(LAND REGISTRATION (SCOTLAND) RULES 2006 Rule 15)



LAND CERTIFICATE

VERSION 12/09/2006

Title Number: INV33029

Subjects: VISITOR ATTRACTION AT

QUEEN'S FOREST AND CAIRNGORN

MOUNTAIN, AVIEMORE

THIS LAND CERTIFICATE, ISSUED PURSUANT TO SECTION 5(2)
OF THE LAND REGISTRATION (SCOTLAND) ACT 1979,
IS A COPY OF THE TITLE SHEET RELATING TO THE ABOVE SUBJECTS.

STATEMENT OF INDEMNITY

Subject to any specific qualifications entered in the Title Sheet of which this Land Certificate is a copy, a person who suffers loss as a result of the events specified in section 12(1) of the above Act shall be entitled to be indemnified in respect of that loss by the Keeper of the Registers of Scotland in terms of that Act.

ATTENTION IS DRAWNTO THE GENERAL INFORMATION OVERLEAF.





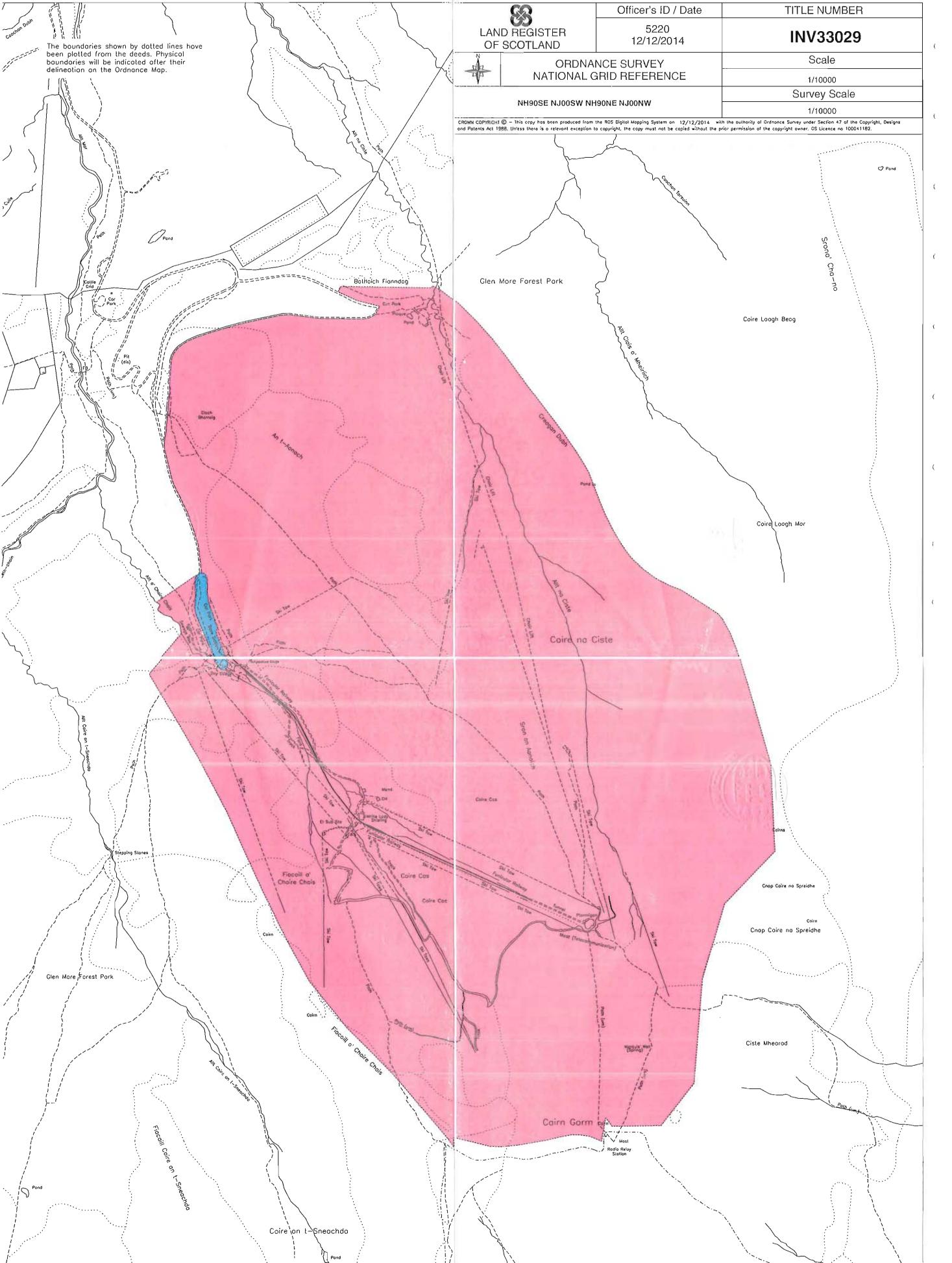
LAND CERTIFICATE

Title Number: INV33029

Subjects: VISITOR ATTRACTION AT

QUEEN'S FOREST AND CAIRNGORM

MOUNTAIN, AVIEMORE







TITLE NUMBER INV33029

A .

A. PROPERTY SECTION

DATE OF FIRST REGISTRATION

19 JUN 2014

DATE TITLE SHEET UPDATED TO

19 JUN 2014

DATE LAND CERTIFICATE UPDATED

TO

19 JUN 2014

INTEREST

TENANT

MAP REFERENCE

NH90NE

DESCRIPTION

Subjects being the visitor attraction at QUEEN'S FOREST and CAIRNGORM MOUNTAIN, AVIEMORE tinted pink and blue on the Title Plan being 602.4 hectares in measurement on the Ordnance Map.

SHORT PARTICULARS OF THE LEASE UNDER WHICH THE ABOVE SUBJECTS ARE HELD

Parties

Highlands and Islands Enterprise to Cairngorm Mountain Limited Date of Recording or Registration Land Register 19 JUN 2014 Term

11 Jun. 2014 to

31 Mar. 2039

SCHEDULE OF LEASES

Entry No	Tenant	Date of Recording or Registration	Term
1	Cairngorm Sports Development Limited to Scottish Ski Club	Date of Execution 22 APR 1974	letter of extension of lease dated 12/1/1997





TITLE NUMBER INV33029

A 2

A. PROPERTY SECTION

SCHEDULE OF SUB-LEASES

Entry	Subjects	Tenant	Date of Recording or	Term
No			Registration	
1	subjects adjoining the day lodge building at Coire Cas car park, Cairngorm Ski Area	Cairngorm Mountain Ltd to Uphill Ski Club of Great Britain	G.R.S. (Inverness) 06 DEC 2001	10 Aug. 2001 to 9 Aug. 2026





TITLE NUMBER INV33029

B 1

B. PROPRIETORSHIP SECTION

ENTI NO

1

ENTRY PROPRIETOR

CAIRNGORM MOUNTAIN LIMITED incorporated in Scotland with Registered Number SCO43599), Registered Office at Cairngorm Ski Area, Aviemore, PH22 1RB.

DATE OF REGISTRATION 19 JUN 2014

CONSIDERATION

Rent as specified in the Lease in Entry 7 of the Burdens Section

DATE OF ENTRY 11 JUN 2014





TITLE NUMBER INV33029

C1

C. CHARGES SECTION

ENTRY NO SPECIFICATION

DATE OF REGISTRATION

No Entry





TITLE NUMBER INV33029

D 1

D. BURDENS SECTION

ENTRY NO

SPECIFICATION

Disposition by Charles Henry Gordon Lennox and Charles Henry Gordon Lennox to The Forestry Commissioners and their assignees, recorded G.R.S. (Inverness) 16 November 1923, of Glenmore Forest, of which the subjects in this Title form part, contains the following burdens:

Our said disponees and their foresaids shall be bound while they continue to use the public road or right of way leading from the land hereby disponed to Boat of Garden through the Sluggan Pass to make good all damage caused by such use in so far as such damage relates to the portion of said road or right of way which passes through the land belonging to me between the boundary of the land hereby disponed and the County Road from Aviemore to Boat of Garten: And further declaring that in the event of any dispute or difference arising as to the extent of such damage or the liability therefor or any question relating thereto, the same shall failing agreement be submitted to arbitration by the parties concerned in manner to be agreed between such parties.

Feu Disposition by Secretary of State for Scotland to Highlands and Islands Development Board and their successors and assignees, recorded G.R.S. (Inverness) 29 Sep. 1971, of Queen's Forest, of which the subjects in this Title tinted pink on the Title Plan forms part, contains the following burdens;

But declaring that the said area of ground is disponed under the existing Wayleave Rights in favour of the North of Scotland Hydro Electric Board the Postmaster General (as to which rights no apportionment of rental shall be made to the said disponee) and also under the following reservations, conditions, restrictions and declarations and others following videlicet: (First) the right to me and my successors to construct, maintain and publicise a way marked route for walkers starting from the Sugar Bowl bend on the Ski Road and leading to the Green Lochan by way of Lochan na Beinne; (Second) the right to me and my successors to form and but immediately adjoining maintain fire traces outwith plantations and on the said area of ground; (Third) the right to me and my successors to approve muirburning and no fires other than in buildings shall be permitted without my consent; (Fourth) the right to me and my successors to remove all marketable timber in the north west corner of the said area of ground as indicated by black





TITLE NUMBER INV33029

D 2

D. BURDENS SECTION

hatching on the plan annexed as relative hereto with freedom to extract at any time to the nearest forest road in the plantations lying to the north of the said area of ground; (Fifth) the right to me and my successors to erect and operate an Information Centre in the vicinity of the top car park in Coire Cas without payment and with all necessary servitude rights of drainage, electricity, water and other services; (Sixth) the right to me and my successors to maintain the Tire Look-out Hut with access thereto together with a right to replace the said hut or another similar on a new site with all necessary provision for aerials and cables: (Seventh) the responsibility for maintenance of the existing deer fence along the northern boundary of the said area of ground will rest with me and my successors but only so long as such fence is considered necessary by me or my foresaids, maintenance and renewal costs of the said fence will be shared equally with the said disponee and its foresaids if stock other than reindeer is grazed on the said area of ground or if the said disponee or its foresaids obtain a for grazing from the Reindeer Company Limited or successors. (Eighth) the said disponee will be required to lease to me at a nominal rent and on other terms and conditions to be agreed that area of ground extending to approximately ten acres in Coire Loagh indicated approximately by cross-hatching on the said plan for the purposes of timber research: (Ninth) the said disponee will be bound to continue to allow to the public free access on foot to the said area of ground for recreational purposes; (Tenth) the said disponee will be required to allow the Scottish Council for Physical Recreation to continue to have small bivouac camps in the vicinity of the Allt Ban; (Eleventh) the said disponee will also be bound to lease to the Scottish Ski Club the site of their existing hut in Coire Cas with all necessary drainage and other facilities for a period in excess of twenty-one years from 15 Jul. 1968 on terms to be mutually agreed; (Twelfth) the said disponee will be taken bound to agree to the area of ground being designated as lying within "Glenmore Forest Park".

Note: The areas of ground shown hatched and cross hatched on the plan annexed as relative to the above Feu Disposition do not affect the subjects in this Title.

Disposition by Highland Regional Council and Secretary of State for Scotland to Highlands and Islands Development Board and its successors, recorded G.R.S. (Inverness) 9 Apr. 1990, of the subjects in this Title being the car park tinted blue on the Title





TITLE NUMBER INV33029

 D_3

D. BURDENS SECTION

Plan, contains the following burdens;

(First) our disponees shall forego any rent which may be chargeable to the Cairngorm Chairlift Company Limited and (Second) the subjects hereby disponed are so disponed with and under any existing public rights of way.

- Minute of Agreement in terms of Section 50 of the Town and Country Planning (Scotland) Act 1972, recorded G.R.S. (Inverness) 27 Mar. 1997 between Highland Council, Scottish Natural Heritage, Highlands and islands Enterprise, Cairngorm Chairlift Company Limited and Governor and Company of the Bank of Scotland in the following terms Copy in Certificate.
- Disposition by Highlands and Islands Enterprise to Secretary of State for Scotland and his successors and assignees, recorded G.R.S. (Inverness) 8 Jun. 1999 of 930 hectares of ground at Queen's Forest adjoining the subjects in this Title, contains the following burdens:

(One) there is reserved in favour of Highland and Enterprise and their successors as proprietors of the Retained Subjects (Retained Subjects being the area of ground feued in Feu Disposition to Highlands and Islands Development Board, recorded G.R.S. (Inverness) 29 Sep. 1971 under exception of the subjects hereby disponed) a servitude right to lay, maintain, repair, renew and replace within the subjects hereby disponed pipes, cables and other connecting and conducting media for water, drainage, electricity, telecommunications and other services ("the service media") subject to (i) reinstatement of all damage caused by the exercise of the foregoing rights, and (ii) payment of compensation for all damage which may not be reinstated and al loss caused thereby and provided always that before the Service Media are laid the routes of the same, as also the depth and width of the routes and all other matters affecting the interest of our said disponees and their successors in ownership of the subjects shall first be agreed between ourselves and our successors and our said disponees and their foresaids both parties being bound to act reasonably having regard to the respective interests of the other, and (Two) there is reserved in favour of the Highlands and Islands Enterprise and their successors as proprietors of the retained subjects a servitude right to discharge treated sewage effluent into the Allt Mor from plant at Coire Cas and into Allt Na Ciste from plant at Na Ciste subjects to such discharge being treated in accordance with the relevant legislation in force from time to





TITLE NUMBER INV33029

D4

D. BURDENS SECTION

time.

- The rights of the tenants under the Leases specified in the Schedule of Leases in the Property Section are burdens on the subjects in this Title.
- Lease by Highlands and Islands Enterprise to Cairngorm Mountain Limited, registered 19 Jun. 2014 of the subjects in this Title, contains conditions and burdens Copy in Certificate.



