report on another successful year.

As I have in previous years, I would like to remind everyone that AED is a BenCom, i.e. a Community Benefit society, and as such is governed by the rules of the FCA (Financial Conduct Authority), not Companies House. Thus, our Shareholders are paid Interest on their investment, not Dividends, and Community Benefit is paid out of AED's unallocated retained reserves. During this financial year we were able to make both a 4% interest payment to our shareholders, and a £10,000 payment to the Community Benefit Fund.

Last year I reported on a less successful year, when due to a summer drought we had for the first time failed to hit our extended target for production of low flow data p50 + 15%. The board took the decision to return our target generation to low flow data p50, and I am pleased to report that we not only hit our adjusted target, but exceeded it. I am sure Peter will give more details of this in his Operations Report, and Andrew will refer to the effect this has had on our financial performance.

Following the unavoidable delays caused by both Brexit and Covid, we were able this year to complete our pigging operation very successfully, and I would like to thank Peter, his Operations team and our contractors CINK UK, and DA McDonald for their outstanding work. Again, I am sure Peter will have more details for you later.

The economic climate and cost of living crisis had an adverse effect on many people and companies. Despite this, our Investors have continued to show their support for AED by increasing their holding, and whilst a small number have needed to reduce their investments, we have been in a position to allow the requests without adversely affecting either our cash-flow position or financial security.

Whilst our costs have risen they have all been within our budgeted figures, and sound financial management has ensured that there have been no adverse effects on our year end results. The fuel crisis is a concern for us all, however we were, as a result of excellent advice from New Stream Renewables, able to secure a very beneficial rise in our PPA rate for 2023. Effective from January 2023 this increase allows us to be quietly confident about our future financial performance. More details of the effect of this will be presented during our Treasurer's report.

At this point, I would like to thank Andrew our Treasurer, not only for his excellent work in overseeing our current finances, but also for his excellent assessment and predictions on our budget options and future financial plans. His cash-flow modelling tool, that allows us to make sound financial decisions, continues to be the envy of our accountants and investors.

Carol, with Foundation Scotland, continues to work diligently on our Community Benefit Fund. We are pleased to see sound progress being made, which Carol will expand on during the Community Benefit Fund report. It is with a degree of sadness that I have to advise that Tom Black of Foundation Scotland has moved on to pastures new. His work with Carol in setting up the compliance and structure of the fund distribution has been invaluable. I take this opportunity to thank Tom for his hard work and advice, and wish him every success in his new position.

You may recall last year I reported on the sinkhole, and the lease resumption documents outstanding with FLS. I am pleased to report that whilst the sinkhole has yet to be dealt with, the Lease Resumption documents are now all signed and sealed, confirming the areas for which we are responsible; the sinkhole lies outwith these areas and will now be dealt with by FLS.

There have been some changes at the Board during the year 2021 to 2022. David Hardstaff resigned in January 2022 - you may recall I reported this at last years AGM and, as I did then, I thank him for his work on the Board. Chris Fowler joined the board in March as a DIG-nominated director. Unfortunately Chris had to resign in September. I thank him for his work on the Community Benefit Fund and for representing DIG during his time with us.

Our Administrator Pam Stansbury has now been in post for a full year. She has made a significant impact in reducing our Directors' workload, as well as enabling us to run more efficiently as a company, and more cost effectively in finance matters. I would like to thank Pam for her continuing hard work.

Our risks are largely unchanged. We have weathered economic uncertainty and I believe AED is continuing to go from strength to strength.

Thanks are due to:

*AED's Operations team
Foundation Scotland
Ian Hogg (Designtech)
CINK & Jonathan their UK representative
Social Investment Scotland
SSE Energy Services
New Stream Renewables
Armstrong Watson
Twin Deer Law*

Lastly, but not least, my thanks go to the AED Board of Directors, which has constantly worked hard to ensure the smooth running of this company, rising to the challenges that have crossed our path from time to time during the course of the year.

Particular individual thanks are due to Carol for her continuing hard work on the Community Benefit Fund, Andrew for his tremendous work as Treasurer, Sam Marshall as Company Secretary, Peter for heading up the Operations team, and Pam as Administrator..

Finally, I would like to thank you, our shareholders for your ongoing support, and wish you all a successful 2023.

Sheila Clark, Chair

Sam concluded the Chair's report and opened the floor to questions. There were no questions arising.

