

Crown Estate Scotland (Interim Management) Heads of Terms for Sub-sea Telecommunications Cables within the Territorial Waters of the United Kingdom adjacent to Scotland

Definitions

“*International*” cables are those which make landfall in the UK and exit UK Territorial Sea with an International Destination.

“*Domestic*” cables are those which both start and terminate in the UK.

“*Transiting*” Cables are those which pass through UK Territorial Sea but do not make a Landfall in the UK.

Crown Estate Scotland (Interim Management) charges standardised licence fees for all International Cables as set out below. Domestic, Transiting and cables to the Isle of Man will be dealt with on a case by case basis but the Licence provisions will normally reflect the Heads set out below.

Licence

Licensor	Crown Estate Scotland (Interim Management)
Licensee	[]
Term	([40] years)
Licence Start Date	TBC
Longstop Operational Date	TBA
Operational Date	the date which is the earlier of: (a) the date on which the Cable[s] [is/are] first used for the Permitted Use; and (b) the Longstop Operational Date
Operational Fee	£140,000.00 p.a. payable from the Operational Date of the Cable (indexed in accordance with RPI from 1 November 2009 to the start of the Licence and annually thereafter)
Non-operational Fee	[30]% of the Operational Fee payable from the Licence Start Date to the Operational Date of the Cable. Once the Cable has become Operational the Non-operational Fee is available on 12 months’ notice for up to a maximum period of 5 years in total and may be taken in more than 1 period.
Out of Service Fee	£[1000] p.a. (indexed in accordance with RPI from 1 November 2009) payable from the Out of Service Date, subject to annual Rent Review

Out of Service Date	<p>The Later of:</p> <ul style="list-style-type: none"> • The payment date stated in the Out of Service Notice when the Cable will be taken permanently out of service • The payment date 18 months after service of the Out of Service • The payment date 12 months after the parties have agreed the Final Decommissioning Plan
Permitted Use	For transmitting communications or other signals as part of an electronic communications network
Acceptable Covenant Strength	<p>Net Assets of no less than (£X - calculated specifically for each licence) subject to upwards only annual inflation adjustments, or a credit rating of at least investment grade as determined by either Moody's or Standard & Poor's credit rating agencies.</p> <p>The Licensee will produce confirmation of meeting the Acceptable Covenant test on each anniversary throughout the Licence and at any time during the Licence on 5 days' notice</p>
No dredging Zone	235 metres either side of the Cable Corridor
Works Restriction Zone	<p>In water less than 55m below chart datum 235 metres either side of the Cable Corridor</p> <p>In water greater than 55m below chart datum 485 metres either side of the Cable Corridor</p>
Rent Reviews	<p>Indexation</p> <p>The Operational Fee and Out of Service Fee will be subject to review on the Licence Start Date and each anniversary thereof thereafter</p> <p>Reviews will be upwards only and in line with the Office for National Statistics RPI figure</p> <hr/> <p>Market Review</p> <p>On the 20th and each subsequent 10th anniversary of the Licence Start Date</p> <hr/> <p>If the parties cannot agree the Market Review then The Valuation Office can act as an Independent Expert</p>
Termination	Either party may terminate the Licence at any time after the Cable has been Fully Decommissioned subject to 6 months' notice

	expiring on a payment day and Licence Fee having been paid up-to-date
Decommissioning	Initial Decommissioning Plan and estimate of costs to be supplied prior to entering into the Licence. Licensee will decommission the Cable in line with the Final Decommissioning Plan as agreed with the Licensor
Residue of the Cable	There is a presumption of full removal of cable from the seabed. Any sections left on the seabed (as specified in the Final Decommissioning Plan) after completion of the decommissioning works shall remain the property of the Licensee, for which an Out of Service Fee shall apply
Diversion	<p>The Licensor may at any time or any times request a diversion of the Cable to a reasonable alternative route.</p> <p>In this event:</p> <ul style="list-style-type: none"> • The Licensee will use reasonable endeavours to obtain any necessary consents in a reasonable time frame • The Licensor will pay the costs and expenses reasonably incurred in obtaining the consent and other expenses • The provision of the Licence will apply to the Cable in the altered route
Alienation	The Licensee will not hold the Licence on trust, grant a sub-licence, novate or assign, in part or whole, unless permitted
Indemnity	The Licensee will fully indemnify and keep the Licensor indemnified for the entirety of the Licence
Insurance	The Licensee will effect and maintain third party and public liability insurance at a minimum level of (£25,000,000) for each and every event
As Laid plans and co-ordinates	Within 10 working days of the Cable being laid, the Licensee will provide as laid plans and co-ordinates
Maintenance	Where necessary to repair damage, the Licensee may replace a part of the Cable or make additions to the Cables or carry out such

	re-protection or additional re-protection works. As soon as reasonably practical following works new as laid plans and co-ordinates must be provided to the Licensor
Indexation	Calculation of RPI from 2 months prior to the Licence Start Date. For future reviews the index for the month two months prior to the date of review will be used.
Cable	the section of the Cable System inside the Territorial Limit consisting of [a][<i>number of</i>] cable[s] as described in the Specification within the Cable Corridor, the cable joint and safety apparatus permanently attached to that cable and required for the operation of it, in each case to the extent within the Cable Corridor or Works Restriction Zone as appropriate.
Cable Corridor	A strip of [foreshore and] seabed 30m in width within which the Cable(s) lie

These Heads of Terms are not intended to be contractual in effect