

Dated: 6 MARCH 2019

FOREWORD

- In an effort to aid the ExA we are submitting comments with evidence in the form of a row under each of the answers provided by the Applicant on a section by section basis
- Our comments have been highlighted in yellow for ease of identification
- We respectfully request the questions in red below the comments are considered by the ExA and/or asked of Applicant as appropriate
- As a general comment, we would like to take this opportunity to point out that the Applicant does not appear to have provided any independent evidence to support any of the statements it has made throughout its responses in the **Funding and Resources** section, unless such underlying third party documents have been specifically referred to by the ExA in its original questions, (e.g. Aviation National Policy Statements, ("NPS")). Any and all footnotes in this document are therefore provided by Five10Twelve Ltd as independent evidence to support our comments
- Comment or question (or lack of) does not mean agreement with or support for Applicant.

FIVE10TWELVE LTD STATEMENT REGARDING CONFLICT OF INTEREST AND IMPARTIALITY

For the avoidance of any doubt and in the interests of full transparency, we hereby confirm that neither Five10Twelve Ltd or its subsidiary, Love Ramsgate Ltd, or any of our Directors have any interests, either financial or otherwise, in the Manston site or any other rival development beyond those of a local business and local residents with strong concerns regarding the devastating impacts of the proposed development on the local area, economy, environment and population.

Neither Five10Twelve Ltd, or Love Ramsgate Ltd, or any of our directors have accepted any payments or any other form of compensation or inducements for presenting this or any of our other submissions or representations to the ExA. Any offers or suggestions of such from any party will be refused and immediately reported to the ExA.

Ref No.	Respondent	Question
F.1 Funding and resources		

Ref No.	Respondent	Question
F.1.1	The Applicant	<p>The Undertaker and availability of funds</p> <p>The Applicant's attention is drawn, in particular, to the Relevant Representations from Jane Lee-Hopkinson [RR-0742], Gary Lewis [RR-0580].</p> <p>The ExA invites the Applicant to comment on the statements contained in there RRs.</p> <p>NOTE: In responding to this question, the Applicant should note that some of the content of these RRs has been redacted and should take this into account in responding.</p> <p>Applicant's Response:</p> <p>The events alluded to occurred over 25 years ago and are not relevant to this application. The Applicant is a Special Purpose Entity whose only function is to receive money from its investors and use that money to pay fees in support of the DCO process. Any representation that any of the partners have arbitrarily loaned themselves money from the entity is false. Having spent over £13,000,000 on this project to date, the Applicant has shown long-term commitment to this project and of course has a business model. Investors would not have expended £13 m without knowing how they could expect to earn a return. A summary of the Applicant's business model is provided at Appendix F.1.5 in TR020002/D3/FWQ/Appendices.</p>

		<p>COMMENTS</p> <p>1. <u>Events 'alluded to' and relevance to this application</u></p> <p>Regardless of the Applicant's own concerns as to the relevance, or otherwise, of Tony Freudmann's ("TF") chequered past, it is surely for the ExA to decide whether or not the "<i>events alluded to</i>" concerning TF's history as having been struck off from the solicitor's roll for 27 counts of misappropriation of client's funds in 1993 are indeed "<i>relevant to this application</i>".</p> <p>1.1. With respect to the ExA, we will herewith present statements, fully backed by evidence, to support our contention that a determining factor in whether or not the events of 25 years ago are still relevant is the continued history of TF's financial and organisational mismanagement and possible involvement in financial impropriety since those events.</p> <p>1.2. Contrary to the Applicant's dismissive remarks in response to the ExAs' question at F.1.1, TF's career history indicates disturbing patterns of behaviour with very specific similarities and absolute relevance to the issues at hand. As such, it is no surprise whatsoever that the Applicant might wish to portray "<i>the events alluded to</i>" in 1993 as an isolated and historical aberration before swiftly moving on.</p> <p>1.3. In the intervening 25 years since being struck off the solicitors' roll for misappropriation of client funds, TF has been a serving director of no less than 26 dissolved companies¹, primarily in the travel and/or aviation industries, many as founder and principle shareholder.</p> <p>1.4. These include businesses dissolved in 1992/93, 1994, 2004, 2005, 2007, 2009, 2010,</p>
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¹ Appendix F: 001 - Companies Check, TF Directorships

		<p>2012, 2016 and as recently as 2017, when his previous failed airport ventures, Annax Aviation Limited and Annax Aviation Airports Limited were both voluntarily dissolved, less than 12 months after a prior compulsory strike-off action had been discontinued for both companies².</p> <p>1.5. Prior to TF's own failed travel, aviation and airport businesses, TF was Vice President at Wiggins Group PLC for 11 years from 1994 until "he was <i>"let go" by Wiggins in February 2005</i>"³.</p> <p>1.6. A supplementary memorandum submitted by the CAA for a House of Commons ("HofC") Transport hearing regarding Wiggins financial irregularities, mismanagement and failure of its subsidiary business, EUjet, during TF's tenure reveals that in March 2001, Wiggins Group PLC "received censure from the Financial Reporting Review Panel and the Financial Services Authority for overestimating its results between 1995-2000, which on their restatement resulted in significant losses".⁴</p> <p>1.7. Wiggins Group PLC subsequently changed its name to Planestation Group in 2004⁵, following a suspension of shares trading, asset write-down, and corporate restructure to repay mezzanine debts and attempt to turn the business around and address pre-tax losses of £12.8m, (down from losses of £27.5m in the previous year), and Group operating losses of £4.2m, (down from losses of £19.4m the previous year).⁶</p> <p>1.8. During his tenure as Managing Director of Wiggins PLC and latterly as Senior Vice President of Planestation PLC, TF held directorships of associated businesses, Kent International Business Park Ltd, Kent International Airport (Holdings) Ltd, Kent</p>
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² Appendix F: 002 - Companies House dissolution filings, Annax Aviation Ltd and Annax Aviation Airports Ltd

³ Appendix F: 003 - Manston Airport under private ownership, Kent County Council position statement, March 2015

⁴ Appendix F: 004 - CAA briefing for House of Commons transport committee meeting on Wiggins and EUJet Ops Ltd, 04 February 2006

⁵ *ibid*

⁶ Appendix F: 005 - Wiggins PLC Final Results and preliminary statement for the year to 31 March 2003

		<p>International Travel Ltd and London Manston Airport PLC, prior to these businesses being dissolved in 2005⁷.</p> <p>1.9. Whilst at Planestation/Wiggins, in December 2003, TF was at the centre of a legal battle with the County of Funen, Denmark, after refusing to pay contracted lease payments at Odense Airport for more than 2 years, amounting to DKK 16 million, (c. £1.84 million). Planestation/Wiggins lost the case and was ordered to pay, with costs also awarded. Local contemporary news reports in Odense quoted TF as saying:</p> <p><i>"we can easily pay the arbitration. But by principle and for the sake of our many shareholders, we will be first allowed to read the 50-page decision ... but there must be no doubt that we should pay"</i>⁸</p> <p>1.10. By January 2004, and with the Funen taxpayer owed DKK 18 million, (£2.08 million), and the City Council facing a DKK 6 million deficit, (£0.7 million) as a direct result⁹, a crisis meeting was called by the municipal Odense Airport representative committee to petition for bankruptcy in order to force payment from the UK parent, Planestation/Wiggins. As for TF, doubts had apparently surfaced after all. Local contemporary media reported under its headline <i>"The hunt for Wiggins entered"</i>¹⁰ that:</p> <p><i>"Tony Freudmann, Managing Director of Wiggins Group, did not comment on the bankruptcy petition"</i></p> <p>1.11. Nine months later in September 2004 - and with Planestation/Wiggins having since pulled out of Odense entirely - the bill was still unpaid, leaving the Danish taxpayer with a debt</p>
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⁷ Appendix F: 001 - Companies Check, TF Directorships

⁸ Appendix F: 006 - Wiggins is considering dropping Odense, Fyens.dk, 07 January 2004

⁹ Appendix F: 007 - The hunt for Wiggins entered, Fyens.dk, 20 January 2004

¹⁰ *ibid*

		<p>now up to DKK 23.7 million, (£2.73 million), plus NOK 900,000 (£79,000) in unpaid VAT¹¹, whilst Planestation/Wiggins remarkably - and “according to the rules” - claimed DKK 3 million, (£345,791) as a VAT refund¹².</p> <p>1.12. Less than 12 months later, TF’s tenure as Vice President of Planestation continued with the collapse of EUjet in July 2005¹³, a wholly-owned subsidiary of Planestation PLC, operating from the former Manston Airport.</p> <p>1.12.1. The collapse of EUjet led to questions raised in the House of Commons, (“HofC”), as detailed in the CAA briefing paper of November 2005¹⁴, which discussed in some detail the litany of errors leading to the collapse, including:</p> <p><i>“insufficient funds to support the commencement of scheduled operations in the summer of 2004 as originally intended”, a lack of clarity over a £30m cash injection and “what proportion of this additional funding was required to support EUjet”, passenger numbers that were “lower than expected” and a botched plan to sell “75% of the business park adjacent to Manston Airport” which “broke down and led to an eventual cash crisis”.</i></p> <p>1.13. The CAA briefing paper for HofC into the EUjet failure during TF’s previous Manston Airport tenure as Senior Vice President of EUJet’s parent company, Planestation PLC, also raises concerns as regards irregular and misleading financial reporting of Planestation PLC, in similar circumstances to those which brought censure from the FSA for its previous incarnation as Wiggins PLC, and misleading information provided to the CAA. This is detailed in the briefing paper in the CAA section as follows:</p>
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¹¹ Appendix F: 008 - Planestation bankruptcy - debt of 23 million, Fyens.dk 16 September 2004

¹² *ibid*

¹³ Appendix F: 004 - CAA briefing for House of Commons transport committee meeting on Wiggins and EUJet Ops Ltd, 04 February 2006

¹⁴ *ibid*

		<p><i>“Press reports and the CAA’s own industry sources suggested that EUjet and its parent Planestation were encountering financial difficulties earlier this year. However the Regulatory Announcements that Planestation had issued to the City indicated that these problems were being comprehensively addressed. The CAA requires regular financial information to be provided by UK licensed airlines for monitoring purposes, but does not receive, nor is able to require, information from non-UK airlines such as EUjet. The CAA was therefore unaware of the actual financial position of that carrier and, in any case, had no legal powers to act against it.”¹⁵</i></p> <p>1.14. It appears from these sections of the CAA briefing paper for HofC that Planestation PLC and EUjet had exploited a loophole in the situs of the business and CAA registration¹⁶.</p> <p>1.15. As a result, it further appears from this briefing that consumers were again left out of pocket and without a means to claim compensation or recompense from either Planestation PLC or EUjet and a reported “5,400 passengers were stranded abroad”.¹⁷</p> <p>1.16. Whilst these reports further support the relevance of the Planestation/EUjet collapse to this case and TF’s pattern of behaviour, contemporary media reports also show direct relevance with regards to the viability (or otherwise) of the current proposed development at Manston :</p> <p><i>“Mr McGoldrick, EUjet chief executive, said in a statement that marketing a new airline operation from Manston, which had no recent history of passenger operations, had been “difficult””¹⁸; and</i></p>
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¹⁵ Appendix F: 004 - CAA briefing for House of Commons transport committee meeting on Wiggins and EUJet Ops Ltd, 04 February 2006

¹⁶ *ibid*

¹⁷ Appendix F: 009 - Planestation collapse leaves EUjet stranded, Financial Times 26 July 2005

¹⁸ *ibid*

		<p><i>“passenger targets had not been hit ... the Kent operations had underperformed”</i>,¹⁹</p> <p>and</p> <p><i>“the group had also failed to develop its cargo business at Manston”</i>.²⁰</p> <p>1.17. Having been <i>“let go”</i> by Planestation on or around the time of its collapse in 2005, TF spent the next 7 years starting, acquiring and dissolving no less than 13 different travel companies²¹.</p> <p>1.18. Whilst full details are not available for every single failed TF enterprise, some of those reports that are available from failed travel businesses, include Unpackaged Holidays (“UH”) and Travel Club of Upminster (“TCU”), which were investigated by the Department for Business, Innovation and Skills (BIS) after going into administration in 2010²².</p> <p>1.19. Much like the Applicant’s current corporate structure, Unpackaged Holidays was anything but “unpackaged”, nestling within a convoluted structure of parents and subsidiaries for purposes unknown, including - as far as we can tell - UH, TCU, Seligo Travel Ltd²³, Alpha Prospects²⁴ and Austria Travel Limited²⁵.</p> <p>1.20. The UH and TCU collapse provides evidence of a disregard for the impact on other</p>
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¹⁹ *ibid*

²⁰ *ibid*

²¹ Appendix F: 001 - Companies Check, TF Directorships

²² Appendix F: 010 - Freudmann and Unpackaged directors probed, Travel Weekly

²³ *ibid*

²⁴ *ibid*

²⁵ Appendix F: 011 - Travel Club of Upminster seeks financial advice, Travel Weekly 23 September 2010

		<p>individuals and businesses as a result of TF's failures which is not dissimilar to the disdain show to others in the "<i>events alluded to</i>" of 1992/3.</p> <p>1.21. These impacts include reports that TF's collapsed businesses "<i>had failed to pay at least 20 hotels and apartments</i>"²⁶, were "<i>unable to continue trading as a result of an inability to meet guaranteed payments</i>"²⁷ and that customers with future bookings were left with no guarantees of recovering their funds since "<i>the company was not a member of ABTA and did not hold an ATOL</i>"²⁸.</p> <p>1.22. Current CAA advice regarding ATOL²⁹ states that "UK and European law requires travel businesses to financially protect their packages holidays in the countries in which they are established. Businesses based in the UK provide their protection under the ATOL scheme".</p> <p>1.23. TF's current public-facing biography on his own website is somewhat vague and misleading with regards to the period after the collapse of his numerous nested travel businesses in 2010 until his involvement with the Applicant sometime around 2014, talking only of pursuing "<i>his own venture</i>" and delivering "<i>high level consultancy services in relation to aviation and tourism development in both the public and private sectors throughout the UK, Germany and the U.S.</i>"³⁰</p> <p>1.24. Whilst some online biogs might take a similar vague and broad approach in an effort to appear casual and approachable, it is not unreasonable to assume that in this instance the lack of specificity is an effort to conceal, making it as difficult as possible for the reader to check any facts that might lead to the next round of broken promises, failed</p>
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²⁶ *ibid*

²⁷ Appendix F: 012 - Package holiday pioneer goes into administration, Independent 29/9/10

²⁸ Appendix F: 013 - Travel Club of Upminster enters administration, Travel Weekly 28/9/10

²⁹ Appendix F: 014 - CAA advice to consumers on ATOL travel protection

³⁰ Appendix F: 015 - Meet Tony Freudmann, Biography, <http://tonyfreudmann.co.uk>

		<p>businesses and other individuals, companies and - as in Odense - entire towns left picking up the tab.</p> <p>1.25. Certainly, the names of Integral, a.k.a Integral, and Lahr Airport, a.k.a. Black Forest Airport Lahr, ("BFAL"), seem strange omissions, given their close similarities and relevance to the current Manston proposals. Although perhaps herein lies the problem and the reason for their omission.</p> <p>1.26. In June 2012, local German news sites reported that the troubled Lahr airport had been taken over by Integral and relaunched as Black Forest Airport Lahr³¹, ("BAFL"). Contemporary local reports at the time of the takeover announced:</p> <p><i>"the core idea is the founding of a new airline dedicated solely to the cargo business"³²;</i> and</p> <p><i>"the flying fate of the Black Forest Airport (BFAL) is in the future firmly linked with the name Tony Freudmann"³³</i></p> <p>1.27. In further startling similarities to the current Manston DCO proposal, lurking behind these familiar promises of a bright new dawn, "<i>millions in investment and new jobs</i>"³⁴ at the former regional military airfield, the same contemporary local report somewhat prophetically continued:</p> <p><i>"Freudmann also remains vague when it comes to investments"³⁵</i></p>
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³¹ Appendix F: 016 - Parking as a business model, Baden Online, 21 June 2012

³² *ibid*

³³ *ibid*

³⁴ Appendix F: 017 - Airport Lahr, burst dreams, next part, Baden Online, 02 February 2013

³⁵ *ibid*

		<p>1.28. Less than 8 months later and the local news site was reporting on BFAL's bankruptcy: <i>"for months, the airport has seen not a tired cent of its parent company"</i>³⁶; and <i>"the employees have been working for three months without pay"</i>³⁷; and <i>"many of the 25 employees have already filed labour tribunal litigation"</i>³⁸; and <i>"since it is clear that BFAL cannot pay its employees, Müller, (Lahr's Mayor), no longer relies on the promises from London"</i>³⁹ (i.e. TF / Integral)</p> <p>1.29. 20 years after <i>"the events alluded to"</i>, the patterns are clear, although those 27 counts of misappropriation of client's funds arguably look tame in comparison to the 5,400 people left stranded by EUjet and the misery inflicted on entire towns at Odense and Lahr.</p> <p>1.30. As TF embarks on his latest "venture" at Manston, perhaps the most chilling words for the thousands of concerned locals who have voiced their opposition to the proposed development⁴⁰ are those of Lahr's Mayor, Wolfgang G. Müller as he tried to find a way to hold TF accountable after he had walked away from the BFAL disaster: <i>"40 minutes ago he talked to Tony Freudmann, Müller reports.</i> <i>'What did he say?', one of the journalists present wants to know.</i> <i>'Nothing new' replies the mayor.</i>⁴¹</p>
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³⁶ Appendix F: 017 - Airport Lahr, burst dreams, next part, Baden Online, 02 February 2013

³⁷ *ibid*

³⁸ *ibid*

³⁹ *ibid*

⁴⁰ Response to Relevant Representations, Deadline 3 Submissions, Five10Twelve Ltd (**REP3-224**)

⁴¹ Appendix F: 017 - Airport Lahr, burst dreams, next part, Baden Online, 02 February 2013

		<p>2. The Special Purpose Entity and Movement of Funds</p> <p>The Applicant's claims that the function of the Special Purpose Entity ("SPE") <i>"is to receive money from its investors and use that money to pay fees in support of the DCO process"</i> is not borne out by RiverOak Strategic Partners Ltd ("RSP") most recently filed accounts at Companies House for the year to 31/7/17⁴².</p> <p>2.1. These accounts show that up until and including 31/7/17 - a period when the SPE was most active in the consultation period, commissioning consultants and preparing pre-examination documents for submission to the UK Planning Inspectorate - RSP submitted accounts as a dormant company.</p> <p>2.2. As the ExA will be aware, Companies House definition of a dormant company is one which has had <i>"no significant transactions in the financial year"</i>. This is further confirmed by the RSP accounts⁴³, which show net assets of £1, (share capital), and £0 cash at bank and in hand.</p> <p>3. Loans to Directors / Monies Held on Trust</p> <p>The Applicant maintains that <i>"Any representation that any of the partners have arbitrarily loaned themselves money from the entity is false"</i>. The Applicant appears to be relying on a technicality to support this claim.</p> <p>3.1. Whilst no loans appear to have been made to any of the Directors directly from the Special Purpose Entity itself, (RSP), accounts filed for Riveroak Operations Limited⁴⁴ - a wholly-owned subsidiary of RSP - for the year ended 31/8/17 show amounts owed by <i>"group undertakings"</i> of £45,481 and amounts owed by <i>"other debtors"</i> at £509,688.</p>
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⁴² Appendix F: 018 - Riveroak Strategic Partners Ltd, dormant company accounts to 31/7/17

⁴³ *ibid*

⁴⁴ Appendix F: 019 - Riveroak Operations Ltd, unaudited financial statements for the period ended 31 August 2017

		<p>3.2. Freudmann Tipple International Ltd, ("FTI"), is a separate entity, which - according to its 2016 AR01⁴⁵, is 90% owned by Anthony Freudmann and 10% owned by Eleanor Freudmann. Other than sharing a Director, (TF), it has no other official connection to RSP and its associated businesses.</p> <p>3.3. Accounts filed by TF for FTI for the year ended 30/3/18 state on page 7, paragraph 10 that <i>"During the year, the company held funds in trust for Riveroak Operations Limited, a company of which Mr A Freudmann is a director. At the balance sheet date, the company held £588,906 (2017: £187,324)"</i>⁴⁶.</p> <p>3.4. These sums also appear in the TFI accounts on page 1 within totals for <i>"Creditors: amounts falling due within one year"</i>, which are further broken down within this category on page 6 under <i>"Amounts owed to participating interests"</i>.</p> <p>3.5. From a lay person's perspective, this rather complicated structure and arrangement might seem to suggest a 'circular loan' structure for aggressive tax avoidance. The Applicant might be invited to provide its own explanation.</p> <p>4. <u>"Investors" and £13m Expenditure</u> Applicant claims to have <i>"spent over £13,000,000 on this project to date"</i>. No evidence has been provided to support this claim.</p> <p>4.1. Public records filed at Companies House show at least 7 companies in the current known corporate structure of the Applicant, 4 of which are wholly-owned subsidiaries of the Applicant⁴⁷.</p>
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⁴⁵ Appendix F: 020 - Freudmann Tipple International Ltd, AR01, 2016

⁴⁶ Appendix F: 021 - Freudmann Tipple International Ltd, unaudited financial statements for the period ended 30 March 2018

⁴⁷ Appendix F: 022 - Corporate Structure summary diagram

		<p>4.2. As evidenced at 2.1, above, the Applicant company, RSP, appears to have been dormant until at least 31/7/17 and up until and including this time, recorded no transactions at all in its accounts.</p> <p>4.3. Accounts filed with Companies House show only two RSP subsidiary companies within the structure, Riveroak AL Ltd, ("RAL"⁴⁸), and Riveroak Operations Ltd⁴⁹, ("ROL"), with any evidence of any monies in or out of the businesses the periods 31/7/17 and 31/8/17 respectively.</p> <p>4.4. RAL shows amounts owed by debtors for the period to 31/7/17 of £1 and monies owed to Creditors due <i>"to group undertakings"</i> for the same period and falling due within one year totalling £46,380⁵⁰.</p> <p>4.5. ROL shows amounts owed by debtors (falling due within one year) of £555,169, a total of £45,251 cash at bank and in hand and monies owed to Creditors falling due after more than one year of £4,458,285⁵¹. This amount is detailed at page 6 of the ROL financial statement as "Bank loans".</p> <p>4.6. There is no evidence anywhere in the Applicant's own accounts or those of any of its subsidiaries in the RSP group of companies of monies totalling £13m for the period to 31/8/17. The total amounts of monies recorded as having come in to the Applicant and/or any of its subsidiaries is the ROL Bank Loan, which totals £4,458,285.</p> <p>4.7. The Applicant further claims that <i>"Investors would not have expended £13m without knowing how they could expect to earn a return"</i>. Since a bank loan would not ordinarily be classified as an "investor" in a business in the usual sense, there is no evidence of</p>
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⁴⁸ Appendix F: 023 - Riveroak AL Limited, unaudited financial statements for the period ended 31 July 2017

⁴⁹ Appendix F: 024 - Riveroak Operations Ltd, unaudited financial statements for the period ended 31 August 2017

⁵⁰ Appendix F: 023 - Riveroak AL Limited, unaudited financial statements for the period ended 31 July 2017

⁵¹ Appendix F: 024 - Riveroak Operations Ltd, unaudited financial statements for the period ended 31 August 2017

		<p>any investors having invested any sums at all in the Applicant or any of its subsidiary or parent companies at least until the period ending 31/8/17.</p> <p>5. Business Model</p> <p>Applicant states that a “<i>summary of the Applicant’s business model is provided at Appendix F.1.5 in TR020002/D3/FWQ/Appendices</i>”. (REP3-187)</p> <p>5.1. The document the Applicant has presented at Appendix F.1.5 (REP3-187) is not, by any definition, a business model, or even a “<i>summary business model</i>”. This appears to show a fundamental lack of understanding of the meaning of “business model”.</p> <p>5.2. Many texts and theses have been written about ‘business models’, how they are defined, emerging new business models etc., but perhaps the simplest definition that most succinctly captures it at its most basic level is “<i>the method or means by which a company tries to capture value from its business</i>”⁵².</p> <p>5.3. The summary document offered by the Applicant as its “<i>summary business model</i>” does not in any way describe the method or means of creating value from any aspect of its business. This document merely presents very top level and extremely rudimentary assumptions of expected revenues and expenditures.</p> <p>5.4. This is commonly known as a profit and loss forecast.</p> <p>QUESTIONS</p> <p>In light of comments at paragraphs 1-5, above, we respectfully suggest that the ExA might consider its response and/or ask the Applicant to provide supplementary information and/or provide answers to</p>
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⁵² Appendix F: 025 - Definition of a Business Model, Financial Times Lexicon

		<p>additional questions, as follows:</p> <ol style="list-style-type: none"> 1) Can TF provide any evidence to show that any individuals and/or businesses who may have suffered financial loss as a result of any and/or all of his 26 failed and/or dissolved businesses in the period 1992 - 2017 have been adequately recompensed? 2) Can the Applicant comment - and provide any evidence to support these comments - on TF's involvement in and/or awareness of any financial improprieties and/or financial or other mismanagement whilst at Wiggins, Planestation and/or Integral, including but not limited to: <ol style="list-style-type: none"> a) the significant losses at Wiggins PLC prior to 2003; b) the misrepresentation of Wiggins PLC financial position and subsequent censure by the Financial Services Authority and Financial Reporting Review Panel; c) events leading up to the bankruptcy at Odense Airport and handling of the ensuing fallout; d) events leading up to the collapse of EUjet, including misrepresentation of the financial position of EUjet and Planestation and lack of clarity with the CAA; e) events leading up to the bankruptcy at Lahr Airport and the ensuing fallout. 3) To what extent does the ExA consider TF to be a fit and proper person to be the lead Applicant and Director of a Nationally Significant Infrastructure Project? 4) Can the Applicant provide bank details and bank statements for RSP to evidence its claim that it is a Special Purpose Entity <i>"whose only function is to receive money from its investors and use that money to pay fees in support of the DCO process"</i>? 5) Can the Applicant provide any evidence to support its claim of having spent - or received - £13m in support of the DCO process to date? 6) Given that the Applicant's only area of business, at present, is to <i>"support the DCO process"</i>,
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		<p>can the Applicant explain why it is strictly necessary to have such a complicated corporate and financial structure, involving no less than 7 connected businesses, a Belize-registered parent, and monies held in trust by a third party company 90% owned by one of the Applicant's directors?</p> <p>a) Why is this the preferred model and might the Applicant's interests in fact be better served by the model described by the Applicant as a more simple <i>"Special Purpose Entity whose only function is to receive money from its investors and use that money to pay fees in support of the DCO process"</i>?</p> <p>7) Can the Applicant provide a copy of the Declaration of Trust, evidence of monies spent or other transactions on behalf of the Applicant and/or any other documentation or evidence relating to the monies held by Freudmann Tipple International Limited on behalf of the Applicant or any other of the Applicant's subsidiary businesses, including but not limited to Riveroak Operations Limited?</p> <p>8) Can the Applicant provide details of the bank loan of £4,458,285, including but not limited to name and situs of the lender, any assets that the loan may have been secured against and details provided to the lender as to how the Applicant will service this loan?</p> <p>9) What are the terms of the Applicant's £4,458,285 bank loan and how might this impact its cashflow forecasting and ability to raise finance for the CPO, mitigation fund and during the crucial early phases of planned operation?</p> <p>a) Can the Applicant explain the rationale behind loading a subsidiary company with £4,458,285 in debt at least 2 years before trading can commence and with no clear means of servicing this debt in the interim?</p>
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F.1.2	The Applicant	<p>The Undertaker and availability of funds</p> <p>Provide full details, including audited accounts, for any companies, bodies or undertaking wholly or partly owned by RiverOak Strategic Partners Limited.</p> <p>Applicant's Response:</p>
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Ref No.	Respondent	Question
		<p>The Applicant, RiverOak Strategic Partners Limited, has three subsidiary companies: RiverOak Operations Limited, RiverOak AL Limited and RiverOak Fuels Limited. Please find attached at Appendix F.1.2 in TR020002/D3/FWQ/Appendices the financial statement for RiverOak Operations Limited filed with Companies House in April 2018. The Applicant and its subsidiaries RiverOak AL Limited are non-trading companies and as such, have not been audited.</p> <p>RiverOak Fuels Limited does not yet have audited statements as it was incorporated in July 2018.</p> <p>COMMENTS</p> <ol style="list-style-type: none"> 1. Riveroak Strategic Partners Limited, ("RSP"), has, in fact, four subsidiary companies. In addition to the three mentioned in the Applicant's response, RSP is also the sole shareholder of Riveroak MSE Ltd, (company number 11720590), which was incorporated by the Applicant on 10/12/18⁵³. 2. Subsidiary companies wholly or partly owned by the Applicant only tell part of the story of its unnecessarily complicated corporate and financial structure. Please see organisational chart, which summarises company records filed at Companies House⁵⁴.

⁵³ Appendix F: 026 - Riveroak MSE Ltd, Certificate of Incorporation

⁵⁴ Appendix F: 022 - Corporate Structure summary diagram

		<p>3. Applicant claims that Riveroak AL Limited is a <i>“non-trading company”</i> and therefore has failed to provide any accounts- audited or otherwise - for this subsidiary business. Accounts not provided by the Applicant, but publicly available at Companies House, for Riveroak AL Ltd⁵⁵ show an unexplained amount of £46,380 owed to creditors by this business due <i>“to group undertakings”</i>.</p> <p>3.1. This is not consistent with a <i>“non-trading company”</i>.</p> <p>4. Applicant has not provided any accounts for Riveroak Fuels Limited since it <i>“does not yet have audited statements as it was incorporated in July 2018”</i>, which is quite correct.</p> <p>4.1. It should be noted, however, that Riveroak Fuels Limited is active and is subject to a charge for an undisclosed amount of money. This charge does not appear to have been filed at Companies House, but it is clearly on the Land Registry title deed of Jentex, as follows:</p> <p><i>“(16.10.2018) An Overage Deed dated 17 September 2018 made between (1) Tina Jacqueline Cardy-Jenkins and others, (2) Riveroak Fuels Limited and (3) Anthony Jenkins Fuel Oil Limited contains an obligation to pay further money in the circumstances therein mentioned”⁵⁶</i></p> <p>5. Applicant has not provided any audited accounts for any of its incorporated businesses and it appears that no such accounts are available for any of its subsidiary companies. Riveroak Operations Ltd accounts provided by the Applicant⁵⁷ are clearly marked on the frontsheet as “unaudited”.</p> <p>6. We note that updated accounts are due to be filed with Companies House during at around the midpoint of the DCO examination process, as follows:</p> <ul style="list-style-type: none"> • Riveroak Manston Ltd (ROML) - next accounts made up to 31 July 2018 due by 30 April 2019
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⁵⁵ Appendix F: 023 - Riveroak AL Limited, unaudited financial statements for the period ended 31 July 2017

⁵⁶ (REP1-004) pages 71-75: Jentex Land Registry, Riveroak Strategic Partners DL 1 submission - written summary of oral submissions

⁵⁷ Appendix F: 024 - Riveroak Operations Ltd, unaudited financial statements for the period ended 31 August 2017

		<ul style="list-style-type: none"> • Riveroak Strategic Partners Ltd (RSP) - next accounts made to 31 July 2018 due by 30 April 2019 • Riveroak AL Limited (RAL) - next accounts made up to 31 July 2018 due by 30 April 2019 • Riveroak Operations Ltd (ROL) - next accounts made up to 31 August 2018 due by 31 May 2019 <p>QUESTIONS</p> <p>In light of comments at paragraphs 1-5, above, we respectfully suggest that the ExA might consider its response and/or ask the Applicant to provide supplementary information and/or provide answers to additional questions, as follows:</p> <ol style="list-style-type: none"> 1) Can the Applicant provide audited accounts for any companies, bodies or undertaking wholly or partly owned by RiverOak Strategic Partners Limited and any other associated companies, including parent company or companies and companies associated with RSP through monies held on Trust? 2) What is the reason for the incorporation of Riveroak MSE Ltd as recently as December 2018 and why were details of this subsidiary excluded from the Applicant's original answer? 3) Given that Riveroak AL Ltd is a "<i>non-trading company</i>", what is its purpose in the corporate structure? What does the sum of £46,380 listed under <i>Creditors</i> relate to, how does this affect the Applicant's position that RAL is a "<i>non-trading company</i>" and why were this subsidiary company's accounts excluded from the Applicant's original answer? 4) Can the applicant provide bank statements detailing transactions associated with the purchase
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		<p>of the Jentex site, together with full details of the Overage Deed, associated charges, payment dates/terms agreed and details of the “<i>circumstances therein mentioned</i>”?</p> <p>5) Given that the Applicant will be preparing and filing more up-to-date accounts for ROML, RSP and RAL by 30 April 2019 and for ROL by 31 May 2019, can the Applicant provide draft copies of these updated accounts in advance of filing and final audited accounts for these businesses during the Examination process and simultaneously when filing with Companies House?</p>
F.1.3	The Applicant	<p>The Undertaker and availability of funds</p> <p>The Funding Statement [APP- 013] states in paragraph 19 that:</p> <p><i>“Through its joint venture agreement, RiverOak is able to draw down these two categories of funding (£7.5m land acquisition and £5.6m noise mitigation measures) when required.”</i></p> <p>Provide a copy of the joint venture agreement showing who is party to the agreement.</p> <p>Applicant's Response:</p> <p>Due to the restructuring mentioned in the cover letter submitted at Deadline 1 (TR020002/D1/Cover), which is still in progress, there is no longer a Joint Venture agreement. Details of the new structure will be provided as soon as possible.</p> <p>COMMENTS</p> <p>1. Applicant has had ample opportunity to provide information regarding availability of funds and greater transparency with regards to its accounts, shareholders, investors and proof of assets, with this information first having been requested by the UK Planning Inspectorate in its s.51</p>

		<p>Advice⁵⁸ some 6 months ago.</p> <p>2. The cover letter referred to by the Applicant in its answer and submitted at Deadline 1 (REP1-001) confirms the Applicant's understanding on page 26, paragraph 3 that "in its s.51 Advice of 14 August 2018 the ExA sought further information relating to the funding of the project".</p> <p>3. The critical importance and urgency of this information was set out in no uncertain terms in the post-acceptance s51 advice to the Applicant which states on page 1 "the Inspectorate considers that the Funding Statement poses substantial risk to the examination of the application" and, on page 2, the "information is very likely to be requested by the appointed ExA early in the Pre-examination stage"⁵⁹.</p> <p>4. The Applicant further states in its Cover at Deadline 1 that "It was hoped that the restructure would be complete by Deadline 1 such that the full information sought by the ExA could be provided but unfortunately that has proved to not be the case"⁶⁰. This may be regarded as the first missed deadline for this vital information.</p> <p>4.1. In fact, the s51 advice to the application states that the information "is very likely to be requested by the appointed ExA early in the Pre-examination stage".</p> <p>5. Applicant confirms on page 26, paragraph 6 in its Cover submitted at Deadline 1 that "following completion of the restructure, further information will be provided at Deadline 3"⁶¹.</p> <p>6. Notwithstanding the question as to why such a restructure should be necessary mid-way through the examination process in the first place, the Applicant has again failed to meet the already</p>
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⁵⁸ (PD-002) Post-acceptance s51 advice to the Applicant, FINAL, 14 August 2018

⁵⁹ *ibid*

⁶⁰ (REP1-001) Riveroak Strategic Partners DL 1 submission - Cover Letter

⁶¹ *ibid*

		<p>pushed deadline and is now unable to even specify a date or deadline by which this information might be provided at all, stating only that details will be provided <i>“as soon as possible”</i>⁶².</p> <p>7. As such, the deadline for providing this essential information which - as the Inspectorate has made clear - <i>“poses a substantial risk to the examination of the application”</i>⁶³ has been shifted by the Applicant from <i>“early in the Pre-examination stage”</i> to <i>“Deadline 1”</i> to <i>“Deadline 3”</i> to the current proposed delivery date of whatever the Applicant might consider to be an appropriate definition of <i>“as soon as possible”</i>.</p> <p>8. As outlined in the s51 advice to the Applicant of 14 August 2018, this <i>“poses a substantial risk to the examination of the application”</i> and surely must risk impacting on the timelines and credibility of the examination process.</p> <p>9. It is our understanding that the timetable for examination and deadlines therein has been set out to allow for numerous dependencies on the provision of required information in a timely manner, particularly with regards to opportunities for Interested Parties and statutory bodies to review and comment on answers provided within an effective timeframe.</p> <p>QUESTIONS</p> <p>In light of comments at paragraphs 1-9, above, we respectfully suggest that the ExA might consider its response and/or ask the Applicant to provide supplementary information and/or provide answers to additional questions, as follows:</p> <p>1) Given advice set out in the Inspectorate's s51 advice to the Applicant and comments made by the ExA during the Preliminary Hearings that <i>“timeliness will be next to Godliness”</i> during the</p>
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⁶² *ibid*

⁶³ (PD-002) Post-acceptance s51 advice to the Applicant, FINAL, 14 August 2018

		<p>examination process, what is the view of the ExA on the continually missed deadline for this crucial information, the unspecified new delivery date and its impact on the process?</p> <p>2) In the absence of a completed corporate restructure, is the Applicant able to set out its aspirations for this restructure, including the details originally requested 7 months ago in the s.51 Advice letter of RSP's shareholders, Directors, staff, investors, auditors, proof of assets, sources and availability of funds etc?</p>
F.1.4	The Applicant	<p>The Undertaker and availability of funds</p> <p>The Funding Statement [APP- 013] states in paragraph 23 that:</p>

		<p><i>"To meet the capital costs of construction, RiverOak will select one or more funders from amongst those who have already expressed interest and others that are likely to come forward, to secure the best deal for constructing and operating the project."</i></p> <p>i. Name those funders who have expressed interest and show audited proof of assets; and/or</p> <p>ii. Provide other evidence to demonstrate that there is a reasonable prospect of the requisite funds for constructing and operating the project becoming available.</p>
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		<p>Applicant's Response:</p> <p>ii. Although the identity of the funders who have expressed interest remains confidential at this stage, the Applicant is able to describe them in the following terms.</p> <p>Investor 1.</p> <p>This institutional investor has a global reach in terms of both the ownership of airport infrastructure, and aviation related assets, namely aircraft leasing, engine manufacturing, and avionics technology development. They are joint venture collaborators with all global air frame manufacturers, and are conversant and agreeable with the future requirements of airport capacity in the world's major population centres, particularly the south east of the UK. This investor has in-house assets both on their own balance sheet, but also on a third party assets under management of in excess of \$500 billion.</p> <p>Investor 2.</p> <p>The Applicant has had detailed discussions with a publicly listed global infrastructure institution, which owns and operates a number of major airports in Asia, and has co-invested and participated in numerous financings of airports in the US. This particular investor is keenly interested in expanding its presence into the UK and Europe, and has been involved in the evaluation of our development plans for Manston since very early in the process. This entity has a market capitalization in excess of \$150 billion.</p> <p>Investor 3.</p> <p>This investor is a UK based asset management company with annual revenues of almost £3 billion and responsible for over £400 billion on behalf of its clients This investor has a major mandate to diversify and seek to support investments into the development of UK infrastructure, and Manston fits its criteria. They have been tracking the Applicant's progress both with the DCO application and the details of the scale of proposed development at Manston.</p>
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		<p>Investor 4.</p> <p>The Applicant has had significant ongoing dialogue with this global private family investment entity. This diversified investment vehicle has extensive interests already in airport and strategic infrastructure assets, and again, have been involved in reviewing and advising on our business case and the thesis we have proffered on Manston from very early on in our investment review. This family office has known assets valued in the region of \$25 billion.</p> <p>Investor 5.</p> <p>The Applicant has strategic relationships with smaller private groups with extensive specific experience in certain sectors that will have good value to the future success of Manston. These groups have partnered with directors of the Applicant previously in other infrastructure investments both in terms of brownfield redevelopment and ground up data centre infrastructure development. One such has executed, in the last three years, the ground up conception, planning approval, construction and delivery, as lead developer, of two major office projects in London with the aggregate value in excess of £700m. One of these projects has since been sold to a major Asian investor for pricing in excess of £330m.</p> <p>Investor 6</p> <p>This investor is a global security services group with assets of over £4 billion and annual revenues of £8 billion.” They have expressed a strong interest in participating in the airport project and in investing in fire and security infrastructure.</p> <p>Underwriting and capital markets:</p> <p>The Applicant has broad based relationships, both with buy-side institutional investors themselves, but also with the underwriting and financial instrument placement community, both in the US and Europe.</p>
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Ref No.	Respondent	Question
		<p>The Applicant in the process of reviewing proposals from a number of global investment banking firms on the structuring of financing both equity and debt, for the successful completion of the development plans our scheme proposes under the DCO. These discussions are ongoing and very detailed, and display not just the specific breath of relationships that the Applicant itself has for sourcing funding capital, as outlined above, but the major interest globally by institutional investors, both in terms of infrastructure as a whole, but even specific to Manston, despite the concerns of Brexit on the UK trade and economic outlook.</p> <p>It should be noted that one of the reasons for the confidentiality of the identities of the investors above derives from earlier attempts to secure Manston by CPO via the local authority. The Applicant previously provided detailed letter-headed correspondence from major global financial investors as to their interest in participating in the Manston project. This correspondence found its way into the public domain to the consternation of the authors who had requested that it be treated as commercially sensitive.</p> <p>The Applicant here reiterates the level of detail on funding that is referred to in statute and guidance. The statutory requirement in regulation 5 of the Infrastructure Planning (Applications: Prescribed Forms and Procedure) Regulations 2009 (as amended) is that where a DCO would authorise the compulsory acquisition of land, the application should be accompanied by <i>“a statement of reasons and a statement to indicate how an order that contains the authorisation of compulsory acquisition is proposed to be funded”</i>. <i>This statement should provide as much information as possible about the resource implications of both acquiring the land and implementing the project for which the land is required.”</i></p> <p>The clear implication from the statute is that where compulsory acquisition forms part of the DCO, the applicant must include a statement explaining how that acquisition will be funded. The statutory requirement must be given priority over the non-statutory guidance which appears, in the extract set out above, to go further than the statutory requirements and require a funding statement to cover not only the costs of the acquisition but the resource implications of the project as a whole.</p> <p>In fact, the guidance does not contain an absolute requirement to establish the funding available to cover total project costs, but rather seeks <i>“as much information as is possible”</i> about the <i>“resource implications”</i> of implementing the project, recognising that the information that it is possible to provide may vary across different projects. The 2013 guidance also refers to the further guidance available in Circular 06/2004 which explains that <i>“A general indication of funding intentions, and of any commitments from third parties, will usually suffice to reassure the Secretary of State that there is a reasonable prospect that the scheme will proceed”</i>.</p>

Ref No.	Respondent	Question
		<p>COMMENTS</p> <p>1. We note that concerns raised with regards to the Funding Statement in the Inspectorate's s51 advice to the Applicant suggested that <i>"information is very likely to be requested by the appointed ExA early in the Pre-examination stage"</i>, including <i>"further evidence that adequate funds will be available"</i> and <i>"further information in respect of RiverOak Strategic Partner's (RSP) accounts, shareholders, investors and proof of assets"</i>⁶⁴.</p> <p>1.1. We note that the Written Question at F.1.4 (i) sets a lower bar than set out in the s51 Advice letter by borrowing inadequate terminology promoted by the Applicant in its Funding Statement and requesting only names of funders <i>"who have expressed interest"</i>. We note that the Applicant has consequently answered only on this very limited basis.</p> <p>1.2. Respectfully, this does not address the issue in that an expression of interest does not provide any evidence whatsoever that <i>"adequate funds will be available"</i>.</p> <p>1.3. The significant risks in equating "investors" with third parties who have reportedly only <i>"expressed interest"</i> are made very clear by the recent case of Seaborne Freight.</p> <p>1.4. In the Seaborne case, both Seaborne Freight and the Department for Transport had described Arklow Shipping as Seaborne's <i>"backer"</i> on the basis of expressions of interest - which, unlike in the Applicant's case here, (as we will show), also had the</p>

⁶⁴ (PD-002) Post-acceptance s51 advice to the Applicant, FINAL, 14 August 2018

		<p>advantage of being evidenced⁶⁵.</p> <p>1.5. The well-publicised cancellation of Seaborne's contract was widely reported as being due to Arklow's withdrawal, with Arklow Shipping later confirming after its withdrawal:</p> <p><i>"it was never 'a backer' or had 'any formal agreement' with Seaborne, nor was it 'a contract partner'".</i>⁶⁶</p> <p>1.6. In the Applicant's case, giving consideration only to those who may have merely <i>"expressed interest"</i> makes it nigh impossible for the Applicant to provide meaningful answers to the main thrust of the question - i.e. "Name those funders" and "show audited proof of assets".</p> <p>1.7. Since these third parties who have allegedly <i>"shown interest"</i> cannot be deemed to have committed to the project in any way, it is perhaps unsurprising that the Applicant might claim a need for <i>"confidentiality"</i>, as it has done in its answer to Question F.1.4.</p> <p>1.8. As has been made clear by the Seaborne/Arklow case, it is irresponsible for any business to consider a third party that has reportedly only <i>"expressed interest"</i> as an "investor". Only the most naively optimistic of businesses would do so.</p> <p>1.9. Throughout its response to Question F.1.4, the Applicant has nevertheless referred to all those who have reportedly <i>"expressed interest"</i> as <i>"investors"</i>. This is inaccurate and misleading.</p> <p>2. As a general comment on the entities described by the Applicant as <i>"Investor 1"</i> through to <i>"Investor 6"</i>, the descriptions provided are utterly meaningless since they cannot be shown to</p>
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⁶⁵ Appendix F: 015 - Wicklow shipping company 'had no contract' with UK no-deal Brexit firm, Irish Times, 11 February 2019

⁶⁶ *ibid*

		<p>be associated with any verifiable facts.</p> <p>2.1. In effect, this is akin to a prospective house buyer being asked to provide proof-of-funds and stating only that they cannot provide any such evidence, nor can they evidence that they have even a conditional offer of a mortgage, and then proceeding to provide as “evidence” a list and description, (but not names), of a random selection of high street banks and the size of the assets of those banks.</p> <p>2.2. Clearly this would not pass muster for even the most modest of property transactions conducted by the most junior of conveyancing solicitors. That the Applicant should attempt a similarly vague and opaque approach here surely cannot be allowed to stand in consideration of the CPO and DCO for a Nationally Significant Infrastructure Project.</p> <p>2.3. Such general deficiencies notwithstanding, specific comments on each of these unnamed and unevidenced third parties are as follows:</p> <p>2.3.1. “Investor 1” No evidence has been provided, or even any comments made in the description, as to any discussions having taking place with this third party or letters of interest or support having been secured. This entity may not reasonably be described as an “investor”.</p> <p>2.3.2. “Investor 2” Applicant claims that this third party “<i>is keenly interested in expanding its presence into the UK and Europe</i>” but fails to state whether this interest is specific to the Manston site or the Applicant’s proposals. Applicant claims, without any evidence, that this entity “<i>has been involved in the evaluation of our development plans for Manston since very early in the process</i>” yet fails to provide any evidence, or even</p>
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		<p>any details, as to what this involvement may have entailed or any resulting conclusions - either positive or negative - that the entity may have reached regarding the development.</p> <p>This entity may not reasonably be described as an “investor”.</p> <p>2.3.3. <i>“Investor 3”</i></p> <p>No evidence has been provided, or even any comments made in the description, as to any discussions having taking place with this entity or letters of interest or support having been secured. The Applicant states only, without providing any evidence, that this entity has <i>“been tracking the Applicant’s progress both with the DCO application and the details of the scale of the proposed development at Manston”</i>. This indicates a passive interest, at best.</p> <p>This entity may not reasonably be described as an “investor”.</p> <p>2.3.4. <i>“Investor 4”</i></p> <p>Applicant has failed to provide any evidence of any <i>“ongoing dialogue”</i> with this entity. Claims made by the Applicant regarding this entity’s involvement in <i>“reviewing and advising on [its] business case”</i> are not clarified as to the extent or nature of this involvement and have not been substantiated or evidenced in any way. Despite allegedly having been <i>“involved in reviewing and advising on our business case and the thesis we have proffered on Manston from very early on”</i> it would appear that the Applicant still cannot provide so much as a letter of interest, much less a letter of intent or proof of funds from this entity.</p> <p>This entity may not reasonably be described as an “investor”.</p> <p>2.3.5. <i>“Investor 5”</i></p> <p>No evidence has been provided, or even any comments made in the description, as to any discussions having taking place with these entities or letters of interest or support having been secured. Applicant has only claimed that it has had previous</p>
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		<p><i>“strategic relationships” and that entity - or entities - “has partnered with the directors of the Applicant previously”.</i> No details have been provided as to which of the directors, specifically, this is referring to. Consequently, it is unclear whether such previous partnerships or <i>“strategic relationships”</i> might have been with any of the 26 dissolved businesses of TF or with Wiggins PLC, Planestation PLC or Integral prior to any litigation proceedings commenced, financial collapse, censure by the FSA, or governmental enquiries as detailed in our comments and questions to the Applicant’s written answers to question F.1.1. As such, it is also unclear as to how this might impact on the entity’s - or entities’ - willingness to invest, or otherwise.</p> <p>This entity - or these entities - may not reasonably be described as an “investor” or “investors”.</p> <p>2.3.6. “Investor 6”</p> <p>No evidence has been provided of any discussions with this entity or of any letters of interest or support having been secured. Applicant has claimed that the entity has <i>“expressed a strong interest in participating in the airport project and in investing in fire and security infrastructure”</i>. This is not evidenced, the entity’s alleged interest in <i>“participating”</i> is not defined and <i>“investing in fire and security infrastructure”</i> does not in any way constitute or suggest investing in the Applicant or its development proposal.</p> <p>This entity may not reasonably be described as an “investor”.</p> <p>3. Underwriting and Capital Markets</p> <p>3.1. Applicant claims that it <i>“has broad-based relationships, both with buy-side institutional investors themselves, but also with the underwriting and financial instrument placement community, both in the US and Europe”</i>.</p>
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		<p>3.1.1. No details have been provided or evidenced as to who these <i>'institutional investors'</i> are, what the nature of the alleged relationship is or whether or not any such relationships have been - or could be - leveraged to secure the required funding.</p> <p>3.2. No details or evidence has been provided as regards the alleged <i>"global investment banking firms"</i> or of the <i>"ongoing and very detailed"</i> discussions which the Applicant claims <i>"display not just the specific breath (sic) of relationships that the Applicant itself has for sourcing funding capital ...but the major interest globally by institutional investors"</i>.</p> <p>3.2.1. Indeed, no such relationships or interest has been put on "display" by the Applicant at all.</p> <p>3.3. The Applicant suggests it must maintain the confidentiality of the <i>"investors"</i> it claims to be <i>"in discussions with"</i> due to <i>"detailed letter-headed correspondence from major global financial investors"</i> provided to the local authority, Thanet District Council, ("TDC"), having previously <i>"found its way into the public domain to the consternation of the authors who had requested that it be treated as commercially sensitive"</i>.</p> <p>3.3.1. It is our understanding that the particular events surrounding <i>"attempts to secure Manston by CPO via the local authority"</i> which the Applicant is referring occurred in the period between c.December 2014 - c.October 2015.</p> <p>3.3.2. TDC has submitted its own detailed summary of the background and timeline to these events at pages 46-55 in its evidence appendix in TDC's Response to EXQ1 submission, (REP3-018), comprising TDC's Review of CPO Indemnity Partner for Manston Airport for the Extraordinary Cabinet meeting of 29 October 2015⁶⁷.</p>
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⁶⁷ Appendix F: 028 - TDC Review of CPO Indemnity Partner for Manston Airport, 29 October 2015

		<p>3.3.3. TDC's CPO Review states at page 4, paragraph 3.13:</p> <p><i>"RiverOak provided two redacted letters from potential investors (with the details of those investors removed)⁶⁸"</i></p> <p>and at page 4, paragraph 3.14:</p> <p><i>"Since the letters had the details of the authors removed, the Council has been unable to carry out any investigation into the authors of these letters"⁶⁹.</i></p> <p>3.3.4. TDC's CPO Review of 2015 therefore refutes the Applicant's version of events with regards to its thin justification for the present need for confidentiality.</p> <p>3.3.5. Further, given the content of the CPO Review, it would appear that it was the Applicant's dogged refusal and failure to identify any credible investment partner that led to the collapse of the CPO.</p> <p>3.3.6. TDC's CPO Review details a remarkably familiar chain of missed deadlines, broken promises, poor excuses and combative statements in an attempt to mask and/or justify RiverOak's inability to provide any credible evidence of investors and/or funding. This includes, but is not limited to, (NB: page and paragraph numbers below refer to numbering in TDC CPO Review⁷⁰):</p> <p><i><u>11 Dec 2014</u>: "the Council had made every effort to work constructively with (RiverOak) including making several deadline extensions for submitting the information requested" (page 1, para 1.2)⁷¹</i></p>
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⁶⁸ *ibid*

⁶⁹ *ibid*

⁷⁰ *ibid*

⁷¹ *ibid*

		<p><i>"From the documentation so far provided to the Council by RiverOak it appears that those investors will not be investing until after the confirmation of the CPO by the Secretary of State which would be after any inquiry conducted by a planning inspector"</i> (page 2, para 2.3)⁷²</p> <p><i>"RiverOak have provided no evidence during the negotiations of their ability to cover this eventuality"</i>⁷³ (page 2, para 2.5)</p> <p><u>June 2015:</u> <i>"Riveroak included their intention to deposit £250,000 in their solicitor's bank account to fund the CPO process"</i>⁷⁴ (page 2, para 3.1). NB: It is not clear from the CPO Review document whether or not this happened.</p> <p><u>July 2015:</u> <i>"proposals included (a) An 'escrow' account held by RiverOak's lawyers with funding of up to £2m to fund the CPO process"</i>⁷⁵(page 3, para 3.2a). NB: It is not clear from the CPO Review document whether or not this happened.</p> <p><u>July 2015:</u> <i>"RiverOak also proposed to provide a 'letter of credit' from a major European financial institution to cover the costs of the land purchase and development of the airport"</i>⁷⁶ (page 3, para 3.2b)</p> <p><u>July 2015:</u> <i>"RiverOak subsequently informed the Council that they would not</i></p>
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⁷² *ibid*

⁷³ *ibid*

⁷⁴ *ibid*

⁷⁵ *ibid*

⁷⁶ *ibid*

		<p>now be providing their proposed legally binding letter of credit from a bank. So the funding in relation to the costs of the land acquisition reverted back to its December 2014 position... .Instead, RiverOak offered to provide a non-binding letter of assurance from a major financial institution”⁷⁷(page 3, para 3,5)</p> <p>August 2015: “In substitution for the letter of credit, a letter of support was provided by RiverOak. It was a ‘subject to contract’ letter from a large American financial services company which ‘supported’ the efforts of RiverOak regarding the opening and development of Manston Airport following a successful CPO. However, the letter says that it is not a ‘binding legal commitment’”⁷⁸ (page 4, para 3.8)</p> <p>August 2015: “At this stage the Council did not have confidence in the finances (which were based solely on the letter of support from the American company) and no written evidence of RiverOak’s current proposals for the airport”⁷⁹ (page 4, para 3.11)</p> <p>14 August 2015: “RiverOak provided two redacted letters from potential investors (with the details of those investors removed) ... Their final investment decision was conditional ‘upon standard commercial due diligence, valuation of the asset and confirmation of the CPO by the secretary of State’⁸⁰ (page 4, para 3.13)</p> <p>“Counsel has advised that the three letters from potential investors by themselves are not sufficient for the council to be satisfied as to the resourcing of the CPO and the likelihood of the scheme going ahead. The letters are of some</p>
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⁷⁷ *ibid*

⁷⁸ *ibid*

⁷⁹ *ibid*

⁸⁰ *ibid*

		<p><i>evidential value but do not by themselves show that all the necessary resources are likely to be available to complete the scheme</i>"⁸¹ (page 3, para 3.15)</p> <p><i>September 2015: "RiverOak referred to a bond in the original draft of their draft indemnity agreement. The Council requested details of this bond with a deadline of the 18th August 2015; the response from RiverOak was that discussion of the bond was somewhat premature".⁸² (page 5, para 3.17)</i></p> <p><i>"the Council reviewed the CPO indemnity agreement and proposed amendments to RiverOak. It was proposed to amend the bond so that it secured that funding was in place to acquire the land prior to the confirmation of the CPO by the Secretary of State. RiverOak's position was that a bond would only be available after the confirmation of the CPO"⁸³ (page 6, para 3.24)</i></p> <p><i>"RiverOak did not agree with the amendment to the timing of the provision of the bond and subsequently publicly announced on the 11th October 2015 "We want to be perfectly clear, as we have in the past, we will not provide a bond. It is neither economically nor commercially viable to do so and is absolutely not required by governing law"⁸⁴ (page 6, para 3.27)</i></p> <p><i>"RiverOak provided an explanatory note as agreed in the action point from the September meeting. However, at that time it did not provide the picture of the overall financial framework as agreed"⁸⁵ (page 6, para 3.30)</i></p>
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⁸¹ *ibid*

⁸² *ibid*

⁸³ *ibid*

⁸⁴ *ibid*

⁸⁵ *ibid*

		<p>October 2015: "At the end of October, over three weeks after the deadline for providing this information had expired, RiverOak provided a revised version of their explanatory note.... The paper however lacks detailed evidence which it is suggested will be provided in the future"⁸⁶ (page 7, para 3.31)</p> <p>"RiverOak has not provided sufficient evidence to show the Council that the funding available to deliver the scheme is currently available or likely to be available to deliver the scheme"⁸⁷ (page 7, para 4.2)</p> <p>"RiverOak have had many opportunities to provide this evidence and the Council has itself requested this evidence. In the meeting with RiverOak in July their presentation was provided on flip charts which were taken away after the meeting. In August the request for an up to date business plan was refused. In September despite it being agreed that the finances and public interest argument would match the requirements of Circular 06/2004 the expected level of evidence and explanation was not provided"⁸⁸ (page 7, para 4.3)</p> <p>"the figures for the scheme have not been justified to the Council and the Council has not been given an opportunity to satisfy itself that those figures are reasonable. The mechanism through which that investment would occur has not to date been explained or what role RiverOak would have in delivering the project"⁸⁹. (page 7, para 4.4)</p>
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⁸⁶ *ibid*