4b) **Community Benefit Fund Report.**

Sam handed the meeting to Carol for the Community Benefit Fund.

Carol began by introducing Rachel Searle and Debbie Herron from Foundation Scotland, in their dual capacity as an Organisational shareholder and our new 'best friends' when it comes to Community Benefit and advising what can and can't be done.

Foundation Scotland as you know, are our appointed Fund Management Company. They have been indispensable in helping us not just get things set up, but also in helping DIG in understanding how to work the various streams.

Carol hoped the members had read the detailed report and statements Foundation Scotland had prepared for us. The report was outstanding, and was excellent in providing information for our shareholders, and Carol was pleased to report that money had now been spent.

DIG and Foundation Scotland annually agree the distribution across the four funds and make sure that we have all of the guidance we need. Much of last year was taken up talking with AKCC (Avich and Kilchrenan Community Council) who were originally going to manage the Micro Grant Scheme. This has now been placed under DIG's responsibility and they will be managing the Micro Grant Scheme. This was due to a conflict between AKCC's understanding of their remit as a public council and the management of charitable funds. With a great deal of help from Rachel this was brought to a successful conclusion.

The most successful grant is Education and Training Bursaries. This is aimed at people who want to further their education and development, do things like applying for funds to support driving lessons, applying for funds to support college courses, and applying for funds to support vocational training. That fund has until now been dealt with by Tom Black, and will going forward be dealt with by Debbie. The individuals simply make a call to Foundation Scotland, explain what they want to do, and Foundation Scotland help with completing forms and making the necessary arrangements. That fund is going well.

We have had a grant made to DIG under the Strategic Development Fund to replace a faulty machine in the community launderette, and a grant was made on the Open Source Fund to help the community allotments move forward.

The detailed analysis of the fund, its management, and financial statements are provided in the report.

Carol asked if Rachel had anything she wished to add before we opened the floor to questions.

Rachel thanked her for the invitation to attend, and thanked the board of AED for their constant vigilance and support for the way we try and support you in delivering the Community Benefit fund.

The one point she wished to draw shareholders attention to, is the reference in the report concerning DIG's ambitions to appoint some paid support. One of the challenges and opportunities with the fund is ensuring that the fund is spent well and wisely. There is in reality, only so much that hard working, committed volunteers can do. Rachel welcomes that DIG is now looking to recruit some paid support in helping to drive more activity and projects forward. FS understand the strain local communities are under when they are wholly reliant on volunteers who have other commitments, and welcomes DIG's plans to move forward.

Carol thanked Rachel for her input and opened the floor for questions.

There were no questions from the floor. Carol passed the meeting to Sam as Chair, who thanked her for her report.

4c) **Company Secretary's Report**

Sam's full report had been circulated prior to the meeting and was available in the Shareholders pack.

Thank you for allowing me to deliver the 2023 AGM report for the Company Secretary. Zoom continues to be our medium of choice and I hope that it still suits you, our shareholders.

We have had another excellent year, steered carefully and with great consideration by the board, who now meet quarterly by Zoom and deal with any urgent matters via email. Sam asked the members to take particular note of the quarterly meetings, which means it is not a particularly onerous job to be on the Board.

So let's talk shareholders. This is the AGM to the year ending November 2022. We have 130 shareholders: 125 individual shareholders (including children under 16) and 5 corporate investors. Total shareholding capital at Nov 2022 was £522,000. In 2022 our interest payments on shares held 2020/21 amounted to £20,193, of which £8,699 was converted to additional shares.

Subject to your approval at this AGM, we will be arranging to pay interest for the 2021/22 holdings in the same combination of cash and shares as last year. Emails have gone out to this effect.

If any shareholder wishes to change their method of receiving interest, please can you email hydrocontact@awesome-energy.com and state your preferred method by 31st May, 2023. We will start to make the interest payments in June 2023 based on last year's instruction, unless otherwise notified.

During 2022, the ongoing share offer has seen increased investment which was both welcomed and heartening as a further indication of our good management in your eyes. I mentioned in my report last year that as agreed at the 2021 AGM, we will close the share offer down once we reach holdings of £575,000. At that point we will have sufficient capital to meet our obligations. Individual shareholdings continue to be capped at £25K per person, and as a reminder of the



motion from 2021, reaching our investment cap will trigger our requirement to revert all interest payments to cash to your bank as taking further shares will no longer be an option.

