



Company No. 2774189

THE COMPANIES ACT 1985
COMPANY LIMITED BY SHARES
RESOLUTION OF


GLOUCESTERSHIRE AIRPORT LIMITED

Notice is hereby given that at an Extraordinary General Meeting of the Company held on the 11th Day of December 1998 the following resolution was passed as a special resolution.

SPECIAL RESOLUTION

That the Company adopt in substitution for and to the exclusion of all existing articles of association, new articles of association in the form submitted to the meeting and for the purpose of identification signed by the Chairman and that such new articles of association be the regulations of the Company.

Dated: 11th Dec. 1998


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~~Secretary~~



THE COMPANIES ACT 1985

PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

GLOUCESTERSHIRE AIRPORT LIMITED

PRELIMINARY

1. (a) The Regulations contained in Table A in the Schedule to the Companies (Tables A to F) Regulations 1985, as amended by the Companies (Tables A to F) (Amendment) Regulations 1985 (such Table being hereinafter called "Table A"), shall apply to the Company save insofar as they are excluded or expressly or impliedly varied hereby and such Regulations (save as so excluded or varied), and the Articles hereinafter contained shall be the Regulations of the Company.

- (b) In these Articles:-

"Act" means the Companies Act 1985.

"Controlling Authority" has the meaning given to it by Section 16 of the Airports Act 1986.

Any reference herein to any provision of the Act or the Airports Act 1986 shall be deemed to include a reference to any statutory modification or re-enactment of that provision for the time being in force.

- (c) The Company is at the date of adoption of these articles a public airport company within the meaning of Section 16 of The Airports Act 1986. Its affairs shall be conducted at all times in accordance with such provisions of The Airports Act 1986, as apply in relation thereto, and in such manner as will ensure that the duties and obligations under The Airports Act 1986 of the Company's Controlling Authority, insofar as they relate to the Company or any of its affairs are duly discharged.

SHARE CAPITAL

2. The share capital of the Company at the date of the adoption of these Articles is £870,442 divided into:
 - (a) 435,221 A Ordinary Shares of £1 each (A Shares)
 - (b) 435,221 B Ordinary Shares of £1 each (B Shares)
3. In the event that a local authority ceases to be the registered holder of any A Shares or B Shares such shares shall forthwith be converted into C Ordinary Shares of £1 each (C Shares).
4. The A Shares, the B Shares and the C Shares shall each constitute a separate class of shares but save as hereinafter provided the rights attached thereto shall in all respects be identical.
5. In the event of a transfer of an A Share to the holder of B Shares or of a transfer of a B Share to the holder of A Shares the share so transferred shall forthwith on the approval of a relative transfer be automatically redesignated as a share of the same class as the shares already held by the transferee of such shares prior to such transfer and shall be registered as a share of that class.

ALLOTMENT OF SHARES

6.
 - (a) Shares which are comprised in the authorised share capital with which the Company is incorporated shall be under the control of the directors who may (subject to Section 80 of the Act) and to paragraphs (b) and (c) allot, grant options over, or otherwise dispose of the same, to such persons, on such terms and in such manner as they think fit.
 - (b) The directors are generally and unconditionally authorised for the purposes of Section 80 of the Act, to exercise any power of the Company to allot and grant rights to subscribe for or convert securities into shares of the Company up to the amount of the authorised share capital with which the Company is incorporated at any time or times during the period of five years from the date of incorporation, and the directors may, after that period, allot any shares or grant any such rights under this authority in pursuance of an offer or agreement so to do made by the company within that period. The authority hereby given may at any time (subject to the said Section 80) be renewed or revoked or varied by ordinary resolution of the Company in General Meeting.
 - (c) The directors shall be entitled under the authority conferred by this article or under any renewal thereof to make at any time prior to the expiry of such authority any offer or agreement which would or might require shares

of the Company to be allotted after the expiry of such authority, PROVIDED ALWAYS that unissued shares in the capital of the Company for the time being shall be issued only so that the issued share capital of the Company shall always consist of A Shares and B Shares and C Shares (following any conversion pursuant to Article 3).