⁸⁷ *ibid*

⁸⁸ *ibid*

⁸⁹ *ibid*

		<p><i>"An offered letter of credit was subsequently withdrawn. A bond to cover any shortfall in funding was also offered and then withdrawn"</i>⁹⁰. (page 7, para 4.5)</p> <p><i>"The only evidence to support other funding are two non-binding, conditional and redacted letters of support and a similar letter of support from an American company"</i>⁹¹ (page 8, para 5.3)</p> <p><i>"RiverOak's track record of failing to provide necessary information throughout the process dents this required confidence"</i>⁹² (page 8, para 5.5)</p> <p><i>"There remains the lack of evidence that financial resources are in place or proposed to be in place to acquire the land prior to the confirmation of the CPO"</i>⁹³ (page 8, para 6.2.1)</p> <p><i>29th October 2015: "any commitment to the project has been caveated and, in the absence of any binding commitment, there is limited evidence of the financial resources proposed to be in place to acquire the land and develop the airport scheme... the evidence is not sufficient for the council to be satisfied as to the resourcing of the CPO and the likelihood of the scheme going ahead"</i>⁹⁴ (page 8, para 6.2.2)</p> <p>3.3.7. Almost four years on from these events and it appears that nothing has changed.</p> <p>3.3.8. The Applicant remains unable to provide any evidence of investors, funding or financial resources, it is still promising to provide such details sometime in the</p>
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⁹⁰ *ibid*

⁹¹ *ibid*

⁹² *ibid*

⁹³ *ibid*

⁹⁴ *ibid*

		<p>unspecified future, it has still only managed to secure caveated and conditional, a non-binding letter of support that is entirely dependent on the granting of the CPO - and now the DCO - by the Secretary of State.</p> <p>3.3.9. Any questions as to whether or not its alleged “investors” are bona fide are still left unanswered by its dogged insistence on ‘confidentiality’ and anonymity.</p> <p>3.4. Not for the first time during this process, the Applicant has reacted rather defensively when challenged on its lack of credible evidence of investors and/or funding, choosing to quote statute in an attempt to argue that no further evidence is required. Even by its own low benchmark, the Applicant appears to be falling some way short in this regard, as follows:</p> <p>3.4.1. The Applicant quotes regulation 5 of the Infrastructure Planning (Applications: Prescribed Forms and Procedure) Regulations 2009 (as amended) which requires that the Applicant must provide a “<i>statement to indicate how an order that contains the authorisation of compulsory acquisition is proposed to be funded</i>” and that this statement “<i>should provide as much information as possible about the resource implications of both acquiring the land and implementing the project for which the land is required</i>”.</p> <p>3.4.2. The Applicant also quotes Circular 06/2004 and its suggestion of “<i>a general indication of funding intentions and of any commitments from third parties</i>”.</p> <p>3.4.3. Given that the Applicant has failed to provide any credible evidence of any commitments from third parties, any credible evidence of its ability to fund the compulsory acquisition, and has not provided sufficient evidence to justify withholding any such evidence that might exist, the Applicant has surely failed to meet even its own low benchmark.</p>
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		<p>3.4.4. Indeed, with all due respect to Thanet District Council, there is no evidence to suggest that the Secretary of State will be reassured <i>“that there is a reasonable prospect that the scheme will proceed”</i> when TDC concluded that <i>“the evidence is not sufficient for the council to be satisfied as to the resourcing of the CPO and the likelihood of the scheme going ahead”</i> under almost identical circumstances almost four years ago and with little or no progress on securing any commitments from investors since then⁹⁵.</p> <p>4. Throughout both the previous failed CPO application detailed by TDC and the current DCO application, what little evidence the Applicant has provided as regards funding as been heavily caveated with statements from alleged investors - and the Applicant themselves - that any funding that might become available is conditional on the CPO being granted by the Secretary of State.</p> <p>4.1. This puts the ExA in the unfortunate position of having to take a decision on whether or not to recommend granting of the DCO and CPO without first having any firm evidence or commitment that the Applicant has confirmed and immediate access to the necessary funds, or that any investors are in place to <i>“implement the project for which the land is required”</i>.</p> <p>5. The Applicant's aggressive insistence that the statutory requirement (to include a statement explaining how that acquisition will be funded) <i>“must be given priority”</i> over the non-statutory requirements that <i>“a funding statement (is) to cover not only the costs of the acquisition but the resource implications of the project as a whole”</i> seems to indicate the Applicant's unwillingness and/or inability to evidence any investment for the project as a whole.</p> <p>5.1. If the Applicant genuinely intends to develop and successfully operate a viable and</p>
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⁹⁵ Appendix F: 028 - TDC Review of CPO Indemnity Partner for Manston Airport, 29 October 2015A, (page 8, para 6.2.2)

		<p>sustainable airport it must surely be in the Applicant's best interests to rigorously pursue and secure commitments from investors for the project as a whole.</p> <p>6. In the absence of any such commitments after more than four years of pursuing a CPO of the Manston site, this must surely raise questions as to the Applicant's intentions with regards to concerns raised by numerous interested parties - not least the legal landowners - that the DCO process may be being used in this instance for the purpose of a "landgrab".</p> <p>QUESTIONS</p> <p>In light of comments at paragraphs 1-6, above, we respectfully suggest that the ExA might consider its response and/or ask the Applicant to provide supplementary information and/or provide answers to additional questions, as follows:</p> <ol style="list-style-type: none"> 1) Having failed to provide any actual evidence of potential investors who have even "<i>expressed interest</i>", the higher standards set out in the s51 Advice letter might be revisited, with the Applicant required to provide evidence that adequate funds will be available and evidence in respect of RiverOak Strategic Partners (RSP) accounts, shareholders, investors and proof of assets. 2) We respectfully request that the ExA might consider whether it considers that the Applicant has met either the statutory and/or the non-statutory requirements it refers to of providing "<i>as much information as possible about the resource implications of both acquiring the land and implementing the project for which the land is required</i>". 3) Can the Applicant provide an Investment Prospectus or any other evidence to indicate on what basis the alleged investors have been invited to invest? This should also include ROI projections and the basis for these calculations.
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F.1.5	The Applicant	<p>Resource Implications – Implementation of the project</p> <p>The Applicant is reminded that that DCLG Guidance related to procedures for the compulsory acquisition of land (DCLG (2013) Planning Act 2008: Guidance related to procedures for the compulsory acquisition of land, April) states that:</p> <p><i>“Any application for a consent order authorising compulsory acquisition must be accompanied by a statement explaining how it will be funded. This statement should provide as much information as possible about the resource implications of ... implementing the project for which the land is required.”</i></p> <p>Provide a copy of any business case and/or plan which forms any part of the basis for estimating the net cost of implementing the project.</p> <p>Applicant's Response:</p> <p>A summary business model is attached at Appendix F.1.5 in TR020002/D3/FWQ/Appendices, representing a high-level, 20- year operating income statement for the airport. Major revenue categories include cargo handling fees, airside and landside rents, aircraft landing revenues and fuel revenues. Given that airports are labour-intensive, direct costs include the personnel costs of handling freight, staffing the control tower, providing security, fire control, maintenance and passengers operations.</p> <p>Indirect costs are the overhead costs required to keep the airport operating including all utility costs, property rates, administrative costs, insurance costs and others.</p>

		<p>COMMENTS</p> <p>1. As stated in our comments and questions at F.1.1, the table presented by the Applicant at Appendix F.1.5 in TR020002/D3/FWQ/Appendices does not in any way constitute a “business model”. As such, it would appear that the Applicant may have misunderstood the question. .</p>
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		<p>2. The chart provided by the Applicant at Appendix F.1.5 in TR020002/D3/FWQ/Appendices is a rudimentary Profit and Loss forecast sheet. Even under this generous definition, the chart is so sparse in any meaningful detail as to be almost worthless, featuring only three generic sources of revenue, (<i>"Aeronautical"</i>, <i>"Commercial Net Income"</i> and <i>"Other Income"</i>), and a simple breakdown of expenses at its most basic, (<i>"Direct (Operating)"</i> costs and <i>"Indirect (Overheads)"</i> costs).</p> <p>2.1. It is not clear whether this is the same P&L forecast chart that might have been presented to any potential investors. If so, might this perhaps explain the Applicant's inability to provide any evidence of secured investment?</p> <p>3. Similarly, the response from the Applicant provided in the text of its answer is so perfunctory, at best, that it borders on being disrespectful, containing as it does such insights and explanations for the ExA as <i>"indirect costs are the overhead costs required to keep the airport operating"</i>.</p> <p>QUESTIONS</p> <p>In light of comments at paragraphs 1-3, above, we respectfully suggest that the ExA might consider its response and/or ask the Applicant to provide supplementary information and/or provide answers to additional questions, as follows:</p> <ol style="list-style-type: none"> 1) The answers provided to this question seem to indicate that the Applicant was perhaps short in time, resources, patience, understanding and/or business experience. Would the Applicant care to explain or comment? 2) Can the Applicant provide a copy of any business case and/or plan which forms any part of the basis for estimating the net cost of implementing the project, as originally
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		<p style="color: red;">requested?</p> <p style="color: red;">3) Can the Applicant provide any financial documents, projections, P&L forecasts, ROI projections etc, (if any), that have been provided to prospective investors?</p>
F.1.6	The Applicant	<p>Resource Implications – Implementation of the project</p> <p>The Applicant is reminded that that <i>DCLG Guidance related to procedures for the compulsory acquisition of land</i> (DCLG (2013) Planning Act 2008: Guidance related to procedures for the compulsory acquisition of land, April) states that:</p> <p><i>“Any application for a consent order authorising compulsory acquisition must be accompanied by a statement explaining how it will be funded. This statement should provide as much information as possible about the resource implications of ... implementing the project for which the land is required.”</i></p> <p>Resource Implications – Implementation of the project</p> <p>The Funding Statement [APP- 013] states in paragraph 15 that:</p> <p><i>“RiverOak has taken expert advice from RPS on the cost estimate for the project that is the subject of the application. The initial phase of the project, which will bring the airport back into use, is estimated to cost about £100 million. The cost of developing the remaining phases of the project over a 15-year period is estimated to be an additional £200 million, i.e. a total of £300 million.”</i></p> <p>i. Show where in the application documentation the detailed costings used to arrive at this figure are to be found; or</p> <p>ii. Set out the assumptions and broad estimates of the costs of the different elements of the proposed scheme that underlie this estimate of £300 million.</p> <hr/> <p>Applicant's Response:</p> <p>ii. The Applicant has attached its Capital Expenditure budget of £306m at Appendix F.1.6 in TR020002/D3/FWQ/Appendices. The chart depicts both the Applicant's and its masterplanning consultant RPS's high level cost projections for the proposed capital expenditure (CapEx) plan for Manston. This CapEx scheme is currently proposed to be phased over 15 years. The total expenditure (including a 10% contingency) equals just under £306m, consistent with the figure of £300m in the Funding Statement [APP-013]. However it should be noted that following a more detailed</p>

		analysis the level of expenditure to bring the airport back into use is a greater share of the £300m than stated in the funding statement, i.e. £186m rather than £100m.
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		<p>COMMENTS</p> <p>1. As in its response to Question F.1.5, the chart provided by the Applicant at Appendix F.1.6 in TR020002/D3/FWQ/Appendices is rudimentary, at best, and appears to have misunderstood the question, which asked for “detailed costings” used to arrive at the figure of £300m.</p> <p>1.1. No effort has been made by the Applicant to provide any breakdown whatsoever of the costings in the chart at Appendix F.1.6. The chart merely states the estimated units of land required in metres squared, without assigning any breakdown of costs or even relevant units of measurement for any of the associated works listed.</p> <p>1.2. The fact that the Applicant can specify a number for how many metres squared of land it desires for each part of the project but cannot put a number against the cost of actually developing each area of land is perhaps another indication of the true intentions of the Applicant. This suggests some validity to the claims of Stonehill Park Limited, and others, that the DCO is process is being used to facilitate a “land grab”.</p> <p>1.3. The only breakdown of any sort for any of these Capital Expenditure costs is a breakdown of the total sums required over the four phases of the project construction. By any measure, this does not constitute “detailed costings”.</p> <p>1.4. The Applicant mentions that it has previously worked with a masterplanning consultant, RPS, on cost projections for the proposed development, yet these projections do not</p>
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		<p>appear to have been presented here. Similarly, the Applicant mentions a “<i>more detailed analysis</i>” has taken place since its original Funding Statement arrived at the figure of £300m, but has not presented any evidence whatsoever of any such analysis to arrive at its new figure of £306m.</p> <p>1.4.1. In the absence of such, it would appear that the sums have been plucked out of thin air.</p> <p>1.5. The Applicant claims that the cost of bringing the airport back into use has risen by 86% since its original projections, yet the total capital expenditure cost of implementing the project over the rest of the 4-phase, 15 year period, has risen by only 3%, which suggests a 40% reduction in costs for the latter phases.</p> <p>1.5.1. No explanation for how this has been achieved has been provided, or for how this will affect the cashflow or ROI profile for any potential investors, (and therefore its attractiveness to potential investors or investor profiling).</p> <p>2. The Applicant has completely failed to set out the assumptions and broad estimates of the costs of any element of the proposed scheme.</p> <p>3. This object failure of the Applicant to address this issue goes beyond merely failing to satisfy a request for answers from the ExA.</p> <p>3.1. Accurate and well-evidenced costings for the project sit at the very heart of its viability, its cashflow forecasting, its ROI projections, its ability to attract investors, its sustainability, wider socio-economic impact ...it is fundamental to the entire project.</p>
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		<p>3.2. It is absolutely incomprehensible that the Applicant, at this late stage, should be unable to provide any such projections or Capital Expenditure charts that are broken down any further than a single lump sum expense for each of the four anticipated phases.</p> <p>4. This begs the question: Does the applicant have any serious intention at all of ever actually building an airport?</p> <p>QUESTIONS</p> <p>In light of comments at paragraphs 1-4, above, we respectfully suggest that the ExA might consider its response and/or ask the Applicant to provide supplementary information and/or provide answers to additional questions, as follows:</p> <ol style="list-style-type: none"> 1) The answers provided to this question seem to indicate that the Applicant was perhaps short in time, resources, patience, understanding and/or business experience. Would the Applicant care to explain or comment? 2) The ExA might consider reaching out to the Applicant's masterplanning consultants, RPS, to comment on the charts provided and the Applicant's assertion that RPS was involved in production of this chart. 3) Can the applicant now show where in the application documentation - or otherwise provide - the detailed costings used to arrive at the Capital Expenditure figure of £306m are to be found? 4) Can the applicant set out the assumptions and broad estimates of the costs of the different elements of the proposed scheme that underlie this revised estimate of £306 million? 5) What financial information, if any, as regards CapEx cost breakdowns of airport construction and
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		<p style="color: red;">ROI projections has been provided to prospective investors?</p> <p style="color: red;">6) In the absence of even the most basic breakdown of Capital Expenditure costs and/or any indication of any detailed analysis of these costs, what evidence can the Applicant provide that it has any intention <i>at all</i> of ever building and operating the proposed airport? What evidence can the Applicant provide that it has any understanding of the costs that might be associated with doing so?</p>
F.1.7	The Applicant	<p>Resource Implications – Implementation of the project</p> <p><i>Paragraph 11 of the Funding Statement [APP-013] states that:</i></p> <p><i>“RiverOak anticipates that it will raise further equity and debt finance following the making of the DCO in order to develop the authorised development to completion.”</i></p> <p>The ExA notes the use of the word “<i>anticipates</i>”.</p> <p>i. Provide evidence of your ability to raise further equity and debt finance following the making of the DCO in order to develop the authorised development to completion; and</p> <p>ii. Provide an evidenced estimation of the probability of doing so.</p> <p>Applicant's Response:</p> <p>i. The directors of the Applicant have had extensive career experience in the financial capital markets and infrastructure project finance, in terms of equity and debt financings, both in New York and London.</p> <p>On a macro overview, the extent of equity capital raised amongst the directors is in excess of \$1.0 billion, for a variety of infrastructure and longer term asset funds and redevelopment projects. In addition, many of these project finance investments have had a hands on operational / management involvement and strategic implementation strategies for asset repurposing.</p> <p>One of the directors has spent the formative years of his career in the US Public Finance / Municipal Capital Markets, which entailed raising significant new money and debt refinancing of airport infrastructure across the United States.</p>

		<p>These debt financing projects included the funding / development of freight facilities, passenger terminals, on-apron aviation fuel storage holding tanks, runway extensions, multi-story passenger parking garages and MRO / aircraft hangar and engineering infrastructure.</p> <p>The Applicant, specific to Manston over the previous number of years, has been willing to invest significant risk capital on the back of numerous discussions with long term institutional funding partners, both in terms of future equity requirements, and debt financing instruments to construct the necessary new infrastructure to meet the required capacity demands, both in terms of the DCO qualifications, but also in accordance with commercial business planning with potential end user entities such as air freight carriers, integrators, freight forwarders and digital retail platforms.</p> <p>ii. The probability of raising this finance is considered to be very high. The Applicant's canvassing of both the long term infrastructural financing community and the broad range of different end users has granted it significant confidence that the repurposing of Manston will be a long term viable addition to the UK's economic and trade sectors. As set out in answer F.1.4 above, there is significant interest in further investment beyond that which has already been secured.</p> <p>In addition to pure at-risk capital the Applicant has expended to outline its scheme of redevelopment under the DCO process, it has interacted with commercial banking institutions, UK and US pension fund investors, the investment departments of potential end users and a series of Asian infrastructure groups with existing airport ownership and operating assets.</p>
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COMMENTS

1. Applicant has **not provided any evidence** to support its claim of “*extensive career experience*” in these areas.
 - 1.1. Further, the career history of TF detailed in our comments to answers at F1.1, and the charts provided by the Applicant as answers to questions F.1.5 and F.1.6, indicate a crucial need to differentiate between “*career experience*” and “**ability**”, as specified in the ExA’s original question.
2. Applicant has **not provided any evidence** to support its claims of having raised “*in excess of \$1.0 billion*” in equity capital; which director (or directors) were primarily responsible for this; any details whatsoever of which projects were included in the “*variety of infrastructure and longer term asset funds and redevelopment projects*”; which company or companies these funds were raised for; what role the director (or directors) personally played in raising said funds or **whether or not the project or projects the funds were raised for ever actually materialised or achieved sustainability as a viable and ongoing concern**.
3. Applicant has not detailed which of the directors is aligned with which area of experience being described. This, of course, means that **any hope of fact-checking is almost impossible**, especially given comments at paragraph 2, above, regarding the generic descriptions and lack of detail provided.
4. Paragraph 5 of the Applicant’s response appears to be automatically generated text created from data sources combining various infrastructure funding keywords. **Little or no meaning - and certainly no evidence - can be derived from this 86-word sentence.**
5. Given the lack of any evidence provided thus far in the Applicant’s response to question

		<p>F.1.7, coupled with the significant concerns and further questions raised and outlined in our comments to questions F.1.1 - F.1.6, including - but by no means limited to - the Applicant's failure to provide any evidence of funding in the last five years and inability to produce any credible business model, P&L forecast or detailed costings, it is quite extraordinary that the Applicant might have reached the delusional conclusion that <i>"the probability of raising this financing is considered to be very high"</i>.</p> <p>5.1. The Applicant has failed to provide <i>"an evidenced estimation of the probability of doing so"</i>.</p> <p>5.1.1. The Applicant again claims <i>"significant interest"</i> and, as set out in our comments to F.1.4, has failed to provide any evidence that this has translated into any actual investment or legally-binding commitment, after at least four years of trying.</p> <p>5.1.2. The Applicant's comments regarding <i>"further investment beyond that which has already been secured"</i> require evidence of any investment having been secured at all, other than the bank loan detailed in our comments to answers given to Question F.1.1 (paragraphs 4.4 and 4.5) and our questions relating to these comments, (F.1.1, questions 9 and 10).</p> <p>5.1.3. The Applicant's statement that it <i>"has interacted with commercial banking institutions"</i> may, at a stretch, be rather optimistically taken by the Applicant as a potential signal that said banking institutions have shown interest - or perhaps even <i>"significant interest"</i> - in investing.</p> <p>5.1.3.1. Equally, having <i>"interacted with commercial banking institutions"</i> might mean using the ATM at a local branch of a high street bank. The Applicant is somewhat unclear on this point.</p>
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		<p>QUESTIONS</p> <p>In light of comments at paragraphs 1-5, above, we respectfully suggest that the ExA might consider its response and/or ask the Applicant to provide supplementary information and/or provide answers to additional questions, as follows:</p> <p>1) The Applicant might be asked to reconsider the questions posed by the ExA at F.1.7, and its answers, paying particular regard to the words “evidence”, “ability” and “probability”.</p>
F.1.8	The Applicant	<p>Resource Implications – Acquiring the land</p> <p>The Applicant is reminded that that DCLG Guidance related to procedures for the compulsory acquisition of land (2013) states that:</p> <p><i>“Any application for a consent order authorising compulsory acquisition must be accompanied by a statement explaining how it will be funded. This statement should provide as much information as possible about the resource implications of ... acquiring the land ”</i></p> <p>The Funding Statement [APP- 013] states in paragraph 16 that:</p> <p><i>“ RiverOak has obtained advice from surveyors CBRE that the total cost of acquiring the necessary land for the project at its value in the ‘no-scheme world’, the basis upon which compensation for compulsory acquisition is calculated, as no more than £7.5 million.”</i></p> <p>The ExA notes that Article 9 - Guarantees in respect of payment of compensation, etc in the dDCO [APP-006] proposes guarantees in respect to this sum.</p>

		<p>i. Show where in the application documentation the detailed costings used to arrive at this figure are to be found; or</p> <p>ii. Set out the assumptions and estimates of the costs of the different elements that underlie this estimate of £7.5 million.</p>
		<p>Applicant's Response:</p> <p>ii. The Applicant has not included detailed costings in the application documentation. The Examining Authority will be aware that the overwhelming majority of the land is held by Stone Hill Park Limited, with a number of additional parties affected, and for reasons of commercial confidentiality and sensitivity the Applicant considers it inappropriate to provide a breakdown of different elements as they may be assigned to individual land holdings.</p> <p>The Applicant's property cost estimate is founded on the statutory compensation code position in the 'no scheme world' and with appropriate planning assumptions made. The Applicant's surveyors CBRE have given due regard to the market evidence available at the date the estimate was provided. The heads of claim being the Land Compensation Act 1961 at section 5 (namely Rule 2 - market value and Rule 6 – disturbance) together with the Compulsory Purchase Act 1965 at Section 7 (namely severance and injurious affection). The Applicant's estimate also anticipates any claimants' reasonably incurred fees and costs are included as part of Rule 6 compensation and allowance has also been made for statutory loss payments. In respect of some aspects of the scheme, for example the underground pipeline, the Applicant has incorporated the notion of betterment in its property cost estimate as it is acquiring the subsoil only that contains an asset which does not have any certain legal owner at present. The Applicant, in acquiring this asset, would assume the responsibility and liability for its maintenance and repair.</p>

Ref No.	Respondent	Question
		<p>COMMENTS</p> <p>1. It is unclear from the Applicant's response whose commercial confidentiality may be at risk of being breached or whether the Applicant's refusal to disclose detailed costings relating to the CPO are at the request of any third parties or due to any third party sensitivities.</p> <p>1.1. With regards to the owner of <i>"the overwhelming majority of the land"</i>, Stone Hill Park Limited, ("SHP"), we note that SHP does not appear to have any concerns with regards to its commercial confidentiality since documents relating to discussions and the Applicant's costings relating to this part of the CPO have been provided and evidenced in its own Written Representation to the ExA, (REP3-025).</p> <p>1.2. Given SHP's considerable interests - and its own efforts to defend such interests - we do not intend to comment on the CPO valuation save to make an observation regarding the lease value of the site for use under Operation Stack, reported in January 2018 as having been worth £5.5m⁹⁶ up until that date and with an extended contract now in place under a Special Development Order until at least December 2020⁹⁷. As such, it would appear - at least to a lay person's untrained eye - that the estimates of the total costs of the CPO at £7.5m have been underestimated.</p>

⁹⁶ Appendix F: 029 - Manston Airport Operation Stack lorry park costs £5.5m, BBC News, 31/1/18

⁹⁷ Appendix F: 030 - Special Development Order 2019, No. 86

		<p>1.3. Proper consideration should be given - and risks assessed - as to any State Aid implications that might apply in the event that DCO planning consent is granted and/or CPO costs are undervalued under TFEU Article 107 on grounds of competition and/or selectivity⁹⁸.</p> <p>1.3.1. It should be noted that the usual infrastructure exemptions to State Aid Article 107 challenges may not apply in this case given that the proposed development is intended to be commercially exploited by the Applicant who <i>“will not make it available without charge to users in the common interest”</i>⁹⁹.</p> <p>1.3.2. State Aid case law with regards to infrastructure challenges appears to indicate that <i>“Findings are focused on developments in the airports sector”</i>¹⁰⁰.</p> <p>1.4. The Applicant appears to have misunderstood the question - either wilfully or otherwise - and seems to have explained in its response only a broad summary of the underlying legislation that governs the compensation element of a CPO.</p> <p>1.4.1. Given the considerable expertise and experience on the ExA panel, it is unclear whether such an explanation as the Applicant has provided is strictly necessary, although one imagines that the requested details of the Applicant's specific <i>“assumptions and estimates of the costs of the different elements that underlie this estimate of £7.5m”</i> might have proved more enlightening.</p>
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⁹⁸ Appendix F: 031 - State Aid in planning and CPO cases, James Maurici Q.C., Landmark Chambers

⁹⁹ *ibid*

¹⁰⁰ *ibid*

		<p>QUESTIONS</p> <p>In light of comments, above, we respectfully suggest that the ExA might consider its response and/or ask the Applicant to provide supplementary information and/or provide answers to additional questions, as follows:</p> <ol style="list-style-type: none"> 1) Set out the assumptions and estimates of the costs of the different elements that underlie this estimate of £7.5 million. 2) Has the ExA and/or the Applicant considered any State Aid implications - or assessed and mitigated against the risks - of granting of the DCO with undervalued land for the CPO?
F.1.9	The Applicant	<p>Resource Implications – Noise Mitigation Plan</p> <p>Paragraph 18 in the Funding Statement [APP- 013] shows costs in relation to the Noise Mitigation Plan that:</p> <p><i>“Implementation of insulation policy and Part I claims: £4m (up to 1000 properties at £4000 each); and</i></p> <p><i>Implementation of relocation policy: £1.6m (up to eight properties).”</i></p> <p>The ExA notes that this totals £5.6m.</p> <ol style="list-style-type: none"> i. Show where in the application documentation the detailed costings used to arrive at these figure are to be found; or ii. Provide details of the costings of elements of the estimates underlying the costing of £5,600,000. iii. Show where the availability of this sum is subject to any form of guarantee in the dDCO [APP-006].

MANSTON DCO: SUBMISSION FOR DEADLINE 4
COMMENTS ON APPLICANT'S RESPONSE TO ExA's FIRST WRITTEN QUESTIONS (FUNDING & RESOURCES)
SUBMITTED BY FIVE10TWELVE LTD

		Applicant's Response:
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Ref No.	Respondent	Question
		<p>ii. The Applicant has not included detailed costings in the application documentation. The Applicant estimated a sum of £4,000 per property towards acoustic insulation having considered noise insulation assistance schemes at other airports in the UK. For example, it is the Applicant's understanding that Manchester Airport offers up to £2,000, Gatwick Airport offers up to £3,000, and Heathrow Airport is proposing up to £3,000 in its outer zone affected by the planned new runway. The Applicant believes that its offer is generous in this context.</p> <p>The costing of potential Part 1 Land Compensation Act 1973 claims has been calculated based upon a robust estimate that such claims are typically in the region of 1% of value, and a generous assumption has been made of an average value of £400,000 per dwelling. Assumptions have also been included in respect of betterment to value arising as a result of the commercial success of the Proposed Development with consequential strengthening and support for housing locally. By its nature the impact of aircraft noise and effect, if any, on residential properties is hard to predict with precision. It is dependent on various factors including flight paths and wind direction and noise can be dispersed accordingly. The Applicant's approach has been to provide an estimate based on valuation advice from CBRE's advice as to sustainable claims that may be made and the potential risk that properties would have to be relocated.</p> <p>The justification for a combined figure of £4m (for insulation and Part 1 claims) is that any sustainable Part 1 claim (where the Applicant has estimated a value of £4,000 per dwelling) is likely to be negated if an application had been submitted, and payment made, of £4,000 separately under the Applicant's proposed noise insulation scheme. As the greatest potential impact from the operation of the airport would be noise it is reasonable to assume that the majority of sustainable Part 1 claims, if any, would be nullified where payment is made to an eligible property for acoustic insulation.</p> <p>The costing of the relocation element has been calculated based on the value of eight properties at £200,000 each (total £1.6m).</p> <p>iii. The sum is secured through Article 9 of the dDCO, and updated version of which has been submitted for Deadline 3 (TR020002/D3/2.1) to include noise mitigation payments not covered by land compensation alone.</p>

		<p>COMMENTS</p> <p>1. We note this is the third time in this round of questions where the ExA has been compelled to ask the Applicant for “<i>detailed costings</i>” and the third time the Applicant has either failed or refused to do so.</p> <p>2. The issue of Noise Mitigation Plan (“NMP”) cannot be adequately dealt with in isolation since the very principles upon which the Applicant’s noise mitigation measures are based requires greater scrutiny before there can be any hope of accurate costings being provided. Further details, comments, questions and concerns on these underlying issues will be addressed separately in our comments on responses to questions in the relevant sections. As but two examples, these underlying principles include, but are not limited to:</p> <p>2.1. Airspace and the Airspace Change Process (ACP)</p> <p>As has already been established in Written Representation (REP3-060), the Applicant is yet to start the ACP with the CAA. This means that any proposed flight paths, swathes and - therefore - noise contours included in the Applicant’s application documents are purely aspirational and may be subject to change.</p> <p>2.2. One example of how this issue might impact the NMP and costings has been identified in TDC’s Local Impact Report (“LIR”) submitted at Deadline 3, (REP3-010), at page 25, (para 4.3.8 and page 28, (para 4.3.32), which states:</p> <p><i>“There is a preference to use Runway 28 for take-offs and Runway 10 for landings and whilst the Applicant will ‘seek’ to operate the airport in this way, there is currently nothing to prevent the airport from being operated in a different manner. This could mean that Runway 10 could be used for take-offs and Runway 28 for landings so that aircrafts will overfly Ramsgate causing adverse noises impacts to the residential areas”</i></p>
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		<p>2.3. Since the Applicant's failure to commence the ACP prior to submitting its DCO application means it will not be possible to confirm the Applicant's aspirational airspace and preferred runway use at any stage during the examination process, a worst case scenario should be applied for the purposes of budgeting for NMP, with Runway 10 being used for take-offs and Runway 28 for landings. This will have a significant impact on the number and type of properties and/or open spaces affected and NMP costings.</p> <p>2.4. Noise modelling</p> <p>2.4.1. Significant concerns and questions have been raised as to the Applicant's approach to noise modelling, which may have an equally significant impact on number and type of properties and/or open spaces affected and NMP costings.</p> <p>2.4.2. These concerns include those raised by TDC in its LIR¹⁰¹, including but not limited to those expressed at page 25, (paras 4.2.10 and 4.3.11), page 26, (paras 4.3.12, 4.3.14, 4.3.15, 4.3.16, 4.3.18, 4.3.19, 4.3.20), page 27, (para 4.3.22, 4.3.23, 4.3.24, 4.3.25, 4.3.26).</p> <p>2.4.3. Concerns have also been raised by Canterbury City Council, ("CCC"), in its LIR¹⁰², with a number of notable errors and omissions, as further detailed in its independent noise consultant's report, with but one key example summarised in the CCC LIR as follows:</p> <p><i>"The 60 dB LASmax contour is not provided in the application and would have a large footprint area. Furthermore, the 60 dB LASmax contour used to inform the N-above 60 dB LASMax Figure and assessments appears to be</i></p>
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¹⁰¹ REP3-010

¹⁰² REP3-246

		<p><i>missing. It is therefore not possible to fully assess the potential effects of the proposed development on CCC's district</i>¹⁰³.</p> <p>2.4.4. As a further example, significant questions and concerns have been raised about the Applicant's approach to identification and modelling of the 60db Leq contours more generally, which govern which properties, what type, and how many will be most impacted and therefore might qualify for NMP compensation. These include, but are not limited to, comments in TDC's LIR¹⁰⁴ and corroborated in (REP2-013)¹⁰⁵, which provides historical noise monitoring data sampled in a Ramsgate town centre location during previous operations of the airport which show regular readings between 80db - 100db from previous flights over the town.</p> <p>2.4.5. There is not currently any aircraft noise in the surrounding areas, and there has not been any aircraft noise since May 2014. Further, this is a new airport and therefore the noise modelling should be done on the basis of no existing aircraft noise profile. This has not been the case in the ES.</p> <p>2.5. From these few examples alone, it is clear that there are significant implications to both the number and type of properties and/or open spaces that will be impacted which will have an equally significant impact on NMP costings and viability of the proposed development.</p> <p>2.6. Even before taking such considerations into account, there are already a number of notable omissions in the Applicant's assessment of impacted properties and spaces within their own calculations, including but not limited to the following example of great</p>
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¹⁰³ REP3-246 page 4, para 4.4

¹⁰⁴ REP2-010 page 27, para 4.3.26

¹⁰⁵ REP2-013 page 15, para (p)

		<p>concern identified in the TDC LIR:</p> <p><i>“Significant effects are predicted at seven schools from a change in noise levels. Despite the significant effects no mitigation is proposed as the schools do not lie within the 63 dc LAeq, 16hr contour for noise insulation”</i>¹⁰⁶ (based on aspirational flight paths and Applicant’s questionable noise modelling).</p> <p>2.6.1. It is unclear how this contributes to the Applicant’s “generous” offer.</p> <p>3. The Applicant appears to be misinformed or has misrepresented and/or downplayed the details of noise insulation schemes, (“NIS”), at other airports in the UK. A Global Comparison of Airport Mitigation Measures¹⁰⁷, summarises NIS at Gatwick and Heathrow as follows:</p> <p><u>Gatwick</u></p> <ul style="list-style-type: none"> • £3,000 cap on NIS per property is correct, as stated by the Applicant • Contribution to council tax of £1,000 (indexed) for residents within the 57 dBA Leq 16hr noise contour • £131m allocated to compulsory purchase (168 properties) at 25% above unblighted market price • £46.5m Community Infrastructure Fund to support housing growth at £5,000 per house <p><u>Heathrow</u></p> <ul style="list-style-type: none"> • Average expenditure for worst affected properties (c.56,000) = £8,600 with no cap • Up to 50% of glazing costs and all loft insulation works covered • Remaining 106,000 properties outside those worst affected receive contributions averaging £2,200 per property • Over £1bn allocated to NIS or compensation
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¹⁰⁶ REP2-013 page 26, para 4.3.16

¹⁰⁷ Appendix F: 032- Airport Capacity Programme, Global Comparison of Airport Mitigation Measures, (Ernst & Young LLP), May 2016

		<ul style="list-style-type: none"> • Properties within 69dBLeq contour qualify for relocation assistance • £300m allocated to compulsory purchase of 750 homes, 25% above unblighted market value • £250m allocated to voluntary purchase of 3,750 homes in 'Heathrow Villages' <p>4. No consideration to has been given for the large number of listed and historic buildings which lie directly under the flight path, including Edwardian, Georgian, Regency and Victorian houses, or of the increased costs and difficulties in properly insulating such properties. (REP2-013) provides a detailed summary and evidence of recent quotes to provide glazed insulation of such properties, with costs of c. £25,590 to provide new windows for a three-bedroom Victorian property in keeping with the local conservation area¹⁰⁸. In this context, £4,000 is not a "generous" offer, by any measure.</p> <p>5. The Applicant does not appear to have submitted any evidence of CBRE's valuation advice or the basis of this advice.</p> <p>6. The Applicant does not appear to have submitted evidence that only eight properties will require relocation, what criteria has been applied in this assessment, the basis of the valuation of these properties at £200,000 each or whether any % uplift has been included, such as the 25% above market value, with all tax, stamp duty, legal fees etc, as is the norm in Heathrow and Gatwick.</p> <p>7. Given the significant concerns regarding aspirational air space, flight path and runway use, coupled with insufficient inclusion of numbers, types of properties and/or no mitigation or compensation measures in place for outdoor or recreational spaces and NIS which is far from "generous", the inevitable conclusion is that the NMP costings have been significantly underestimated at £5.6m and certainly do not allow for a "worst case scenario", as must surely be required given the uncertainties regarding the ACP.</p>
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¹⁰⁸ REP2-013 page 13

		<p>8. In the lack of any other sufficient evidence to the contrary, it would appear that the NMP costings have been 'reverse-engineered' based on what the Applicant considers it might reasonably <i>afford</i> rather than what the proposed development might realistically <i>require</i>.</p> <p>QUESTIONS</p> <p>In light of comments, above, we respectfully suggest that the ExA might consider its response and/or ask the Applicant to provide supplementary information and/or provide answers to additional questions, as follows:</p> <ol style="list-style-type: none"> 1) Applicant should be asked to revisit its Noise Mitigation Plan and to develop and produce a Noise Action Plan, as per the regulatory requirement. 2) Applicant should be advised to revisit its noise modelling in light of LIRs received, also taking into account historical data, and apply revised NMP 3) In light of Applicant's failure to progress ACP application with the CAA, Applicant should be advised, both for its own benefit and for the ExA, to provide NMP costings based on a realistic worst case scenario.
F.1.10	The Applicant	<p>Resource Implications - blight</p> <p>The Applicant is reminded that DCLG Guidance related to procedures for the compulsory acquisition of land (2013) advises at paragraph 18 that the resource implications of a possible acquisition resulting from a blight notice have been taken account of.</p>

		<p>The Funding Statement [APP- 013] states in paragraph 20 that:</p> <p><i>“In some circumstances, landowners can make blight claims once the application has been made but before it is decided. Statutory blight is triggered once an application for a DCO has been made, pursuant to paragraph 24(c) of Schedule 13 to the Town and Country Planning Act 1990. The three categories of land to which this applies are small businesses, owner-occupiers and agricultural units. CBRE advise that there is no land subject to compulsory acquisition under this application in any of these categories. Nevertheless, RiverOak is has set aside funding for potential blight claims out of an abundance of caution and have drawn down £500,000 from their investors at the time of making the application in case any claims are successfully made.”</i></p> <p>i. Show where in the application documentation the detailed costings used to arrive at this figure are to be found; or</p> <p>ii. Provide details of the costings of elements of the estimates underlying the figure of £500,000.</p> <p>iii. Show audited evidence that RiverOak has assets of at least £500,000.</p> <p>iv. Provide full details, including current audited accounts, of the investors cited in this paragraph.</p> <p>v. Show where the availability of this sum is subject to any form of guarantee in the dDCO [APP-006].</p> <div style="background-color: #f2f2f2; padding: 10px;"> <p>Applicant's Response:</p> <p>ii. The Applicant has obtained advice from CBRE to the effect that no claims in blight are likely to be successful, given the land concerned and the eligibility criteria, but that this amount should be set aside as a precaution.</p> <p>iii. The Applicant will provide evidence that its accountants hold £500,000 on its behalf as soon as possible.</p> <p>iv. As explained in Enclosure 2 to the Applicant's Deadline 1 cover letter [REP1-001], restructuring is currently taking place and so the identity of the investors mentioned in the Funding Statement is no longer relevant.</p> <p>v. This figure is encompassed in the overall land compensation figure which is the subject of a guarantee in article 9 of the dDCO, as it is merely being paid earlier than it would have done had the Applicant acquired the land after the granting of the DCO.</p> </div>
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		<p>COMMENTS</p> <ol style="list-style-type: none"> 1. No evidence appears to have been provided of the advice received from CBRE or the underlying assumptions upon which this advice is based. 2. Given the Applicant's claim in its Funding Statement (APP-013) that the Applicant has "<i>drawn down £500,000 from their investors at the time of making the application</i>", (i.e. August 2018), it is unclear why the Applicant is unable to provide immediate audited evidence that it has assets of at least £500,000 rather than providing "<i>evidence that its accountants hold £500,000 as soon as possible</i>". 3. Since the Applicant has failed to show any evidence of any restructuring, despite having promised to do so at Deadline 3, it is surely for the ExA to decide whether or not the identity, full details and current audited accounts of the alleged investors is still relevant. Indeed, irrespective of any restructure, details of any alleged investors and evidence of their audited accounts will surely still be relevant? <p>QUESTIONS</p> <p>In light of comments, above, we respectfully suggest that the ExA might consider its response and/or ask the Applicant to provide supplementary information and/or provide answers to additional questions, as follows:</p> <ol style="list-style-type: none"> 1) Applicant should be requested to produce evidence of alleged advice from CBRE
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		<p>2) Applicant should produce immediate audited evidence that it has assets of at least £500,000</p> <p>3) Applicant should immediately produce full details of investors and evidence of investors audited accounts, as repeatedly requested.</p>
F.1.11	The Applicant	<p>Potential shortfalls</p> <p>The Applicant is reminded that DCLG Guidance related to procedures for the compulsory acquisition of land (2013) advises at paragraph 17 that the Applicant should provide an indication of how any potential shortfalls are intended to be met.</p> <p>Figures in the Funding Statement [APP- 013] show the estimated capital cost of the scheme as being £300m. Figures in the Funding Statement show the estimated potential combined cost of compulsory acquisition, the Noise Mitigation Plan and blight to be £13.6m.</p> <p>A letter from PWC AG appended to the funding statement refer to assets of £15m.</p> <p>Show how the shortfalls in funding are intended to be met and by whom.</p> <p>Applicant's Response:</p> <p>The Applicant will submit an updated funding statement as soon as the restructuring mentioned in the Deadline 1 cover letter (REP1-001) is complete, which will address how any shortfalls would be met.</p> <p>COMMENTS</p> <p>1. With respect, the letter from PwC AG appended to the funding statement¹⁰⁹ refers only to assets held by Helix Fiduciary AG, Zurich, ("Helix"), which is an entirely separate legal entity to the Applicant and, as such, even these inadequate funds may not reasonably be considered as the Applicant's assets.</p>

¹⁰⁹ APP-013

		<p>1.1. The accompanying letter from Helix to the UK Planning Inspectorate dated 12/7/18 and also appended to the Funding Statement¹¹⁰ is caveated and conditional “should the DCO application be accepted and ultimately be approved by the Government”.</p> <p>1.2. As set out in our comments to responses to question F.1.4, the situation as regards caveated letters of interest has not changed since the collapse of the proposed CPO with TDC almost five years ago. As such, the ExA is put in the unfortunate position of having to take a decision on whether or not to recommend granting of the DCO and CPO without first having any firm evidence or commitment that the Applicant has confirmed and immediate access to the necessary funds, or that any investors are in place to “implement the project for which the land is required”.</p> <p>2. As set out in our comments and questions at F.1.3, we note that the Applicant has failed to provide the promised details and evidence on numerous occasions and is now unable and/or unwilling to even specify a date when this crucial information might be provided.</p> <p>QUESTIONS</p> <p>In light of comments, above, we respectfully suggest that the ExA might consider its response and/or ask the Applicant to provide supplementary information and/or provide answers to additional questions, as follows:</p> <p>1) Since the Inspectorate has previously noted “a substantial risk to the examination of the application”, the ExA's original question F.1.11 should be added to the list of several vital and urgent questions that remains unanswered as a result of Applicant's failure to provide evidence of funds and evidence of source of funds.</p>
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¹¹⁰ *ibid*

F.1.12	The Applicant	Timing of availability of funds

Ref No.	Respondent	Question
		<p>The Applicant is reminded that DCLG Guidance related to procedures for the compulsory acquisition of land (2013) advises at paragraph 18 that applicants should be able to demonstrate that adequate funding is likely to be available to enable the compulsory acquisition within the statutory period following the order being made.</p> <p>Demonstrate that adequate funding is likely to be available to enable the compulsory acquisition within the statutory period following the order being made.</p>
		<p>Applicant's Response:</p> <p>The updated funding statement to be provided once the restructuring is complete will demonstrate that adequate funding is sufficiently likely to be available to enable compulsory acquisition to take place within the statutory period following the order.</p> <p>COMMENTS</p> <p>1. It should be noted that Helix's caveated letter of support appended to the Funding Statement offers no timescale for confirmation of funds "<i>should the DCO application be accepted and ultimately be approved by the Government</i>". Nor may this be considered a legally binding contract or commitment.</p>

		<p>QUESTIONS</p> <p>In light of comments, above, we respectfully suggest that the ExA might consider its response and/or ask the Applicant to provide supplementary information and/or provide answers to additional questions, as follows:</p> <p>1) Since the Inspectorate has previously noted “a substantial risk to the examination of the application”, the ExA's original question F.1.12 may be added to the list of several vital and urgent questions that remains unanswered as a result of Applicant's failure to provide evidence of funds.</p>
F.1.13	The Applicant	<p>Guarantee</p> <p>The ExA notes that Article 9 - Guarantees in respect of payment of compensation, etc in the dDCO [APP-006] proposes guarantees in respect to £7.5m.</p> <p>Figures in the Funding Statement [APP- 013] show the estimated potential combined cost of compulsory acquisition, the Noise Mitigation Plan and blight to be £13.6m</p> <p>Justify the figure of £7.5m in Article 9 of the dDCO [APP-006].</p> <p>Applicant's Response:</p> <p>The £7.5m sum guaranteed in Article 9 of the dDCO related to the cost of compulsory acquisition (including blight). The revised version of the dDCO being submitted for Deadline 3 [TR020002/D3/2.1] has increased this figure to £13.1m to include the additional cost of implementing the Noise Mitigation Plan proposals. The sum of £13.6m referred to in the</p>
		<p>question appears to have added £500,000 for blight when that sum was already included in the £7.5m and should be a total of £13.1m.</p>

		<p>COMMENTS</p> <p>1. Please refer to our previous comments and questions with respect to questions F.1.8 and F.1.9</p>
F.1.14	The Applicant	<p>Guarantee</p> <p>The ExA notes that Article 9 - Guarantees in respect of payment of compensation, etc in the dDCO [APP-006] proposes guarantees in respect to £7.5m.</p> <p>Demonstrate how Article 9 of the dDCO (APP-006] provides sufficient security for individuals in consideration of the provisions of the Human Rights Act 1998.</p> <p>Applicant's Response:</p> <p>The Applicant explains in section 13 of the Statement of Reasons [APP-012] why it considers that its application complies with the European Convention on Human Rights and the Human Rights Act 1998. In the final sentence of paragraph 13.4 the Applicant states that "those affected by the exercise of compulsory acquisition or temporary use powers will be entitled to compensation and [the Applicant] has the resources to provide such compensation." Article 9 obliges the undertaker to demonstrate the existence of those resources before commencement of the Proposed Development. The article provides that the Proposed Development cannot be commenced until security of £13.1m has been provided in respect of the liabilities of the undertaker to pay compensation under this Order and the Secretary of State has approved the security in writing. Article 9 therefore provides a commitment from the undertaker to back up the claim made in the final sentence of paragraph 13.4 of the Statement of Reasons. This forms part of the Applicant's justification that interference with European Convention rights secured by the Human Rights Act 1998 is justified and proportionate.</p> <p>COMMENTS</p> <p>1. As stated in our comments to responses to previous questions, the Applicant has thus far failed to provide any credible evidence of funds or investors.</p>

		<p>2. As stated in our comments to responses to question F.1.11 at paragraph 1.1, the caveated letter of support provided by Helix and appended to the Funding Statement offers to provide funds of up to £15m only <i>“should the DCO application be accepted and ultimately approved by the Government”</i>.</p> <p>3. It does not appear to have been evidenced, therefore, that the Applicant currently <i>“has the resources to provide such compensation”</i>, (£13.1m).</p> <p>4. Assuming that the Secretary of State will be unable to approve any DCO prior to having first been able to approve the security of £13.1m pursuant to Article 9, it would appear that the Applicant may be stuck in a chicken-or-egg quandary as they will be unable to secure the necessary funds from Helix to provide this security before first having the DCO approved by the Secretary of State.</p> <p>QUESTIONS</p> <p>1) In the absence of any detailed costing - or, indeed, costings of any sort - Applicant should assume a more realistic worst case scenario and revisit its estimated costs of compensation and compulsory acquisition.</p> <p>2) Provided our understanding is correct that the SoS approval of the security of £13.1m must, by necessity, come before SoS approval of the DCO, the applicant should provide evidence that it has ready, immediate and confirmed access to these security funds without any reliance on first securing approval of the DCO by the Government or any other caveats.</p>
F.1.15	The Applicant	<p>Cost efficiency and sustainability</p> <p>The Planning Statement [APP-080] states in paragraph 6.47 , with reference to the Airports NPS, that:</p>

		<p><i>"Paragraph 4.39 states that the applicant should demonstrate in its application that its scheme is cost efficient and sustainable, and seeks to minimise costs to airlines, passengers and freight owners over its lifetime. Whilst this is relevant primarily to the Heathrow Northwest Runway, RiverOak have set out the relevant details applicable to their scheme in the Funding Statement provided with the DCO."</i></p>
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		<p>Show where and in what ways the Funding Statement (APP- 013] demonstrate the proposed scheme is cost efficient and sustainable, and seeks to minimise costs to airlines, passengers and freight owners over its lifetime.</p>
		<p>Applicant's Response:</p> <p>The Planning Statement [APP-080] notes that paragraph 4.39 of the Airports NPS is relevant primarily to the Heathrow Northwest Runway proposal. Indeed, most of the section within the NPS that deals with 'Costs' specifically relates to Heathrow Airport especially paragraphs 4.37 and 4.38. Cost is a particularly important issue for the Heathrow Northwest Runway proposal because of concerns that have been expressed about Heathrow's ability to raise the money to fund the scheme and fears that passengers and taxpayers might somehow need to contribute. In contrast, the costs of implementing and constructing the Manston DCO project plus the costs of acquiring necessary rights over the land is not dependent on any public funding, Government subsidy or guarantee, or any access to borrowing or grants from UK or European funds (paragraph 21 of the Funding Statement, APP-013). Consequently, the relationship between cost and affordability is much more relevant to the assessment of the Heathrow Northwest Runway proposal.</p> <p>The NPS recognises in paragraphs 4.36 and 4.37 that funding of airports is subject to economic regulation by the Civil Aviation Authority (CAA). Following any grant of the DCO, the operating arm of Applicant will comprise professionals with operational experience in aviation and costs will be controlled/regulated to the satisfaction of the CAA. The Applicant recognises the vital role of the aviation regulatory community in delivering this project and ensuring that regulatory compliance is achieved. The airport operator will have to obtain an Aerodrome Licence and this licence can only be obtained through the engagement of suitably qualified and experienced personnel (SQEP) at all levels of the Airport's operational management and it is the responsibility of the CAA to ensure that the holders of an Aerodrome Licence are financially and operationally competent and suitable persons to exercise the privileges of that licence.</p> <p>Paragraph 4.40 of the NPS recognises that the CAA is a statutory consultee for all proposed applications relating to</p>

		airports or which are likely to affect an airport or its current or future operation. The same paragraph states that the Applicant is expected to provide the CAA with the information it needs to enable it to assist the Examining Authority in considering whether any impediments to the Applicant's development proposals, insofar as they relate to the CAA's economic regulatory and other functions, are capable of being properly managed. RSP has consulted with the CAA throughout the preparation of the DCO application. The CAA has not made any specific requests for any financial information.
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		<p>The requirement to demonstrate that the Proposed Development is cost efficient and sustainable, and seeks to minimise costs to airlines, passengers and freight owners over its lifetime is not therefore directly applicable to the determination of this DCO application. However, cost efficiency and sustainability are important themes that underpin proposed development. The Manston Airport project proposes the reuse of an existing airport including the reuse of key airport related infrastructure which already exists including a runway which is in good condition, and which is protected and promoted for aviation use, expansion and diversification in saved policies in the Thanet Local Plan 2006. The Proposed Development truly embodies a sustainable form of development which is translated into the cost estimates for the project which will ultimately benefit costs to airlines, passengers and freight handlers using the airport.</p> <p>The cost estimate for the Manston Airport project includes the cost of implementing the project, the cost of construction and funding the acquisition of the necessary rights over land. Cost-efficiency and sustainability considerations have underpinned the cost-estimates which have been prepared by aviation experts. The Business Model is predicated on being able to offer airport users competitive terms. The costs have been shared with, and have attracted, significant interest from various interested institutional investors including entities with extensive broad-based aviation investments, in terms of aircraft leasing portfolios, but also those with extensive airport infrastructure interests combining investment ownership, airport management, airport construction, expansion and airport masterplanning. This significant interest would not exist unless the investors deemed the cost estimates to be cost-efficient and sustainable.</p> <p>COMMENTS</p> <p>1. The relationship between cost and affordability is surely relevant to any responsible business, whether financed through private or public funds? Only a business that takes the kind of cavalier and unscientific approach to its costs base and cashflow forecasting exhibited by the Applicant in its response to question F.1.6 might imagine for a moment that it is free from such considerations.</p>
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		<p>1.1. The Applicant appears to be wilfully avoiding the rather more obvious conclusion as to why Heathrow is the focus of this particular section of the Airports NPS in that Heathrow is the Government's preferred scheme for new runway capacity and infrastructure at airports in the South East of England. As such, Heathrow is the main focus of the entirety of the Airports NPS.</p> <p>2. The Applicant again places the ExA in the unfortunate position of being expected to approve the Applicant to develop and deliver an airport to the expected standards of a Nationally Significant Infrastructure Project without the Applicant first being able to prove any experience or competence with regards to <i>"operational experience in aviation or costs"</i> or any evidence of having access to such expertise or, indeed, without the Applicant even being to able to demonstrate any knowledge or significant understanding of what such expertise might entail.</p> <p>3. The Applicant appears to have misunderstood or is misrepresenting paragraph 4.37 of the Airports NPS with regards to the CAA's role of <i>"economic regulation"</i> in that this particular paragraph refers very specifically to Heathrow Airport right from the start:</p> <p><i>"Heathrow Airport is subject to economic regulation by the Civil Aviation Authority (CAA) under the Civil Aviation Act 2012."</i></p> <p>No reference is made anywhere else in paragraph 4.37 to CAA's role of economic regulation on these same terms for any other airport.</p> <p>4. The Applicant claims it <i>"has consulted with the CAA throughout the preparation of the DCO application"</i> and that <i>"The CAA has not made any specific requests for any financial information"</i>.</p> <p>4.1. Documentary evidence and correspondence filed with the ExA suggests otherwise, with a flurry of correspondence¹¹¹ between the Applicant, its consultants, Osprey, and the CAA in the period from January 2017 to 5 June 2017, followed by no evidence of any further contact with the CAA until the Applicant submitted its Statement of Need some 17 months later on 9 November 2018.</p> <p>4.2. CAA confirmed on 14 January 2019 that no further progress had been made in its ACP application since November as <i>"The Sponsor (RSP) has failed to obtain the</i></p>
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¹¹¹ REP2-013, pages 288-327

		<p><i>necessary portal access permissions from us” and “The Sponsor has been hastened on its requirement”.</i>¹¹²</p> <p>4.3. This same email bundle between CAA and the Applicant shows that the Applicant was invited by the CAA to apply for its Aerodrome Certificate as early as January 2017, as long as <i>“Riveroak understands it holds the risk with this approach as the ownership of the site or the agreement of the landowner is required for (CAA) to issue a certificate”</i>¹¹³.</p> <p>4.3.1. The Applicant confirmed in writing it was happy to proceed on this basis and submitted an incomplete draft Aerodrome Certificate application form to the CAA on 13 February 2017¹¹⁴.</p> <p>4.3.2. This draft application included details of a required fee of £30,980, with the form stating on page 7 <i>“This application will not be processed until the applicable charges have been received”</i>¹¹⁵.</p> <p>4.3.3. The payment details on page 9 of the application form had been left blank¹¹⁶.</p> <p>4.3.4. It appears that the Aerodrome Certificate application stalled or was withdrawn sometime after the Applicant received an email from the CAA dated 10 March 2017, which made it very clear to the Applicant that:</p> <p><i>“The most suitable time to make the formal application will be 1-1.5 years prior to opening”</i>¹¹⁷ ; and</p> <p><i>“we, within the CAA Aerodromes Team, will not be engaging with the Planning Inspectorate as you develop your plans. The award of an aerodrome certificate is a separate consideration from that relating to planning matters and is outwith the CAA’s remit”</i>¹¹⁸; and</p>
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¹¹² *ibid*

¹¹³ REP2-013 page 306

¹¹⁴ REP2-013 page 314

¹¹⁵ REP2-013 page 320

¹¹⁶ REP2-013 page 322

¹¹⁷ REP2-013 page 324

¹¹⁸ *ibid*

		<p><i>"Once we have received the certification fee, completed application form and Aerodrome Manual, we can allocated (sic) an inspector to the workstream"</i>¹¹⁹</p> <p>4.4. It is unclear whether the Applicant opted to withdraw from the Aerodrome Certificate application process and further communication with the CAA at that time because it realised there was no immediate benefit with regards to influencing the DCO process, because of the requirement of the £30,980 fee, due to a change of heart with regards to the risks outlined at paragraph 4.3, above, or for some other reason.</p> <p>4.5. In any case, however the Applicant may choose to present it to the ExA in its response to question F.1.15, the fact remains that there is no evidence of any ongoing communication or consultation between the CAA and the Applicant since around June 2017.</p> <p>4.6. The CAA <i>"has not made any specific requests for any financial information"</i> since its unmet request of £30,980 Aerodrome Certificate application fees in March 2018¹²⁰.</p> <p>4.6.1. It is reasonable to assume that the reason for the lack of information requests from CAA is the Applicant has not yet formally requested or commenced either its Aerodrome Certificate application, (which it now states will commence in <i>"late 2019"</i>), or it's ACP request.</p> <p>4.6.2. By way of comparison, Heathrow Airport formally commenced its own ACP application for its Third Runway on 01 October 2018¹²¹, well in advance of its DCO application, which the UK Planning Inspectorate website reports is due sometime in 2019/2020.</p> <p>4.7. Since the Applicant has failed to progress its ACP application in a timely manner and has not properly engaged with the CAA throughout 2018 and 2019, the CAA is not in possession of <i>"the information it needs to enable it to assist the Examining Authority in considering whether any impediments to the Applicant's development proposals ... are</i></p>
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¹¹⁹ *ibid*