The Writ hereinaster reproduced is recorded in the General Register of Sasines for publication and also as in the Books of the Lords of Council and Session for preservation and execution as follows:-

MINUTE OF AGREEMENT

between

THE HIGHLAND COUNCIL, as Planning Authority for the Highland area, in terms of the Town & Country Planning (Scotland) Act 1972, as amended by the Local Government Etc (Scotland) Act 1994 and whose principal place of business is Council Offices, Glenurquhart Road, Inverness, IV3 5NX (who and whose successors are hereinafter referred to as "the Planning Authority')

OF THE FIRST PART

SCOTTISH NATURAL HERITAGE, as the body with responsibility for conserving and enhancing the natural heritage of Scotland under the Natural Heritage (Scotland) Act 1991 and as agent for the Secretary of State for Scotland for implementing the Habitats and Birds Directives and having their principal place of business at Hope Terrace, Edinburgh (who and whose successors are hereinafter referred to as "SNH")

OF THE SECOND PART

HIGHLANDS & ISLANDS ENTERPRISE, a body constituted under the Enterprise & New Towns (Scotland) Act 1990 and having their principal place of business at Bridge House, Bank Street, Inverness as heritable proprietor of the Development Site (as hereinafter defined) (who and whose successors in title to the Development Site are hereinafter referred to as "the Proprietor")

OF THE THIRD PART

THE CAIRNGORM CHAIRLIFF COMPANY LIMITED, a company incorporated under the Companies Act 1985 and having their registered office at Cairngorm Ski Area, Aviemore, PH22 1RB, as lessee of the Development Site (who and whose successors as operators of the Development Site are hereinafter referred to as "the Applicant")

OF THE FOURTH PART

THE GOVERNOR AND COMPANY OF THE BANK OF SCOTLAND incorporated by Act of Parliament and having its Head Office at PO Box 5, The Mound, Edinburgh (for their interest as holders of a Standard Security as hereafter mentioned)

OF THE FIFTH PART

WHEREAS

The Applicant has made an application (hercinafter referred to as "the Application") identified in the Planning Register by the number BS/1994/254 to Highland Regional Council for planning permission in terms of s.22 of the Town & Country Planning (Scotland) Act 1972 in respect of proposals for the development of land extending to 94.3 hectares at Cairngorm, which land (hereinafter referred to as "the Development Site") is delineated in red on the plan annexed and signed as relative hereto REGISTERS OF SCOTLAND (iucluding

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GENERAL REGISTER OF SASINES COUNTY OF INVERNESS
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PRESENTED & RECORDED ON 27 MAR 1997



the Spoil Dump) and marked "PLAN 1 - Development Site" (and which Plan is hereinafter referred to as "Plan 1") and forms part and portion of ALL and WHOLE the lands of Glenmore Forest in the Parish of Abernethy (formerly the United Parishes of Abernethy and Kincardine) and County of Inverness more particularly described in, disponed by and shown by a boundary line marked in red in the plan signed as relative to the Disposition by the most Noble Charles Henry Lennox, Duke of Richmond Gordon and Lennox KG and another in favour of the Forestry Commissioners dated the Ninth and Twelfth and recorded in the Division of the General Register of Sasines applicable to the County of Inverness the Sixteenth, all days of November, Nineteen Hundred and Twenty-three;

- 2. The development proposals contained in the Application are:-
 - the construction of a funicular railway from Coire Cas car park to the Ptarmigan via the Shieling as shown on Plan 1;
 - (b) the removal of the existing Coire Cas two-stage chairlift system and the existing lower and middle station buildings, which buildings are marked "A" and "B" on Plan 1;
 - (c) removal of the existing garage building at the Coire Cas car park marked "C" on Plan 1;
 - (d) alterations and extensions to existing buildings at the Day Lodge, Shieling and Ptarmigan as the same are identified on Plan 1 to incorporate new funicular stations, catering and exhibition facilities, administration offices and workshops, all as shown on drawings numbered 002, 003, 004, 005, 006, 007, 008, 009, 010A and 11A which accompanied the Application; and
 - (e) the use and subsequent reinstatement of land at Coire na Ciste for the disposal of spoil, which land is shown delineated in red and marked "Spoil Dump" on Plan 1;
- The Planning Authority succeeded to Highland Regional Council on 1 April 1996 and is now the determining authority for the purposes of the Application;
- 4. The Development Site adjoins sites proposed by the Secretary of State for Scotland, because of their nature conservation interest, for protection as European sites under Directive 92/43/EEC and Directive 79/409/EEC on the conservation of natural habitats and of wild fauna and flora and on the conservation of wild birds;
- 5. Highland Regional Council consulted SNH with regard to the planning application as required by regulation 48(3) of the Conservation (Natural Habitats, etc) Regulations 1994 and SNH has now advised the Planning Authority that the development proposal will not affect the integrity of the proposed European sites provided the Applicant enters into this Agreement with SNH under s.49A of the Countryside (Scotland) Act 1967 to safeguard the nature conservation interest of the said sites as hereinafter provided;
- 6. The Planning Authority is satisfied that the development proposals will not adversely affect the integrity of the proposed European sites and has resolved to grant planning permission in terms of the Application but to withhold the issue of the planning consent document (hereinafter referred to as "the Decision Notice") until this Agreement under s.50 of the Town & Country Planning (Scotland) Act 1972 and s.49A of the Countryside (Scotland) Act 1967 has been concluded for the purposes of restricting or regulating the development or use of the Development Site for which planning permission is to be granted and of safeguarding the nature conservation interest of the said sites as hereinafter provided;
- The Proprietor is the heritable proprietor of the Development Site and the Applicant is the lessee
 theroof and both have, for their interesta, consented to this Agreement as is evidenced by their
 signature hereto;

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156



- Under s.14 of the Enterprise and New Towns (Scotland) Act 1990, the Secretary of State may, after consulting with Highlands and Islands Enterprise, give Highlands and Islands Enterprise directions of a general or specific character as to the exercise of its function; and it shall be the duty of Highlands and Islands Enterprise to give effect to any such direction.
- The Bank of Scotland hold a Standard Security over the Day Lodge Site, being part and portion of the Development Site, which Standard Security is constituted by Standard Security by the Applicant in their favour dated Seventeenth and recorded in the Division of the General Register of Sasines for the County of Inverness on Twenty-eighth February, both Nineteen Hundred and Ninety-four. The Bank of Scotland is a party hereto solely for the purpose of consenting to its terms as holders of such security and, for the avoidance of doubt, no obligations or liabilities are imposed upon it under this

THEREFORE THE PARTIES HAVE AGREED AND DO HEREBY AGREE AS FOLLOWS:-

(FIRST)

The principal purpose of this Agreement is to ensure that the Development proposed is managed in such a way that it will not adversely affect the integrity of the said

(SECOND)

For the purposes of this Agreement, the following terms shall have the meaning given to them by this Clause:-

"Agreement"

unless the context indicates otherwise, includes the approved Visitor Management Plan (including the Monitoring Scheme) referred to in Clause (SIXTH) hereof and the approved Implementation Scheme referred to in Clause (SEVENTH) hereof:-

"Associated Buildings"

means the buildings referred to in Recital 2(d) hereof;

"Development"

refers to the activities granted planning permission in the Decision Notice to be issued under Clause (THIRD) hereof;

"Development Site"

means the land which is the subject of the planning application number BS/1994/264 referred to in Recital I bereof which land is described in that Recital;

"Implementation Scheme"

means the scheme for implementing the Development referred to in Clause (SEVENTH) hereof;

"Monitoring Scheme"

means the Monitoring Scheme to be prepared and implemented by the Applicant under the terms of Clause (SIXTH)(a) and (b) hereof;

"Non-Skiing Visitors"

means visitors to the Ski Area at any time of the year who come for a purpose other than skiing, snowboarding, toboganning, ski bobbing and other winter sports activities of a similar nature. The term also includes skiers, snowboarders and others undertaking the aforementioned sports who move from the Ski Area to adjoining land in the proposed

European Sites;

"Ski Area"

refers to the area of land which is the subject of (First) Lesse between the Highlands and Islands Development Board and Cairngorm Sports Development Limited dated 12th and 22nd January

INV 97 156



1974 with Addendum thereto dated 14th February and 5th March both 1975 and recorded in the Division of the General Register of Sasines for the County of Inverness on 26th July 1984 as varied by Minute of Variation of Lease between the said The Minute of Variation of Lease between the said The Highlands and Islands Development Board and Cairngorm Chairlift Company Limited (formerly Cairngorm Sports Development Limited, the name having been changed by Special Resolution dated 9th December 1977) dated 23rd January and 10th February both 1984 (Second) a Lease between The Highlands and Islands Development Board and Cairngorm Chairlift Company Limited dated 25th and 28th November 1986 and (Third) including for the avoidance of doubt the solum of the public road leading to the Coire Cas Car Park (in so far as located within the "Ski Area") being part of the subjects described in and disponed by Disposition by the Secretary of State for Scotland in favour of The Highland Regional Council dated 19th October and recorded in the said Division of the General Register of Sasines on 30th October both 1989, which area of land is shown delineated in green on the plan nnnexed and signed as relative bereto and marked "PLAN 2 - Ski Area";

"Ski Season"

refers to the period from 1st November in any year to 30th April in the following year;

"Summer Season"

refers to the period from 1st May to 31st October in any year;

"Visitor Management Plan"

means the plan for managing Non-Skiing Visitors to be prepared and implemented by the Applicant under the terms of Clause (SIXTH) hereof. A draft of the proposed Visitor Management Plan is contained in annex B hereto;

(THIRD)

On execution of this Agreement, the Planning Authority shall forthwith issue to the Applicant, the Decision Notice in respect of approval of the Application and the Development shall be subject to:

- (i) the conditions, until purified, specified in the Decision Notice;
- (ii) the conditions, restrictions, obligations, prohibitions and others contained within this Agreement until such time, if ever, as any or all of the restrictions, obligations, conditions or others contained within this Agreement are implemented, modified or discharged.

(FOURTH)

The conditions, restrictions, obligations and others contained within this Agreement shall be created real and preferable burdens upon and affecting the Ski Area and are appointed to be recorded at length or otherwise validly referred to in all future conveyances, dispositions or other such deeds, including leases, relating to the Ski Area in whole or in part, BUT DECLARING that, with the exception of the obligations in

INV 97 156

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Clause (FIFTH) they shall not take effect until such time as the Decision Notice is implemented, the word implemented being taken in the context of this Clause to mean the commencement of any Development pursuant to the Decision Notice or any reserved matters consent following thereon. The obligations in Clause (FIFTH) shall take effect immediately on the execution of this Agreement.

(FIFTH)

The Applicant will meet the cost of a base line survey the purpose of which is to document the existing condition of the area shown outlined in red on Plan 3 annexed hereto in relation to soils, habitats, species of birds and levels and patterns of visitor use. The Applicant undertakes to carry out the survey in so far as it relates to the Ski Area. The survey is to cover such matters and is to be undertaken in a manner to be agreed by the Planning Authority and SNH and is to be carried out over a consecutive period of twelve months. No development shall commence on the Development Site, unless otherwise agreed by the Planning Authority and SNH, until that part of the survey to be undertaken by the Applicant has been submitted to and approved in writing by the Planning Authority and SNH. The Planning Authority and SNH will, within twelve weeks of the submission of the said part of the survey for approval, notify the Applicant in writing that they approve the said part of the survey for the reasons given in the notice.

(SIXTH)

- (a) Within nine months of the commencement of development on the Development Site, the Applicant will, at its own cost, prepare in consultation with the Planning Authority, SNH and the Proprietor and submit to the Planning Authority and SNH for their approval a final Visitor Management Plan (hereinafter referred to as "the VMP") for Non-Skiing Visitors and the use by the public of the funicular railway shall not commence until such approval has been given. The VMP will define the Applicant's objectives and its approach to visitor management. The Planning Authority and SNH will, within twelve weeks of the submission of the VMP for approval or such longer period as shall he agreed between the parties, notify the applicant in writing that they approve the VMP or, alternatively, that they do not approve the VMP for the reasons given in the notice.
- (b) Amongst other things, the VMP will deal with the preparation and implementation of a monitoring scheme (hereinafter referred to as "the Monitoring Scheme"). The Monitoring Scheme shall include details of the following:-
 - the matters to be the subject of detailed monitoring, including the monitoring of non-ski use during the ski season;
 - the method of monitoring to be adopted and the manner in which it is to be carried out;
 - the division of responsibility for carrying out and paying for each aspect of monitoring;
 - the identification of suitably qualified persons to undertake the monitoring;
 - (v) the arrangements for reporting the results;

INV 97 156



- (vi) the criteria against which the results of monitoring will be tested and measured and the identity of the persons to undertake the testing and measurement:
- (c) The Applicant undertakes to implement, at its own cost, the obligations imposed on it in the approved VMP, including implementation of such aspects of the approved Monitoring Scheme as are its responsibility in accordance with sub-clause (b)(iii) hereof, in the manner and in the time stipulated in the VMP and to the satisfaction of the Planning Authority and SNH;
- A breach of the terms of the approved VMP shall be treated as a breach of the terms of this Agreement;
- (e) The funicular railway shall not be brought into commercial use until such time as those obligations in the approved VMP which are to be implemented prior to that event have been carried out to the satisfaction of the Planning Authority and SNH;
- (f) The Planning Authority and SNH agree that the draft VMP annexed and signed as relative to this Agreement is indicative of the matters which they wish to see covered in the final VMP. The final VMP will, however, require greater detail and precision and the Planning Authority and SNH will require to be satisfied on these matters before giving their approval to the final VMP.

(SEVENTH)

- (a) Prior to commencement of Development on the Development Site, the Applicant will, at its own cost, prepare and submit to the Planning Authority and SNH for approval a schema for implementing the Development (hereinafter referred to as "the Implementation Scheme") and the Planning Authority and SNH will decide whether to approve the Scheme. The Planning Authority and SNH hereby agree to respond to the Implementation Scheme within twelve weeks of receiving details hereof and will either grant approval hereunder or indicate why approval has been withheld. The Implementation Scheme shall set out details of the timing and manner of implementation of the Development but without prejudice to the foregoing generality, the Scheme will include details of:-
 - the timing and manner of the removal of the existing Coire Cas chairlifts;
 - the steps to be taken to reinstate the land and to remove materials consequent on the removal of the chalchifts;
 - the arrangements for monitoring the results of such reinstatement and for taking remedial action where appropriate;
 - (iv) the steps to be taken to reinstate the land and to remove materials consequent on completion of the construction works involved in the Development and the arrangements for monitoring the results of such reinstatement and for taking remedial action where appropriate;
 - the provisions for monitoring the effect on the Development Site of the Development and for remedying any adverse effects;
- (b) The Applicant undertakes, at its own cost, to implement the Implementation Scheme in the manner agreed and to the satisfaction of the Planning

INV 97 .. 156

Authority and SNH. Any breach of the terms of the Implementation Scheme shall be treated as a breach of the terms of this Agreement.

(EIGHTH)

(a) The Planning Authority and SNH will after consultation with the Applicant and the Proprietor appoint a suitably qualified person or persons to provide for them, by the end of November in each year or such other date as may be agreed by the Planning Authority and SNH, at the reasonable cost of the Applicant, an annual report on the impact of Non-Skiing Visitors using the Coire Cas car park and the funicular railway and on the effectiveness of the approved VMP in managing such visitors;

-7-

- (b) The Applicant, and the Proprietor in so far as the Proprietor's consent is required, will permit such person or persons appointed pursuant to sub clause (a) of this Clause, or any person duly authorised in writing by such person or persons, access to the Ski Area, to the Development and to other facilities of the Applicant on the Development Site, for the purpose of preparing the annual report;
- (c) The Applicant and SNH (as appropriate) will provide such person, or any person duly authorised in writing by such person, access to all data in their possession arising from implementation of the Monitoring Scheme referred to in Clause (SIXTH) (b) above.

(NINTH)

- (a) If information arising from the operation of the Monitoring Scheme or from the annual reports indicates to the Planning Authority and SNH that measures additional to or different from those stipulated in the approved VMP may be appropriate for the purposes of the Development as a consequence of the Development's impact upon the integrity of the proposed European sites referred to in Recital 4 to this Agreement or that remedial work may be required, they shall first consult with the Applicant and the Proprietor about such measures:
- (b) If, following such consultation, the Planning Authority and SNH decide that measures additional to or different from those stipulated in the approved VMP are appropriate, such measures will be implemented by the Applicant at its own cost and within such time and in such manner as determined by the Planning Authority and SNH and the VMP shall be altered accordingly, and the VMP as so altered shall become the approved VMP;
- (c) If, following such consultation, the Planning Authority and SNH decide that remedial works are required, such works will be undertaken by the Applicant at its own cost and within such time and in such manner as determined by the Planning Authority and SNH or, if the Planning Authority and SNH so decide, will be undertaken by the Planning Authority and SNH at the cost of the Applicant:
- (d) The Applicant may at any time request the Planning Authority and SNH to review any of the requirements imposed on it by the approved VMP and the Planning Authority and SNH shall review such requirements and may agree to alter the VMP and the VMP as altered shall become the approved VMP. The Applicant shall meet the reasonable costs of the Planning Authority and SNH properly vouched in undertaking such a review.