- (d) Any new shares from time to time created shall unless the Company shall by special resolution otherwise resolve be first offered to the holders of the A Shares and B Shares and the C Shares (if any) in their existing proportions. Any such offer shall be made by written notice from the directors specifying the number and price of the shares on offer and specifying the period not being less than twenty-one days within which the holder must indicate whether it is willing to take any and if so, what maximum number of the shares on offer. At the expiration of the time limited by the notice the directors shall allot the shares on offer to or amongst the persons who shall have notified to the directors their willingness to take any shares and all shares which may be acquired by a holder of A Shares shall be designated A Shares and shall be identical to the A Shares then in issue, all shares acquired by a holder of B Shares shall be designated B Shares and shall be identical to the B Shares then in issue, and all Shares acquired by a holder of C Shares shall be designated C Shares and shall be identical to the C Shares then in issue (save in each case as regards the right to participate in any dividend or other distribution in respect of any financial period ended before the date of issue of the relevant shares). The provisions of Sections 89 and 90 of the Act shall have effect only in so far as they are not inconsistent with this Article.

LIEN ON SHARES

7. The lien conferred by Regulation 8 of Table A shall attach also to fully paid-up shares, and the Company shall have a first and paramount lien on all shares, whether fully paid or not, standing registered in the name of any person indebted or under liability to the Company, whether he shall be the sole registered holder thereof or shall be one or two or more joint holders, for all moneys presently payable by him or his estate to the Company. Regulation 8 of Table A shall be modified accordingly.
8. The liability of any member in default in respect of a call shall be increased by the addition at the end of the first sentence of Regulation 18 of Table A of the words "and all expenses that may have been incurred by the Company by reason of such non-payment".

VARIATION OF RIGHTS

9. Whenever the share capital of the Company is divided into different classes of shares the special rights attached to any class may be varied or abrogated either

whilst the Company is a going concern or during or in contemplation of a winding-up with the consent in writing of the holders of more than one-half of the issued shares of the class or with the sanction of an ordinary resolution passed at a separate meeting of the holders of the class but not otherwise. To every such separate meeting all the provisions of these articles relating to general meetings of the Company or the proceedings thereat shall mutatis mutandis apply except that the necessary quorum shall be one person at least holding or representing by proxy one tenth in nominal amount of the issued shares of the class, and that any holder of shares in the class present in person or by proxy may demand a poll, and that every such holder shall on a poll have one vote for every share of the class held by it PROVIDED THAT without prejudice to the generality of this article it is a term of issue of the A Shares and B Shares that the rights attached to such shares shall be deemed to be varied by the occurrence (without the prior written consent of the holder or holders of a majority in nominal amount of the A Shares and B Shares respectively) of any of the events listed in Article 17.

TRANSFER OF SHARES

10. The first sentence of Regulation 24 shall be deleted and replaced with "The directors may in their absolute discretion and without assigning any reason therefor refuse to register any transfer of shares which are not fully paid up or on which the Company has a lien".

VOTING RIGHTS

11. Subject to any special rights or restrictions as to voting attached to any shares by or in accordance with these Articles, on a show of hands every member who (being an individual) is present in person or (being a corporation) is present by a representative or proxy not being himself a member, shall have one vote, and on a poll every member who is present in person or by proxy or (being a corporation) is present by a representative shall have one vote for every £1 in nominal amount of shares in the capital of the Company of which he is the holder.

GENERAL MEETINGS AND RESOLUTIONS

12. (a) In Regulation 28 of Table A the words "or a resolution appointing a person as a director" shall not apply to the Company. A resolution in writing signed by all the members of the Company entitled to receive notice and to vote at a general meeting, shall be as valid and effective as if passed at the general meeting duly signed and held, and Regulation 38 of Table A shall be modified accordingly.
- (b) Two members present in person or by proxy or (if a corporation) present by representative or by proxy of which one shall be the holder of A Shares

and one shall be the holder of B Shares shall be a quorum for a general meeting. The second sentence of Regulation 40 in Table A shall not apply to the Company.