¹²⁰ **REP2-013** page 320

¹²¹ Appendix F: 033 - CAA Airspace Change Request - Heathrow Third Runway (as of 5/3/19)

		<p><i>capable of being properly managed”.</i></p> <p>4.8. Whether by ineptitude or by design, the Applicant has therefore found itself in its current position of boldly dictating at F.1.15, that <i>“The requirement to demonstrate that the Proposed Development is cost efficient and sustainable, and seeks to minimise costs to airlines, passengers and freight owners over its lifetime is not therefore directly applicable to the determination of this DCO application”.</i></p> <p>4.8.1. Whether by ineptitude or by design, the Applicant has thus placed the ExA in the unfortunate position of having to blindly sanction the DCO in the absence of any such reassurances that might otherwise come from the CAA and hope it will ‘come out in the wash’ during any later CAA application that may materialise.</p> <p>4.8.2. Alternatively - and respectfully - the ExA might consider whether the Applicant might be further challenged to produce sufficient evidence of its capabilities at this stage in the proceedings, as originally requested by the ExA, rather than seek to draw benefit from its own deficiencies evidenced through its dealings with the CAA.</p> <p>5. The Applicant claims that <i>“cost efficiency and sustainability are important themes that underpin proposed development”</i>, which it seeks to evidence by suggesting that recycling <i>“an existing airport”</i> with <i>“key airport infrastructure which already exists including a runway which is in good condition”</i>.</p> <p>5.1. Notwithstanding that this shows a poor understanding of “sustainability” in the context of modern airport or infrastructure development, it is unclear how this is consistent with the Applicant’s answer to question F.1.6 that <i>“following a more detailed analysis the level of expenditure to bring the airport back into use is a greater share of the £300m than stated in the funding statement, i.e. £186m rather than £100m”.</i></p> <p>6. The Applicant seeks to draw benefit and competitive advantage - if not monopoly - with regards to its contest for ownership of the land by reminding us that the land <i>“is protected and promoted for aviation use, expansion and diversification in saved policies in the Thanet Local Plan 2006”.</i></p>
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		<p>6.1. The applicant and the ExA might consider whether this contested policy may fall foul of TFEU Article 107 State Aid regulations with regards to selectivity.¹²²</p> <p>6.2. Regardless of whether or not State Aid might apply, this policy - in fact this version of the Local Plan itself - should, by all rights, have expired in 2011. The fact that it has not has drawn censure from the Secretary of State for Housing, Communities and Local Government in his letter to TDC of 28 January 2019¹²³.</p> <p>6.3. The chain of events that have ensured the Thanet Local Plan 2006 and the current TDC Draft Local Plan 2031 are so incredibly favourable to the Applicant has been documented in our previous submission to Deadline 2 with the Applicant openly admitting during the January Hearings that it has <i>“spent considerable time and effort resisting planning applications and local plan changes that would make non-airport development more likely”</i>¹²⁴</p> <p>6.4. This extraordinary admission, and the subsequent “land-banking” of the Manston site in favour of the Applicant by elected officials of TDC and at great cost to their constituents, is now being cynically exploited by the Applicant during the DCO process in an effort to seek leverage on the land.</p> <p>6.5. As the Examining Authority will be aware, the TDC draft Local Plan is not by any means finalised, is currently undergoing its own parallel examination process with the very live prospect of intervention by the Secretary of State and, in any event, with no binding requirement for the Manston site to be reserved for aviation only use.</p> <p>6.6. Any effort at this stage by the Applicant to celebrate in its replies to F.1.15 those <i>“cost estimates which have been prepared by aviation experts”</i>, its <i>“Business Model”</i>, or its <i>“significant interest from various interested institutional investors”</i> are most surely undermined by its risible responses to questions F.1.6, F.1.5 and F.1.4 respectively.</p> <p>6.6.1. The Applicant claims, in a somewhat circular argument, that <i>“This significant interest would not exist unless the investors deemed the cost estimates to be</i></p>
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¹²² Appendix F: 031 - State Aid in planning and CPO cases, James Maurici Q.C., Landmark Chambers

¹²³ (REP2-012) Five10Twelve Ltd, Comments on Deadline 1 , Appendix JJHCS DL1005 : MHCLG Letter to TDC, 28th January 2019

¹²⁴ (REP2-012)

		<p><i>cost-efficient and sustainable”.</i></p> <p>6.6.2. Whilst such confident statements might, in certain circumstances, be considered laudable - or even incredible - the Applicant should be minded to consider whether the Applicant's many detractors might actually agree with the above statement, although perhaps not in the sense in which it was intended.</p> <p>QUESTIONS</p> <p>In light of comments at paragraphs 1-6, above, we respectfully suggest that the ExA might consider its response and/or ask the Applicant to provide supplementary information and/or provide answers to additional questions, as follows:</p> <ol style="list-style-type: none"> 1) What is the Applicant's understanding of the phrase “sustainable development”? 2) What other impacts does the Applicant consider might entail from its failure to progress its Aerodrome Certificate and ACP applications in a timely manner with the CAA? What mitigation has been put in place for these impacts? 3) Has the Applicant and/or the ExA considered the State Aid implications of the “aviation only” policy EC4 in the TDC Local Plan 2006 on the basis of selectivity? What risks does this present and what mitigation can be put in place, if any? 4) Notwithstanding the requirements of the ExA and the Applicant's statutory obligations, to what extent does the Applicant feel it has a responsibility towards any individuals, groups and elected officials who might have passionately supported it - and those whose lives will be so severely impacted by its proposed development - to provide credible evidence of the Applicants' commitment, ability and duty to deliver an efficient and sustainable development that minimises costs to airlines, passengers and freight owners over its lifetime?
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F.1.16	The Applicant	<p>The Airports NPS (new runway capacity and infrastructure at airports in the South East of England, June 2018) refers in paragraph 4.37 to the fact that the CAA has granted an economic licence to the operator of Heathrow Airport to levy airport charges. This licence sets a maximum yield per passenger that can be recovered by the operator of Heathrow Airport through airport charges.</p> <p>Are you applying for, or expect to be granted, a similar economic licence?</p> <p>Applicant's Response:</p> <p>No. Airports in the UK are subject to regulation by the CAA and must apply for an operating licence under the Air Navigation Order 2009 if they are to be allowed to accept specified flights for the purpose of public transport (which include passenger and air cargo) or for the purpose of instruction in flying, as these can only take place only at a licensed aerodrome or a Government aerodrome. In common with other commercial airfields, the Applicant will be seeking a public (as opposed to an ordinary or private) operating licence and once Manston's annual turnover has exceeded £1m for two years, it will be eligible to apply to the CAA for recognition as a statutory undertaker and in so doing come under the economic as well as operational regulation of the CAA.</p> <p>There are currently over 50 airports in the UK subject to economic regulation, including a number in Northern Ireland under specific, parallel regulations and ten in the Highlands and Islands of Scotland. Regulation is of two significantly different kinds, which may be described as 'light' and 'heavy'. The latter is restricted to a small number of airports in the UK (Heathrow, Gatwick, Stansted and Manchester) which qualify as 'designated' airports by having significant market power in their geographical catchments and thus having the potential that market power unfairly to their commercial advantage. It is this <i>heavier</i> regulatory regime (recently updated in the Civil Aviation Act 2012) under which Para 4.37 of the Airports NPS highlights the operator of Heathrow Airport has been granted a licence to levy airport charges.</p> <p>The re-development of Manston Airport in the form being sought via this DCO application is considered highly unlikely to result in a dominant market position within the South East of England or the wider air cargo sector in the UK and is not anticipated to need a similar licence. It will, however apply for a certificate in relation to the status of the airport operator as</p>
		<p>a statutory undertaker under Section 57A of the Airports Act 1986 (as introduced by Section 76(3) and Schedule 8 Part 1 of the Civil Aviation Act 2012) as soon as it is eligible to do so.</p>

		<p>COMMENTS</p> <p>1. The Applicant's response at F.1.16 seems to be completely at odds with its response at F.1.15, in which it sought to argue in its second paragraph that it would be "<i>subject to economic regulation by the Civil Aviation Authority</i>" under the very same paragraph 4.37 which it now says will not apply.</p> <p>2. The Applicant's entire case for this DCO and CPO is based on it delivering a Nationally Significant Infrastructure Project, which it now seems to insist will be "<i>highly unlikely to result in a dominant market position within the South East of England or the wider air cargo sector in the UK</i>".</p> <p>2.1. It is unclear whether the above statement is part of the Applicant's pitch to investors, although details provided of investment secured to date suggests that this is at least a possibility.</p> <p>2.2. In contrast to the low expectations expressed above, the Applicant claims in the Azimuth Report (APP-085), that it will carry a total of 340,758 tonnes of freight by year 20¹²⁵. This far exceeds, by some 34%, total freight tonnage of 254,498 carried in 2016 by Stansted¹²⁶, which currently enjoys a "<i>dominant market position</i>" for air cargo and is listed by the Applicant in its response as being one of only four airports operating under the "<i>heavier</i>" regulatory regime.</p> <p>2.2.1. The Applicant may, of course, feel justified in caveating the above comparison of future performance of Manston -v- Stansted given that Dr Sally Dixon, author of</p>
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¹²⁵ Azimuth Report, (**APP-085**), Vol. III, Pages 13-14, Paragraph 3.2

¹²⁶ Appendix F: 034 - Stansted Airport Noise Action Plan

		<p>the Azimuth Report, notes in her personal Relevant Representation, (RR-0496), <i>“historic data is not a good indicator of future performance”</i>¹²⁷.</p> <p>2.2.1.1. The Applicant may therefore feel it is not unreasonable to suggest that freight volume carried by Stansted in the future may be as little as 0 tonnes and as much as 4,576,278.</p> <p>QUESTIONS</p> <p>In light of comments at paragraphs 1-2, above, we respectfully suggest that the ExA might consider its response and/or ask the Applicant to provide supplementary information and/or provide answers to additional questions, as follows:</p> <ol style="list-style-type: none"> 1) How does the Applicant intend to maintain the right balance between being big enough to satisfy the requirements of being a Nationally Significant Infrastructure Project whilst not growing to such a size that it might be required to operate under the ‘heavier’ designated airport regulatory regime? 2) How might this objective be communicated to potential investors? 3) What is the purpose of seeking to avoid regulation under the ‘heavier’ regulatory regime? 4) Does the Applicant consider that its current and/or its promised new corporate structure might cause complications with regards to situs of operation vis-a-vis its parent company - or companies - and the CAA pursuant to EC Regulation 2407/92 concerning non-UK operators? (e.g. as per the EUjet example referred to in our comments at F.1.1)
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¹²⁷ Dr Sally Dixon, Relevant Representation, (RR-0496), paragraph 5, line 1

F.1.17	The Applicant	<p>The ExA has noted the advice contained in paragraph 4.40 of the 2018 Airports NPS that:</p> <p><i>“Detailed scrutiny of any business plan put forward by the licence holder will fall under the CAA's regulatory process under the Civil Aviation Act 2012, and the detailed matters considered under that process are not expected to be scrutinised in the same way during the examination and determination of an application for development consent.”</i></p> <p>This paragraph goes on to state that:</p> <p><i>“The applicant is expected to provide the CAA with the information it needs to enable it to assist the Examining Authority in considering whether any impediments to the applicant's development proposals, insofar as they relate to the CAA's economic regulatory and other functions, are capable of being properly managed.”</i></p> <p>Provide a list of the information provided to the CAA in this respect.</p> <p>Applicant's Response:</p> <p>The Applicant has not yet commenced the CAA's regulatory process under the Civil Aviation Act 2012. The start of the certification and licensing application is expected in the latter part of 2019; that business plan (setting out funding and resourcing) will be part of this application. However, a business model is included at Appendix F.1.5 in TR020002/D3/FWQ/Appendices.</p> <p>COMMENTS</p> <ol style="list-style-type: none"> 1. We have set out the background and history of the Applicant's failure to progress its various applications with the CAA in our comments to responses to question F.1.15 at paragraphs 4 - 4.8.2 2. We have also set out our concerns with regards the impact and implications of the Applicant's CAA failures for both the ExA and the DCO process at F.1.15, paragraph 4. 3. As previously stated - and evidenced - in our comments to F.1.1 and F.1.5, the Applicant has

		<p>failed to provide anything that might reasonably be described as a business model or indicate that it has fully understood what a business model is.</p> <p>QUESTIONS</p> <p>In light of comments at paragraphs 1-3, above, we respectfully suggest that the ExA might consider its response and/or ask the Applicant to provide supplementary information and/or provide answers to additional questions, as follows:</p> <ol style="list-style-type: none"> 1) In the absence of any possibility for the Applicant to provide the requested information to the CAA - and therefore for the CAA to provide such information to the ExA - is the Applicant able to reflect on any "lessons learned" from the Applicant's failure to progress it's CAA applications in a timely manner? 2) How might these lessons also serve as evidence or otherwise assist the Examining Authority in considering whether there are any impediments to the applicant's development proposals of being properly managed?
F.1.18	The Applicant	<p>The Statement of Reasons [APP-012] contains a number of references (eg at paragraphs 5.9.1, 5.9.2, 5.9.6, 5.9.7, 5.9.9) to provisions under which parties may be entitled to compensation.</p> <p>Show where provision has been made for this in the calculation of the costs of the project.</p>

	<p>Applicant's Response:</p> <p>Provision has not specifically been made for these items, which relate to street works, protective work to buildings and occupation of land during the five-year maintenance period. The Applicant has taken advice from CBRE to the effect that any compensation payable under these heads of entitlement would be of low amounts and would therefore be covered by the overall total previously given of £7.5m.</p> <p>COMMENTS</p> <ol style="list-style-type: none">1. Applicant does not appear to have provided any evidence of any such advice from CBRE, or of any assumptions or calculations which might form the basis of this advice.2. We have already commented at question F1.8 (para 1.2), insofar as we believe the total costs of the CPO at £7.5m to have already been underestimated.3. It is not logical to assume, therefore, that this budget may be further stretched, even with such "<i>low amounts</i>" that might be required for street works, protective work to buildings and occupation of land during a five year period.
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F-001

BUY REPORT

WATCH

MR ANTHONY FREUDMANN

ACTIVE Calder & Co 16 Charles II Street, St. James's, London, United Kingdom, SW1Y 4NW

Companies

Companies & Appointments

Company Name	Company Status	Position	Appointed	Resigned
BELLSTONE HALL COMPANY LIMITED	Dissolved	Director	31/05/91	12/05/94
BRITISH GAS HOUSING SERVICES LIMITED	Dissolved	Company Secretary	31/05/92	05/05/93
CAPITAL O.S. PUBLIC LIMITED COMPANY	Dissolved	Company Secretary	02/07/92	
CAPITAL OFFICE SYSTEMS LIMITED	Dissolved	Company Secretary	02/07/92	
C.O.S. (CAPITAL) FINANCE LIMITED	Dissolved	Company Secretary	15/10/92	
C.O.S. INFOTECHNOLOGY LTD.	Dissolved	Director	26/01/94	
C.O.S. INFOTECHNOLOGY LTD.	Dissolved	Company Secretary	26/01/94	
KENT INTERNATIONAL BUSINESS PARK LIMITED	Dissolved	Director	24/05/95	28/02/05
BIG BROTHERS & SISTERS OF THE UNITED KINGDOM	Dissolved	Director	09/08/96	
KENT INTERNATIONAL AIRPORT (HOLDINGS) LIMITED	Dissolved	Director	25/07/97	28/02/05

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Companies

ACTIVE

Calder & Co 16 Charles li Street, St. James's, London, United Kingdom, SW1Y 4NW

Companies & Appointments

Company Name	Company Status	Position	Appointed	Resigned
LONDON MANSTON AIRPORT PLC	Dissolved	Director	25/07/97	28/02/05
LOCATE IN KENT LIMITED	Active	Director	30/09/97	22/02/02
KENT INTERNATIONAL TRAVEL LIMITED	Dissolved	Director	20/02/98	28/02/05
FREUDMANN LIMITED	Active	Director	21/01/02	
FREUDMANN TIPPLE INTERNATIONAL LIMITED	Active	Director	19/04/05	
UNPACKAGED HOLIDAYS LIMITED	Dissolved	Director	17/11/06	
CAREFREE TRAVEL GROUP LIMITED	Dissolved	Director	22/03/07	
CAREFREE TRAVEL (INTERNATIONAL) LIMITED	Dissolved	Director	22/03/07	
RADIANT TRAVEL SERVICES LIMITED	Dissolved	Director	22/03/07	
UNPACKAGED HOLIDAYS (HOLDINGS) LIMITED	Dissolved	Director	01/11/07	

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BUY REPORT

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MR ANTHONY FREUDMANN

ACTIVE Calder & Co 16 Charles li Street, St. James's, London, United Kingdom, SW1Y 4NW

Companies

Companies & Appointments

Company Name	Company Status	Position	Appointed	Resigned
UHN LIMITED	Dissolved	Director	01/11/07	
ALPHA CONSOLIDATIONS LIMITED	Dissolved	Director	13/08/08	
MAJESTIC TRAVEL LIMITED	Dissolved	Director	17/12/08	
TRAVEL CLUB LIMITED(THE)	Dissolved	Director	19/01/09	
UPMINSTER TRAVEL LIMITED	Dissolved	Director	19/01/09	
AUSTRIA TRAVEL LIMITED	Dissolved	Director	19/01/09	
MAJESTIC TRAVEL (HOLDINGS) LIMITED	Dissolved	Director	16/02/09	
SELIGO HOLIDAYS LIMITED	Dissolved	Director	23/02/09	
ACTIVE ENERGY LIMITED	Active	Director	04/03/09	04/02/11
FTI 2 LIMITED	Dissolved	Director	15/12/09	

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BUY REPORT

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MR ANTHONY FREUDMANN

ACTIVE Calder & Co 16 Charles li Street, St. James's, London, United Kingdom, SW1Y 4NW

Companies

Companies & Appointments

Company Name	Company Status	Position	Appointed	Resigned
SDCI LIMITED	Dissolved	Director	22/02/12	
ANNAX AVIATION AIRPORTS LIMITED	Dissolved	Director	19/06/13	
ANNAX AVIATION LIMITED	Dissolved	Director	20/06/13	
RIVEROAK STRATEGIC PARTNERS LIMITED	Active	Director	08/07/16	
RIVEROAK AL LIMITED	Active	Director	08/07/16	
RIVEROAK MANSTON LIMITED	Active	Director	19/07/16	
RIVEROAK OPERATIONS LIMITED	Active	Director	04/08/16	
RIVEROAK FUELS LIMITED	Active	Director	24/08/18	
RIVEROAK MSE LIMITED	Active	Director	10/12/18	

F-002



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THE DIRECTORS
ANNAX AVIATION LIMITED
23A HAYS MEWS
MAYFAIR
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LONDON
W1J 5PY

Date: 13/09/2016
Ref: DEF6/08576648

Companies Act 2006 (Section 1000(3))

The Registrar of Companies gives notice that, unless cause is shown to the contrary, at the expiration of 2 months from the above date the name of

ANNAX AVIATION LIMITED

will be struck off the register and the company will be dissolved.

Upon dissolution all property and rights vested in, or held in trust for, the company are deemed to be bona vacantia, and accordingly will belong to the crown.

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STRIKING OFF ACTION DISCONTINUED

08576648 ANNAX AVIATION LIMITED

Cause has been shown why the above company should not be struck off the register and accordingly the Registrar is taking no further action under section 1000 of the Companies Act 2006 pursuant to the Notice dated 01/11/2016



DPE3MH6DMR

DISSOLVED

08576648 ANNAX AVIATION LIMITED

This Company was dissolved on 10/10/17



D1J1CIFMZS



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Date: 13/09/2016
Ref: DEF6/08575369

Companies Act 2006 (Section 1000(3))

The Registrar of Companies gives notice that, unless cause is shown to the contrary, at the expiration of 2 months from the above date the name of

ANNAX AVIATION AIRPORTS LIMITED

will be struck off the register and the company will be dissolved.

Upon dissolution all property and rights vested in, or held in trust for, the company are deemed to be bona vacantia, and accordingly will belong to the crown.

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D9TI2TYC24

STRIKING OFF ACTION DISCONTINUED

08575369 ANNAX AVIATION AIRPORTS LIMITED

Cause has been shown why the above company should not be struck off the register and accordingly the Registrar is taking no further action under section 1000 of the Companies Act 2006 pursuant to the Notice dated 10/11/2016



DEJ45R5DVN

DISSOLVED

08575369 ANNAX AVIATION AIRPORTS LIMITED

This Company was dissolved on 10/10/17



DTSPNS5MZS

F-003

Manston Airport under private ownership:

The story to date and the future prospects

Position statement

Introduction

For decades Kent County Council has made great efforts to develop aviation at Manston Airport.

Manston, with its proud history as a front-line Battle of Britain aerodrome, has long been a symbol of Kent's determination in the face of adversity.

But our desire to stimulate and grow Manston was not the result merely of nostalgia or sentimentality.

For decades we have been aware of the commercial potential of Manston's long, 2,700 metre runway. For decades we have championed Manston's proximity to London. For decades we have argued that Manston was a sleeping giant: a regional and national asset.

Our 2012 policy document 'Bold Steps for Aviation' made all this clear and promoted the development of Manston to the the Government as an alternative to building a controversial new runway in the Thames Estuary.

Our support for Manston has not merely consisted of kind words and encouragement. We have invested substantial sums of public money.

We have made substantial investments in both road and rail infrastructure to improve access to Manston and East Kent.

Our record in supporting Manston is plain to see and we are proud of it.

It was disappointing and regrettable to learn that all our hard work and investment, and the hard work of the various companies that had tried to make flying profitable at Manston, had failed.

Manston's story began in 1915 when it was a small grass airfield operated by the Admiralty. Now a new chapter is about to begin that will bring new jobs and new prosperity to East Kent. It will be our duty to encourage, guide and nurture to help ensure this happens.

This document sets out the story of Manston Airport over the last 16 years, from its sale by the Ministry of Defence to the present day. We also consider the future, which we are confident will be bright.

Hansard 28th April 2014

Robert Goodwill, Parliamentary Undersecretary of State at the Department of Transport

'Whatever the result of efforts to secure such a resolution (on Manston), the government are unable to intervene directly, as we believe that UK airports and airlines operate best in a competitive and commercial environment. It is therefore for individual airports to take decisions on matters of future economic viability.'

Chapter one

The last 16 years of private ownership

Since the Ministry of Defence sold RAF Manston in 1998, the airport has never made a profit and has never delivered on its promise of jobs for the area. When the airport closed on 15th May 2014 144 people were employed there.

Since 1998 three companies have tried and failed to run Manston as a viable business. The Wiggins Group, with its start-up low cost carrier EUJet, launched scheduled flights to twenty one destinations in Europe in 2004 but collapsed into administration in the summer of 2005 leaving 5,400 passengers stranded. Its fleet of five 108-seat Fokker 100 jets were repossessed by Debis Air Finance.

Infratil Limited, which bought Manston from the administrators in 2005, lost between £40 - £50 million over the next nine years attempting to achieve passenger numbers of over a million per annum. The highest number of passengers was 50,000. Similarly its ambitious plan to grow freight traffic failed.

Lothian Shelf (417) Limited, a company owned by Mrs Ann Gloag, bought Manston for £1 in November 2014. In the next 4 months the airport made revenue losses of £100,000 per week plus significant capital losses.

Mrs Gloag's decision to sell the airport was based on an assessment that these losses could not be sustained. Mr Trevor Cartner and Mr Chris Musgrave acquired 80 per cent of the company in order to provide space for a wide range of businesses, with a focus on attracting companies in the manufacturing sector, as well as the provision of housing, shops, schools and community facilities.

Chapter two

The Wiggins era 1998-2005

In 1998 Wiggins Group acquired Manston Airport for £4.75 million. Its company accounts show that between 1999 and 2002 the company reported losses of £8.6 million, with a further loss of around £2 million reported over the next two years.

In January 2004 Wiggins Group renamed itself Planestation and later that year Planestation bought 30 per cent of airline company EUJet.

In September 2004 EUJet operated flights to destinations across Europe. That year Planestation's losses were £73 million and the company had to borrow £46 million at an interest rate of 28%. In December Planestation bought the remaining 78 per cent of EUJet.

In its busiest month in early 2005 the airport carried 62,709 passengers. EUJet's aim had been to handle over 750,000 passengers per annum but the company became insolvent and went into administration.

In July 2005 all EUJet operations were suspended along with all non-freight operations.

Mr Tony Freudmann had overseen Manston's transfer from an RAF base to a commercial operation. He was Senior Vice President of Wiggins Group between 1994 and 2005. He was 'let go' by Wiggins in February 2005. He is now the spokesman for the RiverOak consortium.

The Wiggins Group and Planestation failed in their ambition for Manston to become a successful international airport; but even then, more than 10 years ago, they also had ambitions for property development on the airport site, in collaboration with property developers MEPC plc.

Chapter three

INFRATIL 2005-2013

Infratil Limited is a successful company listed on the New Zealand stock exchange with the primary purpose of investing in electricity distribution, public transport and ports. The company was established in 1994 with NZ\$50m of capital. At the time it acquired Manston and Prestwick airports it controlled assets worldwide in excess of NZ\$ 4.4 billion.

Following Wiggins' demise, Infratil Limited bought Manston Airport from the Administrator for £17 million in August 2005.

In addition to Manston, Infratil also owned Prestwick, Flughafen Lubeck, Wellington and Auckland Airports. Its master plan for Manston (published in November 2009) envisaged building a new passenger terminal to accommodate up to 3 million passengers per annum. It also envisaged building a parallel taxi way to the runway and an increase in the freight and passenger aprons. At the time of publishing its plan the airport was handling 32,000 tonnes of freight per annum. The master plan envisaged freight growth of between 4% and 6% per annum to equate to approximately 167,000 tonnes of freight per annum by 2018. It also planned on developing corporate jet facilities with an executive terminal.

In 2009 the airport was handling fewer than 50,000 passengers per annum. Infratil forecast that by 2014 this figure would rise to 527,000, by 2015 to 1,268,000 and by 2033 to more than 4.7 million passengers per annum. In 2009 the airport employed approximately 100 people, some full time and some part time. Infratil forecast that they would be employing more than 500 staff by 2014, 2,800 by 2018 and 6,150 by 2033.

When the airport closed in May 2014 there were 144 people employed at Manston Airport.

In 2012 Infratil announced that Manston and Prestwick airports were for sale.

In each year that Infratil Limited owned Manston it incurred losses of more than £3 million per annum and wrote off the purchase price of £17 million.

As at 31 March 2013 Infratil's investment in the UK's airports had a book value of \$20m and over the year a further \$12m was contributed to meet costs. Their sale price crystallised a net economic cost of \$32m."

(Infratil financial results 2013-14)

In 2013 KLM started passenger flights to Schiphol Amsterdam. However, over its 12 months of operation its seventy eight seat Fokker planes were less than half full (42 per cent of capacity). KLM operations at Manston made no significant financial contribution to the cost of running the airport.

In November 2013 Infratil Limited sold Manston Airport and the associated liabilities to a company controlled by Mrs Ann Gloag for £1.

Chapter four

Manston Skyport Limited 2013-2014

Mrs Ann Gloag originally approached Infratil with a view to buying both Manston and Prestwick airports, which were being sold as a package. However, Infratil set a deadline for their sale in order to stem their losses. When the Scottish Government bought Prestwick for £1 Mrs Gloag agreed to buy Manston also for £1.

From the discussions that Kent County Council had had with her and her team we believed that she had every intention to maintain and grow the aviation business at Manston Airport.

She gave a press interview with the Isle of Thanet Gazette on 8 August 2014 to dispel the myths and uncertainty that had been widely propagated by campaign groups opposed to the subsequent closure of the airport.

“Can you please outline the reasons behind your decision to close the airport?”

“The prospect of new passenger and freight opportunities failed to materialise and the scale of the losses meant that there was no credible prospect of the airport becoming profitable.”

“Would you have bought it if you’d known you would have to close it just months later?”

“I wanted to make it a success and I didn’t buy it to close it. Our whole team worked tirelessly to secure new business for the airport but no new operators considered it a viable option. It was only when our aviation team arrived at Manston that we started to discover the scale of the problems.”

“Why did you reject RiverOak’s offers to buy it?”

“They were introduced to us as a potential buyer and in good faith we entered into discussions with them. However, we had serious concerns from the outset about the way RiverOak conducted their business with us. We are aware of the £7 million figure that has been made public by RiverOak. For clarification, the structure of their offer meant the final amount would have been considerably less. They also failed to provide any business plan to back up their claims of future employment or to reassure us that their bid offered commitment to maintain it as an operational airport.”

Prestwick airport made a pre tax loss of £10 million in its final year of ownership under Infratil.

After buying the airport for £1 the Scottish government said it could take a number of years for taxpayers to see a return on public investment in Prestwick.

It announced a £10 million commitment towards ‘operating costs, repairs backlog and improvements to the terminal building.’

Prestwick is continuing to lose £1 million a month.

Chapter five

Support given to Manston by Kent County Council over the past 16 years

Kent County Council's support of Manston as an airport over the last 16 years has been unwavering.

Transport infrastructure

Kent County Council has made or enabled substantial transport and infrastructure investment for the benefit of Manston and the surrounding area.

In 1997 Columbus Avenue was constructed on the north side of the airport at a cost of £1.52 million. These infrastructure works were funded through the European Regional Development Fund and the Single Regeneration Budget.

In 1998 Kent County Council completed the A299 Thanet Way extension of the M2 through to Ramsgate.

In 2000 Kent County Council completed the Ramsgate Harbour Approach Road and in 2009 the Euro Kent link road.

The A256 dualling was completed in 2012 and £87 million was invested in the East Kent Access Road in 2013.

Kent County Council is in the planning stage of the £6.7 million Westwood relief scheme to help growing businesses at Westwood and Manston.

Network Rail has just announced the commencement of its £11 million scheme to reduce journey time between Ramsgate and Canterbury; Kent County Council is contributing £4.5 million to the cost of this upgrade. Kent County Council has also committed £12 million to a new Thanet Parkway Station near Manston.

Business premises;

In Spring 2006 Kent County Council acquired the undeveloped area of Manston Business Park, amounting to some 40 acres of developable land, from the Administrator of Planestation plc for £5.35 million.

Manston Business Park and the EuroKent sites subsequently became the key holdings of a joint venture between Kent County Council and Thanet District Council.

By 2015 Manston Business Park has seen the development of industrial units which will be occupied by start-up and small developing businesses.

Support for aviation

In its discussion document Bold Steps for Aviation (May 2012) Kent County Council supported the increased use of Manston Airport and stressed its potential to make a significant contribution to aviation in the UK.

"In Kent, Manston has the potential to make a significant contribution [to the UK's aviation capacity], providing excellent communications to European destinations and reduced flight times.

In addition:

- Over the years Manston has received more than £1million in financial assistance from Kent County Council. When EUJet commenced its flights in 2004 Kent County Council bought a 1.5% shareholding in EUJet Ops Limited.
- In 2007 Kent County Council provided financial assistance to enable the start of charter flights from Manston to Virginia USA, although these flights were discontinued shortly thereafter.
- Between May 2004 and May 2005 when EUJet Ops Limited was acquired by Planestation Limited, Kent County Council acquired options to buy further shares. Planestation Limited was however put into liquidation and the council's investment had no further value.
- When KLM expressed an interest in starting scheduled flights to Amsterdam, Kent County Council provided £100,000 to Visit Kent, the tourist agency which provided marketing and tourism support.

Support offered to investors at the airport

In March 2013, when Infratil were seeking aviation buyers for the airport, Kent County Council distributed a note offering to help new investment at Manston Airport through:

- Financial assistance from the Regional Growth Fund
- Use of land owned by Kent County Council adjacent to the airport
- Expediting the new Thanet Parkway station
- A Route Development Fund to increase the number of passengers
- Working with airlines and train operating companies to achieve integrated ticketing
- Discussing with Ministers to seek assistance from Government. Kent County Council's offer to any investor with a viable business plan remains open, although to date we have received no take up.

Helping to find a new airport operator

Kent County Council met PWC, the agents selling the airport, with a view to helping find a viable new owner/operator. Over 18 months discussions were held with thirty interested parties including low cost airline operators and private investors, many were introduced to PWC by Kent County Council.

In the event, two of the shareholders of Discovery Park Limited made an approach to Mrs Ann Gloag which subsequently led to their purchase of the airport.

Chapter six

What do we know about RiverOak and its proposal for a compulsory purchase order?

RiverOak was introduced to Kent County Council by Mr Tony Freudmann. Subsequently the Leader of Kent County Council invited representatives of RiverOak to meet to discuss their plans for the airport. RiverOak declined, saying that their plans were confidential. The invitation to present their business plan to the council has been repeated on several occasions: RiverOak has always declined to do so.

RiverOak Investment Corp LLC was established in January 2001 in Delaware USA to manage *'niche focussed real estate investments for institutional entities that are strategically driven, including private and public pension funds.'*

Its CEO is Mr Stephen DeNardo.

The RiverOak website states *'within a time frame that spans nearly 4 decades of business experience, Steve DeNardo has successfully been involved in all phases of real estate investment, development and management. His focus and interest has been on the management and turnaround of troubled assets.'*

RiverOak's Chief Investment Officer is Mr George Yerrall. The website says: *'He is in charge of sourcing and analysis of investment opportunities and the execution of investment and asset management strategies.'*

In its statement to the UK Airports Commission (The Davies Commission) RiverOak described its strategy for Manston as handling 250,000 tonnes of cargo per annum by 2030, 500,000 tonnes of cargo per annum by 2040 and 750,000 tonnes by 2050. It also described its long term strategy to include 'aircraft maintenance, repair and teardown operations.'

RiverOak also stated that by summer 2017 at the earliest they would plan to re-open passenger services *'if appropriate contracts can be agreed with suitable carriers.'* They would also re-establish Manston as a key diversion airport, capable of providing emergency resilience to the wider South East airport system.

In an interview on 12 May 2014 with Paul Francis of the KM Group Mr DeNardo was asked *'How did RiverOak become involved in the bid to buy the site from Mrs Gloag?'*

Mr De Nardo replied; *'We have been active in searching for opportunistic transactions in both the UK and Ireland, We have an extensive network of contacts in both and one of our contacts made us aware of the Manston situation.'*

He was also asked *'How did you team up with Annax Aviation whose Chief Executive Tony Freudmann has become spokesman for your bid?'*

Mr DeNardo replied: *'Our contacts put us in direct discussion with Tony Freudmann who we knew had both operational experience at the airport and had made an attempt to purchase the airport.'*

Following Mrs Gloag's refusal to accept an offer from RiverOak to buy Manston Airport, RiverOak then approached Thanet District Council with a view to the council making a Compulsory Purchase Order of the airport in favour of RiverOak. Thanet District Council concluded that a decision on a CPO could not be made until:

- Thanet District Council had commissioned an independent feasibility study on the future viability of a going concern operational airport.
- Any prospective airport owner/operator submit a viable business plan and also enter into an indemnity agreement that would cover any exposure to all costs placed upon Thanet District Council.

Thanet District Council commissioned Falcon Aviation whose report was considered by the Council's cabinet on 31st July 2014. The report identified *'no business plan with a credible investment plan of less than 20 years is likely to provide the commitment necessary to rebuild confidence. From an investor's standpoint, the payback period might be as long as 50 years. The level of investment would have to be significant (£100m's) and there are never any guarantees of success.'*

Throughout Thanet District Council's consideration of a CPO it has been advised by its Section 151 Officer that it appears evident that the airport will not be successful if it reopens and attempts to operate in the same configuration as it has done previously up to its closure.

The advice to Thanet District Council's cabinet was that invitations should be issued to parties willing to enter into an indemnity agreement capable of delivering the twenty year business plan.

During the course of Thanet District Council's processes, on 17 July 2014, Kent County Council unanimously adopted the following motion;

"Kent County Council supports the actions taken so far by Thanet District Council to retain Manston as a regional airport. We recognise the value that a regional airport brings to East Kent and are disappointed at its closure. Kent County Council will explore with Thanet District Council ways in which it can support proposals to retain Manston as an airport." The original Motion proposed by Mr Cowan (Dover Town, LAB) and Mr Truelove (Swale Central, LAB) was replaced by the above, proposed by Mark Dance (Whitstable, CON).

In supporting the amended motion the Leader of Kent County Council said "Thanet District Council's approach is now such that they are going to carry out and have already commissioned, an independent study as to the viability of running the airport as a going concern or not. Nobody knows the conclusion to that, as I said on the radio this morning, after 16, 17, 18 years of Manston, everybody has just lost money. So what is the market telling you? And it will be interesting to see what the independent viability report concludes. And Thanet District Council are absolutely right in doing that. If it does suggest there is viability they will then ask for expressions of interest from people to come forward who have the ambition to do exciting things at Manston in running it as an airport, or not. And if there are some exciting propositions, or if we had an owner that is reluctant to do anything exciting, which again we don't know, we will then make the decision as to whether or not to support the CPO process. And it is premature to have that decision now, which is why we can't support your original motion which was asking for an open ended commitment to support Thanet and their CPO, no matter what. I want to see, and hope, that there are exciting propositions that come forward, with good people, that have got the money to do exciting things. And we will have to wait and see as to whether that's the case, and then we will review our position."

In an endeavour to support Thanet District Council, on 1st September Kent County Council's Director of Governance and Law wrote to Thanet District Council's Monitoring Officer to remind them of our offer to assist the council. The Monitoring Officer replied: 'We need to do the evaluation of any Expressions of Interest first before we can begin to assess what legal support might be needed moving forward and whether any of that support would need to be commissioned from Kent County Council. We are not in a position to make any decisions until we have the result of this, but I will be more than happy to consider making such an approach at the appropriate time.'

Kent County Council has never been approached by Thanet District Council for the help offered.

Unsurprisingly, **as a result of this**, on 11 December 2014 Thanet District Council received a cabinet report detailing the outcome of its exercise to seek an indemnity partner for the compulsory purchase of the airport and a comprehensive and viable business plan. The following was decided:

'That no further action be taken at the present time on a CPO of Manston Airport on the basis that the council has not identified any suitable expressions of interest that fulfil the requirements of the council for a CPO indemnity partner and that it does not have the financial resources to pursue a CPO in its own right.'

The conclusions made by the council's Section 151 Officer were that *'The information provided does not provide assurances which would satisfy him that a valid expression has been put forward and he is therefore unable to recommend moving ahead with this proposal. Although the issues here are emotive Members should exercise extreme caution before seeking to move forward with any proposal which is at odds with advice from its officers, particularly where there are likely to be **significant risks** which would affect the council at a fundamental level.'*

As the Falcon report, Thanet District Council's feasibility study and the advice from the council's 151 Officer show, the financial risks of a compulsory purchase of the airport were unacceptable.

Chapter seven

What do we know about Discovery Park Limited and its directors?

The new owners of Manston, Chris Musgrave and Trevor Cartner, have a strong track record in taking over large difficult sites following the demise of earlier uses and regenerating them to create jobs and bring economic benefits to the wider area.

Ten years ago they acquired Wynyard Park in Billingham after Samsung had announced that it was closing its operations there. They have now created 2000 jobs and have attracted £200million of private investment at Wynyard Park.

Seven years ago they invested in the advanced manufacturing manufacturing park (a joint venture between the University of Sheffield, Boeing, British Aerospace and Rolls Royce) to build seventeen units for local small and medium size enterprises associated with aerospace research and other advanced manufacturing on the site of the former Orgreave colliery. In 2013, when the site was fully occupied, they sold their investment.

In 2012 they acquired Discovery Park from Pfizer after Pfizer had announced that they were closing down all their operations there and were planning to demolish the buildings at the site. When Pfizer made this announcement they employed 2,200 staff all of whom were subject to redundancy notice. By March 2015 700 of the Pfizer jobs have been retained and a further 1,700 jobs have been created by more than 100 new tenants on the site. Currently total job numbers are in excess of 2,400 and Discovery Park is on track to deliver more than 3,000 new jobs.

Trevor Carter and Chris Musgrave plan to transform the 800-acre site at Manston with a £1 billion redevelopment, over a 20-year period, into a mixed-use scheme helping to create more than 4,000 jobs. They will be announcing more details over the next few weeks.

Conclusions

The truth is that Manston has failed over a prolonged period of time to run as a commercially successful airport.

Kent County Council gave strong support to various investors but the reality of commercial aviation at Manston Airport led to very significant losses. In fact, in the 16 years since it was taken into private ownership it has incurred losses by those who have tried to operate it in excess of £100 million.

The objective now must therefore be to make sure that we have owners who want to do exciting things on the site and that the land is not left abandoned.

Bristow Group had chosen Manston as its location for the regional search and rescue base; when the airport closed the company decided to locate that base at Lydd. Kent County Council is pleased that this vital service will still be located in Kent. Lydd Airport is also starting a substantial investment programme to extend its runway and construct new aviation facilities.

Surely it is now time to look at a B Plan for Manston.

The driver must be to seize the best opportunity to create a significant number of new jobs and bring prosperity into East Kent.

RiverOak has not managed to convince Thanet District Council that there is a viable business plan. We believe the new owners have got a credible plan and the financial ability to create substantial numbers of new jobs which will bring prosperity and economic growth to East Kent.



Paul Carter, Leader of Kent County Council:

"I would like to make it abundantly clear that in my 10 years as Leader of Kent County Council I have done everything in my power to help and support the economy of East Kent. I believe that this document demonstrates and evidences exactly that."

Myth busting questions and answers

1. What is Kent County Council's stance on Manston Airport? At first you supported a CPO process but now you are supporting a business park – is this not inconsistent?

Promoting job creation, supporting business growth and generating economic prosperity for the residents of East Kent is - and always has been - Kent County Council's primary objective. Kent County Council (KCC) has never deviated from this.

The closure of Manston Airport was met with deep disappointment at County Hall. Any viable proposal from an aviation company with sufficient financial backing to run Manston as an airport would have been strongly supported by Kent County Council as our debate at the July council meeting made clear. No viable proposal was presented to Kent County Council or TDC.

The sale of Manston to the Discovery Park Team Musgrave and Cartner in September offers substantial private sector investment to support job creation and economic growth for Thanet. Cartner and Musgrave have a strong track-record at Discovery Park with 1,700 new jobs since 2012.

2. How can you say no viable proposal came forward? Didn't RiverOak say they would pay the full asking price?

Kent County Council asked RiverOak if we could see their business plan. RiverOak has consistently refused to let us see any details on the grounds they are commercially confidential. TDC took a decision that the information supplied by RiverOak to it was insufficient to support a Compulsory Purchase Order.¹ We have therefore concluded that RiverOak's plan is not viable. Representatives of Mrs Ann Gloag explained to the Transport Select Committee why Mrs Gloag refused to accept the offer from RiverOak.²

¹ <http://democracy.thanet.gov.uk/documents/b10075/Supplementary%20Agenda%202%2031st-Jul-2014%2019.00%20Cabinet.pdf?T=9>

² <http://parliamentlive.tv/Event/Index/d4330491-c83e-4204-a339-28a011b42071>

3. Did you promote Manston to the best of your abilities to attract a new investor when the closure was announced? Is it not true that Manston has unique infrastructure with the longest runway in England and superb transport links?

Kent County Council has taken every opportunity to support and promote the use of regional airports such as Manston. The authority's discussion document Bold Steps for Aviation, written in 2012, makes our position abundantly clear, showing Kent County Council has lobbied central Government to prioritise Manston above other proposals, such as the establishment of a Thames Estuary Airport.

Our support for Manston is evidenced by our substantial investment in transport infrastructure making Manston more accessible to a greater potential customer base, including investing in the East Kent Access Road, a new railway station, and improving the rail infrastructure. The Regional Growth Fund has been made available to companies with plans to increase employment.

Since the Minister of Defence privatised the airport there have been three private owners of Manston Airport: Wiggins, Infratil, and Ann Gloag. Despite ambitious plans to increase passenger numbers and freight operations, each of these has sustained significant financial losses totalling over £100 million.

When Manston Airport was put up for sale, Kent County Council introduced PWC (the marketing agents for Infratil) to 30 potential buyers from around the world (including RyanAir) none of whom in the event decided that they could make the airport profitable.

Myth busting questions and answers

4. What offers of support were made by Kent County Council to Thanet District Council to assist them with their CPO process?

We very much supported Thanet District Council in the potential for a CPO subject to the outcome of their independent feasibility study and submissions by indemnity partners.

At the Leader's request, Kent County Council's Director of Governance and Law offered to help Thanet District Council in the CPO process. TDC responded in writing saying *"We need to do the evaluation of any Expressions of Interest first before we can begin to assess what legal support might be needed moving forward and whether any of that support would need to be commissioned from KCC. We are not in a position to make any decisions until we have the result of this, but I will be more than happy to consider making such an approach at the appropriate time."*

The offer of support was repeated several times by the Leader at different meetings with Iris Johnston.

5. Who now owns Manston? Is it Mr Cartner, Mr Musgrave, Ann Gloag?

The company that owns Manston Airport has three shareholders; Mr Cartner (40%), Mr Musgrave (40%), and Mrs Gloag (20%). This information has been provided to the Select Committee by solicitors acting for Mr Cartner and Mr Musgrave.

6. How could the Leader of Kent County Council support Mr Cartner and Mr Musgraves' purchase of the site? I have heard Wynyard Park is in debt and promised to supply thousands of jobs and only a proportion have been realised.

Information provided to Kent County Council shows that Wynyard Park is currently debt free. Under Mr Cartner and Mr Musgraves' ownership, Wynyard Park has created more than 2000 jobs and attracted £200million of private investment. Publications which have asserted that

this is incorrect have been served with a letter from a firm of solicitors specialising in libel.

(NOTE: It is quite normal for development companies to carry debt/bank borrowings on their balance sheet. The key is sensible debt to value ratios).

7. How can you be excited by the new proposition by Cartner and Musgrave if you have seen no plans? What are the plans?

The new owners issued a press release when they acquired Manston Airport outlining their intention to create more than 4,000 jobs and a £1 billion redevelopment. They will be announcing more details in the next few weeks.

At the time when Mr Cartner and Mr Musgrave outlined these plans to the Leader of Kent County Council, the planning consultants had not yet completed the master plan so no document was handed over. However, a fairly detailed description of what was envisaged was discussed. The plans include a new sports centre and the financial backing of the Spitfire museum, as well as plans to bring advanced manufacturing to the site.

8. How can Kent County Council ignore its democratic mandate? Haven't you seen the petitions showing that the people of Thanet want an airport?

The Save Manston Campaign was invited to County Hall to present its petition. However when representatives of the group arrived they had not brought it with them. All letters and emails from objectors have received replies. We have also received letters of support re the closure.

9. When have you met Ann Gloag or her colleagues and what was the purpose of each meeting? Are the minutes available? Was a change of use discussed?

Elected members and officers of the council met Ann Gloag and her company representatives on a number of occasions before and after she bought the airport. The purpose of the meetings was to establish what were her intentions for bringing jobs and new investment to Kent and to sustain a viable airport.

Myth busting questions and answers

At a meeting on 14 March 2014 when we were expecting an update on progress, much to our surprise we were told confidentially that given the scale of losses it had been decided to notify staff the following week that a redundancy process was necessary.

Subsequently a meeting was held on 3 July 2014 to discuss with Ann Gloag what she intended, and she explained she was discussing a possible sale but that the details were commercially confidential.

Mr Cartner and Mr Musgrave have successfully applied for planning approval for a multi-use development to include commercial, retail and housing: the site is currently over 50% reoccupied by commercial users and there are now 2,400 jobs. It was their success with Discovery Park that persuaded them of the potential at Manston, and they already have a number of substantial potential tenants.

10. *Why have you appeared to support Ann Gloag when she obviously bought the site to turn it into a housing development and never intended to operate an airport? Have you a vested interest? Did you not say you wanted a housing development last year?*

Mrs Gloag told us that it was her intention to run Manston Airport as a commercial venture and that was why she hired aviation specialists to put in place a strong business plan for aviation and support the implementation. She also retained the previous Managing Director of Manston, Mr Charles Buchanan. She told us subsequently that it was only when she was advised that the airport could not be made viable, and that the losses of £100 thousand per week could not be sustained, that she decided that the airport must be closed.

During our discussions, a change of use of the airport was not discussed although we did touch on alternative uses for parts of the airport site such as aviation hangar space, servicing and maintenance. The Leader of the Council has no private business interests in the Manston site and will not benefit personally from any proposal relating to the development.

11. *Thanet does not need more business parks. Existing local business parks are struggling to attract businesses and are over 50% empty.*

When Pfizer announced closure of its R&D facility at Sandwich it was a common view that all the buildings would need to be demolished and the site could not be redeveloped.

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Supplementary memorandum submitted by the Civil Aviation Authority

BRIEFINGS ON EUJET OPS LTD

SECTION 1—INTRODUCTION

At its session on 2 November, the Transport Committee requested additional briefing on the failure of EUjet in July 2005.

The Committee specifically asked whether EUjet's parent company had changed its name twice and had been suspended from the London Stock Exchange:

- The company was first registered as the Southend Sand & Gravel Company in 1945, changing its name to Wiggins Group plc in 1981 and then to PlaneStation Group plc in 2004.
- Before it invested in EUjet, Wiggins Group's shares were briefly suspended at its request in July 2003.

The rest of this paper gives additional information on the company and its failure.

SECTION 2—EUJET HISTORY, OWNERSHIP AND FAILURE

EUjet

From its establishment in 2003, EUjet was based at Shannon Airport and licensed and regulated by the Irish *Commission for Aviation Regulation*. A schedule outlining significant events in the company's history is at Annex 1. EUjet was initially established to provide wet lease^[3] services for other airlines, but in early 2004 started undertaking charter passenger services in its own right, and in September 2004 began scheduled passenger services between Shannon and Manston. At the time of its collapse in July 2005, the company operated 23^[4] routes from Manston to various points in Europe, with the UK representing some 87% of the company's passenger carryings, and six routes from Shannon.

EUjet was founded by Patrick J McGoldrick, who also became its CEO. A number of members of his family held senior management positions. In 2004 he was appointed to the board of PlaneStation, which had by then become EUjet's parent company.

Mr McGoldrick is an Irish national with a long background in the aviation industry as a pilot and senior manager. Between 1986 and 1991 he was the CEO of Ryanair. Subsequently, Mr McGoldrick was CEO and founder of TransAer (previously known as TransLift, a cargo and wet lease specialist carrier that moved into passenger services), which failed in 2000 with a loss of 450 jobs and debts in excess of £30 million.

PlaneStation

PlaneStation Group plc, EUjet's parent company at the time of its collapse, was a publicly quoted UK property group listed on the London Stock Exchange that owned and managed a number of small European airports. The company was first registered in 1945 as the Southend Sand & Gravel Company, becoming Wiggins Group plc in 1981 and PlaneStation Group plc in January 2004. The Group has always been involved in either land management or property development. Indeed its investment in EUjet was primarily seen as a means of developing the Group's airport property portfolio.

In March 2001, as Wiggins Group plc, it received censure from the Financial Reporting Review Panel and the Financial Services Authority for overestimating its results between 1995-2000, which on their restatement resulted in significant losses. It was agreed with the Financial Reporting Review Panel that the Group's treatment of certain costs and assets would be reclassified and a number of new non-executive directors would be appointed to its audit committee. A number of directors left the Group following completion of this enquiry. In July 2003 the Group's shares were briefly suspended at its own request while it was in discussions on a possible takeover. These events occurred, however, well in advance of its investment in EUjet.

PlaneStation investment in EUjet

EUjet was initially funded by private equity. In May 2004 it was refinanced by PlaneStation, the owner of Manston Airport (which became Kent International). PlaneStation also owned, and developed, a business park around Manston Airport. It sought to develop Manston from a small cargo airport into a major passenger hub that could eventually compete with Luton and Stansted airports. PlaneStation invested in EUjet as a strategic development towards that goal.

Initially, PlaneStation invested £2 million in EUjet in return for a 30% shareholding. At the same time Kent County Council took a 1.5% shareholding in EUjet in order to assist in the regeneration and development of east Kent. The County Council did however acknowledge, in a statement published in September 2005, that EUjet represented "a high risk investment". EUjet was again refinanced in September 2004 when it commenced scheduled operations. PlaneStation stated that EUjet had insufficient funds to support the commencement of scheduled operations in the summer of 2004 as originally intended and provided it with additional working capital of £5 million, funded through a placing of PlaneStation shares. In return for this additional investment PlaneStation took an option to purchase 100% of EUjet, with the interests of the existing EUjet shareholders being translated into warrants in PlaneStation. PlaneStation exercised this purchase option in December 2004, having at that point raised an additional £30 million equity from the City to support EUjet and to fund its own development. It is unclear what proportion of this additional funding was required to support EUjet. At this point PlaneStation also began a process of disposing of a number of property assets with the stated intention of raising additional capital to support EUjet's development.

It appears that, in the event, EUjet's passenger numbers were lower than expected. On 28 June 2005 PlaneStation announced the sale of 75% of the business park adjacent to Manston Airport and that the funds from that transaction would be used to support EUjet. However, this sale later broke down and evidently led to an eventual cash crisis. On 25 July 2005 PlaneStation announced the suspension of its public listing, stating that negotiations on extending its finance facilities with its bankers, whose position would seem to have been secured on property assets, had been unsuccessful. An Administrator was subsequently appointed to PlaneStation in the UK, with the Irish equivalent, an Examiner, being appointed to EUjet in the Republic of Ireland.

SECTION 3—REGULATORY ASPECTS AND ROLE OF THE CAA

Regulatory environment

EC Regulation 2407/92 governs the licensing of airlines within the European Economic Area (EEA)^[5], of which the UK and Ireland are member states. It sets out the framework within which Member States have to consider the granting of an Operating Licence permitting public transport flights.

Subject to an applicant satisfying the relevant licensing authority that it can meet the above criteria, both on initial grant of the Operating Licence and on an ongoing basis, then, under the terms of the Market Access Regulation^[6], it is permitted to operate anywhere within the EEA without the need to hold further licences. Therefore the CAA must allow carriers licensed in other Member States to operate within its territory. Such carriers continue to be regulated by the Member State that granted the initial Operating Licence. The CAA has no legal powers or regulatory authority to act (except on evident safety grounds) on the operations of non-UK EEA carriers, such as EUjet. The Irish *Commission for Aviation Regulation* monitored EUjet under the terms of EC Regulation 2407/92.

The CAA

The CAA does, however, maintain a watching brief on the UK aviation industry as a whole. Press reports and the CAA's own industry sources suggested that EUjet and its parent PlaneStation were encountering financial difficulties earlier this year. However the Regulatory Announcements that PlaneStation had issued to the City indicated that these problems were being comprehensively addressed. The CAA requires regular financial information to be provided by UK licensed airlines for monitoring purposes, but does not receive, nor is able to require, information from non-UK airlines such as EUjet. The CAA was therefore unaware of the actual financial position of that carrier and, in any case, had no legal powers to take action against it. Under the terms of the Market Access Regulation, the CAA would not have been able to prevent EUjet either operating from the UK or from selling tickets to UK passengers.

Furthermore, the CAA could not have taken any action to warn passengers not to either book or travel with EUjet. First, the EC Market Access Regulation is undertaken on a mutually reciprocal basis. If the CAA publicly stated that it was concerned with the regulatory methods employed by any other Member States, it would be exposed to censure by the European Commission and the possibility of UK carriers being discriminated against by other Member States in return. Second, the CAA does not act on the basis of unsubstantiated rumour. It has to act lawfully within its powers on the basis of proper evidence; otherwise it would be open to action in the courts. The CAA did carry out an analysis of the impact of the failure on passengers because the majority of EUjet's passenger carryings were from the UK.

Principal place of business

Although the EC Licensing Regulation (2407/92) gave the CAA no legal role in regulating EUjet, the CAA was concerned with the possible consequences that might arise from the failure of it and similar carriers. The concern was that the CAA and other UK authorities would be wrongly perceived as being responsible for the regulation of such carriers. The CAA is looking at this issue with the Department for Transport.

EC Regulation 2407/92 requires that the principal place of business of a licence holder has to be in the Member State that grants the company's Operating Licence. The CAA has always considered there to be a possible risk where a company is ostensibly registered, licensed and regulated in one Member State but its operations are predominantly undertaken in another. The CAA wrote to the European Commission on the interpretation of this requirement in 1995. It was advised that an operator's principal place of business should be determined on a wider basis than just where a company is registered. This decision would include an evaluation of where its administrative and operational base is situated, where management and board decisions are taken and where "a carrier . . . operated principally in a particular Member State [it] should normally be licensed by that Member State".

In its original guise, as a wet lease provider and charter operator, EUjet was clearly an Irish carrier; but following its evolution into a scheduled operator its operations primarily centred on the UK. CAA research of January 2005 indicated that at that time some 87% of EUjet's then 81 flights per week were departing from the UK. The company was also, by that point, owned by a UK plc and the CAA's view was that it was unlikely that the majority of board decisions would be made in Ireland.

The CAA approached the Irish *Commission for Aviation Regulation* explaining that it believed that EUjet's principal place of business was now in the UK and it should therefore be regulated here. The Irish authorities rejected this.