INV 97 15G



(TENTH)

- (a) In the event of the Applicant wishing to discontinue the operation of the functular railway either temporarily or permanently, otherwise than:
 - (i) for the purpose of maintenance or repair.
 - (ii) as a result of bad weather or
 - as a consequence of the Applicant's normal and reasonable management of the Ski Area

or in the event of the Applicant being obliged permanently to discontinue the operation of the funicular railway, the Applicant shall forthwith give written notice to the Planning Authority, SNH and the Proprietor, which notice shall indicate whether the discontinuance is temporary (and if so, for how long) or permanent. For the avoidance of doubt, in the event of the Applicant discontinuing the operation of the funicular railway permanently because of an intention to assign its interest in the operation to a new operator, the Applicant will, nonetheless be required to serve written notice under this Clause on the Planning Authority, SNH and the Proprietor.

- (b) On receipt of notice of temporary discontinuance, the Planning Authority and SNH may, after consultation with the Applicant, require steps (including the carrying out of works) to be taken by the Applicant to safeguard the integrity of the said European Sites during the period of closure and shall specify the time within which such steps must be taken and the Applicant, at its expense, will thereupon undertake such steps.
- (c) On receipt of notice of permanent discontinuance, the Proprietor shall have an initial period of twelve months to find an alternative operator to take over the operation of the funicular railway. If, at the end of that period, no alternative operator has been found but the Proprietor wishes to continue the search and satisfies the Planning Authority and SNH with regard to the steps that have and are being taken to find such an operator, the Planning Authority and SNH shall (acting reasonably and taking into account the Proprietor's interest in the Development Site) allow a further period of twenty-four months for the search. Any further extension beyond the total period of three years shall be at the discretion of the Planning Authority and SNH. Whilst the Proprietor is seeking an alternative operator the Proprietor agrees that he will meet with the Planning Authority and SNH on a regular basis and at least once every six months to inform the Planning Authority and SNH of progress in finding an alternative operator.
- (d) Should the Proprietor fail to find an alternative operator in the period allowed, or should the Proprietor notify the Planning Authority and SNH on receipt of the notice referred to in sub-Clause (a) above that it does not intend to seek an alternative operator, the Applicant undertakes, on receipt of written notification of the position from the Planning Authority and SNH, to dismantle the funicular railway and such other associated buildings and works on the Development Site and which the Planning Authority and SNH require to be dismantled and the same shall be removed from the Development Site and the Development Site shall be reinstated within the time specified by and to a standard to be determined by the Planning Authority and SNH in the written notification and the said written notification shall stipulate a date by which such work must commence. Notwithstanding the undertaking by the Applicant, the Proprietor may, in their absolute discretion, choose to undertake such work and, if they choose to do so, they shall first notify the

INV 97 156



Planning Authority and SNH and such work shall be undertaken by the Proprietor within the time and to the standard specified by the Planning Authority and SNH in the written notification to the Applicant. immediately preceding sentence shall not apply to Highlands and Islands Enterprise who undertake that in the event of the applicant failing to undertake the works of reinstatement referred to above, they will carry out such works and reinstate the Development Site with all due diligence and Highlands and Islands Enterprise agree to have regard to all reasonable requests made by the Planning Authority and SNH in connection with the said reinstatement works. Highlands and Islands Enterprise agree that they shall give prior notice to the Planning Authority and SNH of the nature and full extent of the detailed works to be carried out and the time scale for completion and in the event of any dispute arising between the parties on the said matters said dispute shall be referred to the decision of a sole arhiter having appropriate expertise in civil engineering and in techniques for the reinstatement of land where questions of landscape and ecological significance arise. Such arbiter shall be appointed jointly by the parties, or in default of agreement shall be appointed by the President of the Law Society for the time being. The decision of such arbiter shall be final and binding.

- (e) In the event of the Applicant or the Proprietor failing to commence the work as required in Clause (TENTH)(d) above on the stipulated date or otherwise defaulting on the obligation to carry out the work within the time and to the standard specified, the Planning Authority and SNH may immediately take such action as they think fit to carry out and complete the work to the required standard and persons duly authorised in writing by the Planning Authority and SNH may enter the land to carry out and complete the work, and the reasonable cost thereof may be recovered from the Applicant directly or in terms of Clause (TENTH)(f) hereof.
- (f) In the event of the Applicant failing to reimburse the Planning Authority and SNH the reasonable cost of work carried out by the Planning Authority and SNH in terms of Clause (TENTH)(e) hereof, the Proprietor hereby undertakes to indemnify the Planning Authority and SNH in respect of such costs. This clause shall not apply while Highlands and Islands Enterprise (or any other successor public body) is the Proprietor but it shall apply to any other successor to the Proprietor's interest in the Development Site.

(ELEVENTH)

- (a) Any person duly authorised in writing by the Planning Authority or SNH (such authorisation having first been notified in writing to the Applicant) shall be entitled at any time to enter the Skl Area and any facilities of the Applicant on the Development Site to determine whether the Applicant is fulfilling the obligations imposed on it under this Agreement;
- (b) In the event of a failure by the Applicant to implement or satisfactorily to implement any of its obligations under this Agreement, other than the requirement to carry out work of dismantling, removal and reinstatement referred to in Clause (TENTH)(c) above, the Planning Authority shall, on behalf of itself and of SNH, serve notice in writing by recorded delivery post on the Applicant at its registered office, specifying;
 - (i) the failure or failures;
 - (ii) the steps required to be taken to remedy the failure or failures;
 - (iii) the time within which such eteps are to be taken;

INV 97 · 156

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- (e) If the Applicant fails to take, or in the judgement of the Planning Authority and SNH fails adequately to take, the required steps within the time stipulated, any person duly authorised in writing by the Planning Authority or SNH may, where positive steps are required, upon giving the Applicant seven days prior notice in writing and subject to Clause TWENTIETH hereof, enter the Ski Area and take such steps and recover the reasonable cost of doing so from the Applicant either directly or in terms of Clause (TWELFTH) of this Agreement as appropriate;
- (d) FURTHERMORE, and having regard to Clause TWENTIETH hereof, where by the start of any Summer Season the time for compliance with the notice referred to in sub-clause (b) above has passed and the steps required have not been taken or in the judgement of the Planning Authority or SNH have not adequately been taken, the Planning Authority and SNH may, where, in their absolute discretion, they consider the failure by the Applicant to be a material failure, instruct that commencement of the use of the funicular railway for that and subsequent Summer Seasons be delayed until such time as the notice has been complied with and the use of the funicular railway shall not commence until the Planning Authority or SNH have certified this in writing to the Applicant;
- (e) For the avoidance of doubt, the exercise by the Planning Authority and SNH of any of their powers under this Agreement shall be without prejudice to their right to take action at common law to remedy a breach of this Agreement and without prejudice to the right of the Planning Authority to take action under the Town & Country Planning (Scotland) Act 1972, as amended, for a breach of planning control.

(TWELFTH)

The Applicant shall provide not later than the date of the commencement of the Development a Guarantee or Indemnity or Bond from a third party acceptable to the Planning Authority and SNH in the initial sum of SIXTY FIVE THOUSAND POUNDS (£65,000) STERLING, which sum shall be adjusted in line with the Retail Price Index, and on each terms as may be reasonably agreed amongst the parties thereto for the purpose of securing the obligations in this Agreement, other than the reinstatement of the Development Site following upon discontinuance of the operation of the funicular railway as required by Clause (TENTH)(d) above. Such Guarantee or Indemnity or Bond shall be produced to and approved by the Planning Authority and SNH before it takes effect and the Development shall not commence until such time as the said Guarantee, Indemnity or Bond has taken effect. The Guarantee or Indemnity or Bond shall provide that all reasonable costs incurred by the Planning Authority or SNH as a result of the Applicant's failure to perform its obligations will be reimbursed in full and without adjustment on receipt of evidence of the reasonable expenditure incurred. Subject to sub-clause (b) hereof, the Applicant shall, thereafter, maintain the said Guarantee, Indemnity or Bond until the provision of a substitute Guarantee, Indemnity or Bond under Clouse (TWELFTH)(c) of this Agreement or a date occurring 36 months (or such extended period as may be allowed by the Planning Authority and SNH in terms of Clause (TENTH)(c)) after a notice of discontinuance is served under Clause (TENTH) of this Agreement. Evidence of renewal of the said Guarantee, Indemnity or Bond for a further term shall be produced to the Planning Authority at least three months prior to its term date. The said Guarantee or Indemnity or Bond and the proceeds available thereunder may be utilised by the Planning Authority and SNH to cover the cost of implementing the obligations in this Agreement. The Applicant further undertakes that, subject to eub-clause (b) hereof, the value of the Guarantee, Indemnity or Bond shall be maintained at SIXTY

INV 97 158

FIVE THOUSAND POUNDS (£65,000) STERLING, as adjusted in line with the Retail Price Index, notwithstanding calls upon it from time to time by the Planning Authority and SNH under the terms of this Agreement.

- (b) The sum referred to in sub-clause (a) above shall be reviewed by the Applicant, the Planning Authority and SNH every three years and adjusted by the Applicant to reflect the cost for the time being as determined by the Planning Authority and SNH of securing the obligations in this Agreement other than the reinstatement of the Development Site following upon discontinuance of the operation of the funicular railway as required by Clause -(TENTH)(d) above. To assist in the review, the Applicant undertakes to maintain a record, in a manner to be agreed from time to time between the Applicant, the Planning Authority and SNH, of the cost of implementing the obligations in this Agreement and to produce such record to the Planning Authority and SNH on request at the commencement of a review.
- (c) In the event of an alternative operator taking over the operation of the funicular railway as provided for in Clause TENTH (c) hereof, and on every subsequent occasion on which an alternative operator takes over the operation of the funicular railway, the said Guarantee, Indemnity or Bond shall continue to be maintained by the outgoing operator until such time as the alternative operator has taken out and brought into effect a Guarantee, Indemnity or Bond in like manner and for a like adjustable eum with a third party acceptable to the Planning Authority and SNH, which Guarantee, Indemnity or Bond shall be maintained and renewed in like manner.

(THIRTEENTH)

- (a) Subject to sub-clauses (c) and (d) below, the Planning Authority and SNH shall have equal status in matters requiring a decision to be made or action to be taken by them under this Agreement or in other matters relating to implementation of this Agreement. Both must agree on the decision to be made or the action to be taken.
- (b) Where action under this Agreement is to be taken by the Applicant to the satisfaction of the Planning Authority and SNH, each must be satisfied before the Applicant can be taken to have complied with the requirements.
- (c) (i) Where, under the terms of this Agreement, the Planning Authority and SNH are initially unable to agree on a decision to be made or action to be taken, the Authority will forthwith notify the Applicant and the Proprietor and provide a copy of the notification to SNH.
 - (ii) The Planning Authority and SNH will each have three weeks from the date of the notification to the Applicant and the Proprietor to provide the other with a written statement of their case on the matter. The Planning Authority and SNH shall each provide a copy of their statement to the Applicant and the Proprietor.
 - (iii) Thereafter, the matter in issue will be referred within five weeks from the date of the said notification to a joint committee for consideration. The joint committee will comprise three members appointed by the Planning Authority and three members appointed by SNH. The quorum for the joint committee will be six. The decision of the joint committee on the matter will be final and binding on the Planning Authority and SNH. The decision will be communicated to the Applicant and the Proprietor in writing within three days of the date of the meeting.

INV 97 158



- (iv) If SNH is of the opinion that the matter in issue concerns or is likely to concern the integrity of the said European Sites, their view on this shall be taken as conclusive and the joint committee shall be chaired by one of the three SNH members. In all other cases, the joint committee shall be chaired by one of the three Planning Authority members. In the event of an equality of votes on the matter in issue, the Chairman shall have a casting vote.
- (d) The Planning Authority and SNH may agree that, in the circumstances of a particular case or with regard to particular matters, the decision to be made or the action to be taken under this Agreement shall be determined by one of them. Such agreement may be subject to such conditions as the Planning Authority and SNH consider appropriate, including a condition allowing for a resumption of jurisdiction in specified circumstances. Such an agreement between the Planning Authority and SNH shall be notified to the Applicant in writing and shall not take effect until such notification has been given.

(FOURTEENTH)

- (a) Subject to Clause EIGHTFENTH hereof, the Planning Authority and SNH shall be the sole arbiters of whether action to be taken by the Applicant under the terms of this Agreement has been satisfactorily taken;
- (b) Any dispute arising between the Parties hereto as to the true intent and meaning of these presente and in particular of any terms and provisions hereof shall be referred to the decision of a sole arbiter appointed jointly by the parties or in default of agreement to be appointed by the President of the Law Society of Scotland for the time being. The decision of such arbiter shall be final and hinding on all parties.
- (c) Any dispute hetween the Parties hereto as to what is reasonable in the context in which that term is used in Clauses EIGHTH (a), NINTH (d), TENTH (e), ELEVENTH (c) and SEVENTEENTH shall be referred to the decision of a sole arbiter appointed jointly by the parties or in default of agreement to be appointed by the President of the Law Society of Scotland for the time being. The decision of such arbiter shall be final and binding on all parties.

(FIFTEENTH)

The Proprietor, for itself and its successors in title, hereby agrees that before a new operator takes over the operation of the development from the Applicant or from a successor to the Applicant, that new operator will execute and deliver to the Planning Authority and SNH an Agreement with the Planning Authority and SNH in the form of the draft agreement contained in Annex A hereto. Such new operator will not be permitted by the Proprietor to commence operation of the development until such Agreement has been entered into.

(SIXTEENTH)

The Applicant and the Proprietor agree that no entitlement to compensation shall arise against the Planning Authority or SNH as a result of any action competently taken or decision competently made by them under the terms of this Agreement.

(SEVENTEENTH)

The Applicant shall meet the reasonable expenses of the Planning Authority and SNH in the preparation and execution of this Agreement, including the Stamp Duty, if any, and the recording and registration dues.

W97 156



(EIGHTEENTH)

. Throughout this Agreement, wherever the Planning Authority and SNH are required to give their consent or approval to any action or are each required to exercise their discretion with regard to any of the conditions contained in this Agreement, the Planning Authority and SNH undertakes not to act unreasonably in the sense in which that term was defined in Associated Provincial Picture Houses v Wednesbury Corporation [1948] I KB 223 and to act without any undue delay.

(NINETEENTH)

Whenever the Planning Authority and SNH are required to give notice to the Applicant in terms of this Agreement, the Planning Authority and SNH shall also give notice to the Proprietor;

(TWENTIETH)

If the Planning Authority has served notice on the Applicant in terms of Clause ELEVENTH (b) hereof and the Applicant has failed or failed adequately to take the required steps within the time stipulated, the Proprietor may, within three days of receiving the notice referred to in Clause ELEVENTH (e) hereof, notify the Planning Authority of the Proprietor's intention to undertake such steps and the Proprietor shall be given such further period to undertake such steps as the Planning Authority may determine. Should the Proprietor fail to take such steps or fail adequately to take such steps within the further period of time specified, the Planning Authority and SNH may thereupon implement the terms of Clause ELEVENTH (e) hereof.