Now let's talk about the board. The board would ideally be comprised of 12 members. 9 elected directors of Awesome Energy (Dalriada) Limited (AED) and 3 appointed representatives from Dalavich Improvement Group (DIG).

Our position at the 2022 AGM was that we had 6 elected directors of Awesome Energy and 2 appointed representatives of DIG.

The Chair's report had already thanked our previous Board Members, Sam reiterated that thanks and moved on.

This means that the only representative we have from DIG is Cath Auty. We have spaces for two more representatives, and I heartily encourage DIG to address this situation at their earliest convenience.

We currently find ourselves with 3 director positions to fill from the AED side to bring us back up to full strength of 9 elected directors. I am delighted to report that we have a new candidate to the board, Patrick Marshall, whose details were included in your nomination voting forms. I hope that you will endorse his election, which will strengthen our board both in numbers and experience.

With regard to the re-election of directors, our rules state that each year a third of our directors must stand down to enable nominations from new applicants. This year I am delighted that all three of our existing board required to do so have all confirmed their willingness to re-stand and serve a further term on the Board of Directors.

Before the end of this AGM our administrator will have counted the ballots and will know if you, the shareholders have voted for or against our four nominations. I sincerely hope the vote is favourable, as the combined expertise and experience of the four nominations will strengthen the board.

For 2023, Andrew Swann, currently our Treasurer, is seeking re-election. Whatever the outcome of the voting, and I sincerely hope it is positive, I would like to take this opportunity to thank Andrew for his guidance, explanation and experience in the field of understanding accounts, especially for a community benefit society.

Andrew runs cash flow forecasts with several simulations that lets us see quickly and simply the result of making larger or smaller payments to both our creditors and the Community Benefit Fund itself. If any shareholder was considering standing, and were concerned that they did not have accounting experience or finance background, Andrew has this covered and explains it in plain simple terms.

Also standing is Peter Thomas, Operations Director. For those that don't know, Peter has a background in all things water and is able to advise us on what the weather conditions will do to both the flow of the water, the operation of the turbine and the impact that leaves will have in the Autumn. Peter's input to the board is crucial when we are looking at the optimum performance of the turbine, now and in the future.

Our third director seeking re-election is Carol Thomas, our Project Supervisor. Carol has been the backbone of the board for many years. Carol steers us on how best to work with our third party suppliers and accountants. She handles all the difficult conversations and has forgotten more about this project than I will ever know.

Now to address our remaining vacant positions. I strongly encourage you to consider standing for the board. As I said last year, I know that we are at the AGM, so you cannot be elected this year, but our rules do allow us to co-opt you for the year and you can then stand next year for election. I like to think of this as “Try before you Buy”... You can get used to how we operate and if you like it, stick with us and stand for election. Remember: one Zoom meeting, once a quarter, and a few emails during the year. It really isn't that much of a time leacher.

Clearly we would prefer to run a full board so, if you have been considering joining us, please speak to any of the AED directors, hear what they do, the level of commitment, and what would be expected of you. We are always looking for those who can shadow existing roles in a way, succession planning. Fresh eyes on the project now that it is running can bring significant benefits and the existing board welcome input.

I want to thank the board for all that they do. As a team we support each other in the day to day running of a successful Community Benefit Society.

Last year, I introduced Pam Stansbury as the administrator. Her tireless determination and attention to detail has taken a lot of weight from the board and so, on behalf of the board, I want to thank Pam for a everything she does.

And finally, as I have done every year since becoming Company Secretary, I want to thank you, the shareholders, for your ongoing faith in our expertise and ability to lead this society forward to the benefit of the local community.

Sam opened the floor for questions, of which there were none.

Sam thanked the members for listening and handed the meeting to Andrew Swann, our Treasurer for the Finance report.

4d) **Finance Report**

Andrew thanked Sam and gave his greetings to the shareholders.

He was sure members would have read his report in the briefing pack, and many things had already been referred to, however there were a few items he particularly wished to draw the shareholders attention to.

If there were any questions Andrew would be happy to deal with them at the end of his report.