SECTION 4—LESSONS FROM EUJET EXPERIENCE

The Committee will already have had a copy of the CAA's paper *The Failure of EUjet—An Analysis of Customer Experiences* (copy attached for ease of reference). Following EUjet's failure, some EUjet customers contacted the CAA, which gave out what information and advice was available, but was unable to do more than that. The CAA has no role in repatriating or refunding the passengers of failed scheduled airlines, even if they are regulated in the UK. ATOL financial protection only covers air packages (and seat-only tickets not sold directly by airlines and agents).

EUjet operated a fleet of four Fokker F100 aircraft, which could carry up to 104 passengers. In UK terms it was a small airline and, therefore, as the Ernst and Young analysis for the CAA forecast, there was sufficient capacity available for people to repatriate themselves.

In the light of the EUjet experience the CAA has considered the implications for voluntary repatriation schemes by airlines. The CAA considers that a voluntary scheme would not be as effective, or as cheap, as a managed scheme. To be effective all UK airlines would need to participate and the scheme would require a set of basic principles, which the airlines would have to abide by. These would include:

- appointing a coordinator to provide support and assistance to customers, and manage capacity;
- offering bookable flights (that are easy to purchase and not standby) at a flat rate for a sufficient period of time;
- communicating the information to airports, airline staff, and the media;
- ensuring that all routes are covered.

24 November 2005

3 Wet lease-flights undertaken by an operator on behalf of, and at the direction of, another operator who is provided with an aircraft, the flight crew and usually cabin crew. [Back](#)

4 Source March 2005 OAG Airline Guide. [Back](#)

5 European Economic Area-the Member States of the European Union plus Iceland, Norway, Lichtenstein and, for the purposes of aviation, Switzerland. [Back](#)

6 EC Regulation 2408/92. [Back](#)

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Prepared 4 February 2006

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Wiggins Group Plc (~230)

Wiggins Group Plc
Final Results

Wiggins Group Plc
10 December 2003

WIGGINS GROUP plc

PRELIMINARY STATEMENT FOR THE YEAR TO 31 MARCH 2003

CHAIRMAN'S STATEMENT

This is my first statement as chairman since joining the Board last November, during which time the directors have concentrated on securing a major injection of resources. We are proposing to raise £46.3 million net of expenses from institutions, in order to repay expensive mezzanine debt and provide funds to develop our regional PlaneStation airport business. To emphasise our strategy, we are proposing a name-change to PlaneStation Group plc.

The shares, which have been suspended since 17 July to avoid any false market during refinancing negotiations, have been reclassified from the Construction and Building Materials sector to the Transport sector (sub sector Airlines and Airports), to reflect the current nature of the Company's activities. Trading in the shares will restart following the publication of this announcement.

Fundraising

Your Board is pleased to put forward fundraising proposals which will allow the Company the opportunity to unlock the potential of the Group's assets.

The proposals, which I hope shareholders approve, will significantly reduce our interest burden, provide working capital and give us the flexibility to develop our PlaneStation network of regional airports.

You will receive, along with the Annual Report and Accounts, a letter describing the funding arrangements that are being put in place. These may be summarised as follows: -

1. An open offer and a firm placing of shares at 4p per ordinary share.
2. A firm placing of 8% Convertible Loan Stock 2010, with a conversion price of 6p.
3. An issue of 1 warrant for every 5 ordinary shares exercisable at 10p with a term of 7 years. These warrants will be listed on the London Stock Exchange.

These arrangements will raise £49.5 million gross and £46.3 million net of expenses with the possibility of raising significant further funds from the warrants over the next seven years. We are planning to make further property sales in 2004 which will be needed to satisfy our capital requirements, but we believe that, following the refinancing, the Company will be well placed to realise its potential.

The Board strongly recommends that you support the detailed proposals which will be put to an Extraordinary General Meeting immediately following the Annual General Meeting. The directors will be taking up 1,505,438 shares of the open offer and share placing.

Results

During the year to 31 March 2003 the turnover of the Group increased substantially from £12.7m to £38.1m and the pre tax loss was reduced from £27.5m to £12.8m after £3m of goodwill and asset writedowns. Group operating loss was reduced from £19.4m to £4.2m.

Since the year-end the Company has sold its 50% investment in Fairfield Redevelopments Ltd (FRL) for £3.6m. In addition to the £1.35m profit on the sale, the Company will be able to recognise in the interim results to 30 September 2003 the £5.3m profit which was held back on the sale of land to FRL in August 2002 until our remaining interest in the development had been sold.

Developing the PlaneStation Network

It is now just over six years since the Company acquired the freehold of London Manston Airport and expanded its activities adding airport services to its established commercial and residential development activities. Since then we have acquired strategically important airports at Lahr (near Strasbourg) and Schwerin-Parchim (between Hamburg and Berlin), now renamed Baltic Airport, as well as interests in regional airports at Cuneo (near Turin), Odense (in Denmark) and Pilsen (in the Czech Republic). We were delighted to announce in September that we have added Melbourne International Airport, Florida to the PlaneStation network through the granting to us of an operating licence for the new international terminal.

As part of our strategy, we aim to invest the proceeds from the sale of our UK based property portfolio into the PlaneStation network, to build a growing and sustainable income from airport activities and to realise the development potential of the land surrounding the airports.

Anticipated growth in traffic and the prospect of early transition to profitability at all of the operational airports was set back by the dramatic events of September 11 which had major repercussions throughout the aviation industry. However, long-term growth prospects remain encouraging.

Whilst last year cargo volumes fell slightly at London Manston, I am pleased to report that volume is now moving ahead significantly this year. Cargo handling at London Manston Airport is now running at an annualised rate of over 44,000 tonnes per annum compared with 34,000 last year. The Company has also reduced its airport and head office overheads and, in organisational terms, is now better structured and equipped to manage the development of the PlaneStation network.

Plans are also well advanced for new buildings at Manston. Contracts for the construction of a border inspection post, which will allow Manston to accept meat and fish products from outside the EU, and improvements in security are shortly to be signed with completion scheduled in the first half of 2004/05. The border inspection post, in particular, should encourage development of cargo traffic at Manston.

Non Airport Assets

During the year we made a number of property disposals. The sale of the Fairfield site was completed, taking the total profit on this development to £19.6 million, and Cadbury House was sold for £1.7 million.

We are negotiating with Liverpool City Council a revised planning application for the Liverpool Festival Garden site. The proposals include 1,275 luxury homes and related retail development and will lead to the transformation of the riverside site.

As announced in June we are preparing a revised planning application for London City Racecourse with a view to achieving planning permission next year. We believe that this new scheme, with a smaller grandstand, will be granted planning consent.

We also have a 265 acre freehold property in Burford, which we consider suitable for residential and ancillary development. Although planning permission for this site may be some years off, we intend to use the value of this to finance

the further development of the PlaneStation network.

The Board

In addition to my appointment in November, John Mackay was appointed an independent non-executive director in January. John is currently a director of an investment management company, having previously held senior positions in Merrill Lynch, HSBC and Seymour Pierce.

On completion of the refinancing Geoffrey Ambrose will also join the Board. Geoffrey will bring useful experience of airport management having previously held senior positions in BAA plc, including General Manager of Stansted Airport and Planning Director, Heathrow Airport.

Following the successful refinancing of the Group, which was my primary mission when I was appointed Chairman of the Company just over a year ago, it is now appropriate that I hand over to a new Chairman who will be able to guide the growth of the PlaneStation project. I therefore propose to stand down as Chairman as soon as a suitable replacement has been identified. It would then of course be appropriate for the Board, under the new Chairman, to consider other appointments that would further strengthen the Board.

The Future

We are confident that we can generate value by utilising our skills in the development of the PlaneStation concept and trading our property portfolio. We remain committed to generating good returns for our shareholders and are very excited about the future of the Company. I would like to take this opportunity to thank our staff and shareholders for their continued support and we expect to report further progress soon.

R Bernays

10 December 2003

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2003

	2003	2002
	£000	£000
Turnover: Group and share of joint ventures	39,828	12,797
Less: Share of joint ventures turnover	(1,725)	(104)
Group turnover	38,103	12,693
Cost of sales (including £3,040,000 of asset and goodwill impairment provisions; 2002: £3,263,000)	(28,258)	(18,782)
Gross profit/(loss)	9,845	(6,089)
Administrative expenses	(13,344)	(13,346)
Other operating income	-	51
Group operating loss	(3,499)	(19,384)
Share of operating loss in joint ventures	(703)	(557)
Goodwill amortisation in respect of joint venture	(121)	(121)
Loss on sale of property	(679)	-
Amounts written off investments	-	(1,000)
Net interest payable	(7,784)	(6,419)
Loss on ordinary activities before taxation	(12,786)	(27,481)
Taxation on loss on ordinary activities	(5)	98
Loss for the financial year before minority interests	(12,791)	(27,383)
Equity minority interests	25	47
Loss for the financial year after equity minority interests	(12,766)	(27,336)
Basic and diluted loss per share	(1.30)p	(3.00)p

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 MARCH 2003

	2003 £000	2002 £000
Loss for the financial year		
Group	(11,518)	(26,661)
Share of joint venture	(1,248)	(675)
	(12,766)	(27,336)
Foreign exchange translation differences		
Group	(791)	265
Share of joint venture	(12)	(12)
	(803)	253
Total net losses recognised since last annual report	(13,569)	(27,083)

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2003

	2003 £000	£000	2002 £000	£000
Intangible fixed assets				
Goodwill	1,037		2,902	
Negative goodwill	-		(1,912)	
		1,037		990
Tangible fixed assets		26,497		35,509
Investment in joint ventures				
Share of gross assets	12,692		2,392	
Elimination of unrealised profit	(5,268)		-	
	7,424		2,392	
Share of gross liabilities	(13,355)		(1,921)	
Loan to joint venture	2,245		-	
Goodwill	2,169		2,290	
		(1,517)		2,761
		26,017		39,260
Current assets				
Stocks and work in progress		23,324		26,106
Debtors		2,112		2,183
Cash at bank and in hand		374		1,605
		25,810		29,894
Creditors: amounts falling due within one year		(65,373)		(54,995)
Net current liabilities		(39,563)		(25,101)
Total assets less current liabilities		(13,546)		14,159
Creditors: amounts falling due after more than one year		(2,840)		(21,899)
Net liabilities		(16,386)		(7,740)
Capital and reserves				
Called up share capital		9,835		9,367
Share premium account		56,292		51,828
Special reserve account		1,443		1,443
Other reserves		513		541
Profit and loss account		(84,611)		(71,070)
Equity shareholders' deficit		(16,528)		(7,891)
Minority interest		142		151
		(16,386)		(7,740)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2003

	2003 £000	£000	2002 £000	£000
Net cash inflow/(outflow) from operating activities		12,860		(10,242)
Returns on investments and servicing of finance				

Interest received	98	703	
Interest paid	(4,630)	(3,994)	
Interest element of hire purchase and lease payments	(229)	(519)	
		(4,761)	(3,810)
Taxation			
UK Corporation tax recovered		7	2,491
Capital expenditure and financial investment			
Purchase of tangible fixed assets	(2,223)	(9,441)	
Proceeds from sale of tangible fixed assets	1,859	212	
Loan to joint venture	(2,245)	-	
		(2,609)	(9,229)
Acquisitions			
Purchase of subsidiary undertakings	(1,477)	(2,846)	
Net cash acquired with subsidiary undertakings			
	-	13	
Purchase of investment in joint venture	(796)	(1,422)	
		(2,273)	(4,255)
		3,224	(25,045)
Financing			
Issue of ordinary share capital	5,043	10,740	
Receipt of borrowings	1,724	18,719	
Capital element of hire purchase and lease payments			
	(790)	(476)	
Share issue expenses	(111)	(241)	
Repayment of borrowings	(3,837)	(1,527)	
		2,029	27,215
Increase in cash		5,253	2,170

NOTES TO THE PRELIMINARY STATEMENT TO 31 MARCH 2003

1. Financial information

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 March 2003 or 2002 but is derived from those accounts. Statutory accounts for 2002 have been delivered to the Registrar of Companies, and those for 2003 will be delivered following the Company's Annual General Meeting. The auditors, KPMG Audit Plc, have reported on those accounts; their reports referred to fundamental uncertainties regarding the appropriateness of the going concern basis of accounting but were unqualified and did not contain statements under Section 23(2) or (3) of the Companies Act 1985.

The accounts have been prepared on the going concern basis which the directors believe to be appropriate for the following reasons.

As at 31 March 2003, financial liabilities due for repayment included mezzanine finance of £10.6 million which had been rescheduled for payment on 14 March 2003, VAT arrears of £4 million, a secured creditor of £5 million plus interest and fees which was repayable on demand, and sundry trade creditors.

Since the year end, the Group has raised finance to fund operations to mid-January 2004 through the sale of its investment in Fairfield Redevelopments Limited and sundry small properties, a share placing of £1.46 million and short term increases in banking facilities. The Group agreed a standstill arrangement with its mezzanine lenders under which the lenders agreed not to exercise their security before 12 January 2004. London Manston Airport PLC signed a new bank facility agreement which increased the facility from £20 million to £22 million, extended the maturity date from 15 December 2003 to 31 December 2004 and provided a short term facility of £6.5 million through to the completion of refinancing. The Group also agreed with Customs & Excise a repayment schedule for its VAT arrears, which have been reduced to £1.5 million through repayment in cash and on submission of normal quarterly returns. The Company has requested Customs & Excise to agree a deferral of the outstanding balance until the date of refinancing. On 31 October the Group signed an agreement with the secured creditor of £5 million to acquire land at Manston Airport and settle all outstanding balances including interest, for cash payments totalling £7 million, the initial payment to be funded by the short term bank facility.

The Group has reviewed a number of refinancing options. The Board's preferred option is to undertake an equity placing and an open offer and also issue convertible loan stock. The Board expects that this will raise a total of £46.3 million net of expenses. This proposal will require shareholder approval and the Board has approved a circular which accompanies the Annual Report and Accounts.

The directors have prepared projected cash flow information up to 31 December 2004 being 13 months from the date of their approval of the accounts. The cash flow information assumes, inter alia, that:

- The Group will complete a refinancing on the basis outlined above and

receive proceeds of £46.3 million net of expenses by 12 January 2004;

- The Group will complete further substantial as yet uncontracted property sales in the coming year; and
- The above actions, combined with deferral of airport investment as necessary, will provide sufficient cash to repay the Group's other liabilities as they fall due and provide funds for the Group's projected cash outflow for the following 12 months.

On the basis of this cash flow information and discussions with the Group's providers of finance, the directors consider that the Group will be able to have access to sufficient financial resources to fund its working capital requirements for at least the next 12 months from the date of these accounts and thereafter for the foreseeable future. However, in view of the complexity of negotiations, there can be no certainty that the substantial as yet uncontracted property sales will legally complete or that the refinancing will itself be approved by shareholders and be completed successfully. The accounts do not include any adjustments that would result should the going concern basis of preparation ultimately prove no longer to be appropriate.

2. Reconciliation of operating loss to net cash inflow/(outflow) from operating activities

	2003 £000	2002 £000
Group operating loss	(3,499)	(19,384)
Depreciation and amortisation	5,560	2,472
Decrease in stocks and work in progress	6,545	1,352
Decrease in debtors	106	2,069
Increase in creditors	4,148	3,219
Loss on sale of tangible fixed assets	-	30
Net cash inflow/(outflow) from operating activities	12,860	(10,242)

3. Reconciliation of net cash outflow to movements in net debt

	2003 £000	2002 £000
Increase in cash in the year	5,253	2,170
Cash outflow/(inflow) from decrease/(increase) in debt, lease and hire purchase contracts	2,903	(16,716)
Change in net debt in the year	8,156	(14,546)
New lease and hire purchase and other non-cash changes	1,850	(214)
Acquired with subsidiary undertaking	-	(396)
Movements in net debt in the year	10,006	(15,156)
Net debt at 1 April 2002	(47,693)	(32,537)
Net debt at 31 March 2003	(37,687)	(47,693)

4. Analysis of changes in debt

	1 April 2002 £000	Cash flows £000	Exchange differences £000	Other non-cash changes £000	31 March 2003 £000
Cash in hand and at bank	1,605	(1,246)	15	-	374
Bank overdrafts	(7,644)	6,499	-	-	(1,145)
	(6,039)	5,253	15	-	(771)
Debt due within one year	(22,562)	1,103	(734)	(12,295)	(34,488)
Debt due after more than one year	(16,772)	1,010	-	15,145	(617)
Hire purchase and finance leases	(2,320)	790	-	(281)	(1,811)
	(41,654)	2,903	(734)	2,569	(36,916)
Total	(47,693)	8,156	(719)	2,569	(37,687)

5. Turnover and loss on ordinary activities before taxation

Turnover

2003
£000

2002
£000

Property development	32,120	5,971
Airport operations	5,983	6,722
	<hr/>	<hr/>
	38,103	12,693
	<hr/>	<hr/>

Loss on ordinary activities before taxation

	2003 £000	2002 £000
Property development	14,533	(7,621)
Elimination of profit included in joint venture share of assets	(5,268)	-
	<hr/>	<hr/>
	9,265	(7,621)
Airport operations	(13,443)	(11,763)
	<hr/>	<hr/>
	(4,178)	(19,384)
Share of operating profit/(loss) in joint ventures:		
- Property development	323	-
- Airport operations	(1,026)	(557)
Acquisition of joint venture - goodwill amortisation (airport operations)	(121)	(121)
Amounts written off investments (property development)	-	(1,000)
	<hr/>	<hr/>
	(5,002)	(21,062)
Net interest	(7,784)	(6,419)
	<hr/>	<hr/>
	(12,786)	(27,481)
	<hr/>	<hr/>

Net (liabilities)/assets employed

	2003 £000	2002 £000
Property development	10,598	21,874
Airport operations	10,703	18,079
	<hr/>	<hr/>
	21,301	39,953
Net debt	(37,687)	(47,693)
	<hr/>	<hr/>
	(16,386)	(7,740)
	<hr/>	<hr/>

Analysis of turnover, loss on ordinary activities before taxation and net assets/(liabilities) by territory of origin

	Turnover		Loss on ordinary activities before taxation		Net assets/(liabilities)	
	2003 £000	2002 £000	2003 £000	2002 £000	2003 £000	2002 £000
United Kingdom	37,458	12,113	(2,957)	(22,312)	(18,322)	(8,820)
Overseas	645	580	(9,829)	(5,169)	1,936	1,080
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	38,103	12,693	(12,786)	(27,481)	(16,386)	(7,740)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Turnover by origin is not different to turnover by destination.

Following the decision to dispose of all non-airport related property, including the Group's leisure related properties, it has been decided to change the segmental analysis to reflect the future strategic direction of the Group. The leisure segment is now included in the property development segment and its figures were: turnover - £2,097,000 (2002: £2,258,000), operating loss - £1,341,000 (2002: £611,000 loss) and net assets employed - £295,000 (2002: £6,723,000). A misclassification within the 2002 segmental analysis of the loss on ordinary activities has been corrected, transferring losses of £3,572,000 from property to airport operations.

6. Dividend

The Directors do not recommend the payment of a dividend.

7. Loss per share

The calculation of loss per ordinary share is based on the following loss on ordinary activities after taxation.

	Basic 2003 £000	Basic 2002 £000	Diluted 2003 £000	Diluted 2002 £000
Loss for the year	12,766	27,336	12,766	27,336

	2003 Weighted average number of shares	2002 Weighted average number of shares
For basic loss per share	978,471,965	911,194,321

Because the inclusion of potential ordinary shares would decrease the basic loss per ordinary share they are not deemed to be dilutive and accordingly the basic and diluted loss per ordinary share is identical.

8. Other Information

Copies of this statement are available from the Company at 35 Berkeley Square, Mayfair, London, W1J 5AB - telephone 020 7495 8686 - fax 020 7493 0189.

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PROFESSION

Wiggins is considering dropping Odense

AF: JACOB VESTERGAARD

published January 07, 2004 at. 01:00



1.1

PlaneStation has the opportunity to terminate the contract with half a year's notice if the cancellation comes before the end of the year. Photo: Peter Leth-Larsen



AIRPORT: Parent company provided half a billion. Arbitration of DKK 16 million DKK will be paid as soon as possible

Odense Airport risks being left without a tenant this summer, if the English PlaneStation is serious about its considerations of saying the contract with the joint municipal company.

- During the next week, we decide whether we will stay or leave Odense Airport, say Deputy CEO Tony Freudmann from PlaneStation, which is a subsidiary of the listed WigginsGroup plc.

Must pay tax

Shortly before Christmas, an arbitration board decided that PlaneStation should pay in the region of DKK 16 million. DKK to Odense Airport Smba as soon as possible.

The amount amounts to several years of lease, which PlaneStation has so far refused to pay because the company claims the owner has not made a pledge to extend the runway so that even the largest aircraft can ease and land.

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However, the Board states that PlaneStation itself has acknowledged that it would be economically unreasonable to extend the runway further.

Half a billion. kr. added

Until Monday, it was unknown whether the Plan Station would be able to pay the amount.

The parent company Wiggins was in the process of bleeding, partly because it lacked working capital to expand its global network of smaller airports, partly because it dragged around a large and very expensive short-term loan.

But Monday, the company's previous shareholders approved a rescue plan consisting of a capital injection of just over half a billion. DKK from several large institutional shareholders, who as consideration receive co-ownership in the company.

In addition, the company changes its name to PlaneStation Group plc in order to signal, in the future, rates at airports rather than development of construction projects.

Will pay enough

- With the new capital in the back, we can easily pay the arbitration, says Tony Freudmann from London.

- But by principle and for the sake of our many shareholders, we will first be allowed to read the 50-page decision, which is currently being translated, he says.

- But there must be no doubt that we should pay, says Tony Freudmann.

By February

During the arbitration proceedings, both parties have signed and subsequently extended a supplementary agreement to the original lease agreement, which allows PlaneStation to terminate the contract with half a year's notice if the termination comes before January 31 this year.

Otherwise, the lease agreement entered into in 1999 will continue for the rest of the total 30-year contract period.

Promising discussions

- The next few days we will put some long-term plans, among other things regarding our future in Odense, says Tony Freudmann.

"On the one hand, we have no income, but on the other hand, the cooperation with the Danish owners and the crew in Odense has been good over the past few months," he says.

"At the same time, we have had several promising discussions with Sterling and with various charter operators on passenger flights to Greece and Cyprus," said Deputy Managing Director.

Not a tenant in the back

The chairman of the board of Odense Airport Smba takes a possible termination in a stretched arm.

- We cross that bridge when we reach it, says Frants Bernstorff-Gyldensteen, who represents Funen County and the municipalities of

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- We have in principle not examined the market for other tenants, now we have had and still have a 30-year contract with PlaneStation, says Bernstorff-Gyldensteen.

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PROFESSION

The hunt for Wiggins entered

BY: KLAUS A. JENSEN

published January 20, 2004 at: 01:00



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In April 2000, the contract with Wiggins for the lease of Odense Airport was signed. Now just over three and a half years later, Odense Airport's owners must file for Wiggins's subsidiary PlanaStation bankrupt since the company owes DKK 18 million in rent. Photo: Hans Østergaard



COMPANY RIGHTS: On Monday, Odense Airport requested its tenant bankruptcy - it can pull the rug away under listed Wiggins Group Mayor Jan Boye (K) (Radio 3)

Yesterday, Odense Airport requested dinner at the bankruptcy court in Odense's tenant, PlaneStation Denmark A / S, bankruptcy.

Thus, the hunt for money with the English parent company, the Wiggins Group, has gone in, because even PlaneStation Denmark owns only debt. Wiggins guarantees in the contract with the airport's owners for its Danish subsidiary, which since August 2001 has accumulated a debt of DKK 18 million for the Funen taxpayers.

Political crisis meeting

At the same time as the petition for bankruptcy, the political representative committee behind the municipal Odense Airport is extraordinarily called for a crisis meeting on Thursday, 5 February.

At the meeting, the board must account for the dramatic course around the airport lease and for the plans that are now being used to create traffic. The City Council and county council politicians must also decide on the financing of an expected deficit this year of DKK 6 million in Odense Airport Smba, says Director Anders Møller Jensen, County of Funen, who has half of ownership in Beldringe.

Requirements are passed through the

Chairman of the Board of Representatives, Mayor Jan Boye (K), has previously stated that the claim against the British tenant will be carried through.

This means that the Funen airport owners may have to pull their legs away under listed Wiggins through a bankruptcy request by an English law.

Yesterday, Tony Freudmann, Managing Director of Wiggins Group, did not comment on the bankruptcy petition against the Danish subsidiary.

More auditing

reservations The request against PlaneStation Denmark will be processed at the probate court in Odense this week.

In its 2002 accounts, the company had a negative equity of DKK 13 million.

It is also clear from the accounts, which are the most recently published, that the Danish tenant has an unspecified debt of almost seven million kroner to his English owner. Moreover, the audit has, in several contexts, made reservations for the accounting valuation in the company.

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PROFESSION

PlaneStation bankruptcy - debt of 23 million

BY: KLAUS A. JENSEN

published September 16, 2004 at: 01:00



1.1

Knud K. Damsgaard, Focus Attorneys in Odense, became curator of the bankruptcy estate PlaneStation Denmark / Landside. Photo: Hans Østergaard



JURA: Odense Airport has to go through new arbitration to get money out of tenants

Odense Airport's former tenant, PlaneStation Denmark A / S, was declared bankrupt by a six-year delay at the bankruptcy court in Odense. The company, which has since been changed to Landside A / S, now has a debt to the municipal airport owners of DKK 23.7 million, said lawyer Bo Tverskov, who represented Odense Airport in the bankruptcy court.

British PlaneStation Group's Danish subsidiary, with a posted negative equity of DKK 25.5 million in the latest published accounts from June, both without value and insolvency, noted Bo Tverskov in court.

With the bankruptcy decree, Odense Airport has been given the opportunity to demand the repayment of the large debt directly from the UK parent company, which in the contract with the airport guarantees its Danish subsidiary.

PlaneStation rejects

But the money is not resolved on the other side of the North Sea, and for the time being, listed PlaneStation Group has declined to pay for the debt in Denmark. This is done according to Fyens Stiftstidende information, among other things, with reference to the fact that the company's former CEO and co-owner Oliver Iny has acted without the necessary powers at the conclusion in 2000 of the lease agreement in Beldringe.

Odense Airport has already brought the dispute before a Danish arbitration, which now has to decide on the extent of the guarantee obligation. An earlier arbitration has already made an order that PlaneStation Denmark owes Odense Airport the large million amount.

Since the arbitration award last December, PlaneStation's debt to Odense Airport has grown from DKK 18 to 23.7 million, because the company has not been solved by its lease contract until the end of June.

Only paper money

The values in the Danish company amount to DKK 8000 in cash and a small amount in foreign currency, and then PlaneStation has an outstanding VAT receivable of approx. NOK 900,000 for the period from 1 January to 1 July this year, it appeared from the court's proceedings on the bankruptcy case.

The amount arises because Odense Airport, up to the termination of the

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lease agreement, a few months ago has continued to bill - including VAT - to PlaneStation. Previously, the tenant has subsequently and completely, according to the rules, raised a total of DKK 3 million with ToldSkat in VAT refund - even though the PlaneStation Group has not actually paid its bills.

Bo Tverskov let in the bankruptcy court understand that the VAT receivable probably only exists as a paper money, since ToldSkat will hardly be reimbursed any longer if PlaneStation Group had to make claims against the Danish authorities from London where the enclosures are located.


Lawyer is incompetent

Attorney Bo Tverskov is the deputy chairman of Odense Airport's board of directors, and it cost him yesterday the role of curator of the bankruptcy estate on the basis of an objection from lawyer Lars Bruun, Accura Lawyers in Copenhagen, who represented the PlaneStation Group.

Lars Bruun argued that the Odense lawyer has a problem of impartiality because a case concerning the lease agreement is still pending.


He asked for an impartial curator, and the wish came to court lawyer Alex Nymark, who appointed lawyer Knud K. Damsgaard, Focus Lawyer in Odense, as curator.

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Companies

Planestation collapse leaves EUjet stranded

Kevin Done, Aerospace Correspondent JULY 26, 2005

Planestation, the UK listed aviation and property group, collapsed into administration on Tuesday forcing the closure of EUjet, one of the most recent start-up low cost carriers launched in Europe.

Around 5,400 passengers were stranded abroad on Tuesday night as a result of the collapse, said a spokesman for the airline, which flew to 21 destinations in Europe.

More than 90,000 bookings had also been taken for flights in coming weeks for the peak summer holiday season. EUjet said these passengers would be refunded via their credit card companies, as the cash was still in an escrow account and had not been drawn down.

EasyJet on Tuesday offered flights back to the UK to EUjet passengers stranded at their European destinations for a rescue fee of £25.

EUjet is an Irish registered carrier, which has operated scheduled services since last September from two bases at Kent International airport, Manston, which is also owned by Planestation, and from Shannon in western Ireland.

The airline was started in 2003 by PJ McGoldrick, a former chief executive of Ryanair, and began offering scheduled services last year. It was taken over fully by Planestation in January.

The airline was forced to ground its operations on Tuesday morning shortly after its first flights had left Manston for Manchester and Newcastle. One of its aircraft was impounded on Monday evening by Edinburgh airport and was only released on Tuesday afternoon after a large part of its outstanding landing charges was paid.

Its fleet of five 108-seat Fokker 100 jets would be repossessed by Debis Air Finance, the Amsterdam-based lessor, said an airline spokesman.

Planestation said that Grant Thornton had been appointed as administrators. It said it did not expect equity shareholders to get any return from the administration. EUjet will be under administration in Ireland.

The Planestation group collapsed after it was unable to find any new source of financing, after its bank, Bank of Scotland, refused to increase its lending from the existing level of around £22m.

The loss-making group, formerly known as Wiggins, has been in financial difficulties for several years, and only avoided collapse last December, when it managed to raise £28m in a deeply discounted rescue rights issue.

EUjet has consumed far more cash this year than previously estimated seven months ago, as it was hit by lower than planned passenger volumes and by a big jump in its fuel bill due to the high oil price. The group has been unable to complete key property sales to raise additional funds.

The main institutional shareholders in Planestation, all with stakes of more than 10 per cent, included M&G Investment Management, Goldman Sachs and New Star Asset Management. Other investors included Artemis Investment Management, Morley Fund Management, Gartmore Investment Management and Cazenove Fund Management.

Mr McGoldrick, EUjet chief executive, said in a statement that marketing a new airline operation from Manston, which had no recent history of passenger operations, had been “difficult.”

Passenger targets had not been hit, partly because the airline had had one aircraft out of service all summer, and the Kent operations had under-performed. The group had also failed to develop its cargo business at Manston. It lost its main cargo operator, MK Airlines, in August last year.

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Freudmann and Unpackaged directors probed

🕒 Apr 15th 2010, 04:59



The Department for Business, Innovation & Skills (BIS), is investigating the “conduct of directors of Unpackaged Holidays”, which went into administration (<http://www.travelweekly.co.uk/Articles/2009/03/17/30512/seligo-parent-unpackaged-holidays-goes-into-administration.html>) in March 2009.

Creditors of Unpackaged, trading as accommodation-only and transfer company Seligo, received letters last month from solicitors acting on behalf of the secretary of state for BIS, Peter Mandleson.

The opening line of the letter, seen by Travel Weekly, reads: “Dear Sirs. We act on behalf of the secretary of state for Business, Innovation & Skills and are investigating the conduct of the directors of Unpackaged Holidays, of which we understand you are a creditor.”

ITT chairman Steven Freudmann is likely to be asked to assist in BIS’s investigation, despite resigning as a director of the company in February, a month before it failed.

Insolvency rules state that anyone who has been a director of a failed company for up to three years preceding the failure date could hold relevant information.

In the letters, the solicitors ask creditors to provide them with information to assist with their enquiries.

Their questions cover topics such as accounts, finances, credit limits, payments and litigation.

The assets of Unpackaged Holidays were sold to sister firm The Travel Club of Upminster in a “pre-pack” deal.

It caused controversy because Unpackaged was, and The Travel Club still is, owned by Alpha Prospects, of which Steven is a director.

Freudmann said of the BIS investigation: “This, I understand, is pretty standard practice from the department and I’m absolutely confident the matter won’t go any further.”

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F-011

Travel Club of Upminster seeks financial advice

🕒 Sep 23rd 2010, 10:29



Travel Club of Upminster has approached insolvency practitioners Shipleys amid reports that it has failed to pay more than 20 hotels in Majorca for this season's bookings.

An email seen by Travel Weekly reveals that chartered accountancy firm Elman Wall has been asked to assist in selling the assets of The Travel Club Limited and its subsidiary Austria Travel Limited. Elman Wall is acting on the instruction of Shipleys, referred to in the email as "proposed administrators".

Travel Club of Upminster, founded in 1936 by Harry Chandler, was bought by Alpha Prospects last year.

Alpha Prospects also owned Unpackaged Holidays, which went into administration in March 2009 ahead of a pre-pack deal that saw it buy back the assets through Travel Club of Upminster.

Previously a direct-sell operator, Travel Club of Upminster pledged to start selling through upmarket independent agents after it was bought by Alpha.

Chartered accountancy firm Shipleys confirmed it had been approached for advice. Conrad Beighton, insolvency practitioner at Shipleys, said: "We are advising the directors on their options – we haven't been appointed officially yet."

Travel Club of Upminster director Tony Freudmann was unavailable for comment.

The news follows a report in Spanish paper Diario de Mallorca that at least 22 hotels, villas and apartments in Majorca have not received payment from Travel Club of Upminster recently.

Concerns about the operator have appeared on internet forum Puertopollensa.com.

One forum member, who appeared to be well informed, wrote: "They [the company] have two weeks to find a solution to this problem and clients due to arrive this weekend and next week have been advised of the difficulties. However, almost all of these bookings have decided to continue to travel this weekend and pay again for accommodation and claim it back on their return to the UK."

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Sarah • 8 years ago

What about the travellers who did not book their holiday by credit card and cannot afford to pay again. As Upminster travel have removed themselves from ABTA it is impossible for them to claim their money back.My aged parents are very dissappointed they are no longer able to take their long awaited holiday. They are also very annoyed about the way Upminster travel have gone about informing them of the fact that they have not paid the hotel. To me it is theft. They have taken the money, not paid the hotel, and yet they are still a trading company.

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INDY/LIFE

Senior Travel Editor Simon Calder | @SimonCalder | Wednesday 29 September 2010 00:00 |

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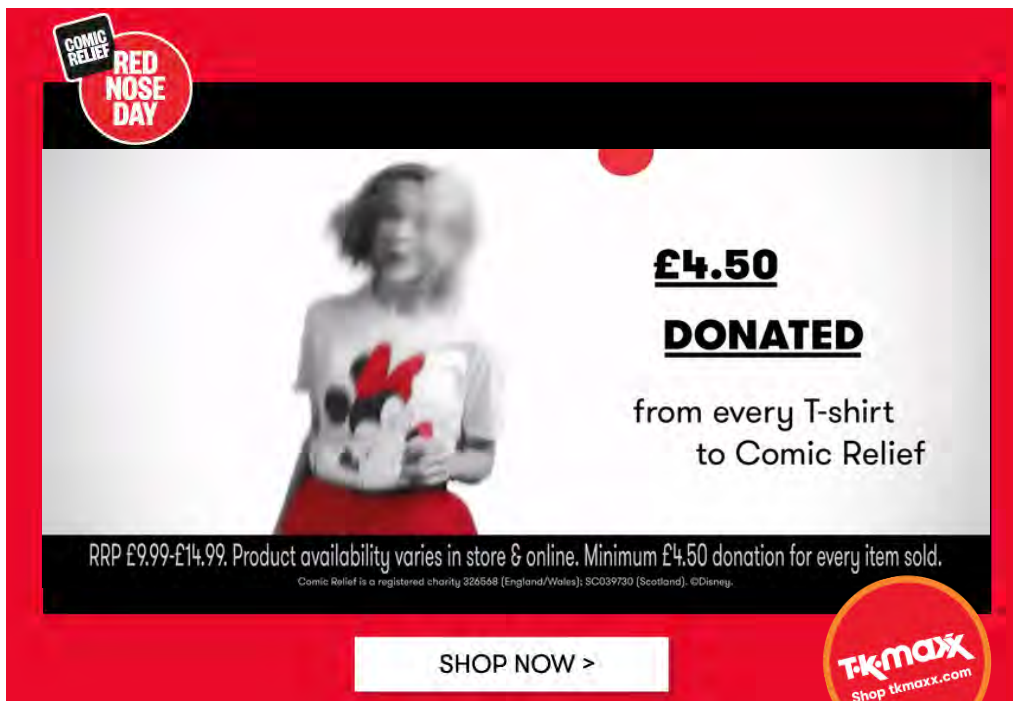
The oldest package holiday company in London has gone into administration.

The Travel Club of Upminster, which was established in 1936, sold holidays to the Balearic Islands, Portugal and Greece. Yesterday its administrators, Shipleys, said the holiday company was "unable to continue trading as a result of an inability to meet guaranteed payments to key overseas accommodation suppliers".

Its owner, Tony Freudmann, told The Independent: "The staff battled very hard this year in very difficult trading conditions, and until the very last minute we hoped we would reach an accommodation with our supplier. A search for a buyer goes on."

The company was not bonded, because it sold accommodation independently of flights. Customers of the firm checking in at some Majorca hotels in the past two weeks had been asked to pay their bill a second time.

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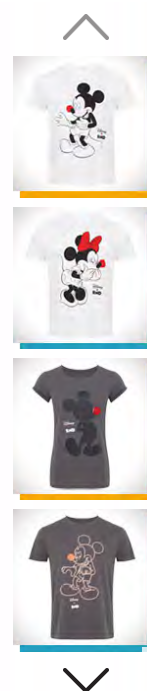
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chance of getting a refund rests with claiming from their credit-card company. The Travel Club of Upminster was established by Harry and Rene Chandler, following a cycling tour of Switzerland. The family then started selling the first discernible package holidays to Portugal – and are credited with "discovering" the Algarve as a holiday destination.



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How well do you know the '-stan' nations?
Which of the following is NOT a
"-stan" country?

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Pakistan

Yrzykystan

Uzbekistan

684
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APESTER

After the Second World War, the firm expanded across Europe, initially selling packages from Bournemouth to Basel for 42 guineas (£44.10). The Travel Club of Upminster traded successfully through to the turn of the 21st century, but the proliferation of choice made possible by the low-cost airlines undercut its business model. For the past two weeks, the company has been seeking another buyer.

Paul Chandler, who sold the business two years ago, said: "I'm sad that a pioneering company which provided holidays to hundreds of thousands of travellers is no longer able to compete in the increasingly consolidated industry." His new venture, Chandler's Travel and Cruise, is unaffected by the failure, and is a bonded member of Abta.

F-013

Travel Club of Upminster enters administration

🕒 Sep 28th 2010, 13:32



The Travel Club of Upminster and its subsidiary Austria Travel have gone into administration.

Travel Weekly reported exclusively last week that the company, of which Tony Freudmann is a director, had failed to pay at least 20 hotels and apartments in Majorca and had approached administrators Shipleys for financial advice.

Shipleys was officially appointed as administrators yesterday (September 27). The Birmingham based businesses provided hotel and apartment accommodation primarily in Majorca and Portugal.

A statement from the administrator said: "The companies are unable to continue trading as a result of an inability to meet guaranteed payments to key overseas accommodation suppliers."

A notice of intention to appoint administrators was filed in court on September 14 for Travel Club and on September 24 for Austria Travel Limited.

The statement said: "This action was taken to try and protect the businesses to allow time to maximise the realisation of the assets of the companies, notably their goodwill.

"In this regard, specialist travel accountants Messrs Ellman Wall were instructed to value the businesses and seek expressions of interest from within the industry."

No-one has come forward to purchase the assets so far.

Customers with future bookings will be able to file claims to the administrators and may be able to recover their funds if they have paid by credit card. The company was not a member of Abta and did not hold an Atol.

Meanwhile, ITT chairman and managing director Steven Freudmann, the brother of Travel Club of Upminster director Tony, has moved to clarify his relationship with the firm.

He said the Travel Club of Upminster was not owned by Alpha Prospects, of which Steven Freudmann remains a director.

He said: "Alpha Prospects doesn't own the Travel Club of Upminster. We had an option to buy it but that option was never taken up.

"We never did have any ownership or management of The Travel Club of Upminster. It is privately-owned and run by my brother and a couple of other directors. It has nothing to do with Alpha."

Freudmann did confirm, however, that Travel Club of Upminster had bought the pre-pack assets of Unpackaged Holidays, a company which was owned by Alpha Prospects before it went into administration last year.

Freudmann confirmed that Alpha now had no travel businesses in its portfolio and was in technical terms "a cash shell". He added: "We are looking for acquisitions."

He added: "I was not a director of Unpackaged when it failed and I am not a director of The Travel Club of Upminster."

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About ATOL

Learn about the ATOL scheme for consumers: who runs it, how it's funded, and why it was created.

ATOL - Protecting holidaymakers since 1973

The law says your holiday must be protected if it is a package holiday. ATOL (which stands for Air Travel Organiser's Licence) is a UK financial protection scheme and it protects most air package holidays sold by travel businesses that are based in the UK. The scheme also applies to some flight bookings, usually those where you book flights (including UK domestic flights) but do not receive your tickets immediately.

ATOL was first introduced in 1973, as the popularity of overseas holidays grew. After a number of high profile travel business failures left people stranded overseas the UK Government realised consumers required protection when their travel providers fell into difficulties. ATOL currently protects around 20 million holidaymakers and travellers each year.

If a travel business with an ATOL ceases trading, the ATOL scheme protects consumers who had booked holidays with the firm. It ensures consumers can return home and do not lose their money.

The scheme is designed to reassure consumers that their money is safe, and will provide assistance in the event of a travel business failure.

Funding and administration

ATOL is run by the UK Civil Aviation Authority (CAA). It is funded by contributions from ATOL holders, who must pay £2.50 into the schemes back up fund, the Air Travel Trust, for each person they book on a holiday. This money creates a fund that is used by the CAA to ensure consumers either complete their holiday or – if they cannot get away – receive a full refund.

What does ATOL cover?

Frequently asked questions

What is ATOL?

ATOL is the UK's financial protection scheme and protects you when you book a holiday with a UK ATOL holder. It ensures you do not lose money or become stranded abroad if your ATOL holder collapses.

ATOL stands for Air Travel Organiser's Licence and is backed by the UK Government.

ATOL was first introduced in 1973, as the popularity of overseas holidays grew. After a number of travel business failures left people stranded, the UK Government realised consumers required protection when their travel providers fell into difficulties.

The scheme was designed to cover charter flights and package holidays, and functioned well for years. However, the holiday market changed considerably and the scheme was overhauled in 2012 and again in 2018 to keep pace with these changes.

What are the benefits of ATOL protection?

ATOL stops you losing money or becoming stranded abroad if the travel business you booked with collapses:

- If the business collapses while you are on holiday, the scheme will make sure you can finish your holiday and return home.
- If the business collapses before you travel, the scheme will provide a refund or replacement holiday.

What situations does ATOL cover?

What situations does ATOL cover?

UK and European law says your holiday must be protected if you book a package. ATOL is a UK financial protection scheme and protection applies to most air package holidays sold by UK travel businesses. The law says your holiday must be protected if you book a holiday with a single travel firm that includes:

- flights and accommodation (including a cruise), or
- flights and car hire, or
- flights, accommodation and car hire.

The scheme also applies to some flight only bookings - usually those where you book flights (including UK domestic flights) but do not receive your tickets immediately. This is most common with charter flights, but can also apply to discounted scheduled flights or where you pay for flights in installments. Please note that ATOL does not apply to flights booked directly with scheduled airlines or to flights booked with airline ticket agents.

When does ATOL not protect flights?

If you purchase an airline ticket from an airline or travel business and you receive a valid ticket in exchange for payment, ATOL does not cover this flight sale.

What is a Linked Travel Arrangement (LTA)?

LTA's are formed when a business "facilitates" the sale of two or more travel services (e.g. a flight and hotel booking) but does so in a way that it is not classed as a package.

As an LTA does not constitute a package it does not, need to be protected under ATOL. However, an LTA may include an ATOL protected element within it, such as an ATOL protected Flight-Only or an ATOL protected flight inclusive package.

If a travel business sells an LTA, it must inform you that this is the case and what protection you may have.

How can I tell if my holiday is covered by ATOL?

UK and European law requires travel businesses to financially protect their package holidays in the countries in which they are established. Businesses based in the UK provide their protection under the ATOL scheme while those based in other European Member States provide their own financial protection schemes. Travel businesses are required to tell you which country will be responsible for financially protecting your booking.

You can also check to see if your booking is ATOL protected by:

Making sure you check for the ATOL logo on travel websites, brochures and advertisements. If you are not sure, ask your tour operator or agent to tell if they offer ATOL protection. If they offer protection in a different country then you might find the information in [Booking with European travel firms who do not offer ATOL protection \(http://www.caa.co.uk/ATOL-protection/Consumers/Booking-with-European-travel-firms-who-do-not-offer-ATOL-protection/\)](http://www.caa.co.uk/ATOL-protection/Consumers/Booking-with-European-travel-firms-who-do-not-offer-ATOL-protection/) helpful.

Use our [Check an ATOL \(http://www.caa.co.uk/ATOL-protection/Consumers/Checking-for-ATOL-protection/\)](http://www.caa.co.uk/ATOL-protection/Consumers/Checking-for-ATOL-protection/) facility. This allows you to check that the travel business you are booking with is part of ATOL.

Make sure you are given an ATOL Certificate. The law says you should be given a certificate to show if you are covered by ATOL as soon as you have booked and paid any money towards a holiday or flight.

It is important that you book your holidays with a reputable travel business. If you book with a business that is not a member of ATOL then you will not be covered by ATOL protection.

[I have been given an ATOL Certificate. What is it for?](#)

Your ATOL Certificate is proof the holiday or flight you have booked is protected by ATOL. It explains what protection you have and what to do if your travel business collapses. Keep it somewhere safe and take it on holiday so you know how to make an ATOL claim if you need to.

[What should I do if I do not receive an ATOL Certificate but think I should have?](#)

We are confident the travel industry has implemented procedures and systems to issue ATOL Certificates as required by law.

However, if you do not receive a certificate and believe you should have done, first contact your tour operator or travel agent. If you are unhappy with their response, please [email ATOL Certificates \(mailto:atolcertificates@caa.co.uk\)](mailto:atolcertificates@caa.co.uk).

[Should I book a holiday if the travel business cannot give me an ATOL Certificate?](#)

UK and European law requires travel businesses to financially protect their packages holidays in the countries in which they are established. Businesses based in the UK provide their protection under the ATOL scheme while those based in other European Member States provide their own financial protection schemes. Travel businesses are required to tell you which country will be responsible for financially protecting your booking.

Most overseas air holidays booked with UK travel companies must be protected. There are several ways to check:

Look before you book. Check for the ATOL logo on travel company websites, brochures and advertisements. If you are not sure, ask your travel company tour operator or agent to tell if they offer you

about ATOL protection.

If they offer protection in a different country then you might find the information in [Booking with European travel businesses \(http://www.caa.co.uk/ATOL-protection/Consumers/Booking-with-European-travel-firms-who-do-not-offer-ATOL-protection/\)](http://www.caa.co.uk/ATOL-protection/Consumers/Booking-with-European-travel-firms-who-do-not-offer-ATOL-protection/) helpful. UK based travel businesses are legally required to provide an ATOL Certificate as soon as any money is taken for a booking.

Always check you will be given an ATOL Certificate before you book. It's your guarantee of protection. If your travel business says they cannot provide one, ask why and consider your options carefully before proceeding, because you will be booking at your own risk.

What happens if my travel business fails, but I don't have an ATOL Certificate?

UK travel companies are legally required to issue ATOL Certificates, this is your guarantee of protection. However we consider all claims on a case-by-case basis.

My ATOL Certificate says "Flight-Plus" on it. What does this mean?

****Please note that Flight-Plus bookings stopped on 1 July 2018 but if you booked a Flight-Plus before this date, your protection remains in place.****

A Flight-Plus holiday is one where you have booked your flights and accommodation with the same travel business, but not as a package holiday. For instance, your travel agent might have purchased flights and booked a hotel for you.

You still have the same ATOL protection if the travel business you booked with fails. If one of the suppliers they have used fails, the travel business must make alternative arrangements for you.

My ATOL Certificate says "Package – Multi-contract" on it. What does this mean?

Multi-contract Packages are those where the you have more than one contract for all the travel services that together are part of the package

You still have the same ATOL protection if the travel business you booked with fails. If one of the suppliers they have used fails, the travel business must make alternative arrangements for you. You also benefit from the same rights with the package organiser if something goes wrong.

My travel business has charged me an ATOL protection contribution (APC). What is this?

ATOL is funded by travel businesses, which are required to pay £2.50 per consumer into a central ATOL fund. This money is used to allow consumers to complete their holidays or issue refunds should a travel business collapse.

This charge is not a tax on individuals or an insurance premium - the law requires travel businesses to pay it, not consumers. However, some travel companies choose to highlight the ATOL scheme cost by showing it separately on receipts and invoices.

F-015



MEET TONY FREUDMANN

Born and raised in London, UK, Tony Freudmann has established a successful career in the travel industry that spans over 30 years.

The Freudmann family began working in the travel agency in 1960, with Tony's father being one of the pioneers of travel in Europe after WWII. This sparked a lifelong interest in travel and aviation.

In 1967, Tony received a Bachelor of Laws from the London School of Economics and Political Science. Upon graduation, Tony began working in the travel industry, successfully making a name for himself by the mid 90s. As the Senior Vice President of PlaneStation plc, Tony was responsible for delivering the Group's global airport acquisition strategy. After 11 years in this role, Tony pursued his own venture and opened a consultancy agency called FT International Ltd. As the owner, Tony delivered high level consultancy services in relation to aviation and tourism development in both the public and private sectors, throughout the UK, Germany, and the U.S.

After 8 successful years working in consulting, Tony began working with Annax Aviation Services as the Chief Executive Officer, managing global regional airports and airlines acquisition strategy of a privately owned investment group. In 2014, Tony was asked to head the Manston Airport project, where he continues to work towards revitalizing this abandoned historic landmark into a civilian airport.



F-016

Parking as a business model

June 21, 2012 Reading time 3 minutes **Author:** Tobias Symanski

Additional content only available - inform now



Archivfoto - Einflugschneise in Lahr: A new investor has come and brings a different business model.

The native language of the investor remains English: The Australian Babcock & Brown has transferred the responsibility for the airport operations in Lahr to Integral from London. The new investor wants to earn money with parking fees.

Lahr. The chapter Babcock & Brown (BNB) at the Lahr airport came to an end on Wednesday of last week at 15 o'clock in a Munich notary office. On this day, the Australian investment company transferred its majority stake in Flughafen Lahr Beteiligungs GmbH to the London investment company Integral. Thus, the flying fate of the Black Forest Airport (BFAL) is in the future firmly linked with the name Tony Freudmann.

Freudmann is no stranger to the area. He was formerly a member of the executive board of Wiggins Group plc (later Plane Station), which once had the shots on the Lahr airport. In 2005, Plane Station went bankrupt, BNB took the helm and won a license as a special airport for passenger flights to Europa Park.

»Customize our plans«

But Freudmann, who is the face of Integral today, does not want to know that anymore. He projects the future business model of BFAL into the general critical situation of the European aviation industry. "It is characterized by bankruptcies," he says and means, for example, the bankruptcy of the Hungarian airline Malév. "Other well-known companies are in serious economic difficulties due to the rise in fuel prices. That's why we need to adjust our plans to 2012. "

Say: If airlines go into bankruptcy, they no longer need airplanes. The machines could be parked by the leasing companies in Lahr until they are reused. And for parking you can certainly demand good money. In addition, there may be the maintenance or repair of the machines, so they do not lose their license. The establishment of a sales company for second-hand makes sense, according to Freudmann.

However, the core idea is the founding of a new airline dedicated solely to the cargo business. The airport Lahr is very good for it. The location is geographically interesting, sufficient parking spaces are available, says Freudmann. However, it is unlikely that the goods will actually only be transported via Lahr. Although the seat of the company is to be located in Ortenau, the initially planned four Boeing

Transporters can also have their base here, but they should fly where work is waiting.

"Will not do that?"

How much of the idea will ultimately benefit the Lahr location, Freudmann can not and does not want to say. "Earlier investors have made the wildest speculations about hiring. We will not do that. "Currently, the BFAL offers 26 full-time positions, with seven to nine freelancers joining. Freudmann also remains vague when it comes to investments: "Up to now, when we build something, they will come. Today, if they come, we'll build something. "A new hangar could cost five, ten, or 15 million euros, depending on what it deals with.

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6 hours ago

BERLIN

Travel fair ITB relies on excursions and virtual reality

The ITB travel fair is focusing more and more this year on excursions and virtual reality tourism. Both segments had their own dedicated areas for the first time, as Messe Berlin announced before the opening of the 53rd ITB (6 to 10 March). Partner Country 2019 is Malaysia.



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With the sale of its Plexiglas business, the Essen-based specialty chemicals company Evonik is parting with one of its traditional products.



8 hours ago

DUSSELDORF

Toy stores in crisis: «We are the dinosaurs»

Just a few years ago, they were as much a matter of course in the inner cities as fashion retailers or shoe shops: toy shops full of dolls, model trains and board games.

F-017

Airport Lahr: burst dreams, next part

02. February 2013 Reading time 4 minutes **Author:** Symanski Tobias

Additional content only available - inform now



Ulrich Marx - A picture from the year 2006: at that time the Black Forest Airport Lahr was still being worked on. Yesterday, however, the insolvency administrator ceased operations on the site.

Quo Vadis, Lahr Airport? The future of the airport is uncertain after the temporary insolvency administrator has stopped any flight movement due to a lack of financial resources. Now Lahr's SPD-Mayor Wolfgang G. Müller faces the self-chosen Herculean task of finding new investors.

The disappointment is Wolfgang G. Müller (photo) noted. The city head of Lahr gladly spreads good spirits at press conferences in the town hall. But this time there is little amusing. 40 minutes ago he talked to Tony Freudmann, Müller reports. "What did he say?" One of the journalists present wants to know. "Nothing new," replies the mayor just barely.

In June, Freudmann sat next to a good-humored Wolfgang G. Müller. Lahr once again has a big problem to solve before the gates of the city. Once again, a foreign investor drove the cart into the dirt at Black Forest Airport Lahr (BFAL). For months, the airport operator has not seen a tired cent of its parent company. The employees have been working for three months without pay, responsible for the London investor Integral and with him his face Tony Freudmann. In June last year Freudmann sat next to a good-humored Wolfgang G. Müller and forged great plans for a new start. After Integral took over the Lahrer airport business from unsuccessful Australian investor Babcock & Brown (BNB), a new cargo airline should fly Black Forest Airport into a secure future. With the parking of unused leasing machines, maintenance and repair the business should be broadened even further. Even the establishment of a distribution company for used aircraft was included in the considerations. The project would have cost millions in investment and new jobs in Lahr. The mood among employees is on the freezing point. Integral hoped for support from an African partner. At the end of October, the London investor announced that Nigerian BSM International Petroleum Refinery and Petrochemicals intends to station an international airline in Lahr - with the benevolence of the Nigerian government as its financial partner. In the review, Müller also finds these plans plausible. "Apparently, the financial resources of Integral itself but not enough." Back remains a pile of shit. The financial situation at the BFAL is so disastrous that the provisional insolvency administrator Ulrich Nehrig speaks of a "dramatic situation" only one day after the appointment. In 2012, the company has achieved sales of almost 700 000 euros, but the losses are more than twice as high according to Nehrig. Da due to the unpaid wages since November the insolvency of the Federal Employment Agency is already fully used, needs the Society urgently needed fresh capital in order to be able to maintain flight operations at all. But from London comes yesterday no help. The mood among employees is on the freezing point: many of the 25 employees have already filed labor tribunal litigation. Because not the full work performance was available, Lahr could be flown in the past few days only limited. In the so-called Notices to Airmen (Notam) of the German air traffic control is noted that a controlled approach of the BFAL is currently not possible. The fact that even yesterday some employees have submitted their notice, misses a regulated clearance of the machines the final death blow. The insolvency administrator decides to discontinue operations in principle. Despite all adversities, Müller believes in a future for the airport. Like nine months ago, he wears his red tie with the small planes on it again. Maybe a sign. "We note that there is this bankruptcy, but that's not the end for us," he says. »The flight operations area is a unique feature of the city. If this location is to develop as a logistics center of excellence, a flying use makes sense. "The OB has not relied on the promises from London for quite some time. The driver OB is not completely unprepared for the current situation at the airport. Since it is clear that the BFAL can not even pay its employees, Müller no longer relies on the promises from London. Even before the bankruptcy filing, the mayor initiated a tendering process to find a new and above all reliable investor. Muller can not spend too much time. Does the city not get a new partner,

F-018

AA02

Dormant company accounts (DCA)



Companies House

You can use the WebFiling service to file dormant company accounts online.
Please go to www.companieshouse.gov.uk

✓ **What this is for**
You may use the AA02 'Dormant company accounts' (DCA) for accounting periods beginning on or after 6th April 2008. Please read the guidance in Section 6 before completion.

✗ **What this is NOT for**
You cannot use the AA02 accounting period begins 6th April 2008.

FRIDAY



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06/04/2018

#10

COMPANIES HOUSE

1 Company details

Company number 1 0 2 6 9 4 6 1

Company name in full RIVEROAK STRATEGIC PARTNERS LIMITED

→ Filling in the DCA
Please complete in typescript or in bold black capitals.

All fields are mandatory unless specified or indicated by *

2 Date of balance sheet

Date of balance sheet d 3 d 1 m 0 m 7 y 2 y 0 y 1 y 7

3 Accounts

	Current Year	Previous Year
Called up share capital not paid	£ 1	£
Cash at bank and in hand	£	£
Net assets	£ 1	£
Issued share capital		
Number of shares	Class of shares	
1	ORDINARY of £ 1 each	1
	Shareholders' fund	£ 1

Statements

For the below year ending the company was entitled to exemption from audit under section 480 of the Companies Act 2006 relating to dormant companies.