(TWENTY FIRST)

In the event that either:-

- the funicular railway has ceased to be operated for a continuous period of twelve months other than for repairs or renewal and without the written consent of the Planning Authority and SNH; or
- in the event of the Applicant being in breach of the obligations to maintain in place a Guarantee, Indemnity or Bond in terms of Clause TWELFTH (a) **(b)** hereof for a period of three months after the Planning Authority and SNH have given written notice to the Applicant of such breach;

then in either of these events, the Applicant will be deemed to have given notice of $\{i_i\}_{i=1}$ permanent discontinuance in terms of Clause TENTH hereof.

(TWENTY SECOND)

. If, for any reason, the Proprietor becomes the operator of the Development, the Proprietor hereby agrees to fulfil the terms of this Agreement as they apply to the operator of the Development save that Clause TWELFTH (a) shall not apply to Highlands and Islands Enterprise or any other successor public body but such clause shall apply to any other successor in title of Highlands and Islands Enterprise(as (1)) Proprietor.

(TWENTY THIRD)

The Proprietor further undertakes to take any future tenant of the Ski Area, or any part of it, bound by the terms of this Agreement and to produce evidence of this to the Planning Authority and SNH.

(TWENTY FOURTH) Highlands and Islands Enterprise agree that they will not sell or otherwise dispose of the Development Site to any other party who is not under the obligation in s.14 of the Enterprise and New Towns (Scotland) Act 1990 (or any re-enactment thereof) without first consulting with the Planning Authority and SNH and having regard to the views of the Planning Authority and SNH in relation to the effect any disposal may have on the integrity of the proposed European Sites referred to in recitals 4 and 5 hereof.





(TWENTY FIFTH)

If the funicular railway and associated buildings are dismantled and removed and the development site reinstated, all as provided in Clause TENTH, and if there is no outstanding failure by the Applicant to fulfil any of its obligations under this Agreement then the terms of this Agreement shall be discharged save that the parties hereto agree that the planning permission for the Development shall, in those circumstances, be deemed to be discontinued without any liability on the part of the Planning Authority to pay compensation.

(TWENTY SIXTH)

The parties hereto consent to the registration hereof for preservation and execution.

IN WITNESS WHEREOF: these presents, consisting of this and the preceding thirteen pages, together with annexes A and B and plans 1, 2 and 3 annexed as relative hereto, are executed as follows; they are subscribed for and on behalf of Scottish Natural Heritage by Roger Crofts, their Chief Executive before this witness, Marion Brumton Whitelaw, Senior Personal Secretary, 12 Hope Torrace, Edinburgh both together at Edinburgh on 17th March Nineteen Hundred and Ninety Seven; they are sealed with the Common Seal of the Highland Council and subscribed for them and on their behalf by Alan Frank Simpson, Area Manager, Badenoch and Strathspey and authorised signatory at Kingussie on 25th March Mineteen Hundred and Ninety Seven; they are scaled with the Common Seal of Highlands and Islands Enterprise and subscribed for them end on their behalf by Iain Alesdair Robertson, their Onleif Executive before this witness, Allan McLeod, Solicitor, 20 Bridge Street, Inverness both together at Inverness on 25th Murch Nineteen Hundred and Ninety Seven; they are subscribed for and on behalf of Cairngorm Cheirlift Company Limited by Walter Edgar, Company Secretary, before this witness, Gordon Moggach, Accountant, 20 Bridge Street, Inverness both together at Inverness on 25th March Nineteen Hundred and Ninety Seven and they are in terms of Act of Parliament, and by authority of the Board of Directors, sealed with the Common Corporate Seal of the Covernor and Company of the Bank of Scotland and subscribed for them and on their behalf by Iain Malcolm Sword, Senior Menager, Legal Services Department, for end on behalf of The Governor and Company of the Bank of Scotland, before this witness Ian Bell Clark, Bank fo Scotland, Edinburgh both together at Edinburgh on 26th Mirch Mineteen Hundred and Ninety Seven.

Jah Mal (warms) Ryn Green SNH

Jah Mal (warms) AND NOTE TO SNH

Alla Mallord (wither) Jan Allahatan Hich

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Solicitors, Edinburgh
Register on behalf of the within named Highlands & Islands Enterprise for preservation and execution as well as for publication in the Register of the County of Inverness

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Register on behalf of the within named Cairngorm Chairlift Company Ltd for preservation and execution as well as for publication in the Register of the County of Inverness V Company Solicitors, Edinburgh

Register on behalf of the within named The Governor and Company of The Bank of Seotland for preservation and execution as well as for publication in the Register of the County of Inverness

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MINUTE OF AGREEMENT

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ANNEX A

THE HIGHLAND COUNCIL, as Planning Authority for the Highland area, in terms of the Town & Country Planning (Scotland) Act 1972, as amended by the Local Government Etc (Scotland) Act 1994 and whose principal place of business is Council Offices, Glenurquhart Road, Inverness, IV3 6NX (who and whose successors are hereinafter referred to as "the Planning Authority")

OF THE FIRST PART

SCOTTISH NATURAL HERITAGE, as the body with responsibility for conserving and enhancing the natural heritage of Scotland under the Natural Heritage (Scotland) Act 1991 and as agent for the Secretary of State for Scotland for implementing the Habitats and Birds Directives and having their principal place of business at Hope Terrace, Edinburgh (who and whose successors are hereinafter referred to as 'SNH')

OF THE SECOND PART

HIGHLANDS & ISLANDS ENTERPRISE, a body constituted under the Enterprise & New Towns (Scotland) Act 1990 and having their principal place of business at Bridge House, Bank Street, Inverness as heritable proprietor of the Development Site (as hereinafter defined) (who and whose successors in title to the Development Site are hereinafter referred to as "the Proprietor")

OF THE THIRD PART

and

(hereinafter referred to as "the Operator")

OF THE FOURTH PART

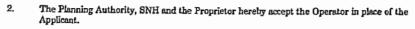
WHEREAS

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The Planning Authority, SNH, the Proprietor, the Cairngorm Chairlift Company Limted and the Governor and Company of the Bank of Scotland have entered into an Agreement dated ('the Agreement') in terms of Section 50 of the Town and Country Planning (Scotland) Act 1972 and Section 49a of the Countryside (Scotland) Act 1967 for the purpose of restricting or regulating the development or use of the development of land extending to 94.3 hectares at Cairngorm, which land (hereinafter referred to as "the Development Site") is delineated in red on the plan annexed and signed as relative to the said Agreement marked "Plan 1-Development Site" and

TWO The Operator is about to commence operating the funicular railway on the Development Site.

THE PARTIES NOW AGREE AS FOLLOWS:-

The Operator hereby binds and obliges itself and undertakes to the other parties to adhere to the terms of the Agreement in all respects as if the Operator was the Applicant as defined in the Agreement.



3. Except as varied hereby the whole terms of the agreement remain in full force and effect.

N WITNESS WHEREOF

This and the preceding page comprise the Annae A referred to in the foregoing Minute of Agreement between The Highland Council Scotlish Natural Hentage Highlands of Inlands Entopies The Coingon Chairlyt Company Limited and The bosener And Congany of The Back of Scotland.

Inde Apol (within) # Jan Albert . He

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In May 1993 the Cairngorm Chairlift Company published a new Development Plan for the Cairngorm Ski Area which set out the Company's proposals for redeveloping the Ski Area over the next 10 to 15 years. Central to the Development Plan is the replacement of the original chairlift system, now over 30 years old, with a funicular railway. A planning application for the funicular project, which covers not only the construction of the funicular railway and removal of the chairlift system but also redevelopment of all the major buildings in the Ski Area, was submitted in August 1994.

The company recognises that although the funicular project is concerned with the redevelopment of an existing much-visited site, it is nonetheless a very significant development in an area of high environmental quality and sensitivity. This sensitivity has already prompted attempts to explore and implement appropriate and improved measures to reduce the impact of existing levels of use on the mountain and plateau. The redevelopment at Cairngorra presents a real opportunity to enhance existing management measures to this end, as well as meeting the Company's commercial objectives.

Arising from this has been a particularly important concern as to how potentially much-increased numbers of non-skiing visitors will be managed to ensure that the resource they have come to enjoy, the mountain environment, is not itself damaged by the pressure of those numbers. This concern is heightened by the location of the Cairngorm Ski Area adjacent to the Cairngorms National Nature Reserve and other Sites of Special Scientific Interest, for which European conservation designations under the Habitats and Birds Directives are currently proposed.

Consultation with Scottish Natural Heritage, the government agency responsible for ensuring protection of the natural environment, has been close since design work started and will be on-going after the project is completed, to ensure environmental aspects are continuously monitored. They, together with the former Highland Regional Council (the planning authority now the Highland Council), Highlands and Islands Enterprise, the Royal Society for the Protection of Birds and other consultees have given guidance and made useful comments during the development of this visitor management plan.

In seeking to meet the requirements of the Habitats Regulations for the protection of vulnerable areas which are now proposed for designation under European conservation directives, the plan imposes restrictions on the options open to those who make use of the car parking facilities at Cairngorm or use the funicular railway to reach the upper slopes. These restrictions are justified in the circumstances of the contract between the customer and the company providing the service, and in effect represent part of the price customers pay for being able to travel into an area they could not reach otherwise without considerable physical effort. The plan does not affect the rights of individuals to gain access to Cairngorm by other means. It is founded in the principle that people who wish to walk into these areas should not expect to be able to take advantage of facilities provided for other purposes in order to do so. Nor should the measures proposed in this plan be seen as a precedent for the management of visitor pressures on other European sites - each situation will need to be judged on its own merits.

Cairngonn Chairlift Company - Visitor Management Plan - January 1997.

INV 97 156

To give proper effect to the measures contained in this visitor management plan and to link those measures to the construction and operation of the proposed funicular requires a binding agreement to be entered into with the planning authority and others. The Caimgorm Chairlift Company is entering into such a formal agreement, which is structured to allow flexibility in the future, so that visitor management arrangements may be adjusted as indicated by the results of monitoring.

Today's challenge is to produce developments that have economic benefits but do not damage the environment. In the context of the funicular project, a visitor attraction in a delicate high montane environment, issues of how those visitors are managed inevitably arise. This visitor management plan provides a framework to ensure that visitor impact is monitored and assessed and appropriate action is taken, all on a regular recurring basis throughout the lifetime of the proposed development.

Cairngorm Chairlift Company - Visitor Management Plan - January 199

INV 97 156

X

II.			
F	Con	tents	Page
	1	Introduction	1
	2	The Cairngorm Ski Area	5
	3	Visitor Management Objectives	9
I	4	Approach to Visitor Management	11
I	5	Visitor Management Stage 1: The Marketing of Cairngorm	15
Ī	6	Visitor Management Stage 2: Approach to Ski Area	17
I	7	Visitor Management Stage 3: Traffic Management Scheme	19
1	8	Visitor Management Stage 4: Coire Cas Car Park	23
	9	Visitor Management Stage 5: The Day Lodge	26
3:	10	Visitor Management Stage 6: The Ptarmigan	28
	11	Visitor Management Stage 7: Footpaths	30
neak	12	Visitor Management Stage 8: Adjacent Areas	34
الملاحثة	13	Overlap Periods	36
	14	Health & Safety	39
	15	Monitoring	40
1			
Tarkenton .			
		Cairngorm Chairlift Company - Visitor Manager	ment Plan - January 1997
1	INV 9		19

Appendixes Page

Appendix 1 - Funicular Passenger Projections 43

Appendix 2 - CTMP Visitor Management Strategy 45

Appendix 3 - The Cairngorm Code 47

Appendix 4 - Monitoring 48

Caimgorm Chairlift Company - Visitor Management Plan - January 1997

INV 97 156

20

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INTRODUCTION

This paper sets out the Company's proposals for the future management of non-skiing visitors to the Cairngorm Ski Area. It has been prepared in response to concerns about the impact of the proposed replacement of the existing Cairngorm Chairlift system with a modern funicular railway and it incorporates comments on a discussion paper produced by the Company and given a limited circulation in August 1995, subsequent revised drafts produced in October 1995 and January 1996, which were given a wider circulation, and further limited circulation drafts produced in April, May and November 1996.

The Caingorm Ski Area is a key tourist attraction in Strathspey and the Highlands. The winter skiing operation forms the basis for the 12-month tourist season enjoyed locally, while in summer the Chairlift offers an opportunity unique in Scotland for visitors to experience a high montane environment as well as the magnificent views to the north and west from the Ptarmigan, at 3,600 ft above sea level.

However, both the Ski Area itself (ie the land leased by the Cairngorm Chairlift Company) and adjacent areas include environmentally fragile sites of international significance which are proposed for designation as Special Areas of Conservation and Special Protection Areas under the EU Habitats and Birds Directives. The need to establish an effective visitor management programme for the Cairngorm Ski Area is underscored by the legal requirement to safeguard the environment within such internationally designated areas.

While the passenger-carrying capacity of the proposed funicular will not be greater in summer than that of the Chairlift system it will replace - 500 passengers per hour for the funicular compared with 550 passengers per hour for the existing Chairlift - it is certain that the total numbers carried each summer will increase substantially with the funicular in place. The funicular will operate for many more days each summer than the Chairlift, which is often closed by high winds; and the closed carriages of the funicular will be much more attractive to visitors than the present open chairs, which offer no protection against the weather. The potential impact of a substantial increase in numbers reaching the Ptarmigan gives rise for concern, but the funicular project does provide opportunities for managing visitors in ways which are not possible at present.

Cairngorm Chairlift Company records show that since about 1980, "summer" (or non-skiing) usage of the Cairngorm Chairlift has been fairly stable, with 50,000 - 60,000 passengers each year. In the years before 1980, summer usage was higher, with over 120,000 passengers in at least one year during the early 1970s. Projections for the proposed funicular railway (Appendix 1) anticipate annual summer usage in the region of 200,000 passengers, a considerable increase on present numbers and indeed on the peak numbers of earlier years.

The aim of visitor management is to ensure compliance with applicable national and international conservation legislation while at the same time permitting the Company to

Cairngorm Chairlift Company - Visitor Management Plan - January 1997
Page 1

INV 97 156

achieve its commercial objectives and thus to continue in its key role, underpinning the local tourist economy.

In 1994 a strategy for visitor management was agreed through the Cairngorm Summit Tourism Management Programme (CTMP). This is reproduced at Appendix 2. The strategy was designed to promote management objectives relating not only to the Ski Area but also to adjacent areas. However, it was agreed before the regulations implementing the EU Habitats and Birds Directives came into force. The Company has been advised by Scottish Natural Heritage that in order for this development proposal to comply with those regulations, considerably tighter management of visitors will be required than would otherwise have been the case.

A broader tourism management strategy encompassing the whole of the Cairngorm area is being developed by the Cairngorms Partnership. The present strategy for the management of non-skiing visitors within the Ski Area will become an element of this. The agreement of the Company's present proposals for visitor management within the Ski Area will not preclude later modifications to accommodate and support management proposals for this wider area, subject of course to compliance with applicable conservation legislation.

Moreover, the management regime will need to incorporate monitoring and review procedures and be flexible enough to ensure that underlying environmental objectives, particularly those embodied in the EU Habitats and Birds Directives, continue to be met despite the inevitable changes which will take place over time, both in the character and profile of the tourism market and also in the range of activities and facilities provided for visitors within the wider Cairngorm area. It is the Company's view that the least restrictive visitor management regime should operate which is still compatible with the protection of the fragile protected ecosystems and species.