As already mentioned, and shown in his first slide, heavy rain at the beginning and end of the year together with more normal levels of rainfall in the middle of the year (as opposed to the drought conditions in the same period of 2020/21) resulted in much greater river flow levels during the year. The strenuous efforts of our operations team ensured that we utilised this, which led to power generation of some 30% above our budget for the year, which meant that our turnover increased by almost 56% to some £360,000. Cost of sales and our administrative expenses were much the same as in the previous year, and this resulted in our operating profit surging by some 119% to over £234,000. Interest costs during the year fell by over 10% to £65,424, which reflects the continuing actions taken by the board to seek to reduce debt, with the aim of fully eliminating our debt by 2030. This is an ambition we are now fairly confident of achieving.

The overall effect of these items, mean that our profit before tax increased almost five-fold to £168,876. The turnover, of course is principally determined by rainfall, although the board can also influence this by ensuring that the scheme is always maintained, so that generation can

occur when sufficient river flow exists, and that we manage our sales contracts in such a way to maximise income.

However the board has more control over costs. Looking at administrative expenses, depreciation was slightly higher than last year reflecting the small works undertaken that we capitalised during the year. Our continuing focus on reducing operational, administrative and interest costs, resulted in a very successful outcome for the year. The amortisation of upfront fees remained as this is an accounting adjustment. Operating Lease payments show a significant increase because these are set at 5% of our sales, and they increased by 67%. This is slightly higher than our 56% increase in turnover however, this reflects the fact that payments are calculated some months in arrears, so the year-to-year comparisons are never precise.

Other administrative costs are effectively our running costs for the year. They were somewhat lower than the previous year at around 12.5%. Most cost have lowered as seen, apart from the £4,000 increase in operating expenses. This reflects the pigging of the pipeline, which Peter will discuss in more detail during his report, effectively a scouring of the pipe which needs to be done once every several years. The net result of all of this is to keep the overall running costs under £40,000, which is a very credible outcome for a business of this complexity.

As previously mentioned we are required by company law to make a provision for tax on our profit. This does not represent an actual payment of tax, but reflects that the company will have to pay tax, at some point in the future. That point is possible rapidly approaching, and could be as early as the current financial year. However, for the year ending Nov 2022 we are still making provisions, and the required provision for the year was £9,952, which reduced our after tax profit to £158,924.

This profit after tax is added to the £11,899 of retained earnings brought forward at the beginning of the financial year, giving a total of some £171,000. Of this we made a £10,000 Community Benefit payment, as agreed at the last AGM, and of course subject to agreement at this meeting, we are in a position to pay a full 4% interest rate to shareholders for this year, amounting to £20,882. We are also able to make a further £13,800 addition to the major sinking fund reserve, which will increase this to £51,350. This major sinking fund reserve will be reviewed annually, but we will expect this to increase by way of further regular annual additions. This would then be utilised as major expenditure is required on the scheme, which will almost certainly be on the turbine and generation equipment.

After making these reductions the retained earnings at the end of the year are £126,141. As discussed in previous AGMs in deciding how much of these reserves the Board can recommend be distributed to the Community Benefit Fund, it needs to take a number of items into account. Particular the forecast cash-flow of the company, the need to maintain reserves for unforeseen eventualities, and the intention to fully repay our loan facility by its maturity date of 2030. The board can also take into account the excellent start to this current year, and in particular the very high price agreed for the sale of energy for the period from January 2023 to January 2024.

Having considered all of these, the board is happy to recommend that, subject to shareholders consent, that a payment to the Community Benefit Fund should be made of £100,000

Finally considering the balance sheet as shown on page 4 of the accounts, members will note that we have continued to reduce our loan finance from SIS, following a further £50,000 prepayment during the year, and it is now under £900,000. The board has in fact since the year end, agreed an additional £100,000 prepayment of the loan. This together with the very advantageous price agreed for the sale of the current years generation, means that the board believes that maintaining our current level of quarterly payments we will be able to fully amortise the loan by the contractual end date of 30th June 2030. This eliminates what was previously a refinance risk we were previously faced with.

This concluded Andrew's report, and the floor was opened to questions.

Tony Harvey referred to the turnover section in the shareholders report, which gave figures for the current year. He asked if next year we could have comparison figures for the previous meeting. Admin confirmed that it would be possible and would be updated for next year's report.

A shareholder asked how the PPA rate for this year compared to last year. The PPA rate varies at times of the day and times of the year. It is an average of 25.9 pence per kilowatt hour, over the year. The lowest rate is 17.96 pence per kWh, and at the highest is 34. At the moment we are in a relatively low period of income, with the higher rates applying in the heavier rainfall times. It was also advised that we can not accurately predict our PPA rate, because we don't know when the various special payments are being made by the electricity board, however our PPA managers do because they receive half-hourly reports from the turbine.