For the year ending d 3 d 1 m 0 m 7 y 2 y 0 y 1 y 7

Directors' statements:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476, and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime

☐ Please tick the box if during the year the company acted as an agent for a person.

AA02

Dormant company accounts (DCA)

4 Date of approval of accounts ①

Approval of accounts 04 04 2018

① Please insert the date the accounts were approved by the board of directors

5 Director's signature and name ②

Signature

Signature

X  X

② Please insert the director's signature and director's name.

Director's name

ANTHONY FREUDMANN

6 Guidance

This guidance is on preparing dormant company accounts for a company limited by shares where its only transaction is the issue of subscriber shares and the company is not a subsidiary: for financial years beginning on or after 6th April 2008.

- a. The attached template for dormant company accounts is only suitable for those companies limited by shares which have never traded and where the only transaction entered into the accounting records of the company is the issue of subscriber shares.
- b. Shares may be fully paid, partly paid or unpaid: Any paid element should be shown as "Cash at Bank and in hand", Any unpaid element shown as "Called up share capital not paid".
- c. Dormant companies acting as an agent for any person must state that they have so acted in Section 3.
- d. A fee or penalty raised on the company for the payment of an annual return fee, change of name fee, reregistration fee, or late filing penalty may be omitted from the company records and this DCA—if the payment was made by a third party without any right of reimbursement.
- e. The company directors are responsible for preparing and filing accounts at Companies House that comply with the requirements of the Companies Act and failure to do so may result in prosecution. Should you have any doubt about the company's entitlement to file dormant accounts, or the preparation of those accounts, you should seek professional advice.
- f. This guidance only advises on the preparation of abbreviated dormant accounts which can be filed at Companies House. It does not advise on the preparation of full accounts for the members.

Please Note:

The total of Net Assets should equal the total of Shareholders' Funds.

- The DCA is only suitable for dormant companies where the company's only transaction is one mentioned in 'a' above and the company is not a subsidiary.
- Do not use the DCA if your company is a charity or is limited by guarantee or has no shares.
- Do not use the DCA if preparing accounts in accordance with International Accounting Standards (IAS).

AA02

Dormant company accounts (DCA)

**Presenter information**

You do not have to give any contact information, but if you do it will help Companies House if there is a query. The contact information you give will be visible to searchers of the public record.

Contact name **JENNIFER DAVIS**

Company name **CALDER & CO**

Address **16 CHARLES II STREET**

Post town **LONDON**

County/Region

Postcode **S W 1 Y 4 N W**

Country

DX

Telephone **020 7839 6655**

**Checklist**

We may return dormant company accounts completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have entered the date of the balance sheet in Section 2.
- ☐ You have completed Section 3 correctly.
- ☐ You have entered the date of approval of the accounts in Section 4.
- ☐ A Director has signed the DCA and printed their name.
- ☐ You have read the guidance in Section 6.

**Important information**

Please note that all this information will appear on the public record.

**Where to send**

You may return the DCA to any Companies House address, however for expediency we advise you to return it to the appropriate address below:

For companies registered in England and Wales:
The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.

For companies registered in Scotland:
The Registrar of Companies, Companies House,
Fourth floor, Edinburgh Quay 2,
139 Fountainbridge, Edinburgh, Scotland, EH3 9FF.
DX ED235 Edinburgh 1
or LP - 4 Edinburgh 2 (Legal Post).

For companies registered in Northern Ireland:
The Registrar of Companies, Companies House,
Second Floor, The Linenhall, 32-38 Linenhall Street,
Belfast, Northern Ireland, BT2 8BG.
DX 481 N.R. Belfast 1.

**Further information**

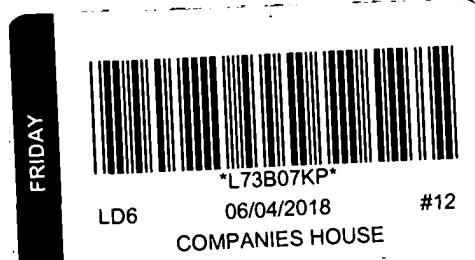
For further information, please see the guidance notes on the website at www.companieshouse.gov.uk or email enquiries@companieshouse.gov.uk

Dormant company accounts are available in an alternative format. Please visit the forms page on the website at www.companieshouse.gov.uk

F-019

RIVEROAK OPERATIONS LIMITED

**UNAUDITED
FINANCIAL STATEMENTS
INFORMATION FOR FILING WITH THE REGISTRAR
FOR THE PERIOD ENDED 31 AUGUST 2017**



RIVEROAK OPERATIONS LIMITED
REGISTERED NUMBER: 10311804

STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2017

	Note	2017 £
Fixed assets		
Investments		1,000,000
		<u>1,000,000</u>
Current assets		
Debtors: amounts falling due within one year	5	555,169
Cash at bank and in hand		45,251
		<u>600,420</u>
Creditors: amounts falling due within one year		(912,076)
Net current (liabilities)/assets		<u>(311,656)</u>
Total assets less current liabilities		<u>688,344</u>
Creditors: amounts falling due after more than one year		(4,458,285)
Net (liabilities)/assets		<u><u>(3,769,941)</u></u>
Capital and reserves		
Called up share capital	10	1
Profit and loss account	11	(3,769,942)
		<u><u>(3,769,941)</u></u>

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the period in question in accordance with section 476 of Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of income and retained earnings in accordance with provisions applicable to companies subject to the small companies' regime.

RIVEROAK OPERATIONS LIMITED
REGISTERED NUMBER: 10311804

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 AUGUST 2017

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 4 April 2018.



Anthony Freudmann
Director

The notes on pages 3 to 7 form part of these financial statements.

RIVEROAK OPERATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2017

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

1.2 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of income and retained earnings for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

1.3 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.4 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.5 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of income and retained earnings.

RIVEROAK OPERATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2017

1. Accounting policies (continued)

1.5 Financial instruments (continued)

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.6 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.7 Borrowing costs

All borrowing costs are recognised in the Statement of income and retained earnings in the period in which they are incurred.

2. Judgments in applying accounting policies and key sources of estimation uncertainty

In the application of the company's accounting policies management is required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily ascertainable from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual outcomes may differ from these estimates.

The estimates and underlying assumptions are reviewed on a continuing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

The key areas of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below:

Prepayments & Accrued Expenditure

The company includes a provision for invoices which are yet to be received from and amounts paid in advance to suppliers. These provisions are estimated based upon the expected values of the invoices which are issued and services received following the period end.

RIVEROAK OPERATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017**

3. Employees

The average monthly number of employees, including directors, during the period was 3.

4. Fixed asset investments

	Other fixed asset investments £
Cost or valuation	
Additions	1,000,000
At 31 August 2017	<u>1,000,000</u>
Net book value	
At 31 August 2017	<u><u>1,000,000</u></u>

5. Debtors

	2017 £
Amounts owed by group undertakings	45,481
Other debtors	509,688
	<u><u>555,169</u></u>

6. Cash and cash equivalents

	2017 £
Cash at bank and in hand	45,251
	<u><u>45,251</u></u>

RIVEROAK OPERATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017

7. Creditors: Amounts falling due within one year

	2017 £
Trade creditors	903,576
Accruals and deferred income	8,500
	<u>912,076</u>

8. Creditors: Amounts falling due after more than one year

	2017 £
Other loans	4,458,285
	<u>4,458,285</u>

9. Loans

Analysis of the maturity of loans is given below:

	2017 £
Amounts falling due 1-2 years	
Bank loans	4,458,285
	<u>4,458,285</u>
	<u>4,458,285</u>

10. Share capital

	2017 £
Allotted, called up and fully paid	
1 Ordinary share of £1	1

1 Ordinary share was issued at par on incorporation.

RIVEROAK OPERATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017**

11. Reserves

Profit and loss account

The profit and loss reserve is fully distributable.

12. Controlling party

The company's parent undertaking is Riveroak Strategic Partners Limited, which owns 100% of the issued share capital. The ultimate controlling party is MIO Investments Limited, a 90% shareholder in the parent undertaking.

F-020



Companies House

AR01 (ef)

Annual Return



Received for filing in Electronic Format on the: 03/05/2016

X567EUXN

Company Name: FREUDMANN TIPPLE INTERNATIONAL LIMITED

Company Number: 05429140

Date of this return: 19/04/2016

SIC codes: 70229

Company Type: Private company limited by shares

Situation of Registered Office: CALDER & CO 16 CHARLES II STREET
LONDON
UNITED KINGDOM
SW1Y 4NW

Officers of the company

Company Secretary 1

Type: **Corporate**
Name: **CALDER & CO (REGISTRARS) LIMITED**

*Registered or
principal address:* **CALDER & CO 16 CHARLES II STREET
LONDON
UNITED KINGDOM
SW1Y 4NW**

European Economic Area (EEA) Company

Register Location: **UNITED KINGDOM**
Registration Number: **04556285**

Company Director **1**

Type: **Person**

Full forename(s): **ANTHONY**

Surname: **FREUDMANN**

Former names:

Service Address: **15 LINGS COPPICE
LONDON
UNITED KINGDOM
SE21 8SY**

Country/State Usually Resident: **UNITED KINGDOM**

Date of Birth: ****/08/1946** *Nationality:* **BRITISH**

Occupation: **INTERNATIONAL CONSULTANT**

Company Director 2

Type: **Person**
Full forename(s): **ELEANOR**

Surname: **FREUDMANN**

Former names:

Service Address: **15 LINGS COPPICE
LONDON
UNITED KINGDOM
SE21 8SY**

Country/State Usually Resident: **UNITED KINGDOM**

Date of Birth: ****/04/1953** *Nationality:* **BRITISH**
Occupation: **DIRECTOR**

Statement of Capital (Share Capital)

Class of shares	A ORDINARY	<i>Number allotted</i>	45
		<i>Aggregate nominal value</i>	45
<i>Currency</i>	GBP	<i>Amount paid per share</i>	1
		<i>Amount unpaid per share</i>	0
<i>Prescribed particulars</i>			
THE SHARES HAVE ATTACHED TO THEM FULL VOTING RIGHTS			

Class of shares	B ORDINARY	<i>Number allotted</i>	45
		<i>Aggregate nominal value</i>	45
<i>Currency</i>	GBP	<i>Amount paid per share</i>	1
		<i>Amount unpaid per share</i>	0
<i>Prescribed particulars</i>			
THE SHARES HAVE ATTACHED TO THEM FULL VOTING RIGHTS			

Class of shares	C ORDINARY	<i>Number allotted</i>	10
		<i>Aggregate nominal value</i>	10
<i>Currency</i>	GBP	<i>Amount paid per share</i>	1
		<i>Amount unpaid per share</i>	0
<i>Prescribed particulars</i>			
THE SHARES HAVE ATTACHED TO THEM FULL VOTING RIGHTS			

Statement of Capital (Totals)

<i>Currency</i>	GBP	<i>Total number of shares</i>	100
		<i>Total aggregate nominal value</i>	100

Full Details of Shareholders

The details below relate to individuals / corporate bodies that were shareholders as at 19/04/2016 or that had ceased to be shareholders since the made up date of the previous Annual Return

A full list of shareholders for the company are shown below

Shareholding 1 : **45 A ORDINARY shares held as at the date of this return**

Name: ANTHONY FREUDMANN

Shareholding 2 : **45 B ORDINARY shares held as at the date of this return**

Name: ANTHONY FREUDMANN

Shareholding 3 : **10 C ORDINARY shares held as at the date of this return**

Name: ELEANOR FREUDMANN

Authorisation

Authenticated

This form was authorised by one of the following:

Director, Secretary, Person Authorised, Charity Commission Receiver and Manager, CIC Manager, Judicial Factor.

F-021

FREUDMANN TIPPLE INTERNATIONAL LIMITED

**UNAUDITED
FINANCIAL STATEMENTS
INFORMATION FOR FILING WITH THE REGISTRAR
For the Year Ended 30 March 2018**

SATURDAY



A09 *A7797BK9* 02/06/2018 #330
COMPANIES HOUSE

FREUDMANN TIPPLE INTERNATIONAL LIMITED
Registered number: 05429140

STATEMENT OF FINANCIAL POSITION
As at 30 March 2018

	Note	30 March 2018 £	31 March 2017 £
Current assets			
Debtors: amounts falling due within one year	5	220,168	69,213
Cash at bank and in hand	6	548,647	176,146
		<u>768,815</u>	<u>245,359</u>
Creditors: amounts falling due within one year	7	(680,778)	(246,185)
Net current assets/(liabilities)		<u>88,037</u>	<u>(826)</u>
Total assets less current liabilities		<u>88,037</u>	<u>(826)</u>
Net assets/(liabilities)		<u>88,037</u>	<u>(826)</u>
Capital and reserves			
Called up share capital	8	100	100
Profit and loss account	9	87,937	(926)
		<u>88,037</u>	<u>(826)</u>

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the period in question in accordance with section 476 of Companies Act 2006.


The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of income and retained earnings in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 23 April 2018.



Mr A Freudmann
Director

The notes on pages 2 to 7 form part of these financial statements.

FREUDMANN TIPPLE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the Period Ended 30 March 2018

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

1.2 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

1.3 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Office equipment	-	33%
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of income and retained earnings.

FREUDMANN TIPPLE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the Period Ended 30 March 2018

1. Accounting policies (continued)

1.4 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.5 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.6 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of income and retained earnings.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

FREUDMANN TIPPLE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the Period Ended 30 March 2018

1. Accounting policies (continued)

1.7 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.8 Finance costs

Finance costs are charged to the Statement of income and retained earnings over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.9 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

1.10 Interest income

Interest income is recognised in the Statement of income and retained earnings using the effective interest method.

1.11 Taxation

Tax is recognised in the Statement of income and retained earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

FREUDMANN TIPPLE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Period Ended 30 March 2018

2. Judgments in applying accounting policies and key sources of estimation uncertainty

In the application of the company's accounting policies management is required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily ascertainable from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual outcomes may differ from these estimates.

The estimates and underlying assumptions are reviewed on a continuing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

The key areas of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below:

Accrued Expenditure

The company includes a provision for invoices which are yet to be received from and amounts paid in advance to suppliers. These provisions are estimated based upon the expected values of the invoices which are issued and services received following the period end.

3. Employees

The average monthly number of employees, including directors, during the period was 2 (2017 - 2).

4. Tangible fixed assets

	Office equipment £
Cost or valuation	
At 1 April 2017	3,724
At 30 March 2018	3,724
Depreciation	
At 1 April 2017	3,724
At 30 March 2018	3,724
Net book value	
At 30 March 2018	-
At 31 March 2017	-

FREUDMANN TIPPLE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Period Ended 30 March 2018

5. Debtors

	30 March 2018 £	<i>31 March 2017 £</i>
Trade debtors	42,457	20,857
Director's loan account	146,018	36,495
Other debtors	31,693	11,861
	<u>220,168</u>	<u>69,213</u>

6. Cash and cash equivalents

	30 March 2018 £	<i>31 March 2017 £</i>
Cash at bank and in hand	548,647	176,146
	<u>548,647</u>	<u>176,146</u>

7. Creditors: Amounts falling due within one year

	30 March 2018 £	<i>31 March 2017 £</i>
Trade creditors	9,069	9,296
Amounts owed to participating interests	588,905	187,324
Corporation tax	40,686	29,260
Other taxation and social security	40,319	18,507
Accruals and deferred income	1,799	1,798
	<u>680,778</u>	<u>246,185</u>

FREUDMANN TIPPLE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Period Ended 30 March 2018

8. Share capital

	30 March 2018 £	<i>31 March 2017 £</i>
Allotted, called up and fully paid		
45 'A' Ordinary shares of £1 each	45	45
45 'B' Ordinary shares of £1 each	45	45
10 'C' Ordinary shares of £1 each	10	10
	<hr/> 100 <hr/>	<hr/> 100 <hr/>

9. Reserves

Profit & loss account

The profit and loss account is fully distributable.

10. Related party transactions

At the balance sheet date, Mr A Freudmann, a director and shareholder owed the company £Nil (2017: £36,495). Interest has been charged on all outstanding balances at 3%. During the year, the company held funds in trust for Riveroak Operations Limited, a company of which Mr A Freudmann is a director. At the balance sheet date, the company held £588,906 (2017: £187,324).

F-022

RiverOak Manston Ltd ("ROML")
Company No: 10286975
Last **accounts for a dormant company** made up to 31/7/17 and filed 11/4/18
4 Shares with known shareholders:
Anthony Freudmann, Niall Lawlor, George Yerell

M.I.O ("MIO")
Registered in Belize
Directors and Beneficial Owners Not Known

10% Owns

90% Owns

RiverOak Strategic Partners Ltd
Company No: 10269461
Last **accounts for a dormant company** made up to 31/7/17 and filed 11/4/18
10k Shares with known shareholders:
ROML (10%) and MIO (90%)

100% Owns

Freudmann Tipple Int'l Ltd (FTI)
Company No: **05429140**
Last **accounts** up to 30/3/18, filed 07/06/18
100 Shares with known shareholders:
Anthony Fredumann (45%)
Evelyn Freudmann (45%)
10% Unknown

RiverOak Operations Ltd (ROL)
Company No: **10311804**
Last **accounts** up to 31/7/17 and filed 11/04/18
Fixed Assets = c. £1m
Creditors (<1yr) = c. £900k
Creditors (>1yr) = c. £4.5m
Debtors = c. £500k
Balance Sheet shows **c. -£3.8m**
1 Shares with known shareholders:
RiverOak Strategic Partners Ltd

RiverOak MSE Ltd
Company No: **11720590**
Incorporated 10/12/18
1 Shares with known shareholders:
RiverOak Strategic Partners Ltd

RiverOak AL Ltd
Company No: **10269458**
Last **accounts** up to 31/7/17 and filed 11/04/18
Balance Sheet shows **-£46,379**
1 Shares with known shareholders:
RiverOak Strategic Partners Ltd

RiverOak Fuels Ltd
Company No: **11535715**
Incorporated 24/8/18
1 Shares with known shareholders:
RiverOak Strategic Partners Ltd

£588,906
Held on trust by FTI
For ROL

F-023

RIVEROAK AL LIMITED

**UNAUDITED
FINANCIAL STATEMENTS
INFORMATION FOR FILING WITH THE REGISTRAR
FOR THE PERIOD ENDED 31 JULY 2017**

FRIDAY



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06/04/2018

#11

COMPANIES HOUSE

RIVEROAK AL LIMITED
REGISTERED NUMBER: 10269458

STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2017

	Note	2017 £
Current assets		
Debtors: amounts falling due within one year	4	1
		<u>1</u>
Creditors: amounts falling due within one year	5	(46,380)
Net current (liabilities)/assets		<u>(46,379)</u>
Total assets less current liabilities		<u>(46,379)</u>
Net (liabilities)/assets		<u><u>(46,379)</u></u>
Capital and reserves		
Called up share capital	6	1
Profit and loss account	7	(46,380)
		<u>(46,379)</u>

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the period in question in accordance with section 476 of Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of income and retained earnings in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 4 April 2018.



Anthony Freudmann
Director

The notes on pages 2 to 4 form part of these financial statements.

RIVEROAK AL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 JULY 2017

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

1.2 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.3 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of income and retained earnings.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

RIVEROAK AL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 JULY 2017

1. Accounting policies (continued)

1.4 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of income and retained earnings on a straight line basis over the lease term.

2. Judgments in applying accounting policies and key sources of estimation uncertainty

In the application of the company's accounting policies management is required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily ascertainable from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual outcomes may differ from these estimates.

The estimates and underlying assumptions are reviewed on a continuing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

The key areas of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below:

Prepayments & Accrued Expenditure

The company includes a provision for invoices which are yet to be received from and amounts paid in advance to suppliers. These provisions are estimated based upon the expected values of the invoices which are issued and services received following the period end.

3. Employees

The average monthly number of employees, including directors, during the period was 3.

RIVEROAK AL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 JULY 2017**

4. Debtors

	2017 £
Amounts owed by group undertakings	1
	<u>1</u>

5. Creditors: Amounts falling due within one year

	2017 £
Amounts owed to group undertakings	45,480
Accruals and deferred income	900
	<u>46,380</u>

6. Share capital

	2017 £
Allotted, called up and fully paid	
1 Ordinary share of £1	1
	<u>1</u>

1 Ordinary share was issued at par on incorporation.

7. Reserves

Profit and loss account

The profit and loss reserve is fully distributable.

8. Controlling party

The company's parent undertaking is Riveroak Strategic Partners Limited, which owns 100% of the issued share capital. The ultimate controlling party is MIO Investments Limited, a 90% shareholder in the parent undertaking.

F-024

RIVEROAK OPERATIONS LIMITED

**UNAUDITED
FINANCIAL STATEMENTS
INFORMATION FOR FILING WITH THE REGISTRAR
FOR THE PERIOD ENDED 31 AUGUST 2017**

FRIDAY



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06/04/2018

#12

COMPANIES HOUSE

RIVEROAK OPERATIONS LIMITED
REGISTERED NUMBER: 10311804

STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2017

	Note	2017 £
Fixed assets		
Investments		1,000,000
		<u>1,000,000</u>
Current assets		
Debtors: amounts falling due within one year	5	555,169
Cash at bank and in hand		45,251
		<u>600,420</u>
Creditors: amounts falling due within one year		(912,076)
Net current (liabilities)/assets		<u>(311,656)</u>
Total assets less current liabilities		<u>688,344</u>
Creditors: amounts falling due after more than one year		(4,458,285)
Net (liabilities)/assets		<u><u>(3,769,941)</u></u>
Capital and reserves		
Called up share capital	10	1
Profit and loss account	11	(3,769,942)
		<u><u>(3,769,941)</u></u>

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the period in question in accordance with section 476 of Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of income and retained earnings in accordance with provisions applicable to companies subject to the small companies' regime.

RIVEROAK OPERATIONS LIMITED
REGISTERED NUMBER: 10311804

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 AUGUST 2017

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 4 April 2018.



Anthony Freudmann
Director

The notes on pages 3 to 7 form part of these financial statements.

RIVEROAK OPERATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2017

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

1.2 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of income and retained earnings for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

1.3 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.4 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.5 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of income and retained earnings.

RIVEROAK OPERATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2017

1. Accounting policies (continued)

1.5 Financial instruments (continued)

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.6 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.7 Borrowing costs

All borrowing costs are recognised in the Statement of income and retained earnings in the period in which they are incurred.

2. Judgments in applying accounting policies and key sources of estimation uncertainty

In the application of the company's accounting policies management is required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily ascertainable from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual outcomes may differ from these estimates.

The estimates and underlying assumptions are reviewed on a continuing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

The key areas of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below:

Prepayments & Accrued Expenditure

The company includes a provision for invoices which are yet to be received from and amounts paid in advance to suppliers. These provisions are estimated based upon the expected values of the invoices which are issued and services received following the period end.

RIVEROAK OPERATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017**

3. Employees

The average monthly number of employees, including directors, during the period was 3.

4. Fixed asset investments

	Other fixed asset investments £
Cost or valuation	
Additions	1,000,000
At 31 August 2017	<u>1,000,000</u>
Net book value	
At 31 August 2017	<u><u>1,000,000</u></u>

5. Debtors

	2017 £
Amounts owed by group undertakings	45,481
Other debtors	509,688
	<u><u>555,169</u></u>

6. Cash and cash equivalents

	2017 £
Cash at bank and in hand	45,251
	<u><u>45,251</u></u>

RIVEROAK OPERATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017**

7. Creditors: Amounts falling due within one year

	2017 £
Trade creditors	903,576
Accruals and deferred income	8,500
	<u>912,076</u>

8. Creditors: Amounts falling due after more than one year

	2017 £
Other loans	4,458,285
	<u>4,458,285</u>

9. Loans

Analysis of the maturity of loans is given below:

	2017 £
Amounts falling due 1-2 years	
Bank loans	4,458,285
	<u>4,458,285</u>
	<u>4,458,285</u>

10. Share capital

	2017 £
Allotted, called up and fully paid	
1 Ordinary share of £1	1

1 Ordinary share was issued at par on incorporation.

RIVEROAK OPERATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017**

11. Reserves

Profit and loss account

The profit and loss reserve is fully distributable.

12. Controlling party

The company's parent undertaking is Riveroak Strategic Partners Limited, which owns 100% of the issued share capital. The ultimate controlling party is MIO Investments Limited, a 90% shareholder in the parent undertaking.

F-025

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Definition of business model

This describes the method or means by which a company tries to capture value from its business. A business model may be based on many different aspects of a company, such as how it makes, distributes, prices or advertises its products. [1]

The business model concentrates on value creation. It describes a company's or organisation's core strategy to generate economic value, normally in the form of revenue. [2]

The model provides the basic template for a business to compete in the market place, it provides a template on how the firm is going to make money, and how the firm will work with internal players (firm's employees and managers) and external players (stakeholders such as customers, suppliers, and investors).

The business model indicates how the firm will convert inputs (capital, raw materials and labour) into outputs (total value of goods produced) and make a return that is greater than the opportunity cost of capital and delivers a return to its investors. This means that a business model's success is reflected in its ability to create returns that are greater than the (opportunity) cost of capital, invested by its shareholders and bondholders.

Business models are an essential part of strategy – they provide the fundamental link between product markets, within the industry, and the markets for the factors of production such as labour and capital.

Any resilient business model must be able to create and sustain returns for its investors over time, otherwise, it is likely to go out of business or fashion. [3]

Example

The 'razors and blades' model used by companies such as Gillette, in which a basic product (the razor) is sold cheaply, but an essential add-on or consumable (the blade) is sold at a high price once the customer has been lured in. [4]

Another example is a mobile phone company may sell handsets (the bait) at a reduced price while signing up customers to buy calls over the period of a contract (the hook). [5]

Also General Motors, for many years, had an unsustainable business model as its returns did not match or exceed its cost of capital. Profitability was focused on the financing of cars, i.e. providing financing to its automotive customers, such as loans to buy the cars, through its finance subsidiary GMAC, rather than by designing and manufacturing sought after cars that are also cost competitive.

When the financial crisis struck, this model encountered problems, and as GMAC had to seek a US government bailout, the company's already precarious condition turned into bankruptcy. [6]

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F-026

FILE COPY



CERTIFICATE OF INCORPORATION OF A PRIVATE LIMITED COMPANY

Company Number **11720590**

The Registrar of Companies for England and Wales, hereby certifies that

RIVEROAK MSE LIMITED

is this day incorporated under the Companies Act 2006 as a private company, that the company is limited by shares, and the situation of its registered office is in England and Wales

Given at Companies House, Cardiff, on **10th December 2018**



* N11720590C *



Companies House



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES



Companies House

IN01_(ef)

Application to register a company



Received for filing in Electronic Format on the: **10/12/2018**

X7KICLXL

Company Name in full:

RIVEROAK MSE LIMITED

Company Type:

Private company limited by shares

Situation of Registered Office:

England and Wales

Proposed Registered Office Address:

**CALDER & CO 16 CHARLES II STREET
ST. JAMES'S
LONDON
UNITED KINGDOM
UNITED KINGDOM SW1Y 4NW**

Sic Codes:

96090

I wish to entirely adopt the following model articles:

Private (Ltd by Shares)

Proposed Officers

Company Director 1

Type: **Person**

Full Forename(s): **MR ANTHONY**

Surname: **FREUDMANN**

Service Address: **recorded as Company's registered office**

Country/State Usually Resident: **UNITED KINGDOM**

Date of Birth: ****/08/1946** **Nationality:** **BRITISH**

Occupation: **DIRECTOR**

The subscribers confirm that the person named has consented to act as a director.

Company Director 2

Type: **Person**

Full Forename(s): **MR NIALL**

Surname: **LAWLOR**

Service Address: **recorded as Company's registered office**

Country/State Usually Resident: **UNITED STATES**

Date of Birth: ****/08/1970** **Nationality:** **IRISH**

Occupation: **DIRECTOR**

The subscribers confirm that the person named has consented to act as a director.

Company Director **3**

Type: **Person**

Full Forename(s): **MR GEORGE**

Surname: **YERRALL**

Service Address: **recorded as Company's registered office**

***Country/State Usually
Resident:*** **UNITED STATES**

Date of Birth: ****/04/1956** ***Nationality:*** **AMERICAN**

Occupation: **DIRECTOR**

The subscribers confirm that the person named has consented to act as a director.

Statement of Capital (Share Capital)

<i>Class of Shares:</i>	ORDINARY	<i>Number allotted</i>	1
<i>Currency:</i>	GBP	<i>Aggregate nominal value:</i>	1
<i>Prescribed particulars</i>			

VOTING RIGHTS - SHARES RANK EQUALLY FOR VOTING PURPOSES. ON A SHOW OF HANDS EACH MEMBER SHALL HAVE ONE VOTE AND ON A POLL EACH MEMBER SHALL HAVE ONE VOTE PER SHARE HELD. DIVIDEND RIGHTS - EACH SHARE RANKS EQUALLY FOR ANY DIVIDEND DECLARED. DISTRIBUTION RIGHTS ON A WINDING UP - EACH SHARE RANKS EQUALLY FOR ANY DISTRIBUTION MADE ON A WINDING UP. REDEEMABLE SHARES - THE SHARES ARE NOT REDEEMABLE.

Statement of Capital (Totals)

<i>Currency:</i>	GBP	<i>Total number of shares:</i>	1
		<i>Total aggregate nominal value:</i>	1
		<i>Total aggregate unpaid:</i>	0

Initial Shareholdings

Name: **RIVEROAK STRATEGIC
PARTNERS LIMITED**

Address **16 CHARLES II STREET
LONDON
SW1Y 4NW**

Class of Shares: **ORDINARY**

Number of shares: **1**

Currency: **GBP**

*Nominal value of each
share:* **1**

Amount unpaid: **0**

Amount paid: **1**

Persons with Significant Control (PSC)

Statement of initial significant control

On incorporation, there will be someone who will count as a Person with Significant Control (either a registerable person or relevant legal entity (RLE)) in relation to the company

Relevant Legal Entity (RLE) details

Company Name: RIVEROAK STRATEGIC PARTNERS LIMITED

Service Address: 16 CHARLES II STREET
LONDON
SW1Y 4NW

Legal Form: PRIVATE COMPANY LIMITED BY SHARES

Governing Law: UNITED KINGDOM

Register Location: UNITED KINGDOM

Country/State: UNITED KINGDOM

Registration Number: 10269461

<i>Nature of control</i>	The relevant legal entity holds, directly or indirectly, 75% or more of the shares in the company.
<i>Nature of control</i>	The relevant legal entity holds, directly or indirectly, 75% or more of the voting rights in the company.

Statement of Compliance

I confirm the requirements of the Companies Act 2006 as to registration have been complied with.

Name: **RIVEROAK STRATEGIC PARTNERS LIMITED**
Authenticated **YES**

Authorisation

Authoriser Designation: **subscriber** *Authenticated* **YES**

COMPANY HAVING A SHARE CAPITAL

Memorandum of Association of

Riveroak MSE Limited

Each subscriber to this Memorandum of Association wishes to form a company under the Companies Act 2006 and agrees to become a member of the company and to take at least one share.

Name of each subscriber	Authentication by each subscriber
Riveroak Strategic Partners Limited	Riveroak Strategic Partners Limited

Dated 10/12/2018

F-027

Wicklow shipping company 'had no contract' with UK no-deal Brexit firm

Arklow Shipping had numerous talks about ferry service but had 'no formal agreement'

Mon, Feb 11, 2019, 13:19

Updated: Mon, Feb 11, 2019, 14:38

Simon Carswell Public Affairs Editor

An Irish shipping business that the UK government claimed pulled support from a company contracted to provide ferries in the event of a no-deal Brexit had "no contractual agreement" with the firm, a well-placed source has said.

The British Department of Transport said it had decided to cancel a contract with Seaborne Freight to provide additional ferries across the English Channel to ease post-Brexit pressure on Dover after Arklow Shipping, which it described as the company's "backer", decided to "step back from the deal."

The awarding of the £13.8 million (€15.7 million) contract to Seaborne to run ferries from Ramsgate in England to Ostend in Belgium caused a storm of controversy when it emerged that the company had no ships and that the terms and conditions on its website appeared borrowed from a food delivery firm.

The Co Wicklow firm declined to comment on the department's statement when contacted by *The Irish Times*. However, a source close to the firm said that while it had discussions with Seaborne about providing ships, it was never "a backer" or had "any formal agreement" with Seaborne, nor was it "a contract partner."

Arklow Shipping, a long-established shipping business owned by the Tyrell family, "stepped away" from further talks with Seaborne "for commercial reasons," said a source with knowledge of the firm's dealings with Seaborne.

Arklow Shipping owns and operates a fleet of 55 dry bulk vessels from two bases, its home base in Co Wicklow and Rotterdam in the Netherlands.

The company's managing director James A Tyrell wrote to UK transport secretary Chris Grayling last month, saying the firm had talks with Seaborne over the previous 12 months. He said it intended to finance the purchase two vessels to operate a route between Ramsgate and Ostend and to buy a stake in Seaborne.

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The letter, sent by Mr Tyrell to Mr Grayling on January 18th, was published on so department released its statement.

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"I consider that Seaborne's plans to deliver a new service to facilitate trade following from the UK's departure from the EU are both viable and deliverable," Mr Tyrell told the British secretary in his letter.

"I will be working closely with the team at Seaborne to ensure that they have appropriate support from Arklow Shipping to deliver on their commitments to Her Majesty's Government."

The source with knowledge of Arklow's dealings said that it had "numerous discussions" with Seaborne but that the firm "never came to any formal agreement."

It was now "puzzled and a bit annoyed" for being blamed for the cancellation of the contract and believed the matter had been "blown out of proportion," the source said.

The company is also said to have reacted with surprise at pro-Brexit Conservative MP Jacob Rees-Mogg questioning whether the Irish Government encouraged the Wicklow firm to withdraw its support.

Minister of State for European Affairs Helen McEntee said over the weekend there was "absolutely no truth" to Mr Rees-Mogg's claim.

Arklow Shipping has had no contact with the Government, said the source.

The cancellation of the contract has led to calls from both Conservative and Labour MP for Mr Grayling to step down as transport secretary amid increasing concern within British business community that the UK is not prepared for a no-deal scenario with 46 days until Britain is due to leave the EU.

The Conservative MP and former business minister Anna Soubry said Mr Grayling "should be quietly considering his position."

Labour MP Andy McDonald, the UK's shadow transport secretary, called on Mr Grayling to resign. "While Theresa May needs the few friends she has right now, we cannot have this incompetent transport secretary heaping humiliation after humiliation on our country. He has to go," he said.

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F-028

REVIEW OF CPO INDEMNITY PARTNER FOR MANSTON AIRPORT

To: **Extraordinary Cabinet – 29th October 2015**

Main Portfolio Area: **Leader of the Council**

By: **Director of Corporate Governance**

Classification: **Unrestricted**

Ward: **All**

Summary: **To update Cabinet on the review of the appointment of a CPO indemnity partner for Manston Airport.**

For Decision

1.0 Introduction and Background

- 1.1 At the beginning of this report, it is worth setting out the main objective in seeking an indemnity partner. In the report to Council of the 11th December 2014, it said:

'The objective of seeking an indemnity partner is to ensure that – if the Council determines to pursue a CPO – a viable airport comes into sustainable long-term operation as quickly as is reasonably possible without any residual cost to the Council.'

- 1.2 On the 11th December 2014 Cabinet received a report on the soft-market testing exercise for an indemnity partner for a Manston Airport CPO. The report said that the Council had made every effort to work constructively with (RiverOak) including making several deadline extensions for submitting the information requested from the potential indemnity partner. The report and minute are attached as Annex 1 and Annex 2, respectively.

- 1.3 The Cabinet considered the following as relevant considerations, which remain relevant today:

- (a) The objective of seeking an indemnity partner (set out at 1.1 above).
- (b) The new owners intend to bring forward regeneration policies for the site.
- (c) The new ownership of the site and any proposals put forward would make it much more challenging to demonstrate an overwhelming case for compulsory purchase. It is important that the Council establishes on objective grounds, the financial status of any partner. The assessment must have due regard to the potential scale of the project and the need to demonstrate that resources are available to complete it.
- (d) Any indemnity partner needs to demonstrate the resources to acquire by private treaty well before the stage of seeking a CPO.
- (e) The experience in other local authorities emphasises the need to ensure a prospective indemnity partner has the resources in place to acquire the site and complete the development. Once the land transfers to the indemnity partner any redress for delay or non-completion could prove difficult to pursue. The main purpose of the CPO is for the authority to achieve a viable development, so the

status of the indemnity partner to deliver the development in its entirety is highly relevant.

1.4 On the 14th July 2015, Cabinet agreed:

1. The recommendation from Council on the 21st May 2015 to review its position in relation to the Manston Airport site, taking account of all the surrounding circumstances relating to an indemnity partner for a possible Compulsory Purchase Order;
2. To authorise that specialist legal and finance advice be obtained to determine whether RiverOak are a suitable indemnity partner in relation to a CPO for Manston Airport and to provide advice on the indemnity agreement and CPO process generally.

2.0 RiverOak

- 2.1 On their website, RiverOak Investment Corp describe themselves as 'having a reputation for identifying under-utilised assets & creating new value from them on behalf of our client investors'. A new company RiverOak Aviation Associates has been set up to deliver this project (referred to as RiverOak).
- 2.2 The proposal from RiverOak is that they will fund the legal CPO process but will not themselves be funding the purchase of the land or the development of the airport. These legal CPO costs are not insignificant and it is intended that £2m will be placed in what is known as an escrow account, reserved specifically for these costs.
- 2.3 The funding for the land purchase and development of the airport will instead come from private investors that RiverOak will try to attract to invest in the project. From the documentation so far provided to the Council by RiverOak it appears that those investors will not be investing until after the confirmation of the CPO by the Secretary of State which would be after any inquiry conducted by a planning inspector.
- 2.4 Prior to and during the progress of the CPO the Council should seek to purchase the land by negotiation which can be done in parallel with the CPO process. The Council has no resources itself to buy the land prior to the securing of funding by RiverOak. The Council has seen no evidence that RiverOak have the resources now available to buy the land prior to the confirmation of the CPO.
- 2.5 Counsel has advised that the possibility of a party wanting to sell their land voluntarily to the Council even if the CPO is abandoned would need to be covered in the indemnity agreement to protect the Council. RiverOak have provided no evidence during the negotiations of their ability to cover this eventuality.

3.0 Timeline

June 2015

- 3.1 Following a meeting in May 2015 RiverOak wrote to the Council setting out their position in relation to the CPO and their proposed role as an indemnity partner. RiverOak included their intention to deposit £250,000 in their solicitor's bank account to fund the CPO process. RiverOak also described how that money would be topped up as the scheme progressed.

July 2015

- 3.2 At a meeting with Council representatives on the 3rd July 2015, RiverOak gave a presentation on their proposals for the airport which included the use of the site to recycle 'end of life' aircraft with some cargo and future passenger activity.

Proposals were also made by RiverOak about financing the scheme and the ability of RiverOak to prove that they could resource the CPO, the land purchase and the development of the airport. Those proposals included:

- (a) An 'escrow' account held by RiverOak's lawyers with funding of up to £2m to fund the CPO process. This was welcomed since it addressed the concern raised in the December report about funding the CPO in stages. Once the escrow account was put in funds, then the whole CPO legal process (but not the land acquisition nor airport development) would be funded.
 - (b) RiverOak also proposed to provide a 'letter of credit' from a major European financial institution to cover the costs of land purchase and development of the airport. This meant in the event that RiverOak's third-party investors were unable to make payment on the land purchase, the bank would cover the outstanding amount. This was also welcomed since it addressed the concerns in the December report about the lack of certainty over funding for the land acquisition.
- 3.3 The Cabinet met in July (1.4 above) to agree to review the Council's position in relation to Manston Airport. The Council then instructed Sharpe Pritchard Solicitors who have considerable expertise in CPOs to act for it in negotiations with RiverOak's solicitors. In addition, the Council has also taken advice from a barrister at Landmark Chambers in London who specialises in compulsory purchase. For the sake of brevity, in the rest of the report, references to 'RiverOak' or the 'Council' include RiverOak's solicitors and the Council's solicitors.
- 3.4 Having reviewed the draft indemnity agreement provided by RiverOak, the Council asked them for an up to date business plan for their proposals. The business plan was required to give the Council an understanding of how RiverOak's current proposals met the public interest test which the Council needed to consider before entering into the indemnity agreement.
- 3.5 RiverOak subsequently informed the Council that they would not now be providing their proposed legally binding letter of credit from a bank. So the funding in relation to the costs of the land acquisition reverted back to its December 2014 position. That is, that there is no provision for funding any shortfall from RiverOak or its investors in respect of the monies required to acquire the site. Instead, RiverOak offered to provide a non-binding letter of assurance from a major financial institution.
- 3.6 In response to the request for an up to date business plan, RiverOak referred the Council back to the financial projections previously provided and declined to provide a business plan indicating that this would be provided once the CPO process was underway. This meant that the Council was being asked to enter into an indemnity agreement for the reopening of the airport with no up to date information on the business plan supporting the scheme.

August 2015

- 3.7 RiverOak informed the Council that their next stage in the process was to develop the business plan in detail.

- 3.8 In substitution for the letter of credit, a letter of support was provided by RiverOak. It was a 'subject to contract' letter from a large American financial services company which 'supported' the efforts of RiverOak regarding the opening and development of Manston Airport following a successful CPO. However, the letter says that it is not a 'binding legal commitment' to the project and that 'any investment is subject to confirmation of the CPO for acquisition of the airport site, as well as, usual and customary funding terms and internal approvals'.
- 3.9 Whilst the letter was from a company with a business history of ownership and management of airports, the letter is not legally binding and there is no indication that any investment will be made before the CPO is confirmed and, therefore, for the purpose of providing assurance that finances will be available for acquisition of the land before the CPO is confirmed, it is of little value.
- 3.10 The Council therefore requested RiverOak to provide the financial guarantees (if any) which they would be providing to secure the council's interests in delivering a viable airport operation as quickly as is reasonably possible without any residual cost to the Council. A deadline of the 14th August was given for RiverOak to provide this information.
- 3.11 The Council's legal advice on this point is clear. Whilst funding does not have to be secured at the outset of the CPO process, the Council does have to satisfy itself that there is a real prospect that the scheme will proceed and this means that the Council needs to consider scheme viability and/or funding before making the CPO. At this stage the Council did not have confidence in the finances (which were based solely on the letter of support from the American company) and no written evidence of RiverOak's current proposals for the airport.
- 3.12 The Council then received confirmation from Riveroak that they had placed £1,325,000 with their lawyers which it is intended to be put into the escrow account should the indemnity agreement be entered into. It is worth repeating that this was a positive step forward from the December position where the CPO legal process was to be completed in steps as funds allowed.
- 3.13 On the deadline of the 14th August 2015, RiverOak provided two redacted letters from potential investors (with the details of those investors removed). As with the letter from the company referred to above, the letters expressed strong interest in participating in RiverOak's acquisition of the airport through a CPO. One letter of support was conditional on the CPO process being concluded in a manner satisfactory to RiverOak and its partners. The other potential investor said they were in a position to invest up to £20m subject to satisfactory final documentation. Their final investment decision was conditional 'upon standard commercial due diligence, valuation of the asset and confirmation of the CPO by the secretary of State'.
- 3.14 Since the letters had the details of the authors removed, the Council has been unable to carry out any investigation into the authors of these letters. Counsel has advised that if we knew who the letters were from and could check their bona fides, the redacted letters could have greater weight.
- 3.15 Counsel has advised that the three letters from potential investors by themselves are not sufficient for the council to be satisfied as to the resourcing of the CPO and the likelihood of the scheme going ahead. The letters are of some evidential value but do not by themselves show that all the necessary resources are likely to be available to complete the scheme.

- 3.16 Counsel has pointed out that the letters do not require either the American company or the two investors to fund the CPO if RiverOak were unable to do so. A bond or escrow account or other form of guarantee if sufficient to cover the land acquisition costs and to enable delivery of the project would provide reassurance to the Council. However, the Council would still have to be satisfied that £20m was an accurate figure for land acquisition and start-up costs.
- 3.17 RiverOak referred to a bond in the original draft of their draft indemnity agreement. The Council requested details of this bond with a deadline of the 18th August 2015; the response from RiverOak was that discussion of the bond was somewhat premature.
- 3.18 Counsel advised that the requirement for a bond relates to the financial strength of the indemnity partner and the extent to which they can satisfy the Council that they can resource the CPO. Where there is a concern over the resources of an indemnity partner then a bond or other security would be a sensible way to proceed. It is not necessary for the bond or surety provider to be a party to the indemnity agreement but the Council would have to be satisfied as to the enforceability of the bond or surety before any indemnity agreement was finalised.

September 2015

- 3.19 Representatives from RiverOak and the Council and their respective solicitors met to discuss outstanding issues. The agenda included what has changed since the December Cabinet report; evidence of financial resources for underwriting the CPO costs, land acquisition and scheme costs; the business plan and viability of the scheme; the public interest test; contractual commitment to proceed with the scheme if the land is acquired.
- 3.20 Prior to the meeting, RiverOak were informed that the Council would need all necessary information to be able to draw up a report to Cabinet which evidences that all the necessary resources/funding will be available when required to fund the CPO process, the land acquisition and the implementation and on-going airport operation, of the airport scheme as proposed by RiverOak.
- 3.21 The action points from the meeting were:
- a) Explanatory note covering compliance with the tests outlined in Circular 06/2004 to be drafted by RO and issued to TDC as soon as possible and in any event before 30 September 2015.
 - b) CPO Indemnity Agreement to be reviewed by TDC's legal advisors and comments issued to RO as soon as possible and in any event before 30 September 2015.
- 3.22 Compliance with the tests in Circular 06/2004 was described in the minutes of the meeting as:
- 'TDC being able to satisfy itself and show at a public inquiry that the tests in CPO Circular could be met before the Council agreed to use its CPO powers. In order to do so, TDC requested an overall picture of how the financial resources will be put together from start to finish and how the public interest test under the Circular would be satisfied. For the purposes of accurate, clear and confident reporting within TDC and in order to fully address all points raised by TDC in respect of funding and public interest issues, a request was made of RO to demonstrate how the proposed scheme would match the requirements of the Circular both in terms of resources and the public interest test in promoting the CPO.'

- 3.23 The time limit for the actions after the September meeting (3.21 above) was amended at RiverOak's request to the 22nd September (and then the 23rd September) when it was agreed that our respective documents would be exchanged. The Council provided its documents on the 23rd with RiverOak providing theirs on the 24th September.
- 3.24 In accordance with the action point from the meeting, the Council reviewed the CPO indemnity agreement and proposed amendments to RiverOak. It was proposed to amend the bond so that it secured that funding was in place to acquire the land prior to the confirmation of the CPO by the Secretary of State. RiverOak's position was that a bond would only be available after the confirmation of the CPO.
- 3.25 Another proposed amendment was a requirement for RiverOak to request the Council to acquire the land within a set period after the confirmation of the CPO. This is because in the absence of any other agreement requiring RiverOak to proceed expeditiously with the reopening of the Airport, the Council had to impose an obligation on RiverOak to not delay the revival of operations at the Airport. The Council could not permit the Airport land sitting under the shadow of an unexercised CPO with nothing happening on the ground.
- 3.26 These two provisions were intended to secure the Council's interests in ensuring that the airport comes into sustainable long-term operation as quickly as is reasonably possible without any residual cost to the Council.
- 3.27 RiverOak did not agree with the amendment to the timing of the provision of the bond and subsequently publicly announced on the 11th October 2015 'We want to be perfectly clear, as we have in the past, we will not provide a bond. It is neither economically nor commercially viable to do so and is absolutely not required by the governing law'.
- 3.28 RiverOak have argued that providing funding for the project, for which the CPO is required, post consent is the usual order of events in an infrastructure project, and is not something that is unique to RiverOak. In support of this contention, they cite Hinkley Point C, Crossrail, HS1, HS2, all of which they say were/are to be funded post consent. The difference with any Manston Airport CPO is that the projects referred to by RiverOak were/are backed by Central Government whereas the Council has no resources to back the Manston CPO, which is why it requires a bond or other surety in place to cover the period from when the CPO is made.
- 3.29 With respect to the need to acquire the land within a set period after confirmation of the CPO, RiverOak said that they would need time after confirmation of the CPO to secure and document the funding for the project. Given that the CPO process might take up to two years before the CPO is confirmed by the Secretary of State, RiverOak could then take up to 3 years to obtain the funding, this could see the airport lying dormant for potentially five years if there is no obligation on RiverOak to secure its funding within a set period of the confirmation.
- 3.30 RiverOak provided an explanatory note as agreed in the action point from the September meeting. However, at that time it did not provide the picture of the overall financial framework as agreed and nor did it explain how RiverOak's proposals met the public interest test of Circular 06/2004.

October 2015

- 3.31 At the end of October, over three weeks after the deadline for providing this information had expired, RiverOak provided a revised version of their explanatory note (3.28 above). The document sought to address the public interest test and, as part of this, the other tests that needed to be satisfied; the planning test, the wellbeing test, the financial test and the necessity test. The paper however lacks detailed evidence which it is suggested will be provided in the future and suggests that Council officers are better placed than RiverOak to comment on whether the planning and well-being tests are met. In the absence of an up to date business plan it is difficult to assess that all the tests will be met. The information that has been provided to seek to satisfy the finance test is covered in this report already and the necessity test is based upon the decision of the present owners not to reopen the airport and that therefore the CPO is required to bring back airport use. However, this assertion by RiverOak as to why the CPO is required has to be balanced against the intentions of the current landowners and whether there is any likelihood that the current landowners' proposed use of the site would also satisfy the public interest test.

4.0 The Indemnity Agreement and CPO Powers

- 4.1 RiverOak have sought to separate the decision on whether to enter into an indemnity agreement from the decision whether the Council should use its CPO powers in relation to Manston airport. Counsel's advice is that there is no particular justification for seeking to take a decision to enter into an indemnity agreement separate from the consideration of whether to make a CPO in support of a particular scheme.
- 4.2 RiverOak has not provided sufficient evidence to show the Council that the funding available to deliver the scheme is currently available or likely to be available to deliver the scheme. Information has been provided that sets out RiverOak's funding intentions but it depends on the CPO being confirmed, and there is little clarity as to the funding in place. In relation to the public interest balancing exercise, that requires a balanced view to be taken as between the intentions of the Council in making the CPO to deliver the underlying scheme, and the interests and intentions of the current landowners. The Council considers it sensible to consider the question of entering an indemnity agreement with RiverOak (and its principal terms) alongside the principle of making a CPO, which requires the Council to be satisfied that there is a real prospect of the underlying scheme going ahead.
- 4.3 RiverOak have had many opportunities to provide this evidence and the Council has itself requested this evidence. In the meeting with RiverOak in July their presentation was provided on flip charts which were taken away after the meeting. In August the request for an up to date business plan was refused. In September despite it being agreed that the finances and public interest argument would match the requirements of Circular 06/2004 the expected level of evidence and explanation was not provided.
- 4.4 In relation to finances generally, the figures for the scheme have not been justified to the Council and the Council has not been given an opportunity to satisfy itself that those figures are reasonable. The mechanism through which that investment would occur has not to date been explained or what role RiverOak would have in delivering the project.
- 4.5 In relation to specifics of the funding. An offered letter of credit was subsequently withdrawn. A bond to cover any shortfall in funding was also offered and then withdrawn.

5.0 Changes since the December 2014 Cabinet Decision

- 5.1 The main material change since the December 2014 Cabinet decision is the provision of an escrow account which will guarantee the funding of the CPO process. This is welcomed and means that the CPO process can be run at no cost to the authority as a whole process rather than the step-approach as originally proposed.
- 5.2 However the purpose of the Council using its CPO powers is not to run a CPO process, but to ensure that a viable airport comes into sustainable long-term operation as quickly as is reasonably possible without any residual cost to the Council. In order to do that, both the land acquisition and airport development, will need to be funded.
- 5.3 The only evidence to support other funding are two non-binding, conditional and redacted letters of support and a similar letter of support from an American company. There is uncertainty about how any shortfall in funding will be met and indeed the offer of a bond at any stage of the CPO process now appears to have been withdrawn by RiverOak (as per paragraph 3.27 above).
- 5.4 Counsel has advised that it is reasonable for the Council at the stage of deciding the principle of the CPO to seek evidence that it is likely that the key resource and financial tests are fulfilled. If not, it would be very difficult to move forward unless the Council has a high degree of confidence that these matters would be addressed shortly.
- 5.5 RiverOak's track record of failing to provide necessary information throughout the process dents this required confidence. This also begs the question as to why the Council should progress, before receiving the necessary assurances. There seems little purpose in entering into an indemnity agreement separate from taking a decision on the principle of the CPO which requires consideration of the likelihood of the scheme progressing as part of the necessary public interest test.

6.0 Conclusion

- 6.1 The objective of seeking an indemnity partner is to ensure that – if the Council determines to pursue a CPO – a viable airport comes into sustainable long-term operation as quickly as is reasonably possible without any residual cost to the Council.
- 6.2 The relevant considerations raised in the December 2014 Cabinet report (at paragraph 1.3 above) remain relevant today. In addition the review of this decision since July 2015 has highlighted the following issues:
 - 6.2.1 There remains the lack of evidence that financial resources are in place or proposed to be in place to acquire the land prior to the confirmation of the CPO despite the fact that the Council is obliged to attempt to purchase the land by negotiation in parallel with the CPO process.
 - 6.2.2 Whilst letters of support for the project have been provided by potential investors, any commitment to the project has been caveated and, in the absence of any binding commitment, there is limited evidence of the financial resources proposed to be in place to acquire the land and develop the airport scheme after the confirmation of the CPO and the evidence is not sufficient for the council to be satisfied as to the resourcing of the CPO and the likelihood of the scheme going ahead.
 - 6.2.3 RiverOak's public announcement indicates that no bond or surety will be offered to fund any shortfall for the proposed funding either before or after the confirmation of the CPO. A bond is required both before and after confirmation.
 - 6.2.4 There is insufficient evidence currently available for the Cabinet to be satisfied that a proposed CPO is likely to be successful which would justify its entering into an

indemnity agreement. There is good reason to consider the principle of the CPO alongside the decision to enter an indemnity agreement.

- 6.3 Given the above, your legal advisors and officers are not satisfied at this moment in time that the information or assurances provided to date by RiverOak justify the Council deciding to make a CPO or as part of that process to support the appointment of RiverOak as the Council's indemnity partner in advance of deciding whether to make a CPO.

7.0 Corporate Implications

7.1 Financial and VAT

- 7.1.1 There are no resources currently available to fund costs in relation to a CPO described in this report. The financial context is of limited financial capacity of the Council, together with the prospect of continued severe financial constraint. Any proposals that involve exposing the Council to unspecified and/or unknown costs would substantially increase financial risks and potentially undermine the Medium Term Financial Strategy. It is therefore the Council's objective to secure that all costs related to the CPO are borne by the indemnity partner.

7.2 Legal

- 7.2.1 The legal advice is set out in the report.

7.3 Corporate

- 7.3.1 There are no direct corporate implications at this stage.

7.4 Equalities

- 7.4.1 There are no direct equality implications.

8.0 Recommendations

- 8.1 Having reviewed its position, details of which are contained in this report, that no further action be taken at the present time on a CPO of Manston Airport, on the basis that RiverOak do not fulfil the requirements of the Council for an indemnity partner;
- 8.2 Cabinet note that this is the second time that RiverOak have not fulfilled the requirements of the Council for an indemnity partner.

9.0 Decision Making Process

- 9.1 This is a non-key decision and subject to call in.
- 9.2 This is a Cabinet decision.

Contact Officer:	Tim Howes, Director of Corporate Governance & Monitoring Officer
Reporting to:	Madeline Homer, Chief Executive

Annex List

Annex 1	Cabinet Report 11 December 2014
Annex 2	Cabinet Minutes 11th December 2014

Background Papers

Title	Details of where to access copy
None	N/A

Corporate Consultation Undertaken

Finance	Tim Willis, Director of Corporate Resources
Legal	Tim Howes, Director of Corporate Governance
Communications	Hannah Thorpe, Interim Head of Communications

F-029

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Manston Airport Operation Stack lorry park costs £5.5m

🕒 31 January 2018



The government admits it has spent £5.5m keeping Manston Airport available as a potential lorry park when for Operation Stack is in force.

During Operation Stack the M20 in Kent is turned into an HGV park when cross-Channel services are disrupted.

The Department for Transport (DfT) said it was keeping Manston as "an option for holding lorries".

In December it was revealed the DfT had spent nearly £13m on a **planned lorry park** that was later dropped.

Operation Stack was implemented 32 times during the summer of 2015 when the Calais migrant crisis and French ferry worker strikes affected freight travel across the English Channel.

It led to the use of Manston Airport as an emergency lorry park, as a "viable short-term solution", the then transport secretary, Lord Ahmad said.



A DfT spokesperson said: "We recognise the disruption suffered by residents and businesses in Kent when Operation Stack was implemented in 2015 and we remain fully committed to a permanent solution.

"However, in the interim, we must develop a temporary measure to keep the M20 running in both directions and ensure any potential disruption is kept to a minimum."

He said Manston was the only site in the area with sufficient space and the government were keeping the former airport site as "an option for holding lorries in the event of Operation Stack".

A planned park at Stanford, near Folkestone, for up to 3,600 lorries was **dropped last year**, with the DfT saying a new scheme would be developed.

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Dropped Operation Stack lorry park 'cost £13m'

F-030

EXPLANATORY MEMORANDUM TO
THE TOWN AND COUNTRY PLANNING (MANSTON AIRPORT) SPECIAL
DEVELOPMENT ORDER 2019

2019 No. 86

1. Introduction

- 1.1 This Explanatory Memorandum has been prepared by the Department for Transport and is laid before Parliament by Command of Her Majesty.
- 1.2 This memorandum contains information for the Joint Committee on Statutory Instruments.

