

Appendix A

Egni Sir Gar – Carmarthenshire County Council

Investment instrument	Summary of instrument
Share Purchase	<ul style="list-style-type: none"> • CBS issues 'A' and 'B' shares • 'A' shares for full authorised amount of £100,000 and 'B' share class for balance of total investment, each share class carries equal voting and income rights • Shareholding carries one vote, as a member of the society • Shares entitle holder an interest payment made annually, set at the AGM, proposed by the CBS directors and authorised by the society members • Shareholding offers the most flexible instrument for paying interest as interest rate is set year by year dependant on project performance • Shares can be bought back by the society to repay investment principal; this is flexible though requires society to have sufficient reserves • Shares do not have capital growth; each share entitles holders to an interest (not a dividend) payment, so is paid gross to the council • Share interest is paid before corporation tax so is tax efficient method to extract maximum value from project

Summary:

To reduce complexity and cost of instrument setup and operation, a share purchase is proposed. A share instrument is more simple to tailor and offers the most flexibility, this is particularly beneficial for setting the annual interest rate and when share capital is repaid over the project lifetime.