For cash-flow purposes we have to use an average rate, which last year was 922 pence, and this year's is significantly higher. With the advice received we closed out the deal within hours of the top of the market. The advice from New Stream Renewables was instant and immediate, which resulted in our very beneficial contract. Going forward, our cash-flow predictions assume that electricity prices will revert to more normal levels after one to two years.

Following a further question over prices going forward, Andrew advised that we were under contract with our PPA for the year to Jan 2024, but conservatively moving forward it was wiser to expect the prices to revert to their pre-Energy crisis level. He also referred to the tax question and stated that whilst we make every effort to minimise our tax burden, the downside to being more profitable was paying tax, however it also meant we were making more money.

It was further advised that we monitor PPA prices monthly, however from October we monitor more closely, and take advice from New Stream Renewables, as we are within three months of our contract renewal.

Andrew also advised that because we are a Ben Comm we are unlikely to pay substantial tax, as we are allowed to deduct from our profits before tax our payments to shareholders, which are technically considered interest, but also the payments into the Community Benefit Fund. Hence the actual level of tax we would pay is relatively modest over the course of time, and it is linked to the expenditure that we have to make on the scheme, which wasn't allowable for capital allowances.

A question had been asked in the chat concerning whether we had experienced a wet spring or not. Peter gave an excellent answer which was "We have been over plan every month so far, but May will be very much below plan as we have not been running with low water for much of the month".

If anyone would like the generation reports they can be sent monthly, please let admin know.

There were no further questions. Sam thanked Andrew for his report and his work making the finances so clear and understandable. Sam moved to the adoption of the Accounts and approval of the Resolutions.

I. Adoption of the accounts for year ending 30/11/22

Adoption of the Account for year ending 30/11/22 was proposed by Cath Auty and seconded by Tony Harvey. The accounts were accepted unanimously by the members.

II. Resolution to make Shareholder interest payment of 4%

The resolution was proposed by Tony Harvey, and seconded by David Wilkinson. The resolution was passed unanimously by the members.

III. Resolution to make Community Benefit Payment of £100,000

The resolution was proposed by David Wilkinson and seconded by Tony Harvey. The resolution was passed unanimously by the members.

4e) Operations report.

The operations report had been issued in the shareholders pack prior to the meeting.

As a result of the engineering work carried out at the end of the previous year, we were able, at last, to confidently book D.A. McDonald and carry out the pigging of the pipeline, with a robust safe system of work in place.

Three things came out of the pigging operation.

Firstly, we were able to confirm the pipeline is sound, and that there are no indications of damage.

Secondly, we were able to inspect the sump. This confirmed that there was no build-up of sludge or silt. This is important for the drinking water treatment works, as it minimises the potential for Trihalomethanes (THMs). The new sump is self-cleaning, and we were able to confirm from the pigging operation that this is working well, and that the sump was pristine clean.

The other thing we found from the pigging is that the pig went through the pipe easily. When we looked inside the pipe and at the pig, we were able to see that very little matter was picked up. The pipe has at most a millimetre of hard deposit on the inside of the pipe. This means we can safely put our pigging at once every five years, which is a substantial cost saving.

Peter explained that all of the bridge shown in the pictures, came away leaving just two steels across the river to keep the visual impact to an absolute minimum. The bridge is stored at the powerhouse when not in use.

Generation numbers and graphs were included in the operations report previously issued. It was a good year for generation, achieving 30% above plan, which was back to normal low flow data. We generated for 335 days of the year, which meant we only had 30 days of non-generation. Predominantly due to lack of rainfall which can be seen on the chart shown. There were a couple of days when SSE had a problem with their transformer. This tripped out, the cause was not known but it was on their side of the transformers, which meant SSE had to come and reset. SSE responded quickly however, it did mean we lost an extra couple of days.

During the Autumn we had a strange combination of very still air all the way through the turning of the leaves, then the first storm hit, and all the leaves came down together. The team were clearing the intake on a daily basis for almost a month. This is the advantage to having a local team, and we had someone on site daily. Some days the leaf cover could be cleared by turning the turbine off for a few moments, and then turning it back on, some days they had to get into the river with rakes to remove the leaves. This meant that whilst there were days when the output dropped because of blockage the impact was greatly reduced.