2. Purpose of the instrument

- 2.1 This Order augments the planning permission for Manston Airport originally granted in 2015 (as amended in 2016 and 2017) and extends it so that it will now expire on 31 December 2020. It also extends the scale and scope of use of the airfield to act as a contingency for the stationing, transit and processing of goods vehicles as a key component of the response to potential traffic congestion caused by disruption to cross channel services at the Port of Dover.

3. Matters of special interest to Parliament

Matters of special interest to the Joint Committee on Statutory Instruments

- 3.1 The Department regrets that it has not been possible to comply with the normal procedure for negative statutory instruments, whereby the instrument would not come into force earlier than 21 days after it is laid.
- 3.2 This reflects, however, the rapidly moving work on the capacity requirements for goods vehicle holding in Kent and the infrastructure options at Manston Airport. Moreover, prior to making the Order, the Department has had to undertake a range of environmental and other analysis before it could consider the potential impact of the proposed expanded development and undertake targeted consultation with relevant stakeholders. The Department also had to obtain sufficiently robust modelling of likely traffic flows to justify the extension of capacity. Given the urgent need to ensure the site has planning permission to provide this expanded use in time for preparatory works to be completed prior to the UK's exit from the EU, taken with the detailed work needed before the Order could be made, we consider the breach of the 21-day rule for this Order is justified.

Matters relevant to Standing Orders Nos. 83P and 83T of the Standing Orders of the House of Commons relating to Public Business (English Votes for English Laws)

- 3.3 As the instrument is subject to negative resolution procedure, there are no matters relevant to Standing Orders Nos. 83P and 83T of the Standing Orders of the House of Commons relating to Public Business at this stage.

4. Extent and Territorial Application

- 4.1 The territorial extent of this instrument is England and Wales.

- 4.2 The territorial application of this instrument is the land identified in the Order at the Manston Airport site, Manston Road, Kent

5. European Convention on Human Rights

- 5.1 As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

6. Legislative Context

- 6.1 Sections 59 and 60 of the Town and Country Planning Act 1990 give the Secretary of State the power to grant planning permission in relation to specific sites under a special development order (“SDO”). Such planning permission may be made unconditionally or subject to such conditions or limitations as may be specified.

7. Policy background

- 7.1 Operation Stack is a co-ordinated multi-agency response to situations when the capacity of the Port of Dover and/or Channel Tunnel becomes restricted. It involves closing sections of the M20 motorway to hold freight traffic in several phases and locations within the Port and Tunnel approach and along the M20 motorway.
- 7.2 In 2015, Operation Stack was called for a total of 24 days, with Stage 3 of Operation Stack (where parts of the London-bound M20 are used to store goods vehicles) being implemented for the first time. The unprecedented duration of this disruption and the closure of the London-bound carriageway led to considerable congestion on the roads around Kent. This had consequential impacts on the local economy, tourism and the haulage industry. There were costs associated with policing and managing the disruption as well as the costs of providing welfare for goods vehicle drivers.
- 7.3 To reduce the disruption caused by Operation Stack, the Government sought alternative locations for goods vehicles to park in the longer term, as an alternative to Operation Stack, and particularly Stage 3. The disused Manston Airport was identified as the only suitable location in Kent as an alternative, capable of holding large numbers of goods vehicles. Since September 2015, the site has been subject to planning permission granted through an SDO for this purpose and, following this, an extension in 2017, which currently expires on 31 December 2019. To date, the facility of Manston Airport has not been used for Operation Stack purposes but the Government considers it as important to have it available as a contingency until the longer-term solution is in place.
- 7.4 The Department committed to develop and implement an interim solution (Brock) by March 2019 to allow non-port traffic to continue to use the M20 in both directions when goods vehicles are stored on the coast-bound carriageway. Manston Airport remains a key component of this operation. Whilst Operation Brock is designed to mitigate all potential disruption to the Port including fires, severe weather and other issues, this existing role would also form part of acting as a contingency to manage any disruption that may occur during the UK leaving the European Union. To ensure that all possible scenarios have been accounted for, the Department has prepared the M26 to act as a back stop for holding lorries and proposes to undertake some temporary improvements at the Manston site that require a new SDO.
- 7.5 This SDO augments the Town and Country Planning (Operation Stack) Special Development Order 2015 (as amended in 2016 and 2017). It grants planning

permission until 31 December 2020, subject to limitations and conditions. This permission is granted for development of land on the Manston Airport site for the stationing, transit and processing of goods vehicles and the use of the land for repairs to goods vehicles where, pursuant to s69(1) of the Road Traffic Act 1988, a vehicle is declared unroadworthy by a vehicle examiner. It also permits the provision of other temporary structures including those needed to provide lighting; electricity for refrigeration goods vehicles; and other facilities. It permits the use of buildings on the site for the provision of improved welfare facilities and services so that drivers do not need to leave the site. The installation of temporary hard standing is also permitted in the area of land specified as area “B” on the map (see 7.12). Works to widen the main exit to improve traffic flow from the site are permitted, as are works to resurface and repair hard standing where surveys deem this necessary. Finally, this SDO permits the parking of non-goods vehicles associated with use of the site in the existing car park adjacent to the passenger terminal.

- 7.6 The limitations are: only goods vehicles that are directed by site officials to be stationed on the site may be so stationed; goods vehicles may only be stationed in the areas of hard standing shaded on the map; no goods vehicle may be refueled; and no goods vehicle may be unloaded unless it is incidental to the works permitted to take place at the site or the operation of buildings, structures, plant, machinery and facilities on the site. Furthermore, unless the approval of the Secretary of State has been obtained, no goods vehicles may carry any, dangerous goods loads exceeding permitted quantities, or dangerous goods loads that require stabilization through temperature control, such goods being identified in a dangerous goods management plan. Any vehicles carrying dangerous goods loads that are identified in the dangerous goods management plan as requiring isolation must be situated in area “A” on the map and subject to the provisions set out in that plan.
- 7.7 Live animals, explosives, polymerizing substances, infectious substances, radioactive material and high consequence dangerous goods are not permitted in any circumstances.
- 7.8 General conditions require that the hard standing, foul and surface water drainage systems, fire hydrants and emergency water supply on the land are to be kept in good repair with defects to be remedied as soon as practicable; and that a plan identifying the sewers and drainage systems be kept on the land at all times. Any artificial lighting installed must be placed no closer than 10 metres from the boundary of the land and is arranged so the light is directed downward and away from the boundary to minimise light spill. In addition, refrigeration heavy goods vehicles are required to use a dedicated electrical supply on the site. Moreover, buildings identified by an ecology report as being used by protected species as breeding, resting or sheltering places and development within 20 metres of a point identified as being used by such animals may, similarly, not be developed. In both cases, this restriction can only be lifted if a subsequent survey advises that the location is no longer used.
- 7.9 The stationing of goods vehicles on the land after 29 March 2019 is limited to a maximum of 305,505 vehicle movements per calendar year. This is to operate within environmental limits in line with the recommendations of the environmental and habitat assessments that have been carried out to inform this Order. An archaeologist appointed by the Secretary of State must also oversee the installation of the temporary hard standing and be able to record items of interest and finds. Furthermore, cesspits must be emptied no less than once a month and temporary structures collecting

sewage daily. If the High-Resolution Direction Finder (HRDF) system at the site is operational, goods vehicles may only be stationed within 120 metres of it, if that is permitted by a management plan agreed by the Department for Transport, Ministry of Defence and Civil Aviation Authority that safeguards the HRDF's operation.

- 7.10 Pre-commencement conditions must be complied with before the land can be used for the stationing of vehicles. Ecological surveys must be completed before any buildings on the site can be used for the development permitted by this Order and works widening the main exit must be completed. Furthermore, surveys must be completed of foul and surface water drainage as well as permanent hard standing, with any defects being repaired and drainage cleared. Fire hydrant and emergency water supplies must also be inspected and tested, and any defects detected being remedied. Copies of rules, policies and plans relating to the use of the site must also be approved by the Secretary of State.
- 7.11 Before the temporary hard standing can be installed in area "B" on the map, specifications relating to its surface construction and drainage must be approved by the Secretary of State. Surveys for unexploded ordnance and archaeology must also take place. Moreover, prior to the removal or disturbance of the Y-shaped dispersal pads currently located in area "B", they should be recorded in accordance with Historic England's technical guidance or alternative best practice
- 7.12 The area of land to which this order applies is shown on a map, a copy of which is available for inspection between 10am and 4pm at the offices of the Department for Transport, 33 Horseferry Road, London, SW1P 4DR, and another copy at the offices of Thanet District Council, Cecil Street, Margate, Kent, CT9 1XZ.
- 7.13 The planning permission granted by this Order is temporary and the use will cease at the end of 31 December 2020. With the exception to any repairs to permanent hard standing, buildings, facilities, drainage and widening of the main exit, the land must be restored to its condition before the date of the Order coming into force; ie, 24 January 2019. This includes removal of all structures, works, plants or machinery brought onto the land relating to the use.

8. European Union (Withdrawal) Act/Withdrawal of the United Kingdom from the European Union

- 8.1 This instrument does not relate to withdrawal from the European Union or trigger the statement requirements under the European Union (Withdrawal) Act.

9. Consolidation

- 9.1 The Department does not intend to consolidate the 2015 Order.

10. Consultation outcome

- 10.1 The then Department for Communities and Local Government consulted relevant stakeholders on the use of the land before the 2015 Order was made and they were consulted again prior to the extension of the Order in 2017.
- 10.2 The Environment Agency, Natural England, Historic England, Marine Management Organisation, Kent Fire and Rescue Service, Thanet District Council (local planning authority), Dover District Council, and Kent County Council (highways authority) have been consulted for the purposes of this Order. Their responses were not in opposition, but identified some issues they would like addressed as part of this work.

- 10.3 We believe these issues are manageable and have included conditions within the SDO as a direct response. Concerns expressed by the Environment Agency have been met by including conditions relating to surveys of, repairs to and upkeep of hard standing and foul and surface water drainage systems, the keeping of plans of the foul and surface water drainage systems on site, the approval of a number of plans by the Secretary of State, including the specification for the proposed surface construction and drainage system for the temporary hard standing and restrictions on which dangerous goods can be stationed on the site and where this may occur.
- 10.4 Historic England's comments were responded to by the inclusion of conditions requiring the installation of temporary hardstanding being preceded by an archaeological survey with those works being observed by an archaeologist. Those of the Kent Fire and Rescue Service by requiring inspections on and upkeep of fire hydrants and emergency water supplies. Natural England's concerns about impacts on air quality have been met by limiting the annual number of goods vehicle movements at the site. The District Councils raised issues relating to the use of the site if it is needed and its potential impact on the local area; in particular, the environment.
- 10.5 We will continue to work with all relevant stakeholders to mitigate these issues before and during any use of the site, which would be temporary should it be needed. In particular, we will work with the Environment Agency and the Kent Fire and Rescue Service to produce the environmental assessments and site management plans required before the site can be used.

11. Guidance

- 11.1 Not relevant.

12. Impact

- 12.1 There is no, or no significant, impact on business, charities or voluntary bodies.
- 12.2 There is no, or no significant, impact on the public sector.
- 12.3 An Impact Assessment has not been prepared for this instrument because there is no significant impact on business.

13. Regulating small business

- 13.1 The legislation does not apply to activities that are undertaken by small businesses.

14. Monitoring & review

- 14.1 A review provision has not been included as the instrument is not regulatory in nature.

15. Contact

- 15.1 Jonathan Monk at the Department for Transport Telephone: 07977 411553 or email: Jonathan.Monk@dft.gov.uk can be contacted with any queries regarding the instrument.
- 15.2 Paul O'Sullivan, Deputy Director for Roads, EU Exit at the Department for Transport can confirm that this Explanatory Memorandum meets the required standard.
- 15.3 Jesse Norman at the Department for Transport can confirm that this Explanatory Memorandum meets the required standard.

F-031

STATE AID IN PLANNING AND CPO CASES

James Maurici Q.C.
Landmark Chambers

State aid: What? Why? How?



- **What?** Financial assistance (direct or indirect) provided by Government to businesses that meets all the criteria in Art. 107(1) of the TFEU (ex 87);
- **Why?** Should you care that is ...
 - (1) State aid concerned with regulation and lawfulness of actions of public bodies, inc. those responsible for planning, CPO etc;
 - (2) Potentially a very wide scope of application – as the BIS State aid Guide says there are some “*surprising examples*” of things regarded as State aid;
 - (3) Directly effective EU rules giving rise to obligations enforceable in UK Courts – & draconian remedies;
 - (4) A low *de minimis* threshold for State aid;
- **How?** not need to know these highly complex rules inside out; but need to know how to spot a potential State aid issue.

State aid ... in the news



- 18 December 2013: Commission announce decision to open State aid investigation into proposed Hinckley C investment contract <http://www.bbc.co.uk/news/business-25431160>;
- 31 December 2013: Commission investigate a deal allowing Swansea City FC and the Ospreys rugby club to play at the Liberty Stadium <http://www.bbc.co.uk/news/uk-wales-south-west-wales-25559959> and <http://www.bbc.co.uk/news/uk-wales-south-west-wales-25733929>;
- 8 January 2014: Commission announce investigation into Celtic FC on land deals with Glasgow <http://www.bbc.co.uk/news/uk-scotland-glasgow-west-25658184>;
- 17 January 2014: Brussels will investigate the UK's plans for incentivising shale gas production if needed <http://www.euractiv.com/energy/state-aid-row-engulfs-uk-shale-g-news-532827>
- 25 February 2014 Commission investigation into whether the UK breached state aid rules when it guaranteed a GBP 75 million loan to a Drax power station <http://www.ft.com/cms/s/0/b0f86b7a-9cbc-11e3-9360-00144feab7de.html>

State aid - structure

- Treaty Provisions:
 - Arts. 107 and 108 TFEU;
- Secondary legislation (many Regulations);
- Guidance documents from Commission (numerous);
- Commission decisional practice: on notifications and complaints: 1000s of these – not always coherent and consistent – and not bound by earlier decisions (!) ...
- General Court and CJEU decisions
- State Aid Modernization 2012+

Structure (1)

- (1) What is “State aid”? Art. 107(1) - the key criteria.
- (2) When is a State aid *not* a State aid:
 - *De Minimis* State aid;
 - Measures justified by the nature or scheme of the system
- (3) Compatible State aids
 - Art. 107(2)
 - Art. 107 (3)
 - General Block Exemption Regulations (“GBER”)
 - Commission Guidance

Structure (2)

- Some specific issues, relevant to planning:
 - Sale of public owned land;
 - The grant of planning permission (inc. s. 106 and CIL);
 - CPO procedures and issues;
 - Environmental protection;
 - Infrastructure;
 - Social housing obligations.

What is a State aid ? The key criteria



- Art. 107 lays down several criteria:
 - (1) there must be an “*aid*” in the sense of an economic advantage;
 - (2) it must be granted directly or indirectly through state resources (government at any level);
 - (3) it must confer an advantage on the recipient by favouring certain undertakings or the production of goods (“selectivity”);
 - (4) it must be liable to distort competition and affect trade between Member States.
- Looking at each (briefly) in turn:

What is a State aid?

Criterion (1) “Aid”; economic advantage



- Art. 107(1) “*any aid*”
- Examples:
 - State provision of goods or services on preferential terms;
 - Preferential loans;
 - Guarantees;
 - Indemnities;
 - Tax exemptions;
 - Waiver of sums due;
 - Sale of public land at an undervalue.
- Also:
 - Infrastructure provision (if constructed or managed by private undertakings or dedicated to the use of particular undertakings);
 - Some environmental schemes: e.g. Emissions trading schemes; Feed-in-tariffs etc.

What is a State aid?

Criterion (1) “Aid”; economic advantage cont.



- Private Investor (often referred to as the Market Economy Investor Principle, “MEIP”) *and* Private Creditor tests
- In short where the state acts on terms which would be acceptable to a commercial actor; no State aid under Art. 107(1)
 - Could the advantage (e.g. a loan) have been received on such terms in the normal course of business?
 - Can look at long term (not just short term) profitability
 - Need not be evidence of actual private investor in comparable circumstances but it helps ...

What is a State aid?

Criterion (2) through state resources



- Art. 107(1) “*any aid granted by a Member State or through State resources in any form whatsoever*”;
- Includes aid granted by central, regional or local government: see Case 76/76 ***Steinike and Weinlig v Germany*** [1977] ECR 595;
- Includes aid granted by companies and agencies established by the state to distribute public funds

What is a State aid?

Criterion (3) Selectivity



- Art. 107(1) “*favouring certain undertakings or the production of certain goods*”
- (1) “Undertakings”:
 - Wide; all entities engaged in economic activity (putting goods, services on market); covers self-employed professionals;
 - Can include non profit bodies, charities, universities etc if offering goods and services on the market;
 - Includes “public undertakings” if public authority involved in commercial activity;
 - Does not apply to individuals; private households or employees.

What is a State aid?

Criterion (3) Selectivity cont.



- (2) Selectivity:
 - A benefit to all businesses is not State aid but a general measure;
 - Must favour some undertakings (or goods) over others e.g. on geographical, sectoral or type of firm basis;

What is a State aid?

Criterion (4) – Part I competition



- Liable to distort competition:
 - Potential to distort is sufficient for test to be met;
 - There is no necessity to show actual effects;
 - Small amounts of aid seen as threatening distortion; does not need to be substantial or significant distortion;
 - Commission interprets this very widely;
 - View appears to be almost any intervention in the economy by the state has potential to distort.

What is a State aid?

Criterion (4) – Part II inter-state trade



- Art. 107(1) “*in so far as it affects trade between Member States*”;
 - Widely interpreted, most goods and services are seen as tradeable;
 - Sufficient if product or service is *capable* of inter- state trade
 - Even if beneficiary of aid does not export, or exports only outside the EU
 - The **Altmark** case; “ ... *[n]o threshold or percentage below which it may be considered that trade between Member States is not affected*”
 - Subsidy for local bus service in Germany affects inter-state trade;
 - Why? May keep operator in business, and so provide operators in other Member States with less chance of providing service instead

When is a State aid not a state aid: (1) *De Minimis* State aid

- Commission Regulation (EC) No 1407/2013 of 18 December 2013:
 - €200,000 per undertaking over a rolling 3 year period;
 - subsidised loans of up to €1 million if certain conditions are met;
 - Different rules for some sectors (e.g. road haulage);
 - SGEI *de minimis* Regulation 2012: aid to undertakings providing *services of general economic interest* - up to €500,000 per undertaking over a rolling 3 year period: What is SGEI?
 - SGEI (Article 106(2) TFEU; and see also the Art. 106(2) Decision and Framework);
 - “*economic activities that public authorities identify as being of particular importance to citizens and that would not be supplied (or would be supplied under different conditions) if there were no public intervention. Examples are transport networks, postal services and social services*”
 - If within *De Minimis* Regulation, deemed not a State aid at all under Art. 107(1) and so exempt from notification.

When is a State aid not a state aid:

(2) Measures justified by the nature or scheme of the system



- Something otherwise meeting Art. 107(1) criteria;
- Outside State aid *if* advantage conferred justified by “*the nature or general scheme*” of the system in question; other cases refer to justification from “*nature or structure*” or the “*logic*” of the relevant system;
- Court developed concept: see e.g. Case 173/73 ***Italy v Commission*** [1974] ECR 709, para. 15;
- Burden on Member State; must be proportionate also;
- Case C-279/08 P ***Commission v Netherlands*** - General Court rules Dutch NO2 emissions trading scheme for large industrial facilities so justified, CJEU disagreed.

Compatible aids:

Art. 107 (2) and (3)



- Art. 107(2) “*shall be compatible with the internal market*”
 - (a) aid having a social character, granted to individual consumers, provided that such aid is granted without discrimination related to the origin of the products concerned;
 - (b) aid to make good the damage caused by natural disasters or exceptional occurrences;
- Art. 107(3) “*may be considered to be compatible with the internal market*” (emphasis added):
 - (a) aid to promote the economic development of areas where the standard of living is abnormally low or where there is serious underemployment;
 - (b) aid to promote the execution of an important project of common European interest or to remedy a serious disturbance in the economy of a Member State;
 - (c) aid to facilitate the development of certain economic activities or of certain economic areas, where such aid does not adversely affect trading conditions to an extent contrary to the common interest;
 - (d) aid to promote culture and heritage conservation where such aid does not affect trading conditions and competition in the Union to an extent that is contrary to the common interest;
 - (e) such other categories of aid as may be specified by decision of the Council on a proposal from the Commission

Compatible aids: Art. 107(3)



- Confers a discretion on Commission to approve State aid via:
 - (i) Block exemptions; or
 - (ii) Outside block exemption on case-by-case basis.
- **(1) BLOCK EXEMPTIONS** under s. 107(3):
 - Most important: the General Block Exemption Regulation (“GBER”)(2008)
 - If covered by block exemption: no need for notification; GBER: a number of block exemptions: including environmental;
 - Current GBER in force until June 2014 (extended);
 - GBER under review; consultation – new GBER anticipated for 2014
 - GBER covers some forms of environmental aid;

Art 107(3) cont.



- (2) **OTHER CASES (outside block exemption):**
 - Require notification and assessment
 - Case by case decision/balancing exercise either for individual aid *or* a scheme of aid;
 - But many Commission Guides, even if meet guidance must notify and be approved see e.g. Environmental Protection 2008/C 82/01;
- Example of approved scheme: State aid No. N 356/2006 – United Kingdom Historic Environment Regeneration Scheme
 - aims at promoting heritage conservation;
 - the authorities charged with the implementation of the scheme include: English Partnerships, Local Government Offices in England
 - eligible objects are ancient scheduled monuments, registered historic parks and gardens, listed historic buildings and designated, conservation areas
 - The aid takes form of a direct grant for the repair, restoration and rehabilitation of an eligible object of up 100% of the eligible costs
 - Currently runs to June 2014 (been extended).

State aid Procedures: The Commission (1)



- Summary: key points
 - (1) State aids within Art. 107(1) must be notified to the Commission
 - If outside Art. 107(1); no need to notify;
 - If *de minimis* or subject or GBER no need to notify;
 - If aid granted under an aid scheme already authorised by the Commission no need to notify;
 - But obligation does apply if compatible with internal market under Arts. 107(2) or (3) but not under GBER/already authorised;
 - Slow process; if no response 2 months deemed approved; but BIS say can take 6 – 9 months;
 - A State aid that is not notified is automatically unlawful;

State aid Procedures: The Commission (2)



- (2) Complaints/investigations
 - Initial process; Commission write to the UK and seek views – interested parties limited rights;
 - Can reach preliminary conclusion not a State aid under Art. 107(1) and close the case; not binding can re-open; can take a year
 - Can institute formal investigation under Art. 108(2);
 - Length of investigation; no mandatory period but Procedural Regulation says indicative period - 18 months;
 - Focus of procedure on Member State; interested parties more limited rights;
 - Decision; if unlawful State aid can order recovery plus interest;
 - Can be challenged in the General Court; with appeal to CJEU.

State aid: domestic challenges (1)



- (1) Judicial Review (or similar) of decisions on basis decision involves unlawful State aid;
 - Limited examples, but increasing
 - NON-PLANNING/CPO:
 - *R v AG, ex p ICI* [1985] 1 CMLR 588 and [1987] 1 CMLR 72 and *R v Commissioners of Customs & Excise, ex p Lunn Poly* [1988] EuLR 438 and [1999] EuLR 653 (tax cases);
 - Tottenham JR of Olympic Park Legacy Company's acceptance of the West Ham Bid for Olympic Stadium (withdrawn following grant of permission); and in September 2013 Leyton Orient failed in a similar challenge

State aid: domestic challenges (2)



- PLANNING/CPO:
 - *Winchester* - not proceeding; challenge under ALA 1981 to Silver Hill CPO – see below;
 - *Bow Street Mall Ltd & Ors* [2006] NIQB 28 (NI, HC) challenge to grants of PP for Sprucefield Shopping Centre – see below;
 - *HFD Construction Limited v Aberdeen City Council* [2013] CSOH 125 (Sc. JR of decision on preferred bidder for redevelopment)
 - *Brown v Carlisle (No. 2)* (forthcoming)
- (2) Actions for recovery of unlawful State aid;
- (3) Damages actions for losses caused by grant of unlawful State aid;

Specific Issues: Sale of Land



- Sale of publicly owned land at an undervalue can be a State aid;
- Communication on State aid elements in sales of land and buildings by public authorities C209/3
- 2 alternative conditions which if satisfied mean Commission will not treat as a State aid;
 - (1) A sufficiently well-publicised, open and unconditional bidding procedure, comparable to an auction, accepting the best or only bid;
 - (2) Independent valuation – market value.
- If best value; no State aid
- If consent to dispose at undervalue (s. 123 LGA 1972) or if dispose under General Disposal Consent 2003 where difference £2,000,000 or less a potential State aid issue;
- See Circular 06/03 paras. 14 – 16 ... Helpful?

Specific Issues:

The grant of planning permission (inc. S. 106 and CIL) (1)



- BIS Guide:
 - *“Land and property development/regeneration. There is no formal Commission framework as such for land and property regeneration, but there are several schemes in the UK which have either received Commission State aid approval, or which the Commission confirmed as not involving Article 107(1) State aid”.*
- (1) Grant of planning permission itself: no, see **Bow Street Mall** (above) - no transfer of resources from state; and see **Brown v Carlisle (No. 2)** (forthcoming; enabling development case);
- (2) Accepting less by way of s. 106 contributions than the scheme would otherwise require, because not viable and overall planning balance favours grant of planning permission: I think not -
 - Not a tax; must be agreed;
 - Part of overall planning balance; decision in “public interest”;
 - Viability a material planning consideration;

Specific Issues:

The grant of planning permission (inc. S. 106 and CIL) (2)



- (3) Variation of s. 106 to release developer from obligations previously agreed to:
 - Similar analysis as above but perhaps more difficult,
 - Some Commission decisional practice;
- (4) CIL:
 - different - it must be levied;
 - Can grant relief; but CLG Guidance warns of State aid issues and sets out criteria to be applied to rely on the GBER in relation to social housing;
 - What about differential CIL rates for say large and small retail developments?

Specific Issues: CPO Procedures (1)



- CPO a common area for State aid issues; especially objectors to a CPO:
- (1) compensation for expropriation *not* normally state aid:
 - See Case T-53/08 **Italy** and Case T-62/08 **ThyssenKrupp**;
 - Recent Commission decision (SA.3225) no State aid in payment of compensation under Dutch Expropriation Act;
- (2) What are the issues, where CPO in favour of developer:
- (A.) Use of CPO powers itself a State aid: no, if indemnity for costs from developer;

Specific Issues: CPO Procedures (2)



- (B.) Various arguments re compensation:
 - (i) Arguments re compensation not providing the full market value in some way e.g. “no scheme world”; so LA and in turn the developer obtaining land at an undervalue
 - (ii) The so-called “marriage value” issue:
 - Example 1: LA acquires 6 pieces of land pays statutory compensation; when combined in LA’s hands value increased; but developer under agreement only required to pay LA what it paid in statutory compensation: a State aid?
 - Example 2: LA acquires land paying statutory compensation; adds it to land it already owns: increases in value – what does developer then pay? State aid?
 - Example 3: LA acquires and transfers and land added to other land developer owns thereby increasing overall value: State aid?
 - Turns on terms of indemnity? What must developer pay? Is best consideration being obtained? Must there be a re-valuation? Overage?

Specific Issues: CPO Procedures (3)



- Link to s. 233 of the TCPA 1990, governs disposal of land acquired for appropriated for planning purposes: disapplies s123 best value duty.
- But S. 233(3) requires best consideration or S/S consent but context different, see:
 - ***R (Safeway Stores Plc) v Eastleigh Borough Council*** [2001] EWHC Admin 457 and ***Standard Commercial Property Securities Ltd v Glasgow City Council*** [2007] J.P.L. 758: Can have regard to planning objectives for which CPO being used; means could reject higher offer if that not deliver those objectives;
- Developer bearing all costs; taking all risks – for a profit – but for that no scheme at all – and no delivery of the planning objectives ...
- To the extent that there is any marriage value could be argued to prima facie be a State aid, but would it be possible to argue having regard to the analysis under s. 233 (above) that it falls outside Art. 107(1) as being a measure justified by the “*the nature of the general scheme*”?

Specific Issues: CPO Procedures (4)



Does the existence of such a possible State aid (arising from compensation/ sale on) affect the making of CPO anyway?

- Viability/deliverability
- Public interest argument
- **Arsenal CPO 2004**
 - S/S said premature to raise at CPO inquiry issues based on difference between amounts paid in compensation and price land sold to developer for;
- **Winchester Hill CPO 2011**
 - Argument, objector: *“This is a separate issue from concerns about best consideration. The State Aid issue is whether, if [the developer] is granted the proposed leases, the land value that they will receive is greater than the amount that they will be paying for it”* – marriage value argument;

Specific Issues: CPO Procedures (7)



- Council response: The objector *“make the point without producing marriage values or transfer of value and there is no evidence to support their point. Equally there is no evidential basis for a claim that the [Development Agreement] does not obtain best value. WCC has a duty to obtain the best price reasonably obtainable in its agreement to grant a lease to the Developer in the DA and has taken independent advice in accordance with Commission Guidance”*
- Inspector, conclusions (under heading deliverability & viability) *“There is no detailed evidence indicating that the DA is not ‘best value’ for WCC or that ‘best consideration’ for disposal of land by WCC has not taken place and no firm evidence that ‘State Aid’ has been conferred as alleged. None of these matters are of sufficient substance to indicate that confirmation of the CPO will not be in the public interest”*
- S/S agreed
- Legal challenge not pursued

Specific Issues: environmental protection



- EU high profile to environmental protection
- 3 stages:
 - (1) is it a State aid at all; meet all criteria?
 - (2) GBER exempts some environmental aid
 - (3) Environmental Aid Guidelines 2008

Example 1: contaminated land; generally polluter pays but if can't be identified or can't bear costs, Guidelines allow costs of remediation minus value of land; up to 100%

Example 2: Guidelines also deal with aid for waste management.

Specific issues: Infrastructure (1)



- Generally, the provision by public authorities of infrastructure, such as the building of roads or bridges, open to the public has been held by the Commission not to constitute State aid. Thus:
 - (1) Quigley State aid Law and Policy (2nd ed) at p 48 says: “*... investment in infrastructure which benefits undertakings generally, rather than one or more specific undertakings, is regarded as a general measure which does not amount to State aid ... Financing of transport infrastructure, such as roads ... built and maintained by public authorities, does not constitute State aid*”
 - (2) Hancher, Ottervanger and Slot EU State Aids (4th ed) at 3-058: “[t]he general rule is that if the infrastructure is provided for general use as opposed to a dedicated purpose, benefiting no particular user, then there is no selectivity and hence no aid at the level of the user. The construction of a road, for example, is usually regarded as general infrastructure ...”

Specific issues: Infrastructure (2)



- (3) the CJEU in Case C-164/02 **Netherlands v Commission** [2004] ECR I-1177 at para. 7 and quoting from Commission Decision N 812/2001:
 - *“Financing by the authorities of infrastructure open to all potential users without discrimination and administered by the State does not generally fall within the scope of Article 87(1) of the EC Treaty because it does not favour one undertaking in competition with other undertakings within the meaning of that article. That is the case for most of the funding of transport infrastructure (for example, roads and canals built and maintained by the public authorities)”*
- (4) Commission Decision 2003/227/EC Terra Mitica OJ 2003 L91/23 *“although the increase in traffic may be due to the park, the roadworks carried out affect everyone living in the area”*

Specific issues: Infrastructure (3)



- Cases T-443/08 and T-455/08 *Freistaat Sachsen v Commission* upheld on appeal by the CJEU in Case C-288/11 P *Mitteldeutsche Flughafen AG and another v European Commission* [2013] 2 C.M.L.R. 18.
- Increased scrutiny of infrastructure?
 - Findings are focused on developments in the airports sector;
 - On the facts of that case the infrastructure consisted of the construction of a runway to an airport which was an integral part of the principal economic activity carried out by the airport operator and which would be commercially exploited by the operator who “*will not make it available without charge to users in the common interest but will charge users for its use*” (see the General Court’s judgment at para. 94).

Specific issues: Infrastructure (4)



- Position must be different for, for example, a road which is not to be commercially exploited; but rather open to the general public;
 - Roads operated by a concessionaire would be State aid see e.g. Commission decision N134/2007 concerning the Thessaloniki Submerged Tunnel Project and N 151/2009 on aid for the construction and operation of the A1 Motorway, Gdansk-Torun section;
- Guidance since case seems to support: see “State Aid and Infrastructure - Leipzig Halle Guidance ERDF-GN-1-010” produced jointly by the Commission and the UK Government;
- Commission document COMP/03/2011/ NOTE TO DG REGIO entitled “*Application of State aid rules to infrastructure investment projects*”: “*Public, non-commercially operated roads/motorways*”. These are “*Activities falling within the public remit*” and are “[a] contrario application of the Leipzig/Halle judgment”

Social housing (1)

- Cases C-197/11 & C-203/11 *Libert and others v Gouvernement flamand* [2013] 3 C.M.L.R. 35
- Flemish Decree on “*Measures concerning affordable housing*” imposed a “*social obligation*” on property developers to make a contribution towards social housing that could be discharged in different ways, including provision “*in kind*”;
- Also provided the benefit of those discharging the “*social obligation*” in kind, tax incentives and subsidy mechanisms such as the application of a reduced rate of VAT and a reduced rate of stamp duty, a purchase guarantee in respect of the housing developed which no social housing organisation is prepared to purchase and infrastructure subsidies;
- Argued an unlawful State aid.

Social housing (2)



- *“where a State measure must be regarded as compensation for the services provided by the recipient undertakings in order to discharge public service obligations, so that those undertakings do not enjoy a real financial advantage and the measure thus does not have the effect of putting them in a more favourable competitive position than the undertakings competing with them, such a measure is not caught by art.107(1) TFEU”*
- *“ ... the tax incentives and subsidy mechanisms provided for in the Flemish Decree are liable to be classified as State aid within the meaning of art.107(1) TFEU. It is for the referring court to determine whether the conditions relating to the existence of State aid are met and, if so, to ascertain whether, as regards the measures ... whereby compensation is provided for the social obligation to which subdividers and developers are subject, the SGEI Decision is nevertheless applicable to such measures”*

Useful sources of information

- BIS: <https://www.gov.uk/state-aid>
 - The BIS State Aid Guide (June 2011):
<http://www.bis.gov.uk/assets/biscore/business-law/docs/s/11-1040-state-aid-guide.pdf>
- Commission: http://ec.europa.eu/competition/state_aid/overview/
- Draft Commission Notice on the notion of State aid pursuant to Article 107(1) TFEU (2013)
- Textbooks:
 - *European Union Law of State Aid* (2ed, 2013) Bacon
 - *European State Aid Law and Policy* (2ed, 2009; - 3rd ed forthcoming) Quigley
 - *EU State Aids* (4ed, 2012) Hancher, Ottervanger and Slot

Some practical tips:

- No need to be a State aid expert; but need to be able to spot a potential State aid issue;
- Increasingly relevant in planning/CPO;
- Consider State aid early:
 - more time and ability to make changes to what proposed to avoid being a State aid; or
 - to notify etc;
- Take specialist advice;
- Be aware of consequences of getting it wrong.

F-032

Airport Capacity Programme

Global Comparison of Airport Mitigation Measures

May 2016

Ernst & Young LLP



Building a better
working world

Private and confidential

Department for Transport
Great Minster House
London, SW1P 4DR

May 2016

Dear Sir/Madam

Global Comparison of Noise Compensation Measures

In accordance with our Statement of work of 19 January 2016, we have prepared our report in relation to your Airport Capacity Programme.

Purpose of our report and restrictions on its use

This report was prepared on your instructions solely for the purpose of Department for Transport (DfT) and should not be relied upon for any other purpose. Because others may seek to use it for different purposes, this report should not be quoted, referred to or shown to any other parties unless so required by court order or a regulatory authority, without our prior consent in writing. In carrying out our work and preparing our report, we have worked solely on the instructions of DfT and for DfT's purposes.


Our report may not have considered issues relevant to any third parties. Any use such third parties may choose to make of our report is entirely at their own risk and we shall have no responsibility whatsoever in relation to any such use. This report should not be provided to any third parties without our prior approval and without them recognising in writing that we assume no responsibility or liability whatsoever to them in respect of the contents of our deliverables.

Scope of our work

Our work in connection with this assignment is of a different nature to that of an audit. Our report to you is based on publicly available information and where possible inquiries of, and discussions with, airport management. We have not sought to verify the accuracy of the data or the information and explanations provided by management, or in the public domain.

If you would like to clarify any aspect of this review or discuss other related matters then please do not hesitate to contact us.

Yours faithfully



Partner

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1. Executive Summary

1.1 Purpose of this Report

EY has been engaged by the Department for Transport (DfT) to undertake a review of strategies adopted by international airports to mitigate the impact of airports on residents.

1.2 Comparator airports considered

The following airports were considered as being particularly relevant in establishing a world class approach to noise mitigation and compensation

- ▶ Frankfurt am Main (Frankfurt, Germany)
- ▶ O'Hare International Airport (Chicago, USA)
- ▶ Paris Charles de Gaulle Airport (Paris, France)
- ▶ Amsterdam Airport Schiphol (Amsterdam, the Netherlands)
- ▶ Sydney Airport (Sydney, Australia)
- ▶ Suvarnabhumi Airport (Bangkok, Thailand)

1.3 Key Findings

International airports have consistently drawn from a menu of options to mitigate the impacts of the airport on local residents. Options are necessarily tailored to the specific circumstances of the airport and surrounding communities and are influenced by ownership structures, legal and political frameworks and the location of the airport in relation to private housing. The combination of compensation and mitigation volunteered by HAL and GAL, and the recommendations from the Airports Commission are consistent with the best practice identified through this study. This study has not identified any items from the menu of options used at airports within this study that has not been considered as a part of the package of mitigations proposed by the Airports Commission.

1.3.1 Approach to Noise Insulation

The scope of insulation works offered by both Heathrow Airport Limited (HAL) and Gatwick Airport Limited (GAL) to noise affected residents are comparable to offers made in other countries. The costs expected to be incurred per property for insulation works is in general terms lower than international comparators; however those comparators are themselves highly variable. This reflects the impact of local markets, and in particular the physical structures of properties and the additional works required to provide additional ventilation.

1.3.2 Approach to Financial Compensation

Each of the comparator airports has undertaken some residential property purchase so that residents could move away from the most noise affected areas. HAL and GAL have set out proposals to voluntarily purchase qualifying properties on the basis of the unimpaired market value plus, in the case of HAL, a 25% premium. This offer is substantially more generous than comparator airports where the most common valuation approaches were market value plus relevant costs.

1.3.3 Community Engagement Strategies

Each of the airports we have consulted highlighted the importance of effective community engagement. This is particularly important where works are expected to be carried out within residences where occupier goodwill is important to effective delivery of an expansion project. The Airport Commission's recommendation that an independent engagement body should be established is consistent with best practice across the world; however the precise nature of the body must be tailored to the particular circumstances of the UK.

1.3.4 Noise Reduction through Aircraft Operations

Each of the comparator airports had put in place a range of operating procedures that were designed to reduce the noise generated by aircraft on departure or approach. The recommendation of the Airport Commission that night time flights be suspended at HAL was only replicated at Frankfurt and in Sydney (with some exceptions) where flights are prohibited, except where safety is in question, from 11pm, into the early morning. On this basis, if a night time flight ban is imposed then this would be a world leading approach to mitigating aircraft noise. The recommendations of the Airports Commission for periods of respite and a noise envelope are consistent with the approaches taken at the airports within this study

2. Scope of the Review

2.1 Purpose of the Review

The Airport's Commission Final Report¹ published in July 2015 recommended that the compensation and mitigation package to be provided as part of expanding airport capacity at Heathrow airport should be 'world class'. The UK Government wanted to understand what a 'world class' compensation package was and whether the packages on offer by Heathrow Airport Limited (HAL) and Gatwick Airport Limited (GAL) could be considered as such. EY was engaged by the UK Department of Transport (DfT) to prepare a report on the approaches taken by other international airports in addressing the local impacts of the airport.

2.2 Approach

In partnership with the DfT, six international airports were selected for a case study. All of these airports were located in different countries, had undertaken expansion projects and had compensation and mitigation packages available to residents affected by the airport's operations. Research was undertaken on each of the airports to understand their expansion history, mitigation with respect to noise and types of compensation available.

The operators of the airports were then individually approached to participate in a survey regarding their airport. A uniform script was prepared and provided to each of the operators in advance and is available in the Appendix H. Communication, including a short telephone interview, was conducted with Schiphol, Frankfurt, Sydney and O'Hare airports to confirm our understanding of their compensation measures and provide additional insight. Operators were not requested to provide commercial in confidence or non-public information.

The results of the survey were then compiled into the individual summaries provided in this report. We also consulted various reports such as the Airports Commission Final Report and submissions provided by HAL and GAL to understand what was being offered in respect of compensation. We then noted the components of other airport's packages and compared this to what was being requested by the commission and on offer by Heathrow and Gatwick. Due to the limitations discussed below, direct comparisons were not always possible.

2.3 Selection of Comparator Airports

As discussed above, the six airports chosen were located in different countries, had undertaken expansion projects and made compensation available to residents affected by aircraft noise. To understand what is considered 'world class' we needed to understand what has been done to address aircraft noise not only within continental Europe, but also in other parts of the world. Three European and three international airports were selected:

- ▶ Frankfurt am Main (Frankfurt, Germany)
- ▶ O'Hare International Airport (Chicago, USA)
- ▶ Paris Charles de Gaulle Airport (Paris, France)
- ▶ Amsterdam Airport Schiphol (Amsterdam, the Netherlands)
- ▶ Sydney Airport (Sydney, Australia)
- ▶ Suvarnabhumi Airport (Bangkok, Thailand)

These airports are the largest airports in terms of passenger numbers in their countries and had to address community concerns on airport impacts in steady state operations and during

¹ Airports Commission: Final Report, Airports Commission, July 2015, <https://www.gov.uk/government/organisations/airports-commission>

periods of expansion. Some of the airports had recently undertaken expansion projects, e.g., Frankfurt or are faced with addressing these issues in the near future with new capacity projects planned, e.g., O'Hare. Other airports undertook expansion projects some years ago but still provide informative case studies into addressing noise impacts, e.g., Sydney. The purpose of the case studies is not to rank or assess the measures provided each airport; the purpose was to understand what has been offered around the world and therefore the components of what is required to be considered 'world class'.

2.4 Noise Measures Applied in this Review

The approach adopted by authorities to measure the impact of noise and consequently to identify the populations impacted by noise, vary between jurisdictions and over time. In this report the airports have applied the following measuring and reporting conventions.

Lden

This is now the standard measurement unit in the European Union. In particular the 55dB Lden measure is the EU threshold above which populations are considered to be adversely impacted by noise. It is defined as:

A-weighted, Leq. noise level: *Measured over the 24 hour period, with a 10 dB penalty added to the levels between 23.00 and 07.00 hours and a 5 dB penalty added to the levels between 19.00 and 23.00 hours to reflect people's extra sensitivity to noise during the night and the evening²*

Leq

Leq is the average decibel (dB) value measured over a defined time period. In the case of UK standards, the time period is 16 hours. The UK adopts 57dB Leq 16 as the threshold for the onset of significant community annoyance.

Ke

Ke was a measure of noise impact used in the Netherlands prior to their adoption of the Lden measure. It is calculated with reference to the noise of aircraft, the number of movements over time and the timing of take-off and landings. While not a direct correlation, 35Ke is broadly equivalent to 58Lden.

ANEF/I (Australian Noise Exposure Forecast/Index)

The ANEF is the measure used to forecast noise impact in Australia. It is based on a combination of noise levels and perception surveys. It is broadly equivalent to the Leq 35; therefore the 20 ANEF contour is equivalent to the 55Leq.

DNL

O'Hare airport uses the DNL measure which, similar to Lden is a measure of noise over a 24 hour period, with additional weighting given to night time noise.

2.5 Limitations of the Review

Each airport is unique in a range of factors including its location, size and approach to noise measurement. In preparing this report, we have assessed the compensation packages and measures from the point of view of the local communities, i.e., focusing on what is made available to them rather than the economic or legal context for doing so.

Each airport studied is located in a country with its own system of government, legal frameworks, airport ownership structure and cultural tradition, each influencing the approach to airport operation and expansion. We have not studied the individual countries' legislation to determine the legal rationale for providing the types and amounts of mitigation and

² Acoustic Glossary – Frequency Weighted Sound Levels: Definitions, Terms, Units, Measurements, Gracey and Associates, <http://www.acoustic-glossary.co.uk/frequency-weighting.htm>

compensation to residents impacted by the airport. We have noted various pieces of legislation that have been issued in relation to new runways opening, however this should not be viewed as all encompassing.

Each airport studied has a different ownership structure and is funded from different sources. For example Sydney Airport is a privatised listed company, while O'Hare is fully owned by the City of Chicago. The airports we studied in Europe tended to be public listed companies yet the government retain a majority ownership stake. For this reason, we have not attempted to compare the airports on the basis of whether the funding for compensation or mitigation packages are provided by the airport operators or government sources; instead we have focused on what was made available to the impacted population.

Furthermore, each airport will have a differing impact on its communities depending on its location with respect to populated areas. Some airports are located within heavily built up areas such as Sydney or are located further out of the city such as O'Hare. Furthermore, countries adopt different approaches to measuring noise. While European countries use Lden as the standard measurement other countries use their own measurement units such as Australia ANEF. These units are not necessarily equivalents or can be easily converted for comparison.

In our quantitative data analysis, we have compared the compensation packages based on the amount spent annually per passenger across all airports but we have confined comparisons on the amount spent per resident to the European airports included in the study using the 55 LDEN metric³. This information was provided by the CAA and only in reference to European airports. The timing of the compensation packages varied between airports, however it tended to be spent in both discrete periods or on a longer term basis. The amounts expended have been indexed using each country's historical average CPI rates. The midpoint of the expenditure period was used as the base year to apply inflation and index into 2016 in the local currency. Using a March 2016 exchange rate, these amounts were converted into the local currency of GBP.

The data differs to the CAA analysis for a variety of reasons including differing exchange rates, inflation periods and data sources

³ CAA Analysis within the Airports Commission: Final Report, Table 14.3 Comparison of historic airport spend on compensation and noise mitigation as part of airport expansion with Heathrow Airport Ltd (HAL) proposals, Airports Commission, July 2015, <https://www.gov.uk/government/organisations/airports-commission>

3. Summary of Comparator Airports

3.1 Frankfurt am Main – Frankfurt, Germany

3.1.1 Airport Summary

Frankfurt am Main airport (Frankfurt) in Germany is the primary airport serving the Frankfurt region and is the fourth busiest airport in Europe. The airport is located approximately 11km from downtown Frankfurt and surrounded by the Frankfurt City Forrest and residential suburbs. Its facilities include four runways, with the most recent runway opening in 2011. In 2015, the airport handled 61.0 million passengers.

The opening of the new runway in 2011 increased capacity by approximately 40% and coincided with new noise regulations. Despite the additional noise regulations, noise from the airport continues to be protested against. In 2007 an initial package of 7 noise abatement measures were agreed with Fraport, the German State of Hesse and the Regional Dialogue Forum⁴.

In 2012, the Alliance for More Noise Abatement identified a further 19 noise abatement measures that have been placed in operation, in trial phase or currently under development. The Alliance for More Noise Abatement 2012 represents the State of Hesse, the Regional Airport Forum and representatives of the airlines and air traffic control.

3.1.2 Noise Compensation Measures

Frankfurt has an extensive array of measures operating during the day and night designed to reduce in the impact of aircraft noise. The following operational measures apply:

- ▶ Preferential runways for landings and departures, also dictated by the aircraft's noise certificate
- ▶ Limitation on reverse thrust
- ▶ Restrictions on engine tests, run-ups and extensive maintenance
- ▶ Increased ILS⁵ glide slope of 3.2 degrees

Specifically, in the evening period:

- ▶ All flights banned between 11pm to 5am
- ▶ Capped number of flights in the evening shoulder periods
- ▶ Restrictions on when noisy aircraft can fly
- ▶ Seven hour respite periods currently being tested
- ▶ Use of Continuous Descent Approach

These measures are supported by a noise insulation program and the Casa Program – a voluntary program for the acquisition or compensation of noise affected properties. The Casa Program was expanded under the Alliance for More Noise Abatement in 2012 and the deadline extended to October 2014. Homes in the day and night protection zones as defined by the Aircraft Noise Abatement Act were eligible for passive noise abatement measures. The day protection zone 1 is statutorily defined as 60dB LAeq Day and the night protection zone

⁴ The Regional Dialogue Forum 2000-2008 – 33 members including representatives of towns and cities, NGOs, industry, airport, airlines and air traffic control, churches, unions

⁵ ILS refers to Instrument Landing System; an internationally normalized system for navigation of aircrafts upon the final approach for landing, providing the horizontal as well as the vertical guidance necessary for an accurate landing approach. Source: Instrument Landing System, Sulovsky, A, 2016, <http://instrument.landingssystem.com/>

as 50dB LAeq Night At the end of 2014, there were over 75,000 people living in the night protection zone.

The Casa Program covered areas under low altitude flight paths. Depending on location, you were offered acquisition at market value or compensation based on a value per square unit. Approximately 266 compensation payments were made and 250 properties acquired

3.1.3 Expenditure on Compensation Measures

The sound insulation program began in 2001 and approximately €420mn in funding is available. €270mn is provided by the Regional Fund and €150mn is provided by the airport, funded through noise charges levied. These charges include

- Noise abatement charge with a fixed and variable component. The variable component is based on noise category with a surcharge for movements at night

Funding available under the Casa Program was increased from €70m to EUR100m in 2012 and expanded to a wider area. For modelling accuracy, we have focused on the increased commitment of the program. The figures below have been indexed to 2016.

Program	Expenditure in local currency	Expenditure in GBP (XR 1GBP = 1.25EUR)
Insulation	€468m	£374m
Casa Ext'	€31m	£25m
Total	€498m	£399m
	Program began	Program ended
Insulation	2001	Ongoing
Casa Ext'	2012	2014
	Period of Program	Passenger numbers at end of period
Insulation	15 years+	61m (2015)
Casa Ext'	2 years	60m (2014)
	Population within the 55db Lden Contour	
	238,700	
	Annual Spend per Passenger	Annual Spend per Passenger in Contour
Insulation	GBP 0.41	GBP104.48
Casa Ext'	GBP 0.21	GBP51.65
Total	GBP 0.62	GBP 156.13

We have not quantified the impact of other operational noise abatement measures in place at the airport. Additional charges related to noise, however not used to specifically fund noise mitigation measures include:

- Noise charge as part of take-off and landing charges, which is based on noise category and time of day/night. Marginally compliant aircraft with respect to ICAO standards receive an additional surcharge, while quieter aircraft receive a discount
- Airlines are eligible for a partial refund on their fees under an incentive program whereby growth in passenger numbers is achieved with quieter aircraft.

3.2 O'Hare International Airport – Chicago, USA

3.2.1 Airport Summary

O'Hare International airport (O'Hare) in Chicago, USA is the primary airport serving the Chicago region and the fourth busiest airport in the world in terms of passenger numbers. The airport is located approximately 30km northeast from downtown Chicago and surrounded

by suburbs on all sides. Its facilities include eight runways, with the most recent runways opening in 2008 and 2013. In 2015, the airport handled 76.95 million passengers.

In 2001, the Mayor announced the O'Hare Modernisation Program, which would reconfigure the airfield into a parallel east-west runway layout and increases the airport's safety and capacity. The shift from diagonal to an east-west runway configuration has seen a surge in noise complaints, in particular with the opening of the new runway in October 2013. The City of Chicago Department of Aviation (airport owner and operator) has traditionally addressed aircraft noise through the formation of the O'Hare Noise Compatibility Commission and the voluntary 'Fly Quiet' program operational procedures.

More recently in February 2016, the Department of Aviation announced it had reached agreement with the major airlines to build a new runway, due for completion in 2020. This new runway would complete the modernisation program and see the decommissioning of an existing runway. Details of any planned compensation measures have not been released, however the Department of Aviation in conjunction with the O'Hare Noise Compatibility Commission, are currently reviewing changes to the Fly Quiet Program.

3.2.2 Noise Compensation Measures

Since 1997, the airlines have voluntarily adopted the recommendations of the Fly Quiet Program. The program is a set of operational procedures to be followed between 10pm and 7am and include the following recommendations:

- ▶ Preferential runway combinations for arrivals and departures
- ▶ Recommended flights paths and use of runways to limit noise on surrounding communities
- ▶ Quiet climb configuration until 3000 feet and requirement to maintain 4000 feet until turning on final approach
- ▶ Engine tests to take place in the purpose built Ground Run Up Enclosure

The key component of noise compensation measures is the Residential Sound Insulation Program and the School Sound Insulation Program. Residential properties and schools identified in noise contour of the O'Hare Modernisation Program Environmental Impact Statement were eligible. To date 10,922 homes have been insulated and all 124 eligible schools have received funding for insulation measures.

3.2.3 Expenditure on Compensation Measures

The Residential Sound Insulation Program began in September 2005 and will conclude by the completion of the O'Hare Modernisation Program expected to be in 2020. Approximately \$200mn has been spent on the program to date.

The School Sound Insulation Program began in 1982 and 123 of 124 eligible schools has been insulated with the remaining school in process. Approximately \$350mn has been spent on the program to date.

The program is funded 80% by the US Federal Aviation Administration and 20% by airport revenues. The figures below have been indexed to 2016.

Program	Expenditure in local currency	Expenditure in £ (XR 1GBP = 1.43\$)
Residential	\$222mn	£155mn
School	\$511mn	£357mn
Total	\$732mn	£512mn
	Program began	Program spending to date

Program	Expenditure in local currency	Expenditure in £ (XR 1GBP = 1.43\$)
Residential	2005	Ongoing – due 2020
School	1982	Ongoing
Period of Program		Passenger numbers in year 2015
Residential	10 years	77mn
School	33 years	77mn
Annual Spend per Passenger		
Residential	GBP 0.20	
School	GBP 0.14	
Total	0.34	

We have not quantified the impact of other operational noise abatement measures in place at the airport.

3.3 Paris Charles de Gaulle – Paris, France

3.3.1 Airport Summary

Paris Charles de Gaulle airport (Charles de Gaulle) in France is one of two international airports serving the Paris region, however the largest in terms of passenger numbers and the second busiest airport in Europe. The airport is located approximately 26km from central Paris and is surrounded by predominately agricultural land, with some populated areas. Its facilities include four runways, with the most recent runways opening in 1998 and 2000. In 2015, the airport handled 65.8 million passengers.

Various authorities and measures are in place to monitor noise impacts. The ACNUSA (Autorité de Contrôle des Nuisances Aéroportuaires) is a national body and was created in 1999 following the opening of the third runway. The Authority's purpose is to develop economic activity and employment generated by aviation, while balancing the environment of the local residents. In 2003, the government implemented the IGMP 'Indicateur Global Mesuré Pondéré'), the Measured and Weighted Noise Indicator. This is a regulatory noise cap ensuring noise levels can't exceed average noise levels recorded between 1999 and 2001.

3.3.2 Noise Compensation Measures

The airport has a range of noise abatement procedures in place. These include:

- ▶ Preferential runways for take-offs and landings
- ▶ Procedures for take-off and initial climb
- ▶ Restriction on engine trials in the evening
- ▶ Restriction on the use and time noisy aircraft can operate
- ▶ Use of Continuous Descent Approach in the evening
- ▶ Capped number of evening flights
- ▶ Requirement for a slot to take-off/depart in the evening

Residents around the airport are also offered financial grants to soundproof their homes. The Noise Disturbance Plan map of their airport determines which residents are eligible for aid. Since 1995, 15,537 homes and 69 public buildings have received insulation.

3.3.3 Expenditure on Compensation Measures

The sound insulation program began in 1995 and is ongoing. The French Civil Aviation Authority provides funding to the program through applying a noise pollution tax reflecting the aircraft's departure time and acoustic group. Landing fees are also adjusted based on the aircraft's acoustic group and time of movement

We have modelled the most recently available data of 8 years between 2007 and 2014, where €203mn was spent on the sound insulation program. Figures below have been indexed to 2016.

Expenditure in local currency	Expenditure in GBP (XR 1GBP = 1.25EUR)
€214mn	£171mn
Program data start date	Program data end date
2007	2014
Period of Program Data	Passenger numbers in year 2014
8 years	64mn
Population within the 55dB Lden Contour	
171,300	
Annual Spend per Passenger	Annual Spend per Resident in Contour
GBP 0.34	GBP 125.14

We have not quantified the impact of other operational noise abatement measures in place at the airport.

3.4 Schiphol – Amsterdam, the Netherlands

3.4.1 Airport Summary

Amsterdam Airport Schiphol (Schiphol) in Amsterdam, the Netherlands is the primary airport serving Amsterdam and the Netherlands. The airport is located approximately 16km northeast from central Amsterdam and surrounded by suburbs and pastoral land with the ocean to the west. Its facilities include five runways, with the most recent runways opening in 2003. In 2015, the airport handled 58.2 million passengers.

To coincide with the opening of the new runway, new noise and environmental restrictions for the operation of Schiphol were introduced in the Aviation Act. The Act came into effect in 2003 and was followed by the Airport Traffic Decree and Airport Planning Decree, stipulating limits for noise pollution, maximum noise volume and land use surrounding the airport. In 2009, the Alders Platform (a consultative advisory body) also recommended a cap on the number of flights until 2020.

3.4.2 Noise Compensation Measures

Schiphol has a range of operational procedures and legislative restrictions governing aircraft noise:

- ▶ Maximum celling of overall aircraft movements per year and in the night until 2020
- ▶ Slots allocated for all departures and arrivals
- ▶ Use of continuous descent approach in the evening
- ▶ Preferential runways to reduce noise impact
- ▶ Maximum annual noise level requiring shift to other runways
- ▶ Restrictions on when 'noisy aircraft' can operate

These measures are in addition to a noise insulation program and a property acquisition and demolition program. Sound insulation has been available for eligible buildings since 1984 and been provided to over 13,297 homes. With the introduction of new noise limits in 2003, 125 houses and 32 other buildings were acquired and demolished for noise and safety reasons.