- (c) Regulation 40 of Table A shall be read and construed as if the words "at the time when the meeting proceeds to business" were added at the end of the first sentence.
- (d) If a quorum is not present within half an hour from the time appointed for a general meeting, the general meeting shall stand adjourned to the same day in the next week at the same time and place or to such other day and at such other time and place as the directors may determine; and if at the adjourned general meeting a quorum is not present within half a hour from the time appointed therefor such adjourned general meeting shall be dissolved.
- (e) Regulation 41 of Table A shall not apply to the Company.
- (f) In the event that any member of the Company is a local authority, such local authority, acting by its council or any committee or sub-committee established for the purpose, may appoint one or more corporate representatives to attend and speak at any general meeting of the Company. In the event that two or more corporate representatives are appointed for the purpose of a general meeting of the Company, the local authority making such appointment shall specify which corporate representative shall have the right to vote on its behalf.

NUMBER OF DIRECTORS

- 13. Unless otherwise determined by a unanimous resolution the number of directors shall be eight. Regulation 64 of Table A shall not apply to the Company.

APPOINTMENT OF DIRECTORS

- 14. (a) The holder of the A Shares shall [for so long as the aggregate nominal value of the issued A Shares is equal to or exceeds 20% of the aggregate nominal value of the entire issued share capital of the Company] be entitled to appoint and remove from time to time three directors of the Company who shall be the A Directors.
- (b) The holder of the B Shares shall [for so long as the aggregate nominal value of the issued B Shares is equal to or exceeds 20% of the aggregate nominal value of the entire issued share capital of the Company] be entitled to appoint and remove from time to time three directors of the Company who shall be the B Directors.

- (c) Any appointment or removal of a director pursuant to this article shall be made by notice in writing signed by or on behalf of the holder of the class of shareholder appointing or removing the director and deposited at the Company's registered office or handed to the secretary and shall take effect immediately upon deposit or receipt.
 - (d) The right so to appoint or remove an A Director and a B Director shall be a class right attaching to the A Shares and B Shares respectively.
 - (e) Subject to the provisions of The Airports Act 1986 three of the directors of the Company or one quarter of their number (whichever is less) shall be full-time employees of the Company and shall be suitably qualified to act as directors of the Company by virtue of their experience in airport management.
15. The directors shall not be required to retire by rotation. Regulations 73 to 78 and Regulation 80 in Table A shall not apply to the Company and Regulations 67 to 79 in Table A shall be amended accordingly.

PROCEEDINGS OF DIRECTORS

16. (a) No quorum for the transaction of the business of the directors shall be constituted unless there shall be present at least one A Director and one B Director or their alternates. For the purposes of determining whether a quorum is present at a meeting of directors and of voting at such a meeting a director or alternate director in contact with the meeting by telephone shall be deemed to be present thereat. Regulations 88 and 89 in Table A shall be amended accordingly and Regulation 90 in Table A shall not apply to the Company.
- (b) Questions arising at any meeting of the directors shall be decided by a majority of votes and in case of an equality of votes the chairman of the meeting [shall not have a second or casting vote. In the case of an equality of votes on any question the motion shall be deemed to have been lost.]

POWERS OF DIRECTORS

17. No decision or resolution of the directors or of any committee of directors to effect or empower the directors or the Company to undertake any of the matters listed below shall be valid or of any effect unless the holders omit of both the A Shares and B Shares shall have consented in writing thereto PROVIDED THAT the written consent of the holder of the A Shares or the B Shares shall not be required where the aggregate nominal value of the issued shares of such class is less than 20% of the aggregate nominal value of the entire issued share capital of the Company:-