The results speak for themselves; we ended well above plan; the amount being paid to the community was up and a good outcome was achieved all round.

Our UK agent Jonathan Cox supports us with servicing and training. Stephen Kennedy and the team from DA McDonald undertook the pigging operation. Stephen was able to help during the period with some essential work on ensuring the supply to the village water supply was maintained during the pigging.

Routine maintenance, oiling and keeping the area clean and tidy were all undertaken by the local Operations Team, Peter Thomas, Sid Wright, Bill MacRae, Roger Bartholomew and Callum Thomas.

The floor was opened to questions. There were no questions; Tony Harvey expressed his thanks to Peter and the Ops team for their hard work.

Sam thanked Peter for his report.

5) **Directors Nominations and results of the ballot.**

The results of the members ballot were displayed for the members to view.

Sam was delighted to confirm we received a majority yes vote to all of the four candidates.

Sam was pleased to welcome back to the board, Andrew Swann, Peter Thomas and Carol Thomas, and welcomed to the board Patrick Marshall.

6) **Any Other Business**

Sam opened the meeting to any other business or questions from the members.

David Wilkinson expressed his thanks to everyone for their hard work.

Tony Harvey raised his first question of two.

He remembered that in the original share offer document there were words to the effect, that this was a long-term opportunity to shareholders, but not an indefinite one, and that eventually AED would wish to extricate itself from all creditors including current members (Shareholders). What are the current thoughts on forecasted time scales for this.

Andrew responded. Number one priority is the debt. As mentioned in his report we are fairly confident that we will be able to repay the debt in full by June 2030. The original agreement held a lump sum repayment, or refinance amount of £700,000. We are fairly confident now that we will be able to repay in full. That has had to be our first priority and now that we are fairly confident on that the board will need to formulate a plan for the repayment of the share capital. Unless of course there was a proposal to further expand the scheme, which would of course have to be approved by the shareholders. On the assumption that the scheme is the scheme, the board will need to formulate a proposal to wind down the shareholding. This is slightly peculiar as we are shareholder led and run and without shareholders we would cease to exist. This is a matter the board will be investigating over the coming year.

Andrew confirmed that it was probable unlikely to happen prior to 2030, however that was not guaranteed if we were able to pay the loan faster than expected.

Carol added that the Board would be investigating over the next year the various options from a financial point of a view and the right way to both retain shareholders and to reduce share capital held. We currently do not know the answers, however it is highly unlikely we would be asking for any reduction in share capital for a significant period of time, by which she anticipated at least five years.

Tony's second question was raised. He well understood and applauded the board's loan reduction policy, and its growing sinking fund to provision for breakdowns and put aside money for future tax. He also likes that the scheme was a Community Benefit one, and his own opinion was that most of the profit should go to the local community. However, I note that you have achieved a highly beneficial, massively improved rate at the peak of the power rise for the current calendar years. Also, generation was 30% above target and there has been a good start to this new year. If AED achieves exceptional profits going forward, would the board consider a small amount of this going to shareholders by uplifting the annual interest payment.

Carol responded. Firstly, our options on share interest rate is governed by the Bank of England lending rate. We will be looking closely at where that is, with the shareholders having approved the 4% for this year. We will also be discussing with FS how the finances are going this year. It was a preliminary conversation in that regard that led to Rachel saying that DIG is now looking to recruit a development office, as there will be significant funds to spend going forward.

The limit on shareholder interest for a Community Benefit Society is 5%, or 2% above the Bank of England interest rate. Andrew will be looking closely at this and the Board will begin discussion on this matter at the next board meeting, together with the question of life expectancy of the share holdings.

We will be taking advise from Andrew, Foundation Scotland and Community Mutual Shares who helped us set up the scheme initial.

As well as being minuted this will be added to Board papers to keep under close review.

Sam thanked Tony for his questions and asked if there were any further questions.

There were no further questions.

Meeting Closed

Sam thanked the Shareholders once again, for supporting us, for attending, for just being there and for holding us to account. We are your board of directors, and we are dealing with your money.

Our thanks to the team for presenting and organising, and to everyone who contributed.

Finally, Sam gave a final plea to members to consider standing for the board.

Sam closed the meeting at 12:28pm on 20th May.

Meeting Held: 20th May 2023

Minutes Accepted by the Board:

Minutes Approved by AGM:

Signed:

Date:

Draft - not for general circulation