3.4.3 Expenditure on Compensation Measures

The sound insulation program has taken place over three phases and cost approximately €805mn since the program began in 1984. The demolition and acquisition program took place between 2003 and 2005 and cost €63mn. An additional demolition and acquisition program took place between 2008 and 2015 for residents living just outside the contours that were not eligible for the main program and cost €30mn

The programs have been historically funded by a Government Planning Compensation Levy, an Airport Noise Insulation Levy and take-off/landing charges that were adjusted for noise category and time of arrival/departure.

The figures below have been indexed to 2016.

Program	Expenditure in local currency	Expenditure in GBP (XR 1GBP = 1.25€)
Noise Insulation (Phase 1-3)	€805mn	£644mn
Demolition and Acquisition – Main	€76mn	£61mn
Demolition and Acquisition – Ex Contour	€32mn	£26mn
Total	€813mn	£730mn
	Program began	Program ended
Phase 1	1984	1997
Phase 2	1997	2005
Phase 3	2005	Ongoing
Demolition and Acquisition – Main	2003	2005
Demolition and Acquisition – Ex Contour	2008	2015
	Period of Program	Total Spending Period
Phase 1	13 years	31 years
Phase 2	8 years	
Phase 3	10 years	Passenger Numbers at End of Spending Period
Demolition and Acquisition – Main	2 years	58mn
Demolition and Acquisition – Ex Contour	7 years	
	Annual Spend per Passenger	Annual Spend per Resident in Contour
Average	GBP 0.41	GBP 539

We have not quantified the impact of other operational noise abatement measures in place at the airport.

3.5 Sydney Airport – Sydney, Australia

3.5.1 Airport Summary

Sydney Airport (Sydney) in Australia is the only commercial domestic and international passenger airport serving the Sydney region. The airport is located 12.5km away from downtown Sydney and surrounded on three sides by suburbs and a bay on the fourth side. Its facilities include three runways, with the third runway opening in 1994. In 2015 the airport handled 39.7 million passengers

The opening of the runway was heavily criticised for the additional noise it created over residential areas and the communication of the expected impacts in the runway's Environmental Impact Statement. In response the Government introduced several key pieces of legislation to balance the impact of aircraft noise with the efficient operation of the airport. These legislative measures along with the airport's Long Term Operating Plan were also designed to share the aircraft noise across the community rather than it being concentrated under the same flight paths. These measures are discussed in the following sections and are a key reason for including this airport in this report.

Following decades of indecision on addressing future airport capacity constraints, the Government has elected to build a second airport for the Sydney region 'Western Sydney Airport'. The Government has nominated a site for the new airport approximately 50km to the west of the current airport and downtown Sydney and commenced development negotiations. We have not included any compensation measures planned for noise impacts from the new airport, as the airport is still in planning stages and is located in a rural area.

3.5.2 Noise Compensation Measures

Following the opening of the runway, various operational measures were introduced to address aircraft noise. Key measures of the Sydney Airport Curfew Act 1995, Sydney Airport Demand Management Act 1997

- ▶ Cap of 80 runway movements per hour and requirement for an allocated slot for take-off and landing
- ▶ Noise sharing targets for the areas surrounding the airport
- ▶ Directing as many flights as possible over water and non-residential areas
- ▶ Rotating preferential runways to enable respite periods
- ▶ Ban on night flights between 11pm and 6am with the exception of freight operators, which receive a quota and a maximum of 24 international passenger landings each week between 5am and 6am.
- ▶ Restrictions on when 'noisy' aircraft can operate

Under the Sydney Airport Noise Amelioration Program, residential properties were voluntary acquired or offered financial assistance for sound insulation measures depending on the application of the noise contour, which was reviewed annually. Public buildings such as schools, hospitals and churches also received sound insulation. 4,083 homes and 99 public buildings were insulated, and 147 residences were voluntary acquired.

3.5.3 Expenditure on Compensation Measures

The sound insulation and acquisition program began in November 1994 and concluded in – mid 2004. Approximately AUD 408mn were spent on the program. The sound insulation and acquisition program was fully funded by a noise levy on all landings under the Aircraft Noise Levy Act 1995. The figures below have been indexed to 2016.

Nominal Expenditure in local currency	Expenditure in GBP (XR 1GBP = 1.87AUD)
AUD 654mn	£350mn
Program began	Program ended
End of 1994	Mid-2004
Period of Program	Passenger numbers in year 2004
10 years	28mn
Annual Spend per Passenger	
GBP 1.27	

We have not quantified the impact of other operational noise abatement measures in place at the airport.

3.6 Suvarnabhumi Airport, Bangkok

3.6.1 Airport Summary

Suvarnabhumi Airport (Suvarnabhumi) in Bangkok, Thailand is the primary airport serving the Bangkok region. The airport opened in 2006 and took the majority of traffic from the existing Don Mueang Airport. The airport is located approximately 30km east from downtown Bangkok and surrounded by pastoral land, villages and suburbs. Its facilities include the original two runways, with a third runway in the assessment stage.

In FY 2015, the airport handled 52 million passengers and 800 flights per day, far exceeding the intended capacity of 45 million passengers and 600 flights per day. Various expansion projects are being planned including a new domestic and satellite terminal, expansion of the current terminal and a third runway. These projects when complete in 2020 would increase capacity to 85 million passengers.

3.6.2 Noise Compensation Measures

The airport has historically been run to maximise the highest rate of arrivals and departures and has limited operational measures designed to reduce noise impact. Previous requests to institute a limit on night flights were rejected on the basis of economic impact. The measures noted are:

- ▶ Departure and arrival procedures requiring acceleration to 3000 feet and reduced thrust
- ▶ Ban on certain noisy aircraft

As an ICAO Contracting State, the airport has banned aircraft exceeding 103 dB, however it is unknown whether the recommendation to ban Chapter 2 aircraft has been adopted as seen in continental Europe.

Residents impacted by noise were offered compensation for sound insulation measures or acquisition of their properties, based on the noise contours developed by the Pollution Control Department, Thailand. Initially the program was only to apply to properties prior to construction to 2001; however this was amended to include certain properties constructed prior to 2006. Since the airport opened up until August 2014, 14,916 households and 21 noise sensitive buildings (e.g., hospitals and religious buildings) had received compensation.

3.6.3 Expenditure on Compensation Measures

The total compensation available for the program was revised in response to protests and disputes with the affected residents. Initially THB 736 million was made available when the airport opened and was subsequently increased in 2009 to THB 11.2 billion. The government (also majority owner of the airport) is understood to have provided a level of funding.

From opening date up until August 2014, approximately THB 4,099 million had been paid in compensation, however this program is ongoing. The figures below have been indexed to 2016.

Expenditure in local currency	Expenditure in GBP (XR 1GBP = 50.3THB)
THB 4,667mn	£93mn
Program began	Program data end date
2006	2014
Period of Program	Passenger numbers in year FY2014
8 years	46 million
Annual spend per passenger	
GBP 0.25	

We have not quantified the impact of other operational noise abatement measures in place at the airport. Suvarnabhumi is currently in the early stages of planning an additional runway. The government has previously indicated THB 7,900mn/£157mn in compensation would be available; with an average of 85 million passengers expected by 2025 this would equate to a total of GBP 1.85 per passenger.

4. Noise Compensation Offered by Potential Expansion Airports

In July 2013, the Airports Commission received proposals from 52 interest parties regarding long term aviation capacity. The Airports Commission reviewed the proposals and published an interim report in December 2013. Of these proposals, two options for additional capacity at Heathrow Airport and one at Gatwick Airport were shortlisted by the commission as credible options. The two proposals at Heathrow were put forward by Heathrow Airport Limited (HAL) and Heathrow Hub Limited (HHL). The two proposals are quite different but for the purposes of this study we have assumed that the proposal from HHL would be taken forward by HAL and we therefore only set out the compensation and mitigation package proposed by HAL.

Revised proposals were submitted by scheme promoters to the Airports Commission in May 2014, including the compensation and mitigation packages offered by promoters. A further iteration of compensation packages took place before the conclusion of the Airports Commission's work.⁶ In February 2015, Heathrow Airport Limited published on its website a revised proposal for noise mitigation in residences with an updated proposed insulation package. The main components of the packages are summarised below. The information below reflects the most recent public positions of each of the airports as of 31 March 2016.

4.1 Gatwick Airport Limited

Features of Gatwick Compensation Scheme⁷

Contribution to council tax of £1,000 (indexed) for residents within the 57 dBA Leq 16 hour noise contour

Minimise noisy ground operations – Explore the possibility of a ground run up pen

Maintain restrictions on the use of noisy aircraft

£131mn allocated to compulsory purchase (168 properties) at 25% above unblighted market price plus taxes and costs. Expansion of Home Owners Support Scheme to owners of properties newly impacted by noise. Eligible property owners may have their homes purchase at unblighted market value

Avoid overflying over densely populated areas and review flights path to minimise the impact of noise

Introducing night time preferential runways, allowing for respite periods

Noise insulation scheme to all properties in 60dB LAeq newly impacted by the runway

£46.5mn Community Infrastructure Fund to support housing growth at £5,000 per house.

4.2 Heathrow Airport Limited

Features of Heathrow Compensation Scheme⁸

Over £1bn allocated to noise insulation or compensation. Properties within the worst affected noise areas (the 69dBLeq) contour will continue to qualify for relocation assistance.

Steeper landing approaches and landing 700m further down the runway

Phasing out of the remaining noisiest aircraft (chapter 3) – already charge more for noisy aircraft to land, and less for quieter aircraft

£300mn allocated to compulsory purchase of 750 homes, 25% above unblighted market value plus legal fees and stamp duty costs on their new home. £250m allocated to voluntary purchase of 3,750 homes in 'Heathrow Villages'.

⁶ Airports Commission: Final Report, Airports Commission, July 2015, <https://www.gov.uk/government/organisations/airports-commission>

⁷ A Second Runway for Gatwick – Updated Scheme Design Submission, Gatwick, May 2014, http://www.gatwickairport.com/globalassets/publicationfiles/business_and_community/all_public_publications/second_runway/airports_commission/gatwick_sd4_mitigation_strategies_final.pdf

⁸ Taking Britain Further – Heathrow's plan for connecting the UK to growth, Heathrow, May 2014, http://www.heathrow.com/file_source/Company/Static/PDF/Companynewsandinformation/taking_britain_further.pdf
<http://your.heathrow.com/newpropertycompensation/>; <http://your.heathrow.com/heathrow-unveils-new-world-class-insulation-scheme/>

Redesigning arrival and departure flight paths to reduce impact of noise

No increase (or reduction in night flights). Rotation of runways at night would reduce night flights on existing flight paths and allow for respite periods

£700mn budget for insulating properties, which compares to £30mn over the past 20 years. In total Heathrow estimate that over 160,000 residences would be eligible for some form of support.

Residences would qualify for insulation works if they fell within the 55dB Lden contour. Residences within the 60dB Leq contour would qualify for full noise insulation. Heathrow estimates that in 2011 there were 39,500 properties in this range. Other residences would be offered insulation up to a cap of £3,000

Works necessary for noise insulation would be established by independent survey paid for by the airport. The works are likely to include acoustic double glazing, insulation to bedroom ceilings and loft insulation and ventilation

Support only giving new capacity to airlines operating quieter aircraft

Contributions to programs for the community including, £60mn for Community Infrastructure Levy, £57mn for S106 payments and £40mn for schools and community building insulation

5000 new apprenticeships 2015-2030

4.3 Conclusions of the Airport Commission in relation to noise

In July 2015, the Commission published its final report and recommended Heathrow Airport as the site for an additional runway. As part of this report, the Commission recommended a series of measures to address the impact of a new runway on the local environment and communities.

Recommendations Made by the UK Airports Commission⁹

Following construction of a third runway at the airport there should be a ban on all scheduled night flights in the period 11:30pm to 6:00am. This is only possible with expansion.

A clear 'noise envelope' should be agreed and Heathrow Airport must be legally bound to stay within these limits. This could include stipulating no overall increase above current levels.

A third runway should allow periods of predictable respite to be more reliably maintained

Heathrow Airport Ltd should compensate those who would lose their homes at full market value plus an additional 25% and reasonable costs. It should make this offer available as soon as possible.

Heathrow Airport Ltd should be held to its commitment to spend more than £1 billion on community compensation. In addition, a new aviation noise charge or levy should be introduced to insure that airport users pay more to compensate local communities. Taken together these would fund enhanced noise insulation and other schemes. Support for schools should be included as a priority.

A Community Engagement Board should be established under an independent Chair, with real influence over spending on compensation and community support and over the airport's operations.

An independent aviation noise authority should be established with a statutory right to be consulted on flight paths and other operating procedures

Training opportunities and apprenticeships for local people should be provided so that nearby communities benefit from jobs generated by the new infrastructure

A major shift in mode-share for those working at and arriving at the airport should be incentivised, through measures including new rail investments and a continuing focus on employee behaviour change. A congestion or access charge for motor vehicles should also be considered.

Additional operations at an expanded Heathrow must be contingent on acceptable performance on air quality. New capacity should only be released when it is clear that air quality at sites around the airport will not delay compliance with EU limits.

A fourth runway should be firmly ruled out. The government should make a commitment in Parliament not to expand the airport further. There is no sound operational or environmental case for a four runway Heathrow.

⁹ Airports Commission: Final Report, the Airports Commission, July 2015, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/440316/airports-commission-final-report.pdf

1. Works necessary for noise insulation would be established by independent survey paid for by the airport.
2. The works are likely to include
 - a. Acoustic double glazing
 - b. Insulation to bedroom ceilings
 - c. Loft insulation and ventilation

5. Comparison and Analysis

5.1 The Purpose of the Analysis

We have been asked by the DfT to examine the approach of airports comparable to Heathrow or Gatwick, to mitigating and compensating local communities for the impact of airport operations and expansion projects. In this report we have set out the approaches of the airports based on information available in the public domain and, where possible, through communication with appropriate personnel at the airports.

The actions and mechanisms employed by these comparator airports represents the components of mitigation and compensation packages deployed globally, and therefore provides a measure of what should be considered 'world class' in the context of mitigation and compensation for noise impacts on affected communities.

5.2 Main Elements of World Class Mitigation and Compensation Packages

5.2.1 Local Drivers of Mitigation and Compensation

Each of the airports studied have created compensation and mitigation packages that first and foremost have been developed for their own local circumstances. This includes circumstances such as:

Ownership of the airport

The sources of funds, the approach to community engagement and the bodies through which mitigation and compensation payments are made, differ across our sample of airports in line with the differing ownership models of the airports.

The O'Hare Noise Compatibility Commission (ONCC) in Chicago for example, is an inter-governmental body bringing together local and city representatives to engage with local communities. The programmes at O'Hare are largely funded by Federal resources which in turn, dictate factors such as spending limits and timing, key factors in ONCC's development of a remediation works programme. This reflects the publicly owned status of O'Hare.

Sydney Airport, on the other hand, is privately owned and much of the current mitigation measures undertaken are initiatives funded by the airport. However, the previous noise insulation programme at the airport was in fact a Government programme but funded through noise levies on airlines using Sydney Airport.

Therefore, the nature of the package can change depending upon the consequences of the package for the ultimate owners of the airport, or the legislative ownership environment in which it operates.

Previous approaches and experience in noise management and compensation

In our analysis there was a clear desire for airports and authorities to respond to the lessons learned from early noise and expansion schemes, both locally and across the world. This was particularly the case where the prevailing view was that previous measures had been inadequate or poorly implemented.

Frankfurt and Schiphol have both stated publically that their current approach has been directly influenced by the lessons of past schemes.

Local community preferences

All of the airports we discussed these issues with highlighted the need to structure the package to address local concerns rather than be comparable to generic packages elsewhere.

Frankfurt Airport for example put in place an extensive public engagement programme to ensure that locally affected communities could help shape the structure of the compensation and mitigation package and thereby enhance its acceptability to the relevant parties. Equally in the case of O'Hare, the local government representation in the ONCC strongly incentivised the group to respond to local preferences.

Claims management process

The mechanisms for processing claims for support or direct intervention by the appropriate authority (the airport or other agency), is to a degree driven by the scale of claims that are likely to be experienced. In the case of ONCC, there were potentially a large number of properties subject to works or claim and combined with an annual budget cycle, the creation of an efficient process of claim handling was essential to controlling the quality of works undertaken and costs of the claim handling process.

5.2.2 Elements Common to Approaches to Mitigation and Compensation

Our review has identified the following elements which are common to approaches adopted by the comparator airports and within which local variations have been accommodated.

In order for the UK capacity expansion compensation package to be considered 'world class', the package should arguably contain at least the elements discussed below, recognising that local priorities may affect their relative contribution.

Direct measures to mitigate noise within properties

All of the airports considered included measures whereby residents affected by aircraft noise could benefit from installation of noise mitigation measures within their properties. The approach of each airport to this element of mitigation and compensation is discussed in the following sections.

Financial compensation to residents

In this report we have drawn a distinction between measures mitigating noise in properties, and compensation provided to owners or residents for loss of utility of their properties.

Typically financial compensation is paid to affected residents as part of a home purchase scheme. This is distinct from the purchase of properties where land is purchased to allow physical expansion of the environs of the airport (compulsory purchase in the UK).

Where properties are purchased to enable expansion of the airport, the local legal mechanisms relating to compulsory purchase typically apply, and therefore, the compensation amount is directly related to the market value of the property (assuming no expansion were to occur).

Community engagement and public realm measures (including Air Quality)

These measures include actions undertaken by the airport or responsible noise body to engage with local communities. For example the establishment of public engagement bodies or committees is a common approach to engaging with the local community.

Also included within this category of measures, is expenditure on community and public realm assets that enhance the general utility of the area or address particular community concerns.

The last component of this measure is any actions related to enhancing air quality. Within the EU, it is a legal requirement of the airport to ensure that air quality standards are met.

Traffic management including airspace management

The final group of measures we identified were actions taken by or imposed upon the airport to limit noise through restrictions on air traffic. This includes limitations on the operating hours

of the airport, adjustments to existing flight paths and ground operation limitations. Each of these restrictions is described in more detail below.

5.2.3 Direct Measures to mitigate noise within properties (Insulation)

Each of the airports considered had mechanisms to support residents in the installation of noise mitigation measures within dwellings most impacted by aircraft noise.

The table below shows the total of these costs identified at each airport under review.

	O'Hare	Schiphol	Frankfurt	Sydney	Charles de Gaulle	Suvarnabhumi
Total Spend (£'mn)	512	644	374	350	171	93

The calculation of these values is set out in Appendix A-F. The drivers of these costs are set out below.

Areas impacted by noise and numbers of properties affected

There are numerous international standards for measuring the impact of noise on local populations and within the airports we have studied, these have changed over time. There are also significant differences in population density at the respective airports and as such, the scale of expenditure will also vary.

In the following cases, we have been able to establish the number of properties that have been subject to funded insulation measures and therefore can estimate the expenditure per property.

	O'Hare	Suvarnabhumi	Sydney
Insulation spend per property (£'000)	14	6	81

The result for Sydney is not directly comparable as it includes significant costs incurred on public buildings and other noise sensitive properties. It is also worth noting in the case of Sydney, a significant number of lightweight construction houses were present within the noise contours, which required substantial additional structural works to allow sufficient insulation.

In the final iteration of the Sydney scheme, the value of insulation costs for domestic properties were capped at A\$60,000 (initially this was A\$40,000). We do not have access to detailed expenditure by class of dwelling to disaggregate the total programme costs by property type. However, the final number of residences insulated was 4,083 and therefore if each property was subject to the maximum expenditure (A\$60,000) then the total domestic expenditure would be in the region of \$245mn, which compares to total real program estimate of A \$408mn

Our review of insulation activity in Charles de Gaulle suggested that insulation works in 2004 were on average c€10,000 per property (£9,200 nominal), representing approximately 85% to 95% of the actual costs incurred.

For comparison to the UK Gatwick Airport currently caps expenditure on noise insulation to £3,000 per property.

Heathrow does not impose a cap but will currently fund up to 50% of glazing works and all loft insulation works. The revised proposals from Heathrow would on average lead to expenditure of £8,600 on the 56,000 worst affected properties. For the remaining 106,000 properties a financial contribution to works would be made, with an approximate spend per property of £2,200.

Flexibility in spending is inevitable. Although some of the airports in this study set aside a publicised amount of money for noise insulation, it has been an assessment of the needs of individual properties – the qualification criteria – usually determines the final cost.

Expenditure by population

An alternative approach to assessing expenditure is to consider the total expenditure per resident in the airport's chosen noise insulation area. This is an indirect measure as it is commonly recognised that noise impacts are not evenly distributed across areas in contours and that an individual's perception of impact may also differ.

	Sydney*	Schiphol	Charles de Gaulle	Frankfurt
Insulation spend per capita in 55 Lden Contour (£)	3,800	3,000	1,000	1,600

¹Sydney is based upon the population within the 20 ANEI contour as this is the nearest equivalent contour to 55 Lden.

In comparison, if Heathrow's proposal of £700mn is applied to the 55Lden¹⁰ population, the per capita spend would be c£1,091. The capita per spend would increase to £2,800 using the UK standard of 57 Leq due to the substantial reduction in population size in this contour.

5.2.4 Specification of Works

The review of expenditure in section 5.2.3 has highlighted the significant variation in the cost of insulation programmes across comparable airports. One of the main drivers may be the impact of local market prices, with cost alone a poor indicator of the comparability of insulation strategies adopted by airports.

In order to remove the impact of local market costs, we have considered the scope of works that airports have undertaken to insulate homes. This approach focuses upon the objective of insulation works rather than the input cost to the airport or public authority.

In determining the scope of works to be carried out, a number of choices and scoping strategies have been adopted by the airports as discussed below:

Sydney Airport

The scope of works available to residents included the following

- ▶ Air conditioning and or ventilation
- ▶ Blocking of external vents and openings
- ▶ External door seals and sound proofing (including glass sliding doors)
- ▶ Acoustic and thermal proofing of glazing
- ▶ Ceiling and roof noise insulation

The precise nature of the works was established by an independent 'scoper'. Works were sourced by the homeowner and completed by contractors based upon three quotes.

¹⁰ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/439684/noise-local-assessment-compendium-of-ancon-modelling-results.pdf

O'Hare Airport

In the case of O'Hare the works include

- ▶ Windows
- ▶ External doors and seals
- ▶ Sliding Glass doors
- ▶ External vents

Comparability Criteria

In order to be considered comparable to packages of mitigation works supported at other global airports, the UK compensation package should contain at least the following measures

- ▶ A clear and transparent criteria for the degree to which noise impacts would trigger support
- ▶ A clear description of the works that the occupier should expect to benefit from and the degree of noise reduction those measures would achieve
- ▶ A programme of works that enables the most affected properties to be addressed first
- ▶ Application of higher levels of noise mitigation to be applied in properties with noise sensitive or vulnerable groups, e.g., schools, hospitals, older persons residences

In order to ensure that the noise mitigation works are delivered on a cost effective basis, two main options have been applied in the comparable airports. These are

- ▶ Works are coordinated by a separate body responsible for the management of claims and delivering the works, although this can be outsourced to contractors
- ▶ Systems that allow residents to choose from pre-approved contractors, working to defined specifications and with set schedules of rates. This work is subject to external scrutiny

While these measures are primarily aimed at ensuring value for money, they have the additional advantage of ensuring noise mitigation standards are achieved in a timely manner and facilitating access to assistance for residents. It was also noted by surveyed airports that these approaches were a good way of engaging residents and reducing resistance to the works process, and thereby aiding the successful delivery of the insulation programme.

All of the insulation schemes we have examined have been carried out over a number of years. This has been particularly the case where public funds have been used to fund the insulation costs. In any event, where the insulation works programme is expected to be extensive, giving the worst affected occupiers confidence they will be addressed first is an important part of building positive stakeholder relationships.

Funding of Insulation Works

The way in which costs of these direct measures was funded fell into two categories

- a. Costs were incurred and paid for directly by the airport in question or related central government funds
- b. Costs were incurred by the resident and reimbursed by the airport or central government funds

The use of central government funds is limited to cases where the airport is majority owned by public bodies.

5.2.5 Financial Compensation to Residents

In this report we have drawn a distinction between measures mitigating noise in properties and compensation provided to owners or residents for loss of utility in their properties. Typically financial compensation is paid to affected residents as part of a home purchase scheme. This is distinct from the purchase of properties where land is purchased to allow physical expansion of the environs of the airport (compulsory purchase in the UK). Where properties are purchased to enable the development of the airport, the local legal mechanisms relating to compulsory purchase typically apply, and therefore the compensation amount is directly related to the market value of the property (assuming no expansion were to occur).

In our review of the approach to mitigation and noise compensation, we have identified three airports where the airports have put in place voluntary schemes for property purchase to mitigate the noise impacts.

Frankfurt CASA Programme

In the case of Frankfurt, the purchase scheme was pursued through the CASA programme. Residents located within an area where the flight path was less than or equal to 350m above ground, were offered financial compensation or the purchase of their property. This height was chosen as it represented a threshold where aircraft noise and disruption was most significant to residents.

By October 2014, 247 compensation payments had been made and 245 properties had been purchased. At that time a further 156 applications for compensation had been made by residents and 188 additional applications for purchase were under consideration.

This voluntary programme costs cEUR100m. Properties purchased by this scheme are managed by a subsidiary of Fraport and will be either sold on or let to tenants for market rents.

O'Hare

A similar scheme has been deployed in O'Hare where properties have been purchased at market value. In the case of O'Hare, residents qualified for an additional package of assistance from the Federal Relocation Programme enabling them to benefit from measures such as relocation consultancy and moving costs. The Federal regulations require purchasers to make an offer to the owner which is 'just' and not less than an independent view of unblighted market value. We have not been able to identify whether the 'just' offer represents any average premium to market value. We note however that the market value informing the basis of the offer had been established before the changes in the housing market from 2008 onwards.

Schiphol

Schiphol was the only other airport we found in our study to have had an extensive property purchase and demolition programme. This was driven largely by the view that properties in the highest noise affected zones should be limited to industrial and commercial use. Between 2003 and 2005 the airport purchased 43 domestic properties and 11 other buildings within the 65Ke and 71dB (A) contours. This programme cost €22.8m (real) and the properties were scheduled for demolition. The purchase price was based upon market value (unimpaired) plus costs to move.

5.2.6 Community Engagement and Public Realm Expenditure

The following airports have put in place independent organisations to manage engagement with the community and manage delivery of mitigation and support packages.

O'Hare

The O'Hare Noise Compatibility Commission is a public body which is independent of the airport and responsible for reducing the impact of noise in communities surrounding the airport. Its members are drawn from elected representatives of local government including city, county and town authorities. Amongst other responsibilities of the body is management of the mitigation programme across communities.

Schiphol

Since 2015, environmental and development issues impacting the regions surrounding Schiphol are considered by the Environment Council Schiphol. The ECS was created by the merger of the Alders Platform and the Regional Consultation Committee Schiphol Airport.

The ECS consists of two elements. The first of these is the Regional Forum which brings together communities, residents and the aviation industry. The second is the Advisory Board which advises the Ministry of Infrastructure and Environment on issues of policy as they relate to Schiphol.

Both parts of the ECS work under a single President.

The Regional Forum is the part of the ECS most relevant to the expansion of capacity in the UK as it relates to community engagement. The RF consists of

- ▶ Reps from Regional Government
- ▶ Nine reps from municipalities within the 48 dB(A) Lden
- ▶ 10 resident reps from areas within the 48 dB(A) Lden
- ▶ A Ministry of Environment representative
- ▶ Airline representatives
- ▶ A local business representative
- ▶ A rep from an environmental NGO

The RF reflects all of the potential interests in the area, and is essentially an extension of the previously constituted Alders Platform. This has been highlighted by other consultee airports as a market leading community engagement mechanism.

Frankfurt

The construction of Frankfurt's West Runway in the 1980s created exceptionally difficult relationships between Fraport and elements of the local community. This resulted in large scale protests and disruption.

In planning the further development of the airport, the Prime Minister of the Hessian region was expressly concerned with vastly improving community and airport relations. This resulted in a three stage process of engagement namely

- ▶ A mediation stage where key issues and concerns were addressed and outline solutions identified;
- ▶ The creation of a Regional Dialogue forum where the detail of solutions and impacts were brokered; and
- ▶ The creation of the Forum Airport and Region (FFR) being the ongoing monitoring and engagement body.

The mediation process was facilitated by three mediators. It included representatives of

- ▶ Town and cities;
- ▶ NGOs;
- ▶ Local business;
- ▶ Lufthansa and Board of Airlines; and
- ▶ Hessian State officials.

The mediation process took three years to complete. Amongst its recommendations was the creation of a Regional Dialogue forum to ensure ongoing engagement with stakeholders would occur. Ultimately this led to the creation of the Forum Airport and Region (FFR).

The FFR has three directors being

- ▶ 1 independent representative
- ▶ 1 aviation industry representative
- ▶ 1 towns and city representative

The decision making body (Steering committee) draws from the Directors, Hessian State Chancellery and Transport department and experts. Its primary functions are to provide independent data and analysis to the public.

Role of Planning and Approval Authorities

Our analysis has highlighted the need to ensure that the locally affected population is consulted at the time of expansion and throughout the operation of the airport. It should be noted however, the consultative bodies identified in other countries can only recommend changes to the legally responsible bodies in those countries. For example, the consultative bodies do not themselves have planning powers or the ability to change airspace structures.

They do however retain significant role in influencing the decision making authorities. This is particularly the case where, for example in Frankfurt, bodies of State are represented.

The surveyed airports highlighted the importance of these bodies in ensuring clear and effective communication between the airport and communities. In particular, the ability of airports to target measures at priority issues for communities and thereby increase the effectiveness of interventions was seen as an important part of building effective relationships.

The approach adopted in Frankfurt can be seen as mapping to the planning and consenting processes in the UK, in so far as the period through the development of airport proposals and the drafting of the NPS, enables formal and informal consultation to take place. Following the DCO process, formal engagement and monitoring could be undertaken by a body similar to the FFR.

Public Realm Expenditure

As part of a more in depth community engagement process, we identified expenditure, particularly at Schiphol, where the airport has funded public realm works. These projects are typically developed with local communities for local amenity spaces such as parks.

Schiphol currently budgets for c€1m for cultural and community programmes and has a small scale community scheme aimed at projects less than €100k. The Airport Commission scheme of £50m per annum is therefore substantially greater than this level of spend at Schiphol, which is currently seen as a market leader in this field.

5.2.7 Traffic Management including Airspace Management

In addition to measures to mitigate noise impacts within properties and residences, comparator airports have put in place measures to reduce the noise generated by aircraft movements.

There are a number of measures used by comparator airports including

- ▶ Night time and other scheduling of runway operations to remove concentrations of noise over particular areas or at particular times
- ▶ Changes or restrictions to on-field aircraft operations including engine trials and taxiing procedures
- ▶ Adaptations to descent and approach procedures

Night Time and other restrictions

The airports recognised that noise impacts at night are particularly troubling for local populations and have put in place measures to address this. The comparator airports can be split into two categories:

1. Airports with bans on flights in night time hours
2. Airports applying additional limits to, but not bans, on night flying

The airports which have put in place complete limits on night time flying include

- ▶ Sydney – no flights scheduled between 23:00 and 06:00 except freight flights and up to 24 international flights a week
- ▶ Frankfurt – no flights between 23:00 and 05:00 and set limits for evening shoulder periods

The remaining airports have put in place measures to constrain the number of flights and aircraft that may operate at night. For example

- ▶ Paris Charles de Gaulle – Limited to 55 flights per night
- ▶ Schiphol – Limit of 32,000 flights per annum and a total noise limit applied over a year
- ▶ O'Hare – There is no night flight limitation; however proposed changes to the Fly Quiet procedures include rotating runway used in night hours to allow respite periods.

The impact of night time bans were identified by all the airports we contacted as being potentially very significant. One operator of a major airport indicated that in their view such a ban was inconsistent with the operation of a major international hub. This was particularly the case, where such a ban would severely impact flights from major markets where either arrivals or departures might be mis-aligned due to time zone differences.

Other Constraints on aircraft movement numbers

In addition to the constraints on night flights, several airports operate under additional restrictions on aircraft movements.

Details of each airports approach to operating procedures to limit noise impacts are contained in the appendices. Typically the measures take the form of

- ▶ Limiting the number of flights either per hour or per day

- ▶ Restricting the use of noisier aircraft through either charge incentives or operating restrictions
- ▶ Managing flight paths away from populations
- ▶ Rotating runway use so as to spread noise patterns across wider areas
- ▶ Restrictions on ground handling procedures such as engine run-ups, use of reverse thrust and ground power units.

Descent and Departure Adaptations

A common measure put in place to moderate the impact of noise on surrounding communities is the adaptations of descent and departure paths. Fraport for example has extensive measures in place and under development to moderate the noise impact of arrivals and departures. These include

- ▶ Limiting take off speed
- ▶ More frequent continuous descent operations
- ▶ Increasing the glide angle
- ▶ Raising the minimum downwind approach altitude
- ▶ Raising the final approach height

Measures currently under development include

- ▶ Continuous climb operations
- ▶ Increasing ILS
- ▶ Steeper approach procedures
- ▶ Amending the point merge procedures.

Ultimately in the UK the structure and operation of local airspace will be a matter for the airport and regulatory authorities to agree however, the extensive list above shows the types of measures that might be deployed.

6. Conclusions on 'World Class' Compensation Packages and UK Proposals

In line with the scope of our work, we have considered the packages offered by Heathrow Airport Limited and London Gatwick Limited for how they address compensation for noise and other impacts on local populations

We have identified four key elements that are present in global comparators that therefore we expect the UK approach to include to some degree. These are

1. Direct measures to insulate properties affected by aircraft noise
2. Financial compensation to owners who will be required or desire to move as a result of noise
3. The creation of effective and comprehensive engagement with local communities
4. Active measures to control noise generated as a result of aircraft operations.

Our findings under each of these categories are as follows

6.1.1 Direct Insulation Measures

The proposals from HAL and GAL include measures for the installation of noise insulation in properties affected by noise.

The scope of works proposed is comparable to the measures funded by overseas schemes.

HAL specific observations

The current proposals from HAL indicate that the full costs of works would be funded for the worst affected properties. This they define as those properties within the 60dB Leq contour.

The value of support offered to properties outside this contour would be capped at £3000 per property.

While the scope of works would appear to be consistent and driven by survey findings, the capped amount of £3,000 is lower than the amount funded in comparable schemes elsewhere. The lower contour of 55Ldn within which properties would qualify is consistent with other comparable airports.

GAL Observations

As is the case with HAL, the capped value of support would appear to be lower than the costs typically incurred in other insulation measure schemes. The range of works that may be supported is however consistent with the measures undertaken elsewhere.

Drivers for cost differentials

We have not considered the benchmarking data that HAL and GAL point to as relevant in the UK. We would however note some of the potential drivers that may explain significant cost variations between countries.

1. Airports such as Sydney, O'Hare and Suvarnabhumi are located in climates that get significantly warmer than the UK and for which significant costs for including air conditioning or additional ventilation following noise insulation works may be incurred
2. Paris Charles de Gaulle has not imposed a value cap on the value of works; rather it has adopted a subsidy based on percentage of costs incurred by the owner (85%-95%). This may result in costs significantly greater than £3,000 being met by the insulation fund.

3. Many of the programmes identified have been administered by central government and funded in whole or in part from noise charges raised at the relevant airport. This has led to some instances, e.g., Sydney where the administration of the fund and financing of works has been less efficient.
4. It is unclear whether surveys carried out in affected properties have adopted an output based criteria (i.e., that works will be sufficient to lower noise to a defined level) or on input based criteria (i.e., that measures will be defined and the resultant noise will be determined by those set measures). This is likely to have a significant impact upon cost. For example the prevalence of lightweight timber construction methods in Australia meant that significantly more measures were required to reduce noise through walls. Local factors therefore may have a significant effect on the insulation costs. These will be more significant if output based noise measures are adopted in scoping works.

Summary

The insulation proposals in the UK appear to be consistent with comparable measures elsewhere. The cost per property of these measures varies significantly by country and so is in itself a poor indicator of the likely costs that would be incurred in the UK; however the allowance for costs by both HAL and GAL would appear to be low compared to other major western hub airports. It is important to note however that GAL and HAL have extensive experience of the nature of works needed to be undertaken within the properties in the UK and therefore have a good understanding of UK cost drivers. This should enable them to make better cost estimates for the UK and mitigate the need to assume costs in international comparators as indicators of programme costs.

6.1.2 Financial Measures for Loss of Property or High Levels of Noise

All of the airports in this study seek to make financial compensation for properties located within the boundary of any expansion. Commercial property can form a large part of this but is outside of the scope of this study. In the UK such properties fall within the scope of Compulsory Purchase. There are two elements to compulsory purchase in the UK. Firstly payment of an unblighted fair market price and secondly the addition of a compensatory element for home loss of 10% of unblighted fair market price, with a cap in place to limit payment.

For the airports in this study, the focus has been on the provision of fair market price rather than the payment of a compensatory element, although at some airports the distinction is not always clear. Both HAL and GAL have made an offer of 125% of unblighted market value plus taxes and costs. It is worth noting that the total cost of the HAL offer is much larger than GAL because the airport is located in a more densely populated housing area. On this basis we consider the HAL and GAL offers to be more valuable to owners than any offers made by comparable airports.

In addition to property required for the construction of a new runway, all of the schemes considered contained some provision for the purchase of properties that were in the worst noise affected zones. A number of measures were used to define when a property would qualify, e.g., in Schiphol the use of the 65ke measure was used to identify 43 houses and 11 other buildings for demolition.

The most common method for purchasing homes as a result of aircraft noise impacts was to base the offer on market value (assuming no impairment as a result of the noise impacts). In general the costs of the vendor were also met in full, or by lump sum.

We would note however that in the case of Frankfurt the airport has put in place a voluntary scheme where properties may be purchased at market value. The criteria for inclusion in the Casa programme is vertical clearance of air traffic relative to the property (i.e., within 350mn). This can be seen as a proxy for noise but it is not clear what the equivalent dB noise value in these properties would be.

HAL by adopting a valuation of a premium of 25% to the unimpaired market value of the properties in question (approx. 3,750 in the 'Heathrow Villages') have exceeded the levels seen in comparable airports. We would note that the sum set aside for voluntary house purchases is £250m net. If this amount is to fund a 25% premium plus costs across the 3,750 homes identified, then the implied average market price is £330,000. This is broadly consistent with the existing average price in the postcodes eligible under the scheme.

GAL has made an offer to pay a 25% premium to homes subject to compulsory purchase, this may not however be related to noise impacts... The voluntary purchase element of the GAL offer (and indeed their insulation offer) needs to take into account that the operator is promising an annual cash 'Council Tax' rebate of £1,000 to eligible properties within the 57dB Leq noise contour, arguably in lieu of expenditure on compensation programmes elsewhere. We did not identify any comparator airport that had adopted the approach suggested by GAL that all residents would be given a local tax subsidy. It is however the case that the involvement of local public bodies in the ownership of some airports (e.g., O'Hare is 100% owned by the local city authority) could be seen as providing local tax subsidies to those residents in receipt of support.

Conclusion

The financial compensation packages offered by HAL and GAL are prepared on a basis that appears advantageous to offers made in comparable airport schemes in other countries.

6.1.3 Community Engagement and Public Realm works

The airport authorities consulted in our review each placed some emphasis upon the importance of local community engagement. Frankfurt and Schiphol both highlighted the difficulty that can be experienced when community engagement is not in place.

Both HAL and GAL have existing consultative bodies that are constituted on a basis similar to that seen in other jurisdictions. O'Hare however has put in place a commission in which the members are largely representatives of local government bodies. This reflects the public ownership of O'Hare and the US approach to local representation. It also reflects the largely government funded nature of the compensation works in this project.

We note the Airports Commission recommended the creation of a dedicated engagement body. This recommendation is consistent with the views we received in our consultation with airports. It should be noted however that such a body must be constituted in a way that maximises effective local engagement and should reflect the respective interests of local and regional stakeholders, including airport users and management.

There is no perfect engagement model. Despite the comprehensive approach to engagement at Frankfurt, there is still ongoing criticism of the expansion with a demonstration against airport noise taking place in one of the terminal buildings on a monthly basis.

Conclusion

The approach by GAL and HAL to public engagement to date is in line with that seen in other jurisdictions. However it is likely, based on the experience of other airports, that greater engagement with the public on

1. The nature and specification of insulation works to be undertaken
2. The negotiation of access to properties to allow for works to be undertaken
3. Change to airspace planning and airport operation procedures will be necessary if the engagement process is to be effective.

6.1.4 Air Traffic Management and Night Time Flights

The Airport Commission proposed that should Heathrow be taken forward for expansion then there would be a ban on night flights. Neither HAL nor GAL proposed a ban on night flights but rather proposed restrictions on night flight numbers.

Frankfurt Airport was the only comparator airport where a total ban on flights between 23:00 and 05:00 be enforced. Sydney Airport has very limited night operations, but is consistent with all other comparator airports in operating night time restrictions.

The comparator airports were sensitive to the impact of night operations and had proposed measures to moderate the impact such as runway rotation, total noise based or movement based restrictions, and limits on particularly noisy aircraft. The airports were also sensitive the commercial impacts of a ban on night flights; although where a ban has been implemented at Frankfurt it has been more manageable than was expected.

In respect of airfield operations, including approach and departure management there are a wide range of possible measures, many technology enabled, that should reduce the impact of noise on communities.

Conclusion

The application of a ban on night flights would place HAL, and if it were to be applied to GAL, on a similar basis to Frankfurt, but this is seen in the airports we consulted, as being challenging in the context of operating a major international hub airport. The recommendations of the Airports Commission in this area such as periods of respite and a noise envelope are consistent with the approaches taken at the airports within this study.

Appendix A Summary Data – Frankfurt am Main, Frankfurt, Germany

Airport Overview

- ▶ Two terminals and four runways – under normal operations, two runways are used for landings and two runways are used for take-offs.
- ▶ Total of 61.04 million passengers and 468,153 air craft movements were recorded in 2015¹¹
- ▶ Maximum terminal capacity is 64 million passengers and expected to be reached before 2021.¹²
- ▶ In 2007 an initial package of 7 noise abatement measures were agreed with Fraport, the German State of Hesse and the Regional Dialogue Forum. In 2012, the Alliance for More Noise Abatement identified a further 19 noise abatement measures that have been placed in operation, in trial phase or currently under development.
 - ▶ The Alliance for More Noise Abatement 2012 represents the State of Hesse, the Regional Airport Forum and representatives of the airlines and air traffic control.

Expansion History

- ▶ The fourth runway was opened in October 2011 and the third runway was opened in 1984.
- ▶ The fourth runway increased capacity from 90 to 126 movements per hour¹³.
 - ▶ The opening of the runway coincided with new noise regulations
 - ▶ The noise from the opening of the runway continues to be protested against
- ▶ The first construction phase of terminal 3 will add an additional 14 million passengers of capacity when it opens in 2022¹⁴

Noise Abatement Operational Procedures¹⁵

- ▶ Engine tests, run-ups and extensive maintenance restricted to authorised areas and between the hours of 0600 and 2200.
- ▶ Preferential runways for landing and departures, and restrictions on use of runway for landing based on the aircraft's noise certificate
- ▶ Reverse thrust cannot be used on the runways
- ▶ Continuous Descent Approaches are to be used between 11pm and 5am; this technique will commence earlier and finish later if capacity allows.

¹¹ Traffic Figures, Fraport, <http://www.fraport.com/en/investor-relations/financial-and-air-traffic-figures/traffic-figures.html>

¹² Expansion Projects, Fraport, <http://www.fraport.com/en/our-expertise/frankfurt-airport-development/expansion-projects.html>

¹³ Runway Northwest, Fraport, <http://www.fraport.com/en/our-expertise/frankfurt-airport-development/expansion-projects/runway-northwest.html>

¹⁴ 2015 Facts and Figures on Frankfurt Airport, Fraport, http://www.fraport.com/content/fraport/en/misc/binaer/press-center/publications/2015/2015-facts-and-figures-on-frankfurt-airport/jcr:content.file/facts-and-figures_2015.pdf

¹⁵ Frankfurt, Boeing, <http://www.boeing.com/resources/boeingdotcom/commercial/noise/frankfurt.html>

- ▶ Fraport is working with airlines on the implementation of vortex generators for A320 airlines.
- ▶ Increased ILS (Instrument Land System) glide slope of 3.2 degrees approved for use on Runway Northwest. Resulted in a noise reduction of between 0.5 and 1.5 db(A) ¹⁶

Operational Restrictions¹⁷

- ▶ All flights banned between 11pm to 5am from October 2011 unless special permission is granted by the authority.
 - ▶ The ban impacted 17 flights and was Karl-Ulrich Garnadt, Lufthansa Cargo Chief-Executive was quoted that the ban would cost €40mn in lost earnings per year.
 - ▶ Maximum number of flights in the shoulder period (10-11pm and 5-6am) was reduced from 150 to 133 and aircraft must be compliant with ICAO Annex 16, Chapter 4 limits.¹⁸
- ▶ Aircraft that are only marginally compliant with ICAO Annex 16, Chapter 3 are not permitted to take off or land between 2000 and 0800 on all days of the week and restricted from flying between Friday 2000 and Monday 0800¹⁹
- ▶ Noise respite periods between 10-11pm and 5-6am are currently being tested at the airport under a one year trial that began in April 2015. The respite is achieved through the use of dedicated runways for take-offs and landings and would last for 7 hours when combined with the 6 hour curfew. This would benefit approximately 40,000 people.²⁰

Noise Charges²¹

Take-off and Landing Charges

- ▶ Noise Charges: The airport levies a noise charge as part of the take-off and landing charges, based on the aircraft's noise category. These charges are not tied to funding of noise mitigation measures
 - ▶ Aircraft are classified into 16 categories, with the fee ranging from €43 to €22,680 per movement. Charges in categories 1 through 12 are less than €755
 - ▶ An additional night surcharge is levied for movements between 2200-2259 and 0500-0559, ranging between €21.57 to €11, 340. Charges in categories 1 through 12 are less than €378
 - ▶ An additional night surcharge is levied for movements between 2300-0459, ranging between €86.27 to €45, 360. Charges in categories 1 through 12 are less than €1,509
- ▶ Surcharge for Marginal Aircraft: An additional surcharge of 50% is added to the noise charges for take-offs and landings for aircraft that only marginally comply with ICAO Annex 16 Chapter 3 recommendations between 8pm Friday to 8am Monday.

¹⁶ Frankfurt Airport Pioneers Active Noise Abatement, Manuel, Stefan, International Airport Review, <http://www.internationalairportreview.com/digital/iar-issue-4-2015/files/76.html>

¹⁷ Lufthansa hit as Frankfurt night flight ban upheld, Bryan, Victoria and Maushagen, Peter, 4 April, 2012 <http://uk.reuters.com/article/uk-frankfurt-nightflights-idUSLNE83300W20120404>

¹⁸ Frankfurt/Main Airport Briefing, Jeppesen, <http://www.europlanet.de/vaFsP/charts/EDDF.pdf>

¹⁹ Frankfurt/Main Airport Briefing, Jeppesen, <http://www.europlanet.de/vaFsP/charts/EDDF.pdf>

²⁰ Frankfurt Airport Pioneers Active Noise Abatement, Manuel, Stefan, International Airport Review, <http://www.internationalairportreview.com/digital/iar-issue-4-2015/files/76.html>

²¹ Airport Charges according to Art. 19b Air Traffic Act (LuftVG), Charges for Central Ground Handling Infrastructure Frankfurt Airport, Fraport, January 1, 2015, <http://www.fraport.com/content/fraport/en/misc/binaer/our-expertise/aviation-services/airport-charges-2015/jcr:content.file.entgelte-charges-2015.pdf>

- ▶ Noise Rating Index: Aircraft operators are also incentivised to use quieter aircraft through the application of the internationally standard 'Noise Rating Index' to noise charges. The index categorises aircraft based on the cumulative margins relative to the ICAO Annex 16 Chapter 3 limits. A maximum reduction of 10% on noise charges is applied depending on the aircraft's noise category.

Noise Abatement Charge

- ▶ A noise abatement charge, with a fixed and variable component is also paid and used to fund noise mitigation measures:
 - ▶ Variable: EUR0.24 is charged per departing passenger and EUR0.04 is charged per 100kg of freight and mail tonnage on departing and arriving flights
 - ▶ Fixed: The airport levies a fee based on the aircraft's noise category, ranging from EUR1.50 to EUR 750 during the day and an additional night surcharge of between EUR0.75 and EUR375 in the shoulder period and EUR3 to EUR1,500 in the night period.

Incentive Program²²

- ▶ The airport also implemented an incentive program at the start of 2014, aimed at promoting international passenger growth using low-noise aircraft.
- ▶ Incentives are only available for continental (excluding domestic travel) and international passenger travel, where an airline has a minimum of 7,500 departing passengers and achieves at least 1% growth each year.
- ▶ If these criteria are met, the airlines are refunded an amount between EUR4 and EUR10 per passenger, of growth in excess of 1% that the airline achieved using low-noise aircraft types.

Insulation Program

- ▶ The Aircraft Noise Abatement Act defines noise abatement zones around the airport. There are three zones; day protection zone 1 and 2 and the night protection zone, classified according to the modified equivalent continuous sound level (Leq)
- ▶ A surveyor would analyse the level of noise in a property and determine what insulation works was require to achieve the expected noise level in the area
- ▶ Homes surrounding the airport in the statutory protection zones are eligible for passive noise abatement measures. The following populations lie within the contours at the end of 2014²³

²² Airport Charges according to Art. 19b Air Traffic Act (LuftVG), Charges for Central Ground Handling Infrastructure Frankfurt Airport, Fraport, January 1, 2015, <http://www.fraport.com/content/fraport/en/misc/binaer/our-expertise/aviation-services/airport-charges-2015/jcr:content.file/entgelte-charges-2015.pdf>

²³ Abridged Environmental Statement 2015, Fraport AG, 2015
http://www.fraport.com/content/fraport/en/misc/binaer/sustainability1/stakeholder-dialog/environmental_statements/abridged-environmental-statement-2015/jcr:content.file/abridged-environmental-statement-2015.pdf

Protection Zone	Noise Contour	Population in 2014	Claimable
Day Protection Zone 1	L _{Aeq Day} = 60 dB(A) Day = 06:00 to 22:00 hrs	3,307	Living rooms and communal spaces, impairments of use in outdoor living spaces
Day Protection Zone 2	L _{Aeq Day} = 55 dB(A)	101,042	N/A
Night Protection Zone	L _{Aeq Night} = 50 dB(A) Night = 22:00 to 06:00 hrs	75,192	Structural sound insulation in bedrooms and children's rooms

- ▶ Some of the statutory claims for compensation are subject to a five year waiting period.²⁴
- ▶ Total funding for the program is EUR415-420mn.²⁵
 - ▶ €150mn is funded through noise related charges levied by the airport²⁶
 - ▶ EUR265-270mn is funded by the Regional Fund. The fund was established by the Hesse State Government and Fraport in February 2012 as part of the Alliance for Noise Abatement.²⁷ Measures beyond the statutory requirements are financed by the Regional Fund.²⁸

Property Compensation (Casa Program)

- ▶ The Casa2 Program compensates owners of properties that bought or constructed property prior to the zoning decision for the Runway Northwest and lie within a flight path of low altitude fly-overs.²⁹
- ▶ In 2012 under the Alliance for more Noise Abatement 2012, the program was expanded from the original program and extended to October 2014. The financial commitment was increased from €70m to €100m and eligible applicants to include properties in the transition zones.³⁰
- ▶ The core zone covered an area directly under the approach line of a width of 180 metres. The transition zone I covered an area 60m wide either side of the core zone, and the transition zone II covered an area 60m wide on either side of the transition zone I.³¹
 - ▶ Residents of Raunheim were offered compensation payments where the flight path is at an altitude of less than 350 metres.
 - ▶ 122 compensation payments³² were made and based on the following criteria³³

²⁴ Noise Abatement, Fraport, <http://sustainability-report.fraport.com/noise-abatement/passive-noise-abatement/>

²⁵ Noise Abatement, Fraport, <http://sustainability-report.fraport.com/noise-abatement/passive-noise-abatement/>

²⁶ Connecting Sustainability, Online Report 2013, Fraport, http://www.fraport.com/content/fraport/en/misc/binaer/sustainability1/stakeholder-dialog/sustainability-reports/connecting-sustainably-2013/jcr:content.file/connecting_sustainably2013.pdf

²⁷ Connecting Sustainability, Online Report 2013, Fraport, http://www.fraport.com/content/fraport/en/misc/binaer/sustainability1/stakeholder-dialog/sustainability-reports/connecting-sustainably-2013/jcr:content.file/connecting_sustainably2013.pdf

²⁸ Noise Abatement, Fraport, <http://sustainability-report.fraport.com/noise-abatement/passive-noise-abatement/>

²⁹ 2014 Compact Fraport Finance Sustainability, Fraport, 2014, http://www.fraport.com/content/fraport/en/misc/binaer/sustainability1/stakeholder-dialog/sustainability-reports/2014-kompakt_e/jcr:content.file/2015_05_07_fraport_kurzbericht_e_final.pdf

³⁰ Casa Program, Fraport, <http://sustainability-report.fraport.com/noise-abatement/casa-program/#Statusoftargetattainment>

³¹ Gute Nachbarschaft als Programm, Fraport Casa2, 29 February 2012 http://sustainability-report.fraport.com/wp-content/uploads/2014/02/Gute_Nachbarschaft_als_Programm_Fraport_Casa2.pdf

³² 2014 Compact Fraport Finance Sustainability, Fraport, 2014, http://www.fraport.com/content/fraport/en/misc/binaer/sustainability1/stakeholder-dialog/sustainability-reports/2014-kompakt_e/jcr:content.file/2015_05_07_fraport_kurzbericht_e_final.pdf

- ▶ Zone I and Transition Zone I: EUR 100 per square meter
- ▶ Transition Zone II: EUR 50 per square meter
- ▶ Offers were made to buy residential properties or receive compensation payments in Flörsheim and Kelsterbach where the flight path is at an altitude of less than 350 metres.³⁴
 - ▶ In the core zone, transition zone I and II, owners could receive an equalisation payment per square meter or the purchase of the property at market value. The market value would be determined by a certified expert and not take into account the operation of the runway.³⁵
 - ▶ A total of 250 properties were purchased under the scheme. These properties are re-let by Fraport where possible, with occupancy rates of approximately 90%.³⁶
 - ▶ 144 compensation payments³⁷ were made based on the following criteria³⁸
 - ▶ Zone I: EUR 150 per square meter
 - ▶ Transition Zone I: EUR 100 per square meter
 - ▶ Transition Zone 2: EUR 50 per square meter

³³ Gute Nachbarschaft also Programme, Fraport Casa2, 29 February 2012 http://sustainability-report.fraport.com/wp-content/uploads/2014/02/Gute_Nachbarschaft_als_Programm_Fraport_Casa2.pdf

³⁴ Gute Nachbarschaft als Programm, Fraport Casa2, 29 February 2012 http://sustainability-report.fraport.com/wp-content/uploads/2014/02/Gute_Nachbarschaft_als_Programm_Fraport_Casa2.pdf

³⁵ Gute Nachbarschaft als Programm, Fraport Casa2, 29 February 2012 http://sustainability-report.fraport.com/wp-content/uploads/2014/02/Gute_Nachbarschaft_als_Programm_Fraport_Casa2.pdf

³⁶ 2014 Compact Fraport Finance Sustainability, Fraport, 2014, http://www.fraport.com/content/fraport/en/misc/binaer/sustainability1/stakeholder-dialog/sustainability-reports/2014-kompakt_e/jcr:content.file/2015_05_07_fraport_kurzbericht_e_final.pdf

³⁷ 2014 Compact Fraport Finance Sustainability, Fraport, 2014, http://www.fraport.com/content/fraport/en/misc/binaer/sustainability1/stakeholder-dialog/sustainability-reports/2014-kompakt_e/jcr:content.file/2015_05_07_fraport_kurzbericht_e_final.pdf

³⁸ Gute Nachbarschaft als Programm, Fraport Casa2, 29 February 2012 http://sustainability-report.fraport.com/wp-content/uploads/2014/02/Gute_Nachbarschaft_als_Programm_Fraport_Casa2.pdf

Appendix B Summary Data – O'Hare International Airport, Chicago, USA

Airport Overview

- ▶ Four passenger terminals with eight active runways and 189 gates³⁹
- ▶ Total of 76.95 million passengers and 875,136 air craft movements were recorded in 2015.⁴⁰
- ▶ The airport was the fourth busiest airport in the world in 2015 in terms of passenger numbers⁴¹
- ▶ O'Hare is now the primary airport serving Chicago. Midway Airport serves as a secondary airport and is approximately 10km closer to downtown Chicago

Expansion History

- ▶ In 2001, the Mayor announced the O'Hare Modernisation Program, which would reconfigure the airfield into a parallel east-west runway layout and increases the airport's safety and capacity. The estimated cost of the expansion is over US\$8 billion.⁴²
- ▶ The airport had six runways between its opening in 1943 and 1971. The next runway was opened in 2008 and a further runway was opened in 2013. The ninth runway was opened in 2015 and coincided with the permanent closure of an existing runway.⁴³
- ▶ In February 2016, the City announced that it had reached agreement with United Airlines and American Airlines to build a new runway, which would conclude the modernisation plan. The new runway is expected to be complete by 2020. An existing diagonal runway would be decommissioned.⁴⁴
- ▶ Noise complaints have surged since October 2013, with the opening of the new runway and shift to the east-west parallel runway configuration.⁴⁵
- ▶ The O'Hare Noise Compatibility Commission was formed in 1996 to provide input and oversight to the implementation of noise programs.⁴⁶

Noise Abatement Operational Procedures

- ▶ Noise abatement runways to be used when acceptable for turboprop, turbojet and large prop aircraft⁴⁷