It has been suggested that the needs of the Cairngorm Chairlift Company and those of the environment could be better met by an uplift system running from Glenmore to Coire Cas, or even by a light railway from Aviemore to Glenmore. While both would be attractive tourist facilities in their own right and could also assist with the management of summer visitors in the area, neither would satisfy the now pressing need to replace the ageing Cairngorm Chairlift system in its present location for the skiing operation at Cairngorm. The problems with the present chairlift system can be summarised as follows:

- vulnerability to closure due to wind;
- insufficient capacity in winter;
- lack of weather protection for passengers in open chairs;
- location of bottom station in relation to car park;
- labour intensive operation and maintenance;
- obsolescence with high cost of spares and difficulty obtaining them; and
 Cairngorm Chairlift Company Visitor Management Plan January 1997

INV 97 156

lack of suitable means to manage visitors with the present infrastructure.

A Glenmore - Coire Cas funicular and an Aviemore - Glenmore railway could certainly figure as future phases of a wider strategy for tourism development in the Glenmore corridor. The design of the proposed new facilities at the Coire Cas car park takes into account the possibility of a Glenmore - Coire Cas funicular, so that neither the latter nor an Aviemore - Glenmore railway would be precluded. Indeed, either would complement the proposed Cairngorm funicular as a visitor attraction.

The achievement of an effective management regime which is responsive to changes in conditions over time will require a partnership approach by a number of organisations, although the prime responsibility for implementation will rest with the Cairngorm Chairlift Company. These organisations would include Highlands and Islands Enterprise, Royal Society for the Protection of Birds, Scottish Natural Heritage, the Highland Council, the local Tourist Board and tourist operators. Some of these organisations, notably the Highland Council, have powers which will be required to implement fully the management measures proposed in this paper and all can assist with supporting actions.

A legally hinding agreement covering the management of summer visitors at Caimgorm, under Section 50 of the Town and Country Planning (Scotland) Act, is a precondition for formal planning consent for the proposed funcular railway. This agreement provides the framework within which the visitor management measures put forward in this paper will be implemented. However, the details of the legal agreement are outwith the scope of this paper, which concentrates on practical measures for managing visitors.

The capital costs for infrastructure to implement the proposed management measures have largely been included within the overall capital cost of the funicular project. Certain on-going revenue costs (for example, the employment costs for the Ranger service and the Welcome Host service at the car park) are already incorporated in the Business Plan for the project. Other costs which would be incurred whether or not the funicular project goes ahead, such as those for rangering and environmental monitoring work beyond the limits of the Ski Area, are likely to be shared by a number of parties.

The contents of this paper can be summarised as follows. After a description in Section 2 of the location of the Ski Area, its relation to designated conservation areas and the facilities available for non-skiing visitors, Sections 3 and 4 outline the objectives of visitor management at Caimgorm and the approach that is fundamental to the rest of the paper, involving the recognition that visitors fall into a number of different categories, that each category will require different management measures and techniques, and that management objectives will be achieved by the cumulative effect of a variety of different management measures applied at all stages of a visit to Caimgorm. Sections 5 to 11 then go on to describe the measures to be implemented by the Caimgorm Chairlift Company at the key points of a visitor's journey to Caimgorm and up through the Ski Area.

Caimgorm Chairlift Company - Visitor Management Plan - January 1997 Page 3

INV 97 156

Section 12 is different. It focuses on the powers that are available to other parties, notably Scottish Natural Heritage, to control and manage visitors to areas adjacent to the Ski Area. While the Cairngorm Chairlift Company can implement management measures within the Ski Area, it cannot manage visitors who access areas outwith the Ski Area directly from the public road rather than the Coire Cas car park, neither can it regulate visitor use of that public road.

Particularly critical times for visitor management will be the overlap periods when skiing is still in progress but non-skiing visitors are also present in significant numbers. Section 13 deals specifically with management measures for these times.

Section 14 then briefly covers arrangements for health and safety, and the main part of the paper concludes with Section 15, which deals with monitoring. Suitable environmental and visitor monitoring and agreed consequential management actions will form a key part of any formal agreement on visitor management. The Company has engaged the Institute of Terrestrial Ecology (ITE) at Banchory as its consultant on monitoring matters, and both Section 15 and Appendix 4, which sets out the proposed monitoring scheme in more detail, have been revised by Dr Neil Bayfield of ITE.

Finally, Appendixes 1 to 4 cover a number of aspects in more detail than would be appropriate in the main text.

The paper does not include a full review of the history and context within which the visitor management proposals are set, nor does it include a list of references. These are documented elsewhere, for example in the Caimgorm Ski Area Development Plan (May 1993), the Environmental Statement for the Funicular Project (August 1994) and the subsequent Addendum (May 1995).

Caimgonn Chairlift Company - Visitor Management Plan - January 1997

INV 97 156

2 THE CAIRNGORM SKI AREA

This section provides background material about the geographical situation of the Cairngorm Ski Area and its relation to adjacent designated conservation areas, as well as a summary of the facilities which will be available to non-skiing visitors to the Ski Area when the funicular project is complete.

The Cairngorm Ski Area lies some 10 miles east of the village of Aviemore on the northern slopes of Cairn Gorm, the most northerly major peak of the Cairngorm mountains. The Ski Area covers 844 hectares of the 2,348-hectare Cairngorm Estate, from whose owner, Highlands and Islands Enterprise, the land is leased.

Along its southern boundary the Ski Area abuts the Caimgorms National Nature Reserve (and SSSI), and part of its eastern boundary marches with part of the Royal Society for the Protection of Birds' Abernethy Reserve (formerly the Upper Glenavon Estate). To the north the Caimgorm Estate is bounded by the Queens Forest, owned by the Forestry Commission.

The Cairngorm Estate lies wholly within the Cairngorms National Scenic Area. The Northern Corries SSSI covers the entire western part of the Estate and includes part of the Ski Area within Coire an t-Sneachda. The Cairngorm Estate is nominally designated as part of the Glenmore Forest Park.

Almost all the SSSIs in the neighbourhood, including Abernethy, Cairngorms, Eastern Cairngorms, Inchrory, North Rothiemurchus Pinewood and Cairngorm Northern Corries, have collectively been put forward for designation as a possible Special Area of Conservation (SAC) under the EU Habitats Directive. The area is also under consideration for designation as a Special Protection Area (SPA) under the EU Birds Directive. Several European priority habitats and species are noted in the published reasons for the SAC and SPA recommendations.

The boundaries of the Ski Area, the Cairngorm Estate and other designated areas are indicated on the first map in this section.

Access to the Diringorm Ski Area is by public road from Aviemore via Glemmore. From Glemmore the road rises past an informal car park at the Sugar Bowl, from which a path can be accessed running westwards past the Reindeer Company's enclosure on the lower slopes of the Cairngorm Estate to the Chalamam Gap. The road then enters the Ski Area and passes a car park at Coire na Ciste which is used mainly as an overflow car park in winter, before it terminates at the entrance to the main car park at Coire Cas.

The public road and the Coire Cas car park currently serve as the principal nonhern access point to the main Cairngorm massif, etc, which are recognised as having high recreational qualities with walkers, climbers, birdwatchers etc continuing to the high ground on foot through the Ski Area and other parts of the Cairngorm Estate.

Caimgonn Chairlift Company - Visitor Management Plan - January 1997 Page 5

INV 97 156

From the car park at Coire Cas, a non-skiing visitor has a number of options. The facilities at the Day Lodge include catering, a shop, information displays and other interpretive material, and access to the ticket office. Beside the Day Lodge, the Northern Corries footpath leads westwards into the Northern Corries SSSI and the possible SAC and provides one route for access to the Cairn Gorm - Ben MacDui plateau. The main footpath to the Ptarmigan (the top station of the funicular) leads through the Ski Area past the Shieling at the mid-point of the funicular and serves as the other main walking route to the plateau. (Above the Shieling, a branch of this path leads to the Fiacaill a Choire Chais and the closest point of the Cairngorms NNR.) Finally, the Coire Cas car park is the starting point for the proposed new short, low-level circular path to the northeast, away from the sensitive areas of the Northern Corries and the plateau.

The finicular will run between the Day Lodge and the new Ptarmigan building, which will include a major interpretive experience complementing the interpretive material at the Day Lodge as well as extensive catering facilities, a shop and a viewing area from which the panoramic views from the southwest round to the northeast can be seen.

From the Ptarmigan, non-skiing visitors can currently access the path leading approximately 800 metres to the summit of Cairn Gorm or the path from the Ptarmigan back down to the car park. However, under the proposals in this visitor management plan visitors who have used the funicular to reach the Ptarmigan will not be permitted to leave the building and its terrace except to travel back down the funicular. This was originally proposed by the Company to SNH as a fallback position but has been brought forward in the light of better understanding of legal obligations under European conservation legislation. The Company has re-examined the likely reaction of its customers to this "closed system", and has concluded that although a minority may be disappointed at not being permitted to walk from the Ptarmigan on a fine day; this will not affect the commercial viability of the operation.

The facilities within the Cairngorm Ski Area are indicated on the second map in this section.

Cairngorm Chairlift Company - Visitor Management Plan - January 1997
Page 6

INV 97 150

VISITOR MANAGEMENT OBJECTIVES

The main objectives of visitor management at Cairn Gorm were defined by the CTMP:

- to enhance the quality of the visitor experience;
- to remedy existing problems; and
- to safeguard the environmental and tourism resource.

To achieve these objectives, the management strategy developed by the CTMP identified three distinct areas on Cairn Gorm, each representing a different visitor management zone. These are shown on the map in Appendix 2:

- the Ski Area zone, with the area above the Ptarmigan identified as a distinct sub-zone;
- the Northern Corries rim zone; and
- the plateau zone.

An integrated set of management principles were defined for each zone, encompassing visitor management, environmental quality, provision and maintenance of infrastructure and monitoring. These are reproduced in Appendix 2.

In terms of visitor management, key objectives were:

- to contain the bulk of summer visitor activity to an agreed area (the Ski Area zone) within the Ski Area;
- to educate/inform visitors about the sensitivity of the Cairn Gorm environment and the need for management intervention;
- to enhance the overall quality of the visitor experience; and
- to monitor the impact of summer visitors in order to guide future visitor management regimes.

However, the proposed designation of a large area immediately adjacent to the Ski Area as a Special Protection Area (SPA) and Special Area of Conservation (SAC) under the EU Birds and Habitats Directives now imposes additional and overriding legal requirements, notably to ensure that the conservation value does not deteriorate and that the integrity of these sites is not adversely affected by any new developments. Scottish Natural Heritage have a particular duty to ensure that these legal requirements are met, and Highland Council and Highlands & Islands Enterprise also have to have regard to them.

Caimgorm Chairlift Company - Visitor Management Plan - January 1397 Page 9

INV 97 156

In addition to the four key objectives for visitor management listed above, therefore, is added a fifth;

to reduce as far as possible the opportunities for visitors at Cairngorm to use the infrastructure (i.e. the funicular, the road and the car parks) to facilitate access to those areas proposed for designation under EU conservation directives, so that overall levels of impact from visitors to Cairngorm, when the funicular development is in place, are no greater than present levels.

Cairngorm Chairlift Company - Visitor Management Plan - January 1997 Page 10

INV 97 156



APPROACH TO VISITOR MANAGEMENT

The development of visitor management proposals is based on the recognition that there are several different categories of visitor to Caimgorm, with each category requiring a different management approach during their visit. In addition, effective management will be achieved by the cumulative effect of a variety of different management measures applied at all stages of a visit to Caimgorm.

For management purposes, non-skiing visitors to Cairngorm comprise three main categories. Of these, only the first two will be the focus of the Company's marketing activities although all three categories are encompassed within the visitor management proposals:

- 1 general tourist visitors whose purpose is to make use of the facilities offered at Cairngorm. It is anticipated that these visitors will be tourists whose profiles (socio-demographic, spend patterns etc) will not differ significantly from those found to be typical in general surveys carried out in the Highlands. A recent assessment by consultants ERM Economics has suggested that penetration of between 40% and 50% of each of the three main market segments family holidays, elderly and disabled, and coach tours should be achievable. Penetration of the day-trip and educational market sectors was, however, thought likely to be substantially lower;
- 2 organised groups whose main purpose is to make use of the facilities at Cairngorm, notably:
 - supervised educational groups; and
 - special interest groups for example church parties, bowling clubs, Rotary groups, special needs groups.

A key characteristic of these groups is their cohesion, which makes them easier to direct and manage. In addition, educational groups provide their own supervision and work closely with the Company when preparing their visits, remaining within the Ski Area and using on-site study facilities;

3 - hillwalkers and others, including active educational and training groups, who wish to use the access provided by the Ski Road and the Coire Cas car park to reach the wider Cairngorms area.

These three categories are based on visitor intentions and are broad in the sense that each will include a wide range of individuals covering the spectrum of ages, interests, education, economic status and time constraints. However, apart from acknowledging that an appropriate range of management resources will be required to cater for the range of individuals in each category (for example, separate interpretive material for children and adults is likely to be required, and visitors arriving with a coach party are

Caimgorm Chairliff Company - Visitor Management Plan - January 1997 Page 11

INV 97 156

likely to have different time constraints from those travelling independently), no benefit of further categorisation is apparent.

Visitor management measures are put forward to address management of visitors at eight different stages as indicated in the table below. Key stages are at the Coire Cas car park, where positive management will be achieved by a system of charges for car parking, and at the Ptarmigan, where funicular passengers will not be permitted to leave the building or its terrace except to return to the car park by funicular. Fallback provisions, to be implemented if the initial measures fail to meet management objectives are also available for most stages. These measures and provisions are described in the following eight sections.

Summary of Visitor Management Provisions

Management stages		airngorm facilities Organised groups	<u>Visitors</u> accessing wider <u>Cairng</u> orms area	Fallback provisions
1. Marketing of Cairngon	m X	x	x	-
2. Approach to Ski Area	x	x	x	x
3. Traffic management so	heme X	x	x ·	x
4. Coire Cas cur park	x	x	x	x
5. Day Lodge	x	x	x	x
6. Ptarmigan	x	х	•	-
7. Footpaths	х	x	х	x
8. Adjacent areas	-	-	-	x

Caimgorm Chairlift Cotapany - Visitor Management Plan - January 1997
Page 12

INV 97 156

The three broad categories of visitors defined above are not necessarily mutually exclusive. For example, a visitor may arrive at the Coire Cas car park intending simply to ride up and down the funicular as a member of the first category, and then at some stage, by a change of mind, decide to go for a walk on the plateau and thus transfer to the third category. The approach to visitor management proposed here allows for this situation by ensuring that appropriate management measures are available for all three categories at all appropriate places and that the measures for one category will reinforce those for another category, again where appropriate.

The number of visitors in the first two categories will certainly increase as a result of replacement of the existing chairlift system by a funicular railway and the management of these groups will be primarily the responsibility of the Cairngorm Chairlift Company.

With regard to the third category of visitor, the impact of the development on munibers is less clear. It has been suggested that by increasing awareness of Cairngorm amongst the general public, future marketing activities associated with the funicular may indirectly lead to an increase in the number of people wishing to walk on the hillside.

It should also be recognised that this possible indirect increase may be offset by other factors associated with the funicular development. For example the increased number of tourist visitors, and the more stringent management of visitors to the development needed to secure compliance with the requirements of European conservation legislation regarding new developments, will almost certainly make Cairngorm less attractive to hillwalkers.