- (a) to give or suffer to subsist any guarantee of whatsoever nature by the Company of the obligations or liabilities of any other person;
- (b) to lend any sums to any person (other than to grant normal trade credit to the customers of the Company);
- (c) to borrow or raise any sums in excess of the aggregate amount stated in the Company's annual budget which may count against the borrowing approvals of the holders of the A Shares and the B Shares PROVIDED THAT the Company may borrow and raise any sum or sums the aggregate of which does not exceed any Supplementary Credit Approvals issued to the Company and/or in relation to Gloucestershire Airport pursuant to Section 54 of the Local Government and Housing Act 1989 or any similar successor statutory provision. For the purpose of this sub-article and without prejudice to its generality the term "borrow" shall include:-
 - (1) any amounts owing by the Company or outstanding under bank overdrafts;
 - (2) deferred payments or abnormal credit terms;
 - (3) the aggregate amount of any book debts sold by the Company or invoiced to or through a sales discount or factoring company; and
 - (4) any amount raised by accommodation bills or by acceptance under any acceptance credit opened by or on behalf of the Company;
- (d) to do or suffer to be done any act or thing whereby the Company or any of its subsidiaries may be wound up;
- (e) to sell, transfer, lease, assign, licence, grant an option or otherwise dispose of the whole of the undertaking, property or assets of the Company (or any interest therein);
- (f) to create or grant any estate or interest in any part of the undertaking, property or assets of the Company which includes any covenant, obligation or undertaking on the part of the Company to maintain an operational airfield or similar provision of like effect;
- (g) to create or grant any estate or interest in any part of the undertaking, property or assets of the Company at less than the best consideration reasonably obtainable;
- (h) to appoint any serving non-executive director to paid employment with the Company;
- (i) to appoint any former non-executive director to paid employment with the Company;

- (j) to create or permit to exist any mortgage, charge, lien or encumbrance over any assets of the Company (excluding liens created or arising by operation of law in the normal course of business);
- (k) to undertake any activity other than the ownership, management and running of Gloucestershire Airport or any activity incidental or conducive thereto or calculated to facilitate such activity;

Article 70 of Table A shall be limited accordingly.

- 18. The directors shall ensure that the Company at all times complies with those provisions of the Local Government Housing Act 1989 and Regulations made thereunder, including the Local Authorities (Companies) Order 1995 which are applicable to the Company from time to time.
- 19. The Company shall in each year submit to the holders of both the A Shares and the B Shares;
 - (a) the minutes of the Company meetings, the annual audited accounts and a directors' annual report for information.
 - (b) the Company's annual budget proposals for comment.

ALTERNATE DIRECTORS

- 20. Regulations 65 and 69 inclusive of Table A shall not apply to the Company.
- 21. Subject to the conditions contained in sub-paragraphs (a) and (b) of this paragraph a director who is not an employee of the Company or of a subsidiary of the Company may appoint another director to be an alternate director for a meeting provided always that in the exercise of this power;
 - (a) A director appointed by Gloucester City Council may only appoint a director (not being an employee of the Company or of a subsidiary of the Company) appointed by Gloucester City Council to be his alternate; and
 - (b) A director appointed by Cheltenham Borough Council may only appoint a director (not being an employee of the Company or of a subsidiary of the Company) appointed by Cheltenham Borough Council to be his alternate.
- 22. A director who is also an alternate director shall be entitled in the absence of his appointor to a separate vote on behalf of his appointor in addition to his own vote.

DISQUALIFICATION OF DIRECTORS

23. The office of a director shall be vacated if he becomes incapable by reason of illness or injury of managing and of administering his property and affairs and Regulation 81 of Table A shall be modified accordingly.

GRATUITIES AND PENSIONS

24. (a) The directors may exercise the powers of the Company conferred by Clause 4(b)(18) of the Memorandum of Association of the Company and shall be entitled to retain any benefits received by them or any of them by reason of the exercise of any such powers.
- (b) Regulation 87 of Table A shall not apply to the Company.

APPOINTMENT OF AUDITORS

25. The Company shall appoint only auditors who are approved for this appointment by the Audit Commission for local authorities in England and Wales.

RECORDS AND DOCUMENTS

26. The holders of A Shares and B Shares shall be entitled, by any person or persons being employees of or professional advisers to such members, to inspect all accounting records and all books documents statements and records whatsoever of the Company. Regulation 109 of Table A shall be modified accordingly.

INDEMNITY

27. (a) Every director or other officer of the Company shall be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto, including any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgement is given in his favour or in which he is acquitted or in connection with any application under Section 144 or Section 727 of the Act in which relief is granted to him by the Court, and no director or other officer shall be liable for any loss, damage or misfortune which may happen to or be incurred by the Company in the execution of the duties of his office or in relation thereto. This article shall only have effect insofar as its provisions are not avoided by Section 310 of the Act.
- (b) Regulation 118 of Table A shall not apply to the Company.