³⁹ O'Hare Facility Data, Chicago Department of Aviation,
<http://www.flychicago.com/OHare/EN/AboutUs/Facts/Facility-Data.aspx>

⁴⁰ Monthly Operations, Passengers, Cargo Summary By Class, For December 2015, O'Hare International Airport, Department of Aviation,
<http://www.flychicago.com/SiteCollectionDocuments/OHare/AboutUs/Facts%20and%20Figures/Air%20Traffic%20Data/1215%20ORD%20SUMMARY.pdf>

⁴¹ Airport World exclusive: The world's busiest passenger airports in 2015, Aviation Media, 16 February 2016,
<http://www.airport-world.com/news/general-news/5450-airport-world-exclusive-the-world-s-busiest-passenger-airports-in-2015.html>

⁴² Connecting the world to Chiago, The conference, University of Illinois, 24 February 2015,
<http://www.theconf.com/presentations/2015/O'Hare%20Modernisation%20Update.pdf>

⁴³ O'Hare Facility Data, Chicago Department of Aviation,
<http://www.flychicago.com/OHare/EN/AboutUs/Facts/Facility-Data.aspx>

⁴⁴ O'Hare To Get 6th Runway, But Without Expanded Terminals, Delays May Continue, Schaper, David, 1 February, 2016, <http://www.npr.org/sections/thetwo-way/2016/02/01/465101435/ohare-will-get-a-sixth-runway-but-without-expanded-terminals-delays-may-continue>

⁴⁵ O'Hare noise complaints top 2 million for year, Hilkevitch, Jon, Chicago Tribune, 4 September, 2015,
<http://www.chicagotribune.com/news/ct-ohare-noise-complaints-met-0905-20150904-story.html>

⁴⁶ Fact Sheet – Fly Quiet at O'Hare International Airport, Chicago Department of Aviation,
http://www.flychicago.com/SiteCollectionDocuments/OHare/AboutUs/Fly%20Quiet/ORD_FlyQuiet_FactSheet.pdf

- ▶ Engine tests to be conducted in the Ground Run-Up Enclosure built in 1997, designed to reduce the noise impact on residents living around the airport. The GRE is a non-roofed, three-sided facility with acoustic panels that absorb and attenuate noise.⁴⁸

Operational Restrictions

- ▶ Since 1997, the airlines have agreed to voluntarily use noise abatement procedures recommended by the Fly Quiet Program. The program encourages use of procedures between 10pm and 7am designed to direct traffic over less populated areas.⁴⁹
 - ▶ Recommended flights paths and preferential runway configurations designating arrivals and departures on particular runways, designed to limit noise on surrounding communities⁵⁰
 - ▶ Limit the use of reverse thrust⁵¹
 - ▶ Quiet climb configuration until 3000 feet, maintain 4000 feet until turning on final approach⁵²
- ▶ Changes to the Fly Quiet Program are currently being reviewed such as rotating the runways used at night. The Program currently recommends four combinations of runways to be used – one runway designated for arrivals and one for departure. However, the night period would be shortened from 10pm-7am to 11pm to 5am, and have some flexibility in using more than two runways during the busiest of the hours 10-11pm and 5-7am⁵³

Noise Charges

- ▶ Passenger Facility Charges are primarily based on weight and not linked to time of arrival or noise certificate⁵⁴

Insulation Programs

Residential Sound Insulation Program

- ▶ The program is overseen by the O'Hare Noise Compatibility Commission and administered by the Chicago Department of Aviation.⁵⁵
- ▶ Single family and multi unit dwellings that fall within the noise contour identified in the O'Hare Modernisation Program's Environmental Impact Statement (September 2005)

⁴⁷ O'Hare International Airport, Boeing, <http://www.boeing.com/resources/boeingdotcom/commercial/noise/ohare.html>

⁴⁸ Fact Sheet – Fly Quiet at O'Hare International Airport, Chicago Department of Aviation, http://www.flychicago.com/SiteCollectionDocuments/OHare/AboutUs/Fly%20Quiet/ORD_FlyQuiet_FactSheet.pdf

⁴⁹ O'Hare Fly Quiet Program, Chicago Department of Aviation, <http://www.flychicago.com/OHare/EN/AboutUs/NoiseManagement/FlyQuiet/Pages/Fly-Quiet-Program.aspx>

⁵⁰ Fly Quiet Program Manual, Chicago O'Hare International Airport, Chicago Department of Aviation, <http://www.flychicago.com/SiteCollectionDocuments/OHare/AboutUs/NoiseManagement/FlyQuiet/FQManual11-08-15.pdf>

⁵¹ Fly Quiet Program Manual, Chicago O'Hare International Airport, Chicago Department of Aviation, <http://www.flychicago.com/SiteCollectionDocuments/OHare/AboutUs/NoiseManagement/FlyQuiet/FQManual11-08-15.pdf>

⁵² Fly Quiet Program Manual, Chicago O'Hare International Airport, Chicago Department of Aviation, <http://www.flychicago.com/SiteCollectionDocuments/OHare/AboutUs/NoiseManagement/FlyQuiet/FQManual11-08-15.pdf>

⁵³ Weekly O'Hare Nighttime Runway Rotations Could Start By May, <http://chicago.cbslocal.com/2016/02/17/weekly-ohare-nighttime-runway-rotations-could-start-by-may/>

⁵⁴ Chicago O'Hare International Airport, Summary – 2016 Terminal Rentals, Fees and Charges, January 1, 2016, Chicago Department of Aviation, <http://www.flychicago.com/SiteCollectionDocuments/OHare/AboutUs/Facts%20and%20Figures/FinancialData/Summary%202016%201st%20Half%20Rates%20and%20Charges%20ORD.pdf>

⁵⁵ Fact Sheet – Residential Sound insulation Program at O'Hare International Airport, Chicago Department of Aviation, http://www.flychicago.com/SiteCollectionDocuments/OHare/AboutUs/NoiseManagement/Sound%20Insulation%20Programs/ORD_Fact_Sheet_RSIP_2016.02.pdf

are eligible for sound insulation. The noise reduction goal is to reduce aircraft noise levels by at least 5 decibels and to attain an interior noise level of 45 dB.⁵⁶

- ▶ The eligibility criteria is that the home's annual day/night average sound level is equal to or greater than 65 decibels (65 DNL); and
 - ▶ Houses must have been constructed before September 30, 2005
 - ▶ Only residential portions of mixed use buildings will be insulated
 - ▶ Home must be on a block where an individual home is within the 65 DNL noise contour, and in such cases, homes on both sides of the street and up to the next intersection or street change are eligible⁵⁷
- ▶ The insulation work is managed by a single contractor – Cotter Consulting Inc.⁵⁸
- ▶ The program is expected to continue until the O'Hare Modernisation Program is completed around December 2020. All homes must be insulated prior to the completion of the program⁵⁹
- ▶ The program is funded 80% by the US Federal Aviation Administration and 20% by the city through airport revenues.
- ▶ To date 10,922 homes have been insulated and approximately \$200m expended⁶⁰

School Sound Insulation Program

- ▶ The program is overseen by the O'Hare Noise Compatibility Commission and administered by the Chicago Department of Aviation.⁶¹
- ▶ The program began in 1982 and is the largest program of its type in the world. Eligible schools receive design and construction grants for sound insulation⁶²

⁵⁶ Fact Sheet – Residential Sound insulation Program at O'Hare International Airport, Chicago Department of Aviation, http://www.flychicago.com/SiteCollectionDocuments/OHare/AboutUs/NoiseManagement/Sound%20Insulation%20Programs/ORD_Fact_Sheet_RSIP_2016.02.pdf

⁵⁷ Fact Sheet – Residential Sound insulation Program at O'Hare International Airport, Chicago Department of Aviation, http://www.flychicago.com/SiteCollectionDocuments/OHare/AboutUs/NoiseManagement/Sound%20Insulation%20Programs/ORD_Fact_Sheet_RSIP_2016.02.pdf

⁵⁸ Eligibility, O'Hare Noise Compatibility Commission, <http://www.oharenoise.org/noise-mitigation/residential/eligibility>

⁵⁹ Residential FAQs, O'Hare Noise Compatibility Commission, <http://www.oharenoise.org/noise-mitigation/residential/faqs>

⁶⁰ O'Hare Sound Insulation Programs, Chicago Department of Aviation, <http://www.flychicago.com/OHare/EN/AboutUs/NoiseManagement/SoundPrograms.aspx>

⁶¹ Fact Sheet – School Sound Insulation Program at O'Hare International Airport, Chicago Department of Aviation, http://www.oharenoise.org/sitemedia/documents/noise_mitigation/SSIP/ORD%20Fact%20Sheet%20SSIP%202015.10-1.pdf

⁶² School Sound Insulation Program, O'Hare Noise Compatibility Commission, <http://www.oharenoise.org/noise-mitigation/schools>

- ▶ Schools are selected based on established criteria and then tested over a four day period. The criteria including:⁶³
 - ▶ The school's annual day/night average sound level is equal to or greater than 60 decibels (60 DNL); and
 - ▶ The school's measured, A-weighted, windows-open interior sound level is equal to or greater than 45 decibels (45 Leq) resulting from aircraft operations.
- ▶ The program is funded 80% by the US Federal Aviation Administration and 20% by the City of Chicago through airport revenues.⁶⁴
- ▶ The final of the 124 qualified schools eligible to receive insulation received funding in September 2014. Over \$350mn has been expended on the program⁶⁵

⁶³ Fact Sheet – School Sound Insulation Program at O'Hare International Airport, Chicago Department of Aviation, http://www.oharenoise.org/sitemedia/documents/noise_mitigation/SSIP/ORD%20Fact%20Sheet%20SSIP%202015.10-1.pdf

⁶⁴ School Sound Insulation Program, O'Hare Noise Compatibility Commission, <http://www.oharenoise.org/noise-mitigation/schools>

⁶⁵ School Sound Insulation Program, O'Hare Noise Compatibility Commission, <http://www.oharenoise.org/noise-mitigation/schools>

Appendix C Summary Data – Paris Charles de Gaulle Airport, Paris, France

Airport Overview

- ▶ Three terminals and four runways – two independent runway pairs. with one runway specialised for take-offs, and the other for landings
- ▶ Total of 65.77 million passengers and 475,810 air craft movements were recorded in 2015.⁶⁶
- ▶ Maximum airport capacity is 80 million passengers and expected to be reached between 2023-2025⁶⁷

Expansion History

- ▶ The third runway was opened in November 1998 and the fourth runway was opened in September 2000.
- ▶ The ACNUSA (Autorité de Contrôle des Nuisances Aéroportuaires) was created in 1999 to develop economic activity and employment generated by aviation, while balancing the environment of the local residents.⁶⁸
 - ▶ The authority has the ability to make recommendations regarding harmful environmental impacts (including noise) around the airport, alert breaches of noise regulations and investigate noise relating to the airport such as flight paths, take-offs/landings.
 - ▶ The authority can act as a mediator and also issue fines.

Noise Abatement Operational Restrictions⁶⁹

- ▶ Since 2011, chapter 3 aircraft that have a cumulative margin of less than 5 EPNdB cannot operate at the airport.
- ▶ No engine trials between 2200 and 0600
- ▶ One runway specialised for take-offs, and the other runway for landings
- ▶ Procedures for take-off and initial climb regarding power and speed for all airlines until 3000 feet.
- ▶ Implementation of Continuous Descent Approaches between 0000 and 0500⁷⁰

Operational Restrictions⁷¹

⁶⁶ Union des Aéroports Français, Statistiques annuelles, <http://www.aeroport.fr/view-statistiques/paris-charles-de-gaulle>

⁶⁷ Roissy CDG: un nouveau terminal (colossal) est prévu dans 10 ans (PDG d'Aéroports de Paris), Gliszczynski, Fabrice and Mabil, Philippe, 06/06/2014, <http://www.latribune.fr/entreprises-finance/services/transport-logistique/20140606trib000833813/roissy-cdg-un-nouveau-terminal-colossal-est-prevu-dans-10-ans-pdg-d-aeroports-de-paris.html>

⁶⁸ The Authority – Background... Autorité de Contrôle des Nuisances Aéroportuaires, <http://www.acnusa.fr/en/presentation/the-authority/52>

⁶⁹ Charles de Gaulle Airport, Boeing, <http://www.boeing.com/resources/boeingdotcom/commercial/noise/degaulle.html>

⁷⁰ Aircraft Noise Factsheet, European Express Association, http://www.euroexpress.org/uploads/ELibrary/EEA-Aircraft_Noise_FACTSHEET.pdf

- ▶ Night operating procedures were introduced March 28, 2004⁷²
- ▶ Introduced in 2003, no take-offs between 00h00 and 04h59 without an issued departure slot. The number of slots has been limited since 2003 to a maximum of 20,000 per annum, with unused slots being lost.⁷³
- ▶ The airport has an average of 162 daily night flights. There has been an increased observance in movements outside the restricted period between 22:00 and 0000 and 0500 and 0600.⁷⁴
- ▶ Restrictions on Chapter 3, ICAO Annex 16, compliant aircraft that can take off and land during the night based on EPNdB levels⁷⁵
 - ▶ No take off of aircraft between 1200 and 0459 with an exceeding value of 99 EPNdB
 - ▶ No landing of aircraft between 1230 and 0529 with an exceeding value of 104.5 EPNdB
 - ▶ No landing between 2330 and 615 or take-off between 2315 of aircraft that have a cumulative margin of more than or equal to 5 EPNdB and less than 8 EPNdB

Noise Charges

- ▶ Failure to comply with the restrictions above may result in a fine from the Airport Pollution Control Authority (ACNUSA); a maximum €1,500 for individuals and €40,000 for corporations⁷⁶
- ▶ The French Civil Aviation Authority (DGAC) applies a noise pollution tax (Taxe sur les nuisances sonores aériennes or TNSA) to all take-offs based on the aircraft's maximum take-off weight and departure time and acoustic group. The proceeds are used by Aéroports de Paris for financing sound-proofing measures for local residents and around the airport.⁷⁷
- ▶ From February 2009, landing fees are also adjusted based on the aircrafts acoustic group and time of movement.⁷⁸
- ▶ In 2003, the government implemented the IGMP 'Indicateur Global Mesuré Pondéré'), the Measured and Weighted Noise Indicator.⁷⁹
 - ▶ The IGMP is a regulatory noise cap based on average noise measured between 1999 and 2001.⁸⁰

⁷¹ Charles de Gaulle Airport, Boeing,
<http://www.boeing.com/resources/boeingdotcom/commercial/noise/degaulle.html>

⁷² Charles de Gaulle Airport, Boeing,
<http://www.boeing.com/resources/boeingdotcom/commercial/noise/degaulle.html>

⁷³ Night flight restrictions and airline responses at major European airports, Jasper Faber, Linda Brinke, Martine Smit, Delft, CE Delft, September 2012, www.ce.nl

⁷⁴ Night flight restrictions and airline responses at major European airports, Jasper Faber, Linda Brinke, Martine Smit, Delft, CE Delft, September 2012, www.ce.nl

⁷⁵ Charles de Gaulle Airport, Boeing,
<http://www.boeing.com/resources/boeingdotcom/commercial/noise/degaulle.html>

⁷⁶ Issuing of Fines, ACNUSA (Authority for Airport Nuisance Control), <http://www.acnusa.fr/en/acnusa-fines-system/issuing-of-fines/72>

⁷⁷ Charles de Gaulle Airport, Boeing,
<http://www.boeing.com/resources/boeingdotcom/commercial/noise/degaulle.html>

⁷⁸ Charles de Gaulle Airport, Boeing,
<http://www.boeing.com/resources/boeingdotcom/commercial/noise/degaulle.html>

⁷⁹ Aéroports de Paris management report – 2014 financial year, Aéroports de Paris management report 2014 Financial Year, Aéroports de Paris, <https://www.aeroportsdeparis.fr/docs/default-source/groupe-fichiers/finance/actionnaires-individuels/assemblee-generale/2015/iv-1-management-report-for-the-aeroports-de-paris-group-2014-financial-year.pdf?sfvrsn=2>

- ▶ Noise is measured at either end of the runways and multiplied by a factor of 3 between 6pm and 8pm and a factor of 10 between 10pm and 6am.⁸¹
- ▶ In 2013 the index level was at 83⁸²

Insulation Program

- ▶ Residents around the airport are offered financial grants to sound proof their homes. Applications for grants are made to Aéroports de Paris SA
- ▶ The Noise Disturbance Plan (PGS – Plan de gêne sonore) map of the airport determines which residents are eligible for aid, based on three zones of noise pollution.⁸³
 - ▶ Zone I represents a very high level of noise pollution and within the Lden 70 index curve;
 - ▶ Zone II represents a high level of noise pollution between the Lden 70 and Lden 65 or 62 curves;
 - ▶ Zone III, represents a moderate level of noise pollution between the Lden 65 or 62 and Lden 55 index curves.
- ▶ Aéroports de Paris SA manages the applications from residents
- ▶ Data on the program⁸⁴
 - ▶ 1995-2003: €40mn spent insulating 4,597 residences, €9.55mn spent insulating 55 public buildings.⁸⁵
 - ▶ 2004-2008: €97mn spent insulating 10,940 residences, €4.7mn spent insulating 14 public buildings.⁸⁶
 - ▶ Between 2007 and 2014, €203.3mn was spent on the sound insulation program⁸⁷⁸⁸⁸⁹

⁸⁰ Noise issues around Charles de Gaulle airport “The French System”, Royal Aeronautical Society, 15 October 2013, http://aerosociety.com/Assets/Docs/Events/723/Pierre%20Caussade_PDF.pdf

⁸¹ Noise issues around Charles de Gaulle airport “The French System”, Royal Aeronautical Society, 15 October 2013, http://aerosociety.com/Assets/Docs/Events/723/Pierre%20Caussade_PDF.pdf

⁸² Implementation of the Balanced Approach, the Paris-Charles De Gaulle Case, Elisabeth Le Masson – Delegate for Sustainable Development, Paris-Charles De Gaulle & Paris Le-Bourget, Aéroports de Paris, ICAO Symposium on Aviation and Climate Change, ‘Destination Green’, 14-16 May 2013.

⁸³ PGS – Noise Disturbance Plan, ACNUSA (Authority for Airport Nuisance Control), <http://www.acnusa.fr/en/noise-and-mapping/mapping/pgsnoise-disturbance-plan/65>

⁸⁴ Charles de Gaulle Airport, Boeing, <http://www.boeing.com/resources/boeingdotcom/commercial/noise/degaulle.html>

⁸⁵ Charles de Gaulle Airport, Boeing, <http://www.boeing.com/resources/boeingdotcom/commercial/noise/degaulle.html>

⁸⁶ Charles de Gaulle Airport, Boeing, <http://www.boeing.com/resources/boeingdotcom/commercial/noise/degaulle.html>

⁸⁷ Aéroports de Paris management report, Social environmental and social responsibility information, Aéroports de Paris, 2014, p40, <https://www.aeroportsdeparis.fr/docs/default-source/groupe-fichiers/finance/actionnaires-individuels/assemblee-generale/2015/iv-1-management-report-for-the-aeroports-de-paris-group-2014-financial-year.pdf?sfvrsn=2>

⁸⁸ Rapport de responsabilité sociétale d’entreprise 2012, Aéroports de Paris, 2012, p 79, http://www.aeroportsdeparis.fr/docs/default-source/groupe-fichiers/rse/rapports-rse/rapport_rse_2012.pdf?sfvrsn=2

⁸⁹ Rapport de responsabilité sociétale d’entreprise 2009, Aéroports de Paris, 2009, p79

Appendix D Summary Data – Amsterdam Airport Schiphol, Amsterdam, the Netherlands

Airport Overview

- ▶ One terminal divided into three halls and five runways with an additional runway used for general aviation.
- ▶ Total of 58.2 million passengers and 450,679 air craft movements were recorded in 2015.⁹⁰
- ▶ Maximum airport capacity is 60-65 million passengers and 110 movements per hour.⁹¹

Expansion History

- ▶ The fifth runway was opened in February 2003, increasing capacity from 460,000 movements to 600,000⁹²
- ▶ The Alders Platform was a consultative body advising the government on balancing aviation expansion and the disturbance of the residential environment. A series of recommendations were adopted in 2009 including:⁹³
 - ▶ Maximum ceiling of 580,000 aircraft movements in 2020 (70,000 from regional airports)
 - ▶ Maximum of 32,000 flights at night between 2300 and 0700
- ▶ Since 2015, environmental and development issues impacting the regions surrounding Schiphol are considered by the Environment Council Schiphol. The ECS was created by the merger of the Alders Platform and the Regional Consultation Committee Schiphol Airport
- ▶ The Aviation Act (Wet luchtvaart), chapter 8, part 4, governs the operation of Schiphol Airport. The new Act came into effect in 2003 to coincide with the opening of the new runway and contained new environmental and noise restrictions.⁹⁴
- ▶ The Airport Traffic Decree, also introduced in 2003, set out the rules for airport use and stipulates limits for noise levels, air pollution and risks to public safety⁹⁵
- ▶ The Airport Planning Decree defines the airport zone, take-off and landing strips and restrictions on use of the area in and around the airport⁹⁶
- ▶ In 2007, the airport underlined the need for a sixth runway to meet expected passenger throughput of 80 million passengers by 2025 and 600,000-650,000 flights⁹⁷

⁹⁰ 2015 Traffic Review, Schiphol Group, 2015, <http://trafficreview2015.schipholmagazines.nl/summary.html>

⁹¹ Airport Facts, Schiphol Group, <http://www.schiphol.nl/B2B/RouteDevelopment/AirportFacts2.htm#airport>

⁹² Schiphol finally operates 5th runway, New Europe Brussels team, 11 February 2003, <http://neurope.eu/article/schiphol-finally-operates-5th-runway/>

⁹³ Noise and disturbance reduction, Schiphol Group, <http://www.schiphol.nl/NoiseAndDisturbanceReduction.htm>

⁹⁴ Friends of the Earth Netherlands (FoE) vs. Schiphol Airport (group), van der Zwart, Alex and van Tulder, Rob, April 2006, <http://www.ib-sm.org/CaseSchiphol.pdf>

⁹⁵ Schiphol Group Annual Report 2013, Schiphol Group, 2013, <http://2013.annualreportschiphol.com/>

⁹⁶ Schiphol Group Annual Report 2013, Schiphol Group, 2013, <http://2013.annualreportschiphol.com/>

⁹⁷ Amsterdam Airport Schiphol anticipates strong growth, plans sixth runway, Air Transport World Plus, 4 June 2007, <http://atwonline.com/airports-amp-routes/amsterdam-airport-schiphol-anticipates-strong-growth-plans-sixth-runway>

Noise Abatement Operational Procedures

Airport Procedures

- ▶ The number of flights is capped by the slot coordinator.⁹⁸
 - ▶ The peak departure period (0700-2139) is capped at 36 arrivals and 74 departures
 - ▶ The day peak arrival period (0700-2139) is capped at 68 arrivals and 38 departures
- ▶ Use of Continuous Descent Approach for aircraft between 2200-0530⁹⁹
- ▶ Preferential runway system: departure and landing takes place on separate runways. Assignment of runways based on noise influences and traffic handling. The use of non-preferential runways only permitted for safety reasons.¹⁰⁰
- ▶ In 2015, the maximum total growth of the airport until 2020 was reduced from 510,000 to 500,000. This concession was made to allow Schiphol to use its fourth runway more regularly, which had been restricted under the Alders Platform¹⁰¹

Total Noise Volume

- ▶ The Aviation Act that limits the total noise volume (TVG) that can be generated and required the distribution of air traffic to other runways once the maximum noise level had been reached.¹⁰²
- ▶ According to the Airport Traffic Decree (LVB), the maximum noise calculated over a year of use:¹⁰³
 - ▶ Day Period: total volume of noise is not more than 63.46dB(A)
 - ▶ Night Period, 23pm – 7am: total volume of noise is not more than 54.44dB(A)

Operational Restrictions

- ▶ To comply with the maximum annual cap on flights and maximise airport efficiency, a slot coordinator declares and allocates the slots available for each summer and winter season.¹⁰⁴
- ▶ Slots are available for day, off-peak and night mode and allocated based on historical allocation, actual usage as well as requests from new entrants.¹⁰⁵
 - ▶ Schiphol is open 24 hours per day, however is restricted to a maximum annual number of 32,000 night flights. The number of flights between the hours of 2300 and 0559 is capped at 24 arrivals and 25 departures per hour.
 - ▶ The number of flights between the hours of 0600 and 0659 is 24 arrivals and 30-40 departures.
 - ▶ To compensate for the delayed introduction of CDAs, the maximum annual number of night flight to is expected to be reduced to 29,000.

⁹⁸ Declared capacity, Airport Coordination Netherlands, 2016, <http://www.slotcoordination.nl/declared-capacity>

⁹⁹ Schiphol Airport, Boeing, <http://www.boeing.com/resources/boeingdotcom/commercial/noise/schiphol.html>

¹⁰⁰ Schiphol Airport, Boeing, <http://www.boeing.com/resources/boeingdotcom/commercial/noise/schiphol.html>

¹⁰¹ Noise, Schiphol Group Annual Report 2014,

<http://www.annualreportschiphol.com/pdfondemand/printpdf?docId=252017&nodes=253958&variant=eco>

¹⁰² Schiphol Airport, Boeing, <http://www.boeing.com/resources/boeingdotcom/commercial/noise/schiphol.html>

¹⁰³ Luchthavenverkeerbesluit Schiphol, Article 4.2, wetten.overheid.nl/BWBR0014330

¹⁰⁴ Declared Capacity, Airport Coordination Netherlands, 2016 <http://www.slotcoordination.nl/declared-capacity>

¹⁰⁵ Capacity declaration Amsterdam Airport Schiphol; summer 2016, Airport Coordination Netherlands, 2016 <http://www.slotcoordination.nl/declared-capacity>

- ▶ Aircraft that are marginally compliant with Chapter 3 (cumulative margin of less than 5EPNdB)¹⁰⁶
 - ▶ Engine bypass ratio is less than or equal to 3, cannot operate between 1700 and 0700
 - ▶ Engine bypass ratio >3, cannot take off between 2200 and 0500
- ▶ Reverse thrust not to be used after landing between 2200-0600¹⁰⁷

Noise Charges

- ▶ Landing and take-off charges are determined by the aircraft's maximum take-off weight, noise category and time of arrival/departure. Fees are adjusted as follows for aircraft classified as Chapter 3 and Chapter 4:¹⁰⁸
 - ▶ Cumulative margin between 0 and less than 5 EPNdB: Base charge +60%
 - ▶ Cumulative margin between 5 and less than 9 EPNdB: Base charge +40%
 - ▶ Cumulative margin between 9 and less than 18 EPNdB: Base charge
 - ▶ Cumulative margin of 18 EPNdB or greater: Base charge -20%
- ▶ Governmental Planning Compensation Levy: The levy is used to fund claims, the demolition of buildings and relocation of houseboats in the vicinity of Schiphol that were pre-financed by the Government.¹⁰⁹
 - ▶ Charged at EUR0.50 per landing, per tonne of maximum take-off weight
- ▶ Airport Noise Insulation Levy (charged up until July 2015)¹¹⁰
 - ▶ Charged at EUR 84.25 per landing

Noise Insulation Programs

- ▶ Sound insulation has taken place over several phases. Eligible buildings were within the:
 - ▶ 40, 50 and 60 Ke contours over a 24 hour period¹¹¹
 - ▶ Required inside sound exposure level should not exceed $L_{aeq} = 26$ dB(a) for the night period¹¹²
 - ▶ Insulation only available for bedrooms

¹⁰⁶ Schiphol Airport, Boeing, <http://www.boeing.com/resources/boeingdotcom/commercial/noise/schiphol.html>

¹⁰⁷ Schiphol Airport, Boeing, <http://www.boeing.com/resources/boeingdotcom/commercial/noise/schiphol.html>

¹⁰⁸ Summary airport charges, Schiphol Group, 1 April 2016, <http://www.schiphol.nl/B2B/RouteDevelopment/ChargesAndSlots/AviationChargesAndConditions1.htm>

¹⁰⁹ Summary airport charges, Schiphol Group, 1 April 2016, <http://www.schiphol.nl/B2B/RouteDevelopment/ChargesAndSlots/AviationChargesAndConditions1.htm>

¹¹⁰ Summary airport charges and conditions, Schiphol Group, 1 April 2015, <http://www.schiphol.nl/B2B/RouteDevelopment/ChargesAndSlots/AviationChargesAndConditions1.htm>

¹¹¹ Schiphol Airport, Boeing, <http://www.boeing.com/resources/boeingdotcom/commercial/noise/schiphol.html>

¹¹² The design of sound insulation measures for dwellings around Amsterdam Airport Schiphol, Vercammen, M.L.S., http://www.peutz.de/pdf/Internoise_2004_sounddwellings.pdf

Phase	Year	Total Properties	Total Cost
Phase 1	1984-1997	13,297	€577mn
Phase 2	1997-2005		
Phase 3	2005 to current		

Demolition and Acquisition

- ▶ Between 2003-2005 with the introduction of new noise limits, buildings within the 65Ke and 71 dB(A) contours were subject to demolition:¹¹³
 - ▶ 43 houses and 11 other buildings demolished due to noise limits at a cost of €22.8mn
 - ▶ 82 houses and 21 buildings demolished for external safety reasons at a cost of €39.8mn
- ▶ Between 2008 and 2015, a separate demolition and acquisition program was made available for residents living just outside the contours of the main program. Approximately €30mn was spent on the program and a second phase of the program is planned to be launched in the near future.

¹¹³ Schiphol Airport, Boeing, <http://www.boeing.com/resources/boeingdotcom/commercial/noise/schiphol.html>

Appendix E Summary Data – Sydney Airport, Sydney, Australia

Airport Overview

- ▶ Three passenger terminals, freight facilities and three runways
- ▶ Total of 39.7 million passengers and 310,007 aircraft movements were recorded in 2015.¹¹⁴
- ▶ Only commercial passenger airport serving Sydney, with two small general aviation airports. Located 12.5 km from downtown Sydney. The airport is surrounded by residential areas on three sides, with a bay on the fourth side.

Expansion History

- ▶ The airport's third runway was completed in 1994. The aircraft noise was heavily protested against and prompted a senate inquiry. In 1995, the Senate Select Committee identified many deficiencies in the way in which aircraft noise information had been conveyed to the public in the Environmental Impact Statement for the Third Runway at Sydney Airport.¹¹⁵
- ▶ The Government has debated since the 1940s, how to address the growth in air travel and future capacity constraints at Sydney Airport.¹¹⁶ Options have included adding two parallel runways to the existing airport or building a second Sydney airport.¹¹⁷
- ▶ In 2014, the Australian Government officially designated the site for a second Sydney airport, 'Western Sydney Airport' at Badgery's Creek. The site is located approximately 60km from the Sydney CBD in a rural area. The operator of Sydney Airport has the first right of refusal to develop the airport and is due for completion in mid-2020.¹¹⁸

Noise Abatement Operational Procedures

- ▶ The Sydney Airport Demand Management Act 1997 limits the number of aircraft movements at the airport to 80 runway movements per hour. The cap is designed to limit noise and environmental impacts. Airlines must receive an allocated slot to take-off and land at the airport.¹¹⁹
- ▶ The Long Term Operating Plan was developed through a consultative process in 1997 in response to community pressure to share the noise generated by Sydney Airport. The plan has been adopted by the airport and has the following targets:¹²⁰

¹¹⁴ Airport Traffic Data, The Department of Infrastructure and Regional Development, 2 March 2016, https://bitre.gov.au/publications/ongoing/airport_traffic_data.aspx

¹¹⁵ Discussion paper, Expanding Ways to Describe and Assess Aircraft Noise, Department of Transport and Regional Services, Commonwealth of Australia, March 2000,

https://infrastructure.gov.au/aviation/environmental/transparent_noise/expanding/pdf/sepb_discussion_paper.pdf

¹¹⁶ Second Sydney Airport – A Chronology, Parliament of Australia, Williams, Paula, Parliament of Australia, 29 June 1998,

http://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/Publications_Archive/B/ackground_Papers/bp9798/98BP20

¹¹⁷ NSW Treasurer Mike Baird back more runways, no new airport for Sydney, Clennell, Andrew, The Australian, 12 November 2012, <http://www.theaustralian.com.au/news/nsw-treasurer-mike-baird-backs-more-runways-no-new-airport-for-sydney/story-e6frg6n6-1226514736234>

¹¹⁸ Western Sydney Airport, The Department of Infrastructure and Regional Development, 8 March 2016, <http://westernsydneyairport.gov.au/>

¹¹⁹ Slot Management at Sydney Airport, The Department of Infrastructure and Regional Development, 29 February 2016, https://infrastructure.gov.au/aviation/airport/planning/apr_slots.aspx

¹²⁰ The Long Term Operating Plan, Sydney Airport Community Forum, 14 May 2015, <http://sacf.infrastructure.gov.au/LTOP/index.aspx>

- ▶ Noise sharing targets for the areas north, south, east and west of the airport. These runway targets have not been particularly to the north and west of the airport¹²¹
- ▶ As many flights as possible over water or non-residential areas
- ▶ Different combinations of preferential runways being used at different times of the day to provide individual areas with respite periods from noise
- ▶ Limitations on use of reverse thrust during the curfew period

Operational Restrictions

- ▶ In 1995 following the opening of the runway, the Sydney Airport Curfew Act 1995 was introduced. The curfew operates between 11pm and 6am, with take offs and landings restricted to specific types of aircraft and operations:¹²²
 - ▶ A maximum of 24 international passenger landings allowed between 5am and 6am and must be in aircraft that meets the strictest ICAO Chapter 3 noise standards.
 - ▶ Zero aircraft movements between 11pm and midnight
 - ▶ Aircraft are not permitted to take off over suburbs after 10.45pm
 - ▶ 3 freight operators receive a quota of 146 movements each per week and must be Chapter 3 aircraft
 - ▶ Restricted flights paths over Botany Bay (water) during the curfew period and in the shoulder periods of the curfew on the weekends.

Noise Charges

- ▶ Fines of up to AUD \$850,000 for a body corporate for breaking the curfew restrictions.¹²³
- ▶ In October 1995, a levy for each aircraft was introduced under the Aircraft Noise Levy Act 1995. The levy continued until June 30, 2006 when all costs of the insulation program had been recovered. The levy was applied to all landings and based on the noise characteristics of each aircraft.¹²⁴
- ▶ The airlines recovered their cost by levying an amount of AUD\$3.40 per passenger¹²⁵

¹²¹ Sydney Airport, Master Plan Chapter 14: Noise Management, Sydney Airport, https://www.sydneyairport.com.au/corporate/~media/files/corporate/environment%20plan/master%20plan/2033/chapter%2014_noise%20management.pdf?force=1.

¹²² Curfew at Sydney Airport, Department of Infrastructure and Regional Development, 26 February 2015, <https://infrastructure.gov.au/aviation/environmental/curfews/SydneyAirport/SydneyCurfewBrief.aspx>

¹²³ Curfew at Sydney Airport, Department of Infrastructure and Regional Development, 26 February 2015, <https://infrastructure.gov.au/aviation/environmental/curfews/SydneyAirport/SydneyCurfewBrief.aspx>

¹²⁴ Residential Insulation Scheme around Sydney Airport, Burgess, M, Cotton, M, Butler, K, Department Transport and Regional Services, 2000, <http://www.conforg.fr/internoise2000/cdrom/data/articles/000358.pdf>

¹²⁵ Goods and Services Tax Industry Issues Tourism and Hospitality Industry Partnership, Australian Taxation Office, <https://www.ato.gov.au/law/view/document?docid=GII/GSTIITH7/NAT/ATO/00001>

Insulation Program

- ▶ The noise insulation program began in November 1994 to address the impact of the opening of the third runway. The following properties were eligible:¹²⁶
 - ▶ Australian Noise Exposure Index (ANEI) 40 (approx. L_{DN} 75): Residences were acquired and the land converted to a park¹²⁷
 - ▶ ANEI 30 contour (approx. L_{DN} 65): Residential properties received financial assistance for sound insulation.
 - ▶ ANEI 25 contour: public buildings – schools, churches, day care centres and hospitals
- ▶ The geographical boundaries for eligibility were reviewed annually to reflect any changes in aircraft activity.¹²⁸
- ▶ The government funded up to a maximum of AUD\$60,000 per house hold.¹²⁹
- ▶ The program has now closed and all properties had been insulated. The cost of the scheme was AUD\$408mn and funded through the Aircraft Noise Levy:
 - ▶ 4,083 homes and 99 public buildings were insulated, and 147 residences voluntary acquired¹³⁰

¹²⁶ Sydney and Adelaide Noise Insulation Program, Department of Infrastructure and Regional Government, 20 October 2014, <https://infrastructure.gov.au/aviation/environmental/insulation/>

¹²⁷ Residential Insulation Scheme around Sydney Airport, Burgess, M, Cotton, M, Butler, K, Department Transport and Regional Services, 2000, <http://www.conforg.fr/internoise2000/cdrom/data/articles/000358.pdf>

¹²⁸ Cost Recovery Impact Statement (CRIS) Noise amelioration – Sydney and Adelaide Airports, Department of Transport and Regional Services, 2005, https://infrastructure.gov.au/departments/statements/2005_2006/budget/pdf/CRIS-NOISE_AMELIORATION_DOTARS.pdf

¹²⁹ Cost Recovery Impact Statement (CRIS) Noise amelioration – Sydney and Adelaide Airports, Department of Transport and Regional Services, 2005, https://infrastructure.gov.au/departments/statements/2005_2006/budget/pdf/CRIS-NOISE_AMELIORATION_DOTARS.pdf

¹³⁰ Managing noise, Sydney Airport Limited, <https://www.sydneyairport.com.au/corporate/community-environment-and-planning/environment/managing-noise.aspx>

Appendix F Summary Data – Suvarnabhumi Airport, Bangkok, Thailand

Airport Overview

- ▶ Two parallel runways and two parallel taxiways to accommodate simultaneous departures and arrivals
- ▶ Total of 52.38 million passengers and 310,870 air craft movements were recorded in FY 2015.¹³¹
- ▶ The airport is designed to accommodate only 45 million passengers and 600 flights per day (currently averaging 800 flights per day)¹³²

Expansion History

- ▶ The airport opened in 2006 with two runways
- ▶ Various expansion projects are being planned including a new domestic and satellite terminal, expansion of the current terminal and a third runway. These projects would increase capacity to 85 million passengers. These projects are due for completion by 2020.¹³³
- ▶ The building of the third runway is undergoing an Environmental Health Impact Assessment (EIA) by the Office of Natural Resources and Environmental Policy and Planning¹³⁴. In 2011, there were plans to build a fourth runway by 2020 and a fifth runway by 2024.¹³⁵

Noise Abatement Operational Procedures

- ▶ Runways are operated to achieve the highest possible rate of arrivals and departures¹³⁶
- ▶ Since late 2006, aircraft exceeding 103 dB are banned from operation at the airport¹³⁷
- ▶ Thailand is an ICAO Contracting State, however unknown whether recommendation phasing out Chapter 2 airlines has been adopted.¹³⁸
- ▶ All departing aircraft required to apply thrust reduction at 1500 feet and acceleration at 3000 feet¹³⁹

¹³¹ Air Transport Statistic, Airports of Thailand PLC 2015, <http://aot.listedcompany.com/transport.html>

¹³² Open-sky policy must continue, says airlines, The Sunday Nation, 24 May 2015, <http://www.nationmultimedia.com/business/Open-sky-policy-must-continue-say-airlines-30260797.html>

¹³³ Second phase expansion of Bangkok's Suvarnabhumi airport delayed, Airport Technology, 22/05/2015 <http://www.airport-technology.com/news/newssecond-phase-expansion-of-bangkoks-suvarnabhumi-airport-delayed-4583666>

¹³⁴ AOT outlines major expansion, Ngamsangchaikit, Wanwisa, July 2015 <http://www.ttrweekly.com/site/2015/07/aot-outlines-major-expansion/>

¹³⁵ Thailand Unveils Suvarnabhumi Airport's \$5.47bn Plan, 3 August 2011, Airport Technology, <http://www.airport-technology.com/news/news126228.html>

¹³⁶ VTBS, Suvarnabhumi Intl, Jeppesen, <http://www.fly-sea.com/charts/VTBS.pdf>

¹³⁷ VTBS, Suvarnabhumi Intl, Jeppesen, <http://www.fly-sea.com/charts/VTBS.pdf>

¹³⁸ VTBS, Suvarnabhumi Intl, Jeppesen, <http://www.fly-sea.com/charts/VTBS.pdf>

¹³⁹ VTBS, Suvarnabhumi Intl, Jeppesen, <http://www.fly-sea.com/charts/VTBS.pdf>

Operational Restrictions

- ▶ Use of reverse thrust limited between 0200 and 600am local time¹⁴⁰
- ▶ In 2007, residents applied to the Central Administrative Court for a night flight ban between 10pm and 5am¹⁴¹, impacting around 166 flights, however this was rejected due to the economic impact¹⁴²

Compensation Measures

- ▶ The AOT calculated that 640 buildings were affected in the NEF>40 area and 15,676 buildings were affected in the NEF 30-40 area.¹⁴³
- ▶ The initial compensation package of THB 736 million baht was applied to
 - ▶ NEF>40 Areas: purchase land and buildings (constructed prior to 2001) or if the owners did not agree to sell, receive compensation for building and installing noise insulation measures.
 - ▶ Values of the properties were based on expropriated real estate legislation without deducting depreciation cost, however adding marketing margins¹⁴⁴
 - ▶ NEF 30-40 Areas: provide compensation to improve buildings and structures to reduce noise impact if the noise disturbance level exceeds 10 decibels from standard noise level (applicable to buildings constructed before 2001).
 - ▶ This criteria was amended to be based on a noise contour map developed by the Pollution Control Department, Thailand¹⁴⁵
 - ▶ Two years after the airport opened, THB 402 million had been paid in compensation.
 - ▶ THB 220 million for purchasing in areas with NEF>40 and
 - ▶ THB 182 improving 10 buildings in areas with NEF30-40¹⁴⁶
- ▶ In March 2009, the government approved a noise compensation budget of THB11.2 billion (approx. GBP225m)¹⁴⁷
- ▶ As of February 2011, BHT 1.25 billion in compensation had been paid to populations in the NEF>40 and NEF 30-40 areas¹⁴⁸

¹⁴⁰ VTBS, Suvarnabhumi Intl, Jeppesen, <http://www.fly-sea.com/charts/VTBS.pdf>

¹⁴¹ Airport area residents seek halt to flights, 6/12/2007, http://suvarnabhumi-info.blogspot.co.uk/2007_12_01_archive.html

¹⁴² Residents suffer setback in noise battle, Bangkok Post, 01/03/2012, <http://www.bangkokpost.com/print/282243/>

¹⁴³ Corporate Social Responsibility, Airports of Thailand Public Company Limited, 2014, http://www.airportthai.co.th/uploads/files/CSR_Report_of_2014.pdf

¹⁴⁴ Compensation for noise impact from the operation of Suvarnabhumi Airport Information for consideration, Airports of Thailand Public Company, <https://airportthai.co.th/uploads/profiles/0000000009/filemanager/files/2013/7.Compensation.pdf>.

¹⁴⁵ Compensation for noise impact from the operation of Suvarnabhumi Airport Information for consideration, Airports of Thailand Public Company, <https://airportthai.co.th/uploads/profiles/0000000009/filemanager/files/2013/7.Compensation.pdf>.

¹⁴⁶ Aviation Impacts on Property Values and Management: The Case of Suvarnabhumi International Airport, Limlomwongse Suksmith, Patcharin and Nitivattananon, Vilas, Volume 39, Issue 1, July 2015 <http://www.sciencedirect.com/science/article/pii/S038611121400020X?np=y>

¹⁴⁷ Aviation Impacts on Property Values and Management: The Case of Suvarnabhumi International Airport, Limlomwongse Suksmith, Patcharin and Nitivattananon, Vilas, Volume 39, Issue 1, July 2015 <http://www.sciencedirect.com/science/article/pii/S038611121400020X?np=y>

¹⁴⁸ Aviation Impacts on Property Values and Management: The Case of Suvarnabhumi International Airport, Limlomwongse Suksmith, Patcharin and Nitivattananon, Vilas, Volume 39, Issue 1, July 2015 <http://www.sciencedirect.com/science/article/pii/S038611121400020X?np=y>

- ▶ In October 2013, the government agreed to extend the compensation to buildings built up until 2006. An additional 58 buildings were found to be affected in the NEF>40 area and 3,406 buildings in the NEF 30-40 area.¹⁴⁹
- ▶ As of opening date until August 2014,¹⁵⁰
 - ▶ NEF >40: 96.81% of affected properties received compensation, across 605 properties for BHT941.28 million
 - ▶ NEF 30-40: 91.29% of buildings affected received compensation across 14,311 buildings for THB 2,865.57 million, 141 buildings were waiting to receive compensation or did not agree with the appraised value. 699 buildings were abandoned or had no owner found.
 - ▶ Improvements were made to 21 buildings in noise sensitive areas such as hospitals and religious buildings of BHT292.537 million
- ▶ In planning for a third runway, Suvarnabhumi Airport director Somchai Sawasdipol in 2012 said that approximately 4,000 houses were expected to be affected by the construction of the third runway and THB 7.9 billion had been set aside in compensation.¹⁵¹

¹⁴⁹ Corporate Social Responsibility, Airports of Thailand Public Company Limited, 2014, http://www.airportthai.co.th/uploads/files/CSR_Report_of_2014.pdf

¹⁵⁰ Corporate Social Responsibility, Airports of Thailand Public Company Limited, 2014, http://www.airportthai.co.th/uploads/files/CSR_Report_of_2014.pdf

¹⁵¹ Noise dispute over third runway revives, Bangkok Post, 26/09/2012 <http://www.bangkokpost.com/print/314063/>

Appendix G Introductory Email

Dear [XXX],

I work within the Infrastructure Transport and Government team in EY London. We have been engaged by the Department for Transport (a department of the UK Government) to assist them with their consideration of options for expanding airport capacity in the UK at either Heathrow or Gatwick airports.

DfT want to understand the scale and structure of compensation packages that have been offered to populations living close to comparable airports, particularly during periods of significant airport expansion.

DfT have identified [XXX] as a comparable project and so would like to include it within the study.

The process we propose is that you, or the appropriate person, be sent a short questionnaire which sets out the DfT areas of interest. We will then conduct a short telephone interview to discuss your responses.

It is expected that the individual responses will be non-attributable but that data would be presented on an airport basis.

My contact details are below if you would like to discuss further. We are unfortunately under some tight time constraints and so we should be grateful of a response by [XXX].

Background Points to the Survey

- ▶ UK airport capacity in south east England is constrained.
- ▶ In July last year, an independent commission appointed by the UK Prime Minister, recommended the construction of an additional runway at Heathrow Airport as a solution to the capacity problem but also said that a new runway at Gatwick Airport was credible.
- ▶ The commission's report recommended that a 'world class' compensation package for local residents was required. This compensation package should address, for example, impacts on property values, noise impacts and seek to ensure that local residents share the economic benefit of expansion.
- ▶ The UK Government wants to understand compensation packages offered by airports outside of the UK to help them to form a view on appropriate packages for Heathrow and Gatwick airports
- ▶ DfT has asked EY to approach international airports on their behalf and to report on what has been offered by expanding airports in other jurisdictions.

Appendix H Compensation Package Script and Questionnaire

Introduction

[NAME], on behalf of the UK Department of Transport, we thank you for taking the time to speak with us today and the responses you have provided us with. In the room with me I have [NAME], [POSITION] from [ORGANISATION], [NAME], [POSITION] from [ORGANISATION], and [NAME], [POSITION] from [ORGANISATION].

Can I ask who you have with you on the call?

Just a few administrative matters, we want to advise you that we will be taking notes today during our meeting; however we can provide you with a copy of these after the meeting. Also any information we discuss today may end up in the public domain so please keep that in mind as we move through the questions.

As we set out in our introductory email, the UK Department for Transport is currently considering options for expanding airport capacity in London. The current options for expansion include building an additional runway at either Heathrow Airport or Gatwick Airport, with Heathrow nominated as the preferred site by the Airports Commission last year. Before the UK Government nominates the site for expansion, it wants to understand the compensation packages offered by each of the Heathrow and Gatwick airport operators in comparison to what has been offered by other major international airports. This will allow the UK Government to determine whether the packages offered by Heathrow and Gatwick Airport can be considered world-class

To clarify, we refer to compensation as the financial and non-financial measures offered by the airport to the surrounding population that have been negatively impacted by the construction of the additional runway through increased aircraft noise or from the proximity to the airport. The types of financial measures include mandatory and voluntary purchases of homes and funding of insulation programs for affected residents. Non-financial measures would be night flight restrictions and changes to airport operations such as mandating continuous descent approaches or reconfiguration of runways. Do you need any more information as to what we would like to discuss?

The main questionnaire

The Elements of the Compensation Package

You currently have a suite of measures in place to manage the impact of noise on the surrounding populace. We have sent you a table setting out the information we have been able to research into the scope and cost of those measures.

Can you talk us confirm these numbers accurately reflect your understanding of what your Airport does in relation to noise impacts, or describe where you think there are differences in scale or scope.

[Response]

DfT are considering the issues of noise management, and wider compensation in the context of runway expansion. Can you describe how in either your, most recent experience of expansion, or if expansion is contemplated in the near future, how your organisation approached these issues

[Response]

How did you balance the relative contributions of each of the package measures, e.g., determine the length of night flight bans relative to financial support to noise management measures in private property?

[Response]

Details of the Measures

Noise Insulation Works

Part of your measures in addressing airport noise for residents is a financial package to support noise reduction works in private properties. Can we expand on this package.

How did private dwellings qualify for financial support?

[Response]

Did owners/landlords have to make a claim to you or did you proactively address them.

[Response]

What were the criteria for a successful claim

[Response]

Were owners required to source their own works/contractors or did you assist in the procurement of service providers

[Response]

Was the offer to owners time bound, i.e., did a claim have to be made within a certain period of time

[Response]

Was the offer of financial assistance specific to the circumstances of the property or was it a fixed sum per property. Was the offer capped by property

[Response]

And when was this measure announced in relation to the runway being opened? How long did it take for the population to receive their pay-outs?

[Response]

Is this program ongoing

[Response]

Overall, would you say the uptake has been above or below expectations?

[Response]

Within the reported costs we have identified would there be costs related to non-residential properties (e.g., schools, commercial premises) and if so how much would you estimate that to be.

Night Flight/Airport Restrictions

In relation to the [night flight/airport restrictions], why were these implemented? And are there any more restrictions planned?

[Response]

And have you quantified what impact this has had on revenues? Was there any compensation paid to the airport operator?

[Response]

[Land Acquisition through compulsory purchase., etc.]

In the course of operating or expanding the airport have you had a need to acquire property through compulsory or statutory measures?

[Response]

Where such purchases took place how was the purchase value established

[Response]

Do you have any information that would indicate whether the prices paid for property were different to existing Open Market Value

[Response]

Do you have any information where you believe a premium to existing use value was paid, what the level of that premium was.

[Response]

[Taxes and Landing Charges]

[We understand there is a noise tax]/[are there any specific taxes or fees levied for noise pollution?] Can you explain why this was implemented?

[Response]

Do you have any estimates on what this cost is per flight and how much is raised per year?

[Response]

Closing

In terms of the measures have you quantified what is spent on each of the measures or on an annual basis?

[Response]

Overall, were these measures introduced for statutory reasons or based on market precedence?

[Response]

Are there any other measures, particularly in relation to expansion of airport capacity, that you would want to draw our attention to and why?

[Response]

What measures would you change if you had to do this process again.

[Response]

Do you have any questions for us

[Response]

Thank you for your time, we appreciate all the information you have given us. We send a long a copy of the notes in the next couple of days. We will then be compiling this information into a report. Is there a contact in your team we can follow up with if we want to confirm any details while we are compiling our report?

CLOSE

EY | Assurance | Tax | Transactions | Advisory

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[Home \(/\)](#) / [Search](#) / Airspace change

Heathrow Airport

London Heathrow - Airspace, Departures and Arrivals Procedure - Third runway

ID: ACP-2017-43

IN PROGRESS

This proposal is for a Permanent airspace change, and is level 1.

Created: 01 October 2018

Last updated: 01 February 2019

www.heathrowconsultation.com

Step 2a : Develop & Assess - This step has been started

During the Develop & Assess Step, the change sponsor develops one or more options that address the Statement of Need and align with the defined design principles.



Step 2a



Step 2b



Develop & Assess
Gateway



Step 3a



Step 3b

Cc

F-034

STANSTED OPERATIONAL STATISTICS 2016
(DEFRA NOISE MAPPING YEAR)



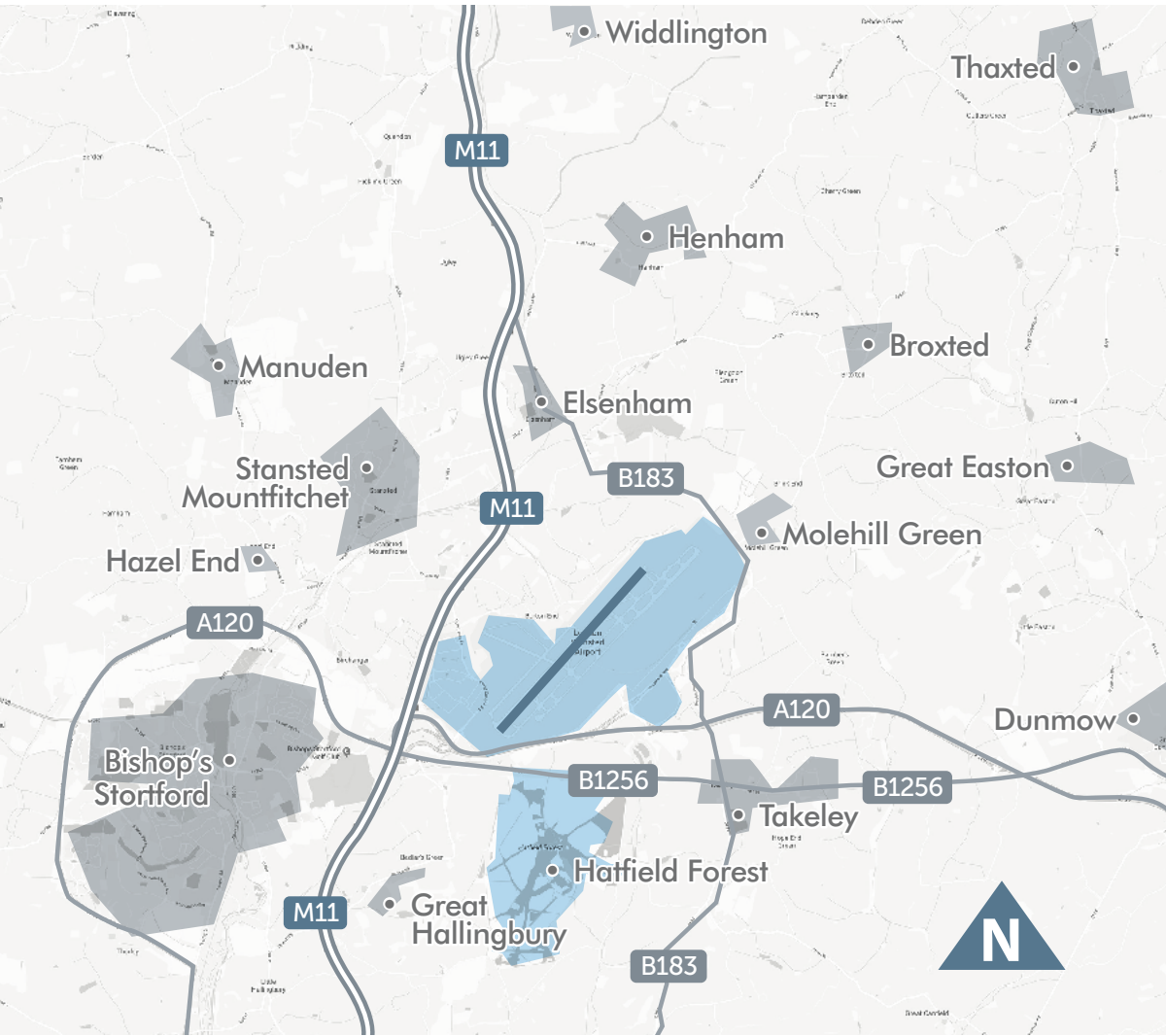
24.3 mppa



180,641
152,402 Passenger air traffic movement (PATMs)
13,736 Cargo air traffic movements (CATMs)
14,503 General aviation movements



254,498
Tonnes of cargo



SOURCES OF NOISE

Noise is primarily generated by aircraft as they arrive, depart and move around the airport. Other sources of noise at the airport come from activities involved in getting the passengers and cargo to and from the aircraft, from aircraft maintenance and engine tests, from construction activities at the airport and from vehicles coming to and from the airport.

Over 90% of aircraft movements at the airport occur during the day with the remaining movements occurring during night time (between 23:30 to 06:00). Information on historic, current and future noise levels at the airport are presented in this plan, along with existing, modified and new actions the airport proposes to implement. This plan has been developed using the 2016 data provided to the airport by DEFRA.

Managing these current noise effects and those arising from future growth is a key focus for the airport. Our long-term aim is to '...limit and reduce where possible, the number of people affected by noise because of the airport's operation and development'.

We are committed to minimising the number of people affected by aircraft noise by routinely reviewing our noise-related targets and policies. We will also continue to support local communities, with a focus on those most affected by aircraft operations. This will include continuing our community-relations programme, noise mitigation schemes and our Community Fund.

We will continue to measure our performance against other airports and to contribute to the sustainable development of the air transport industry at a national, regional and local level. We will also support and contribute to the noise-related commitments contained within the UK's Aviation Policy Framework and emerging national aviation policy.

“In 2017, London Stansted Airport handled 25.9 million passengers and currently serves over 190 destinations across Europe, the Middle East and North America.”