Special consideration is therefore given to the management of walkers within the Ski Area and actions by the Cairngorm Chairlift Company in this respect will need to be supported by other organisations to ensure the effective management of this group both within the Ski Area itself and in adjacent areas. The proposed visitor management measures, which will deny access to the hillside (and hence the plateau) via the funicular and which will positively discourage use of the ski road and car park for access, should lead to a positive reduction in the number of visitors in this category both in the Ski Area and in adjacent areas.

A general tourist visitor may also be inspired as a result of a first visit to return to Cairngorm another day to go hillwalking or birdwatching on the plateau. During the first visit, however, emphasis will have been placed throughout on the special and fragile nature of the environment and on the damage that can be caused by irresponsible actions. Any message which might encourage a tourist to venture further will always be accompanied by one promoting responsible behaviour, which will be reinforced by the messages to which the visitor will be exposed during a return visit in another category.

Categorisation of visitors, ensuring that suitable management measures are available at each key location for visitors in every category, and the reinforcement of environmental messages across locations and categories combine to produce an integrated approach to visitor management. Flexibility is also important to meet

Caimgonn Chairlift Company - Visitor Management Plan - January 1997 Page 13

INV97 156

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changes in circumstances, and this management plan describes fallback measures which could be implemented if monitoring shows that environmental objectives, particularly on the Cairngorm plateau and in the Northern Corries, are not being met.

Numbers of visitors reaching the car park are another concern. At present it is estimated that between 250,000 - 300,000 non-skiing visitors reach the Coire Cas car park each year between May and December. Of these, about 50,000 (an immediate market penetration of 20% or less) use the Chairlift.

The Chairlift suffers from several significant limitations, each of which serve to reduce its penetration of the immediate market. Its susceptibility to closure in even moderate winds means that very often it is simply not available; the lack of any weather protection during the return journey, which involves exposure to the elements for an absolute minimum of 25 minutes, means that even if the wind is not too strong, wet or cloudy conditions make it a physically unattractive experience; being carried above the ground on an open chair, while exciting for some, is not acceptable to others; and access to the bottom station of the Chairlift is up a steep slope which is often simply too much for elderly and infirm visitors. There would clearly be scope for substantial improvement in the immediate market penetration of the Chairlift if these defects could be overcome.

The proposed funicular will not suffer from the limitations of the Chairlift it will replace, so its penetration of the immediate market is expected to be much higher. The target number of 200,000 funicular passengers annually would represent a substantial increase in penetration of the present immediate market, ie those currently reaching the Coire Cas car park. The funicular is, however, likely to attract greater total numbers to the Coire Cas car park, and the Company's expectation is that these numbers might increase by about 100,000 visitors annually, to between 350,000 and 400,000. A penetration of between 50% and 60% would then achieve the target number of funicular passengers.

That would leave between 150,000 and 200,000 visitors reaching the car park who might use the Company's facilities at that level but who would not use the funicular. This compares with an estimated 200,000 to 250,000 visitors who reach the car park but do not use the Chairlift at present. Management of visitors at car park level will clearly continue to be important, but the numbers to be managed are not expected to increase significantly and may even show a decrease.

Cairngorm Chairlift Company - Visitor Management Plan - January 1997
Page 14 ...

INV 97 156

VISITOR MANAGEMENT: STAGE 1 THE MARKETING OF CAIRNGORM

Visitor management begins with the initial decision on the part of the visitor to come to Carrigorm, a decision which will be influenced by many factors. In some cases the decision is made weeks, or even months, in advance. For other people the decision is made actually on the day of the trip, even at the point when the visitor arrives at the main approach road to the ski area.

One of the main influencing mechanisms is the active marketing and promotional work of the many organisations seeking to promote tourism in the Badenoch & Strathspey area. Such organisations include the Scottish Tourist Board, Area Tourist Board, individual tourist operators and hotels, and trade associations.

It is proposed that a Cairngorm Communications Group should be formally established to promote the development, design and monitoring of marketing programmes within an integrated strategic framework This would also help to ensure that a consistent approach is adopted by the many different organisations which promote the area. The Group would encourage responsible marketing throughout the community at all levels, from bed-and-breakfast owners to hotels and activity providers. Particular concerns are that visitors should be directed to the areas and activities capable of accommodating them without environmental damage and that environmental awareness and concern should be promoted wherever possible in publicity material. A sub-group of the CTMP is already working in this area; it may be appropriate for the Cairngorms Partnership to take a lead in this area, in view of its wider remit.

The CTMP strategy suggested that while there should be no restriction on levels of use within the main Ski Area zone, visitor numbers should be contained at, or reduced below, current levels within the summit sub-zone and reduced below current levels within the Northern Corries and plateau zones. Those management aims have now been brought more sharply into focus by the overriding requirement to comply with European conservation legislation. Any marketing and promotional activity must be designed to integrate with and support the strategy for achieving these objectives.

Cairngorm Chairlift Company will:

- continue to promote environmental awareness and responsibility in its own marketing and promotional material;
- work with other partners to monitor relevant marketing & promotional campaigns and to ensure, so far as it is in their direct control, that messages given to the public are consistent with visitor management objectives. This will supplement the visitor monitoring information set out in Appendix 4;
- emphasise in marketing and promational material the need to pre-book the funicular to avoid disappointment at peak times; and

Caimgonn Chairlift Company - Visitor Management Plan - January 1997
Page 15

INV 97 1.56

provide and promote a pre-booking service for visitors, which will enable them to receive specific information and advice prior ta their arrival.

Caimgorm Chairlift Company - Visitor Management Plan - January 1997
Page 16

INV 97 1.56

VISITOR MANAGEMENT: STAGE 2 APPROACH TO SKI AREA

The current CTMP visitor management strategy suggests that there should be no restriction on levels of use within the main Ski Area and recommends that access for visitors should be channelled through the Coire Cas car park, which is reached by the public road from Aviemore along the Glenmore corridor. The strategy, as far as it relates to levels of use, now has to be modified in the light of European conservation legislation, but the principle of access for car- and coach-borne visitors via the Coire Cas car park remains valid.

The approach along the public road offers further opportunities for info uning visitors about what to expect at Caungorm, so that they arrive at the car park with a sense of anticipation but in the knowledge that they are about to enter a very fragile and sensitive environment whose protection will involve restrictions on their actions and behaviour.

There are three opportunities to increase visitors' awareness before their arrival. The first involves partnership with other visitor attractions and facilities along the public road, such as the Rothiemurchus Visitor Centre at Inverdrule and the Forest Enterprise Visitor Centre at Glenmore. The Company has already taken part in a successful joint marketing venture with these and other attractions along the Glenmore corridor, and this could be expanded to ensure that information about Cairngorm is available at all the facilities along the road as well as at key locations such as the Tourist Information Centre, the railway station and hotels in Aviemore.

The second opportunity involves use of the existing variable message electronic signboards operated by Cairngorm Chairlift Company in Aviemore and on the Ski Road at Coylumbridge to inform potential visitors to Cairngorm in advance of conditions at the car park and funicular station. The existing messages could be expanded so that at busy periods the public will be informed of queuing conditions and encouraged to visit other facilities, thus helping to reduce pressure at Coire Cas and minimise random exploration of the hillside by visitors who cannot gain immediate access to the funicular. Electronic display monitors could also be installed at strategic arrival points such as the Tourist Information Centre, the railway station and hotels.

The third opportunity will be to review the existing signage between Aviemore and the Ski Area (taking into account work that has already been carried out for the CTMP and by the Aviemore Partnership in Aviemore), and to change it as appropriate to enhance the feeling of anticipation along the Ski Road and of arrival at the Coire Cas car park. The design and placement of the signs will heighten visitors' sense of expectation that they are entering a truly "special area".

It should be noted that the viewing of reindeer within the enclosure on the lower slopes of the Cairngorm Estate is now a significant visitor attraction, with access to the reindeer enclosure by foot from the informal Sugar Bowl car park. Under the proposed traffic management scheme, use of the Sugar Bowl car park by the general public will cease. Nevertheless, it may still present a specific opportunity for communication with

Calingoum Chairlift Company - Visitor Management Plan - January 1997 - Page 17

INV 97. 156

visitors on the Ski Road. However, any proposals for this location should take into account the interests of the Reindeer Company.

Cairngorm Chairlift Company will:

- continue to co-operate with other attractions along the Glenmore corridor
 and with tourist facilities in Aviemore to ensure that infarmation on the
 facilities at Cairngorm is available to visitors before they arrive at the Coire
 Cas car park. Such information will include details af the facilities
 themselves, opening and closing times, the car park charging system,
 environmental information and advice ta visitars on appropriate behaviour,
 and will be disseminated by means of posters and brochures;
- use the roadside electronic signboards in Aviemore and at Coylumbridge to provide advance warning of parking restrictions as well as current information about the availability of the funicular service, waiting times and other facilities. The existing messages will be expanded to provide additional advice on alternative facilities and attractions. The effectiveness of this signage will be monitored as part of the regular visitor monitoring programme;
- review the signage along the Glenmore corridor, in collaboration with partners in the CTMP and the Aviemore partnership, with a view to maximising its effectiveness in promoting the area as "special" and encouraging responsible behaviour. It is anticipated that implementation of the recommendations of this review will be through these partnerships and will take account of the sensitivity of the Glenmore corridor itself;
- ensure that the interests of the Reindeer Company are taken into account in any proposals for signage and information at the Sugar Bowl car park.

Caimgorm Chairlift Company - Visitor Management Plan - January 1997 Page 18

INV 97. 156



As well as serving the facilities in the Ski Area, the Coire Cas car park is currently the main entry point for access to the Northern Cairngorns. The car park itself, the public road from Glenmore, the subsidiary car park at Coire na Ciste and the informal car park at the Sugar Bowl all have a part to play in the management of visitors, particularly those whose primary aim is to go beyond the Ski Area.

To this end, a comprehensive traffic management scheme for the road and car parks is proposed. The aims of the scheme are:

- to encourage those seeking access beyond the Ski Area to walk from Glenmore (i.e. to revert to the principle of the "long walk in"); and
- to manage the access road and car parks in a way which those wishing to use the facilities within the Ski Area will find acceptable,

The proposed traffic management scheme will comprise three main features;

- a system of charges for car parking at Coire Cas which will not put off short-stay visitors who wish to use the facilities within the Ski Area, but which will, by virtue of high charges, discourage those who would wish to park for longer periods;
- Closure of the Coire na Ciste and Sugar Bowl car parks to the general public;
 and
- parking restrictions along the whole of the access road above the snow gates at Glenmore.

Each of these is discussed in more detail below.

The traffic management scheme would initially operate only outwith the skiing season (although the parking restrictions along the road and closure of the Sugar Bowl car park would remain in force throughout the year). Fallback measures would include extending the scheme to the skiing season as well, should the measures described in Section 13 for the overlap period not be sufficiently effective; and increasing the charges for longer stay car parking.

Consideration would be given to possible uses for any part of the car park receipts remaining after car park maintenance and management costs were met.

Cairngorm Chairlift Company - Visitor Management Plan - January 1997 Page 19

INV 97 156

Coire Cas car park

Physically, the car park charging system at the Coire Cas car park will involve the installation of barriers to control the entry and exit of vehicles at the entrance to the upper (main) car park, with a barrier to close off the lower (coach) park.

A visitor wishing to enter the car park will take a ticket to open the barrier. The same ticket, suitably validated as described below, will be used to open the exit barrier when the visitor wishes to leave the car park. The technology for this sort of car park system is now commonplace.

The car park management system will be extremely versatile and adaptable. It will allow for, and may require, extensive tuning in response to feedback from monitoring. Until information from this is available it is envisaged that it will operate along the following lines. The timings and charges can only be indicative at this stage and will require further discussion with Highland Council, Scottish Natural Heritage and other interested parties before being finally determined within the context of the Section 50 Agreement.

- A car park ticket will automatically be valid for exit without any further validation for a "period of grace" of, say, ten minutes from its time of issue. This will allow visitors a short time to look around without commitment and will also allow space to turn within the car park for visitors who do not wish to stay. No parking charge will be made during the period of grace. This will avoid the need to provide a turning circle for vehicles at the end of the public road outside the car park;
 - A visitor presenting a car park ticket at the time of purchase of a funicular ticket will have the car park ticket validated for free parking for a period that will allow ample time for use of most of the facilities in the Ski Area. Present thinking on this is that a period of two hours would be sufficient. Supplementary validation for a longer period might be available for visitors who, for example, wished to stay longer to have a meal. After expiry of the free parking period, the ticket would have to be revalidated for exit by payment as described below for other visitors; and
 - For any other visitor who wishes to use the car park but does not purchase a funicular ticket, the car park ticket will have to be validated for exit by payment of an appropriate fee. This validation will be effected by inserting the ticket into a machine which will be sited in a sheltered location outside the Day Lodge, at the head of the car park, and paying the fee requested. The visitor will then have ten or fifteen minutes to leave the car park, otherwise a further fee will be charged.

The final charging structure will be influenced by the results of baseline surveys and subsequent monitoring. At present it is envisaged that where a visitor does not purchase a funcular ticket or stays beyond the validation thereby provided, the charge for the first hour or two will be modest, perhaps a pound or two at current levels. For subsequent hours, however, the charges will rise increasingly steeply according to

Caimgorm Chairlift Company - Visitor Management Plan - January 1997
Page 20

INV 97 ... 156

length of stay but primarily as a disincentive to visitors to the funicular staying to walk on to the adjoining designated areas. Alternatively, a flat rate high charge might cover parking for any period in excess of two hours, up to a whole day. This would be a greater disincentive to medium term users which might well include the majority of visitors attracted by the funicular than to long term visitors which might be more typically recreational users irrespective of the current development proposals.

Coire na Ciste car park

The car park at Coire na Ciste will be managed in a way that supports the overall traffic management scheme throughout the non-skiing period. This can be quite simply achieved, since the sections of the car park on each side of the public road are already physically segregated, and only the entrances and exits will need to be controlled by the use of barriers.

A turning circle will be retained at the end of the public road. There is a danger that the turning circle could be used as an informal free car park, but the number of cars it could accommodate will be small and any clearway order to restrict parking on the public road would equally apply to the turning circle.

Sugar Bowl car park

The informal car park at the Sugar Bowl will be closed to the general public by means of barriers. This car park was originally a borrow pit from which material to construct the Ski Road was extracted, after which the site was tidied up and subsequently used for parking. However, it is recognised that the entrance to the car park presents something of a traffic hazard because of its proximity to a tight bend in the road.

An important use of the Sugar Bowl car park is by visitors to the Reindeer Enclosure along the Chalamain Gap footpath; visitors participate in organised walks to see the reindeer, and these walks provide part of the Reindeer Company's income.

Arrangements will have to be put in place to ensure that the Reindeer Company is not disadvantaged by the traffic management scheme, by allowing visitors taking part in the organised walks to continue to park in the Sugar Bowl car park with the barriers being opened and closed for them by Reindeer Company employees.

Parking restrictions between Glenmore and Coire Cas

Clearly none of the arrangements described above for managing car parking will be effective if parking continues to be permitted on the public road. It is understood that the Highland Council's Director of Transport Services has now recommended to his committee that a Clearway Order should be made applying to the whole of the Ski Road above the snow gates at Glenmore. This will provide the necessary restriction on parking.

Caimgonn Chairlift Company - Visitor Management Plan - January 1997
Page 21

INV 97 156

Access for Walkers

Apart from the restrictions on parking above the snow gates at Glemmore, there will be no restriction on access by foot to the Cairngorm Ski Area or indeed to the Cairngorm Estate. The walk in from Glemmore will be encouraged. Initial discussions on the feasibility of providing an attractive walking path up through the forest as an alternative to walking up the tarmac road have been held with Torest Enterprise, who have identified a possible route for a more formal path to the Coire na Ciste car park from beyond Glemmore village following existing footpaths.

The Cairngorm Chairlift Company will:

- cooperate in the operation of a traffic management scheme for the Ski Road above the snow gates ct Glenmore, involving:
 - * a car park management system at the Coire Cas car park, with pricing levels and parking periods to be adjusted in the light of experience to ensure that the arrangements have the intended effect;
 - * restriction of the Coire na Ciste car purk and use of the Sugar Bewl car park restricted to customers of the Reindeer Company;
 - * a clearway system on the Ski . and itself;
- extend the car park charging scheme to the skiing season should monitoring indicate the vaesures to restrict non-skier use require reinforcement;
- adjust pricing levels for long stay parking as necessar; to deter such parking; and
- continue to explore with Forest Enterprise and Highlands & Islands Enterprise the feasibility of providing alternative walking paths up through the forest from Glenmore to link with preferred paths on the hill above notably the Chalamain Gap and established routes to the inner parts of the Cairngorm massif and, if necessary to consider funding such provision when this represents a direct toute to the car park as an alternative to the

Caimgorm Chairlift Company - Visitor Management Plan - January 199 Page 22

INV 97 156

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VISITOR MANAGEMENT: STAGE 4 COIRE CAS CAR PARK

The Coire Cas car park is the main arrival point for visitors. As indicated in Section 4, current numbers reaching the car park are estimated to lie between 250,000 and 300,000; and these are expected to rise to between 350,000 and 400,000. The increase from 50,000 passengers currently using the Chairlift to the anticipated 200,000 passengers who would use the funicular means that the numbers of visitors arriving at the car park who do not use the facilities are not expected to rise and may well actually fall. Nevertheless, management of all visitors at car park level will clearly continue to be most important.

The aims of visitor management at the car park are:

- to promote visitor satisfaction and enjoyment of their visit;
- to communicate effectively key environmental messages including information on restricted access areas (for example the adjacent Northern Corries SSSI, which forms part of the proposed Cairngorms SPA/SAC);
- to maximise the number of people using the Day Lodge and thereby being exposed to interpretive displays;
- to maximise the proportion of visitors using the funicular. By virtue of the car
 park charging arrangements, visitors will have a restricted length of time at
 Cairngorm, so that time spent on the funicular and at the Ptarmigan will reduce
 the time these visitors have to walk on the hillside;
- to ensure the efficient movement of visitors towards their chosen activity;
- to dissuade visitors from walking on unmarked paths used for management purposes or which have developed through casual use by visitors and which should not be promoted due to environmental sensitivity.

This will be achieved through a combination of measures, including personal contact with visitors, signposting and the provision of information boards. These measures will be designed to be sequential and complementary, so that each measure reinforces those that precede it. It is anticipated that details of the physical infrastructure will be subject to agreement by the planning authority.

Cairngorm Chairlift Company will:

operate a Welcome Host service at the car park to provide information on the visitor facilities available and on any restricted access areas. The Company has operated a Welcome Host service throughout the summers of 1995 and 1996, with staff meeting cars and coaches, providing information and directing visitors. In future the service, which has been very well

Caimgorm Chairlift Company - Visitor Management Plan - January 1997 Page 23

INV 97 156

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appreciated by all visitors to the site, may require greater numbers at busy times to cope with demand. The service will be expanded as necessary;

- rename the Day Lodge to appeal more strongly to summer visitors and to reflect better its new function and purpose;
- take advantage of the building design to create a sense of arrival which, together with signboards, will encourage visitors to go first to the Day Lodge on arrival at Coire Cas;
- take appropriate physical measures (see diagram in this section) to minimise
 the opportunity for direct access to the Northern Corries footpath and the
 path to the Ptarmigan without exposure to the interpretation and key
 environmental messages at the Day Lodge;
- construct a new circular walk to the east of the Coire Cas car park (see Section 11), to be freely available to all visitors to reduce the pressure on paths such as the Northern Corries footpath and the path to the Ptarmigan which lead to more sensitive areas;
- provide and maintain specific signposts directing visitors to the Day Lodge, the funicular railway and the designated short circular walk to the east of the car park; and
- install and maintain low-key "gateways" with information/interpretive boards at the starting points of the main path to the Ptarmigan and the Northern Corries path; these boards will reinforce the messages from the Day Lodge promoting awareness of environmental issues. The "gateway" at the start of the Northern Corries footpath would be sited at the bridge over the Allt a' Choire Chais, the key point over which pass all walkers going out to the Northern Corries, and would include material positively discouraging the use of this path.
- In consultation with the Cairngorms Partnership user groups and other interested partles, contribute to the development of the Cairngorm Code and, in due course, to its promotion. This would be applicable to recreational use of the montane zone throughout the Cairngorms. The current site specific CairngormCode (Appendix 3) developed within the CTMP may contribute to this.

Cairngorm Chairlift Company - Visitor Management Plan - January 1997 Page 24

INV 97 ··156

VISITOR MANAGEMENT : STAGE 5 THE DAY LODGE

The Day Lodge is a key element in the visitor management plan, offering a valuable opportunity to provide information to visitors on their arrival in the Ski Area and to influence their subsequent actions. This includes both users and non-users of the funcular.

The aims of visitor management within the Day Lodge are:

- to promote visitor satisfaction and enjoyment of their visit.
- to encourage visitors to spend the maximum time within the built facilities available in the ski area. Many visitors (for example those on coach tours) will have a restricted length of time at Cairngorm, so that time spent within the built facilities will reduce the time these visitors have available to walk on the open hillside;
- to promote awareness of and adherence to the Caimgorm Code and its associated environmental messages; and
- to ensure efficient access for visitors to the funicular.

Management of funicular passengers from the Day Lodge will also be required to ensure that the capacity of the Ptarmigan building (approximately 500 visitors) is not exceeded at any time. The numbers at the Ptarmigan at any time can easily be assessed as the difference between the numbers who have ascended by funicular since the beginning of the day and the numbers who have descended.

Monitoring these numbers on a continuous basis each day will give warning when the number of visitors at the Ptarmigan approaches capacity. At this point the number of passengers permitted to ascend the funicular will be limited to ensure that no more ascend than descend.

At peak times the flow of passengers will be maintained by issuing tickets for descent at a particular time to ensure that visitors do not remain at the Ptarmigan for an excessive length of time. This type of system has been operated successfully elsewhere in similar circumstances, for example at the Aiguille du Midi cable-car at Chamonix in France and the Snowdon Mountain Railway in Wales. The relative capacities of the Ptarmigan and of the funicular will allow an average "residence time" of one hour at peak times; for comparison, visitors to the Snowdon Mountain Railway are permitted only half an hour at the summit.

Caimgorm Chairlift Company - Visitor Management Plan - January 1997 Page 26

INV 97 156

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Cairngorm Chairlift Company will:

- operate an information service at the Day Lodge providing orientation and information about the visitor facilities available within the Ski Area and any restricted access areas;
- offer Ranger-led walks from the Day Lodge along the new short designated walk to the east of the car park (see Section 11);
- provide effective and attractive interpretive displays at the Day Lodge both to communicate environmental messages and also ta occupy visitors waiting to ascend the funicular. The displays will be positioned so that they are available to all visitors to the car park, including those who do not travel on the funicular, and will be free of charge to encourage all visitors to view them. Further detail of the interpretive provision is to be discussed and agreed with SNH and incorporated in a formal plan of interpretation;
- operate the booking system far the funicular, particularly during peak periods, to ensure that block bookings (for example by coach parties) do not exclude other visitors from access to the funicular for long periods. This will be achieved by allocating a proportion of funicular trips each hour to chance visitors;
- provide lackers facilities at the Day Lodge where funicular passengers will be able to leave rucksacks and other personal belongings before making their ascent;
- continue the Company's current policy whereby dogs (other than Guide Dogs) and other animals are not transported on the Company's uplift installations;
- make it a condition of sale of all tickets that the holder is required to remain within the Ski Area and not go beyond its boundaries. This condition will be reinforced by ski patrols/rangers and notices at appropriate places throughout the Ski Area; and
- operate the funicular so as to ensure that the capacity of the Ptarmigan building is not exceeded. At all times the numbers ascending to and descending from the Ptarmigan will be monitored, and the numbers permitted to ascend will be restricted if necessary; at reak times the flow of passengers will be maintained by allocating descent times to limit "residence times" at the Ptarmigan to about one hour.

Caimgorm Chairlift Company - Visitor Management Plan - January 199
Page 27

INV 97 156

VISITOR MANAGEMENT: STAGE 6 THE PTARMIGAN

The new Ptarmigan building will provide visitor facilities at two levels:

lower level: funicular arrival point, interpretive centre, exhibition and shop;

upper level: restaurant, viewing terrace, meeting point and return point for the funicular.

Visitors will arrive on the funicular railway at the lower level arrival point, where they will disembark. They will then pass through the exhibition and the interpretive experience, which will complement the interpretation at the Day Lodge, and exit via the shop to the stairs or lift ascending to the upper level.

On reaching the upper level, visitors will be able to make use of the restaurant facilities and (in suitable weather conditions) go outside onto the viewing terrace, where further interpretation and orientation facilities will be provided.

Departure of the funicular with descending passengers will be from the platform at the upper level of the Ptarmigan.

Visitors at the Ptarmigan will not be permitted to leave the building or viewing terrace. Visitors who have arrived at the Ptarmigan by fusicular will return the same way. Only return tickets from car park level to the Ptarmigan will be available.

The objectives of visitor management at the Ptarmigan are:

- to provide maximum enjoyment and fulfilment for all visitors using the funicular to reach the Ptarmigan; and
- to manage the volume of visitors effectively at peak times.

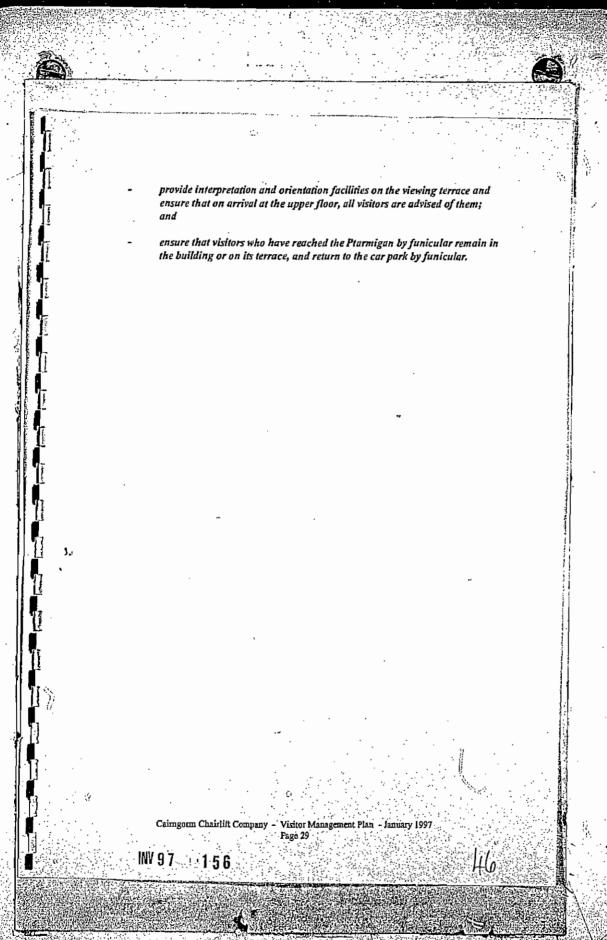
Cairngorm Chairlift Company will:

- manage the funicular such that outwith the skiing season all passengers
 disembark at the lower level of the Ptarmigan and pass through the
 exhibition and interpretive areas before ascending to the upper level for
 departure back down to the car park;
- where necessary, divide large groups such as coach parties into appropriately sized groups for ascending the hill and visiting the Ptarmigan interpretive experience;
- provide and maintain an exhibition and interpretive experience at the Ptarmigan (which will complement the interpretation at the Day Lodge) to the highest quality standards;

Caimgorn Chairlift Company - Visitor Management Plan - January 1997

INV 97 156





11 <u>VISITOR MANAGEMENT: STAGE 7</u> FOOTPATHS

From the Coire Cas car park visitors can access a number of footpaths, some of which lead into adjacent areas. Footpaths will be categorised as follows and managed in accordance with the following principles:

- Paths which can be used entirely within the Ski Area and whose use by visitors will be encouraged to relieve pressure on other areas. Only one path now falls into this category;
 - the new low-level circular walk to the northeast of the Coire Cas car park.
- 2 Paths which lead out of the Ski Area, whose presence will not be advertised and whose use will not be encouraged but at the same time will not be actively discouraged. These paths will be used to channel inevitable walking traffic and minimise the tendency for new paths to be created. Again, only one path falls into this category:
 - the footpath from the Coire Cas car park to the Ptarmigan and thence to the summit.
- 3 The use of other routes, including the existing Northern Corries path and the Fiacaill path leading off the main path from the car park to the Ptarmigan, will not be referred to in Company literature and will be actively discouraged by signs at the start of paths and by information from Company staff, including Welcome Hosts and Rangers.

The general location of the new circular walk to the northeast of the Coire Cas car park is as indicated on the map in this Section, but a detailed specification and route have yet to be agreed. In general, the paths for the new walk will be designed and constructed to a high standard to withstand potentially heavy walking traffic. It is envisaged that a shorter circular walk will be made possible by an intermediate path, as shown, and the possibility of extending the path to form a link between the Coire Cas and Coire na Ciste car parks will be considered.

The new circula: walk will be promoted as the only suitable route for the general visitor. However, it is recognised that hillwalkers and others may seek to use the Ski Road and the Coire Cas car park as a means of gaining access on foot to the summit of Cairn Gorm and to adjacent areas. It is important that this group of visitors is managed in such a way that they are made aware of the environmental damage which they may cause and encouraged to act responsibly whilst on the hillside. Action is needed to ensure that, so far as possible, these walkers are channelled onto preferred, or designated, routes to discourage the proliferation of other paths out of the Ski Area. This will be achieved by the use of signs, maps, brochures, information boards,

Caimgorm Chairlift Company - Visitor Management Plan - January 1997
Page 30

INV 97

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interpretive material and information from Company staff, including Welcome Hosts and Rangers, The Fiacaill, Northern Corries and summit footpaths all lead out of the Ski Area into the proposed Cairngorms SPA and SAC. This may raise wider issues about recreational access to European sites which have not yet been explored. If in the light of this it becomes apparent that further measures are necessary, those proposed here would be modified accordingly in consultation with other parties. Management objectives are: to minimise the number of hill-walkers using the Ski Area visitor facilities to gain access to adjacent management zones; to persuade all walkers to keep to maintained footpaths, to keep off all other routes and to avoid straying onto the margins of paths where ground conditions can be particularly fragile; and to promote environmental issues so that all walkers and other users share the same level of awareness and are alert to the consequences of their actions and appreciate the desirability of restraint on the level of access. Cairngorm Chairlift Company will: promote the new circular walk by means of promotional literature, information and interpretive displays in the Day Lodge and by signposting the route from the car park; in addition, interpretive boards will be placed at the start of the walk and at locations along it; install and maintain low-key "gateways" with information/interpretive boards at the starting points of the main path to the Ptarmigan and the Northern Corries path. The information at the starting point of the Northern Corries path will promote the new circular path or the main path to the Ptarmigan as an alternative; provide and maintain signposts at agreed points on footpaths within the Ski outside the skiing season, remove or cover skiing signposts which might encourage visitors to use other footpaths. monitor the use of all footpaths within the Ski Area by regular surveys and counts undertaken by Rangers. Baseline data will be obtained prior to and in the first year of operation, with spot checks and samples in subsequent years. Footpath monitoring outwith the Ski Area is addressed in Appendix

> Cairngorm Chairlift Company - Visitor Management Plan - January 1997 Page 31

INV 97 1156

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consult with and co-operate with other parties on the way the above measures might be modified if, in the light of changing views on recreational access to European sites, it becomes apparent that further restrictions are necessary, and implement any agreed modifications. Caimgorm Chairlift Company INV 97 156

12 VISITOR MANAGEMENT STAGE 8: ADJACENT AREAS

The visitor management measures described here could be complemented by the exercise of powers available to others, notably Scottish Natural Heritage. The action to be taken would primarily be in relation to adjacent areas rather than within the Ski Area itself.

The provisions of Highlands and Islands Enterprise's title to the Cairngorm Estate and the lease of the Ski Area to the Cairngorm Chairlift Company are relevant here. The title binds HIE to "continue to allow to the public free access on foot to the [Estate] for recreational purposes", while the lease requires the Company to "impose no restrictions on the access of the public to the subjects of let ... always providing that the [Company] will be entitled to exclude the public from all or part of the subjects of let for reasons of safety or conservation due to weather conditions (sic), management, construction operations or the like." Although these clauses are restrictive, it is understood that HIE does not consider them to be insuperable in the present context.

In addition, the Cairngorm Estate, within which the Ski Area lies, remains nominally designated as lying within the Glemmore Forest Park. The Forestry Commission had powers to make byelaws for the Forest Park, but since ownership of the Cairngorm Estate passed to the Highlands and Islands Development Board in 1971, this no longer applies as the land in question is neither managed nor controlled by the Forestry Commission.

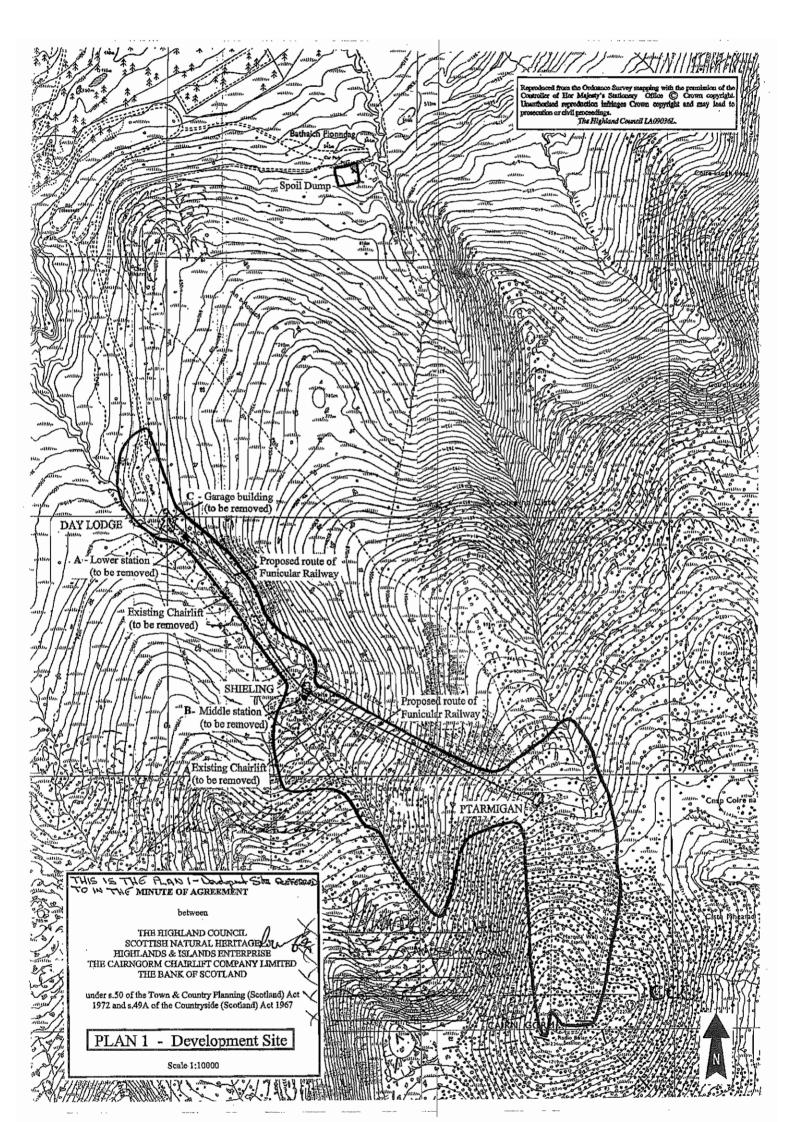
With the legal restrictions referred to above, neither the Company nor HIE are in a position to make byelaws regulating the behaviour of individuals on, and their access to, the Ski Area or the Cairngorm Estate. They have to rely on more persuasive visitor management techniques. Scottish Natural Heritage, on the other hand, does have the power (under the 1981 Wildlife and Countryside Act) to make byelaws for the protection of national nature reserves. Similarly, under the 1994 Habitats Regulations SNH has the power to make byelaws to protect European sites (Special Protection Areas and Special Areas of Conservation), byelaws which may also apply to adjacent land.

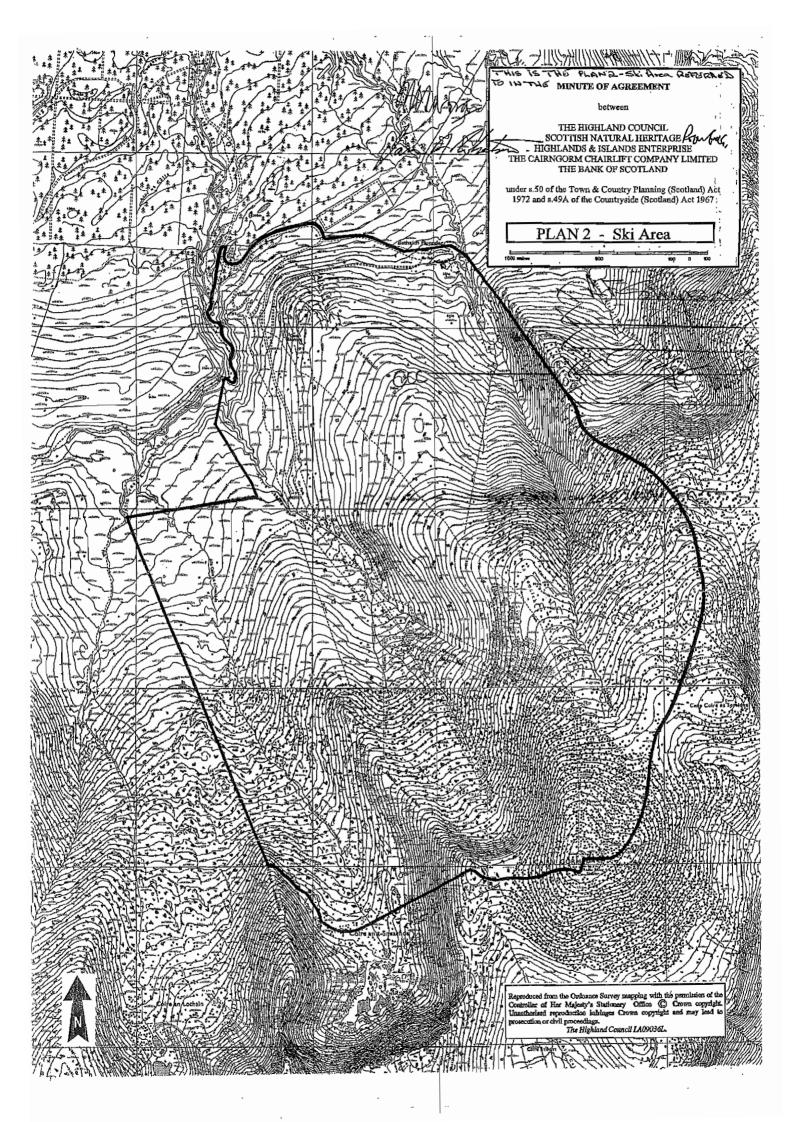
Powers to make byelaws have not been widely used in the past to regulate visitor access to sensitive areas, and byelaws are considered by SNH to be more effective in controlling or influencing visitor behaviour in, rather than access to, such areas. Because of the practical difficulties of enforcement in the open environment at Cairngorm, it is accepted that the value of byelaws would be primarily as a deterrent, and that their use should be considered as a supplementary rather than as a primary measure.

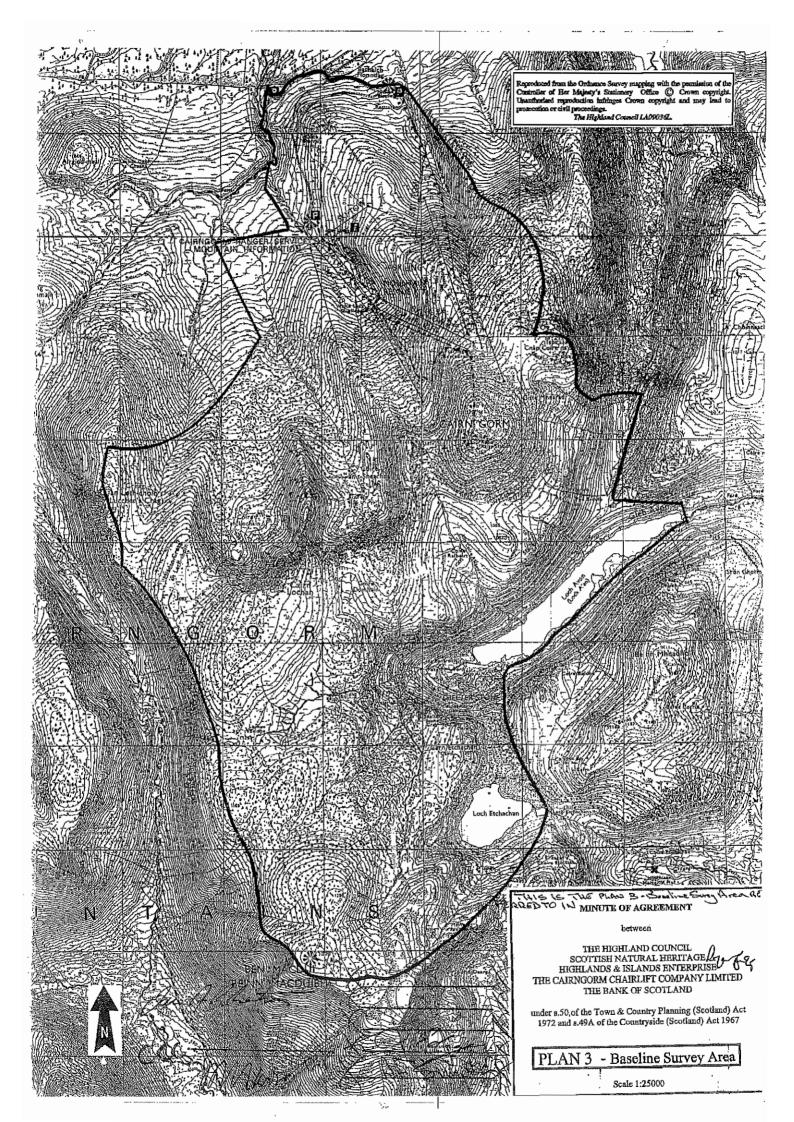
To summarise, the management of visitors in areas adjacent to the Ski Area may well complement the measures which the Company is in a position to implement within the Ski Area. The powers available to bodies to make byelaws should be investigated further.

Caimgorm Chairlift Company - Visitor Management Plan - January 1997

INV 97 156







- 3.1.3 take full account of the Landlord's reasonable requests and suggestions in all such meetings (and that of their Project Monitor);
- 3.1.4 before finalising any drawings, specifications or applications in relation to the Development Works, submit the proposals therefor to the Landlord for approval and revise or amend the same if required by the Landlord, to take account of the Landlord's requests and suggestions;
- 3.1.5 before submitting any application for planning permission for the Development Works, submit to the Landlord plans, sections, drawings and specifications of the Day Lodge to the Landlord for approval, such approval not to be unreasonably withheld or delayed;
- 3.1.6 submit the Proposed Application to the Landlord for approval as soon as reasonably practicable after the Date of Entry, the Landlord's approval thereof not to be unreasonably withheld or delayed;
- 3.1.7 submit the Approved Application to the relevant planning authority within 3 months of the Approval Date, and provide the Landlord forthwith with any reference number and all other information in relation thereto;
- 3.1.8 use reasonable endeavours to obtain the Consents as soon as reasonably practicable after the Approval Date;
- 3.1.9 submit details of each of the following to the Landlord for approval as soon as reasonably practicable after the Date of Entry, namely details of (a) the Contractors (b) any Appointments (c) the Building Contract (d) the Programme and (e) the Method Statement, together with any necessary or reasonably requested supporting documentation;
- 3.1.10 if the Landlord's approval is refused to any of the matters for which it is required in terms of this Part 4 of the Schedule, submit to the Landlord as soon as reasonably practicable thereafter reasonable amended or alternative proposals therefor, with request for the Landlord's approval of the same; and
- 3.1.11 keep the Landlord regularly advised as to progress with (i) the Tenant's applications for the Consents and (ii) in due course, the construction of the Development Works, in each case with all such relevant information as the Landlord or the Project Monitor may reasonably require.
- The Tenant shall, in each case as soon as possible after the Approval Date and in any case no later than 30 Working Days following the date on which Planning Permission is granted, submit in writing its proposals for the (a) Contractors (b) Professional Adviser Appointments (if not earlier obtained) (c) Building Contract (d) Programme and (e) Method Statement, each for the Landlord's written approval. The Landlord's approval in each case is not to be unreasonably withheld provided that sufficient information is given to the Landlord, its reasonable requirements met, and that the Tenant is otherwise in compliance with its obligations under this Part 4 of the Schedule.
- 3.3 The Tenant shall not commence the Development Works until the Consents and all of the Landlord's Approvals are obtained.
- 3.4 For the avoidance of doubt, in the event of any changes being made or proposed to any

Development Works, including proposed drawings and specifications showing the Tenant's proposed Development Works in detail and all other information which would be required by the relevant planning authority;

"Works Longstop Date" means the fifth anniversary of the Date of Entry;

2 Tenant to complete Development Works

- 2.1 Subject to obtaining:
 - 2.1.1 the Landlord's Approvals, and
 - 2.1.2 the Consents (which the Tenant is obliged to obtain in accordance with this Part 4 of the Schedule),

the Tenant shall, at its sole cost, design, carry out and complete the Development Works on the Development Site, all in a good and workmanlike manner and with good quality materials in accordance with the Approved Application, the Consents, the Programme, the Method Statement, all current building regulations and statutory provisions and the requirements of this Lease and all to the reasonable satisfaction of the Landlord.

- In the event that the Tenant does not commence the Development Works by the Works Longstop Date, the Landlord shall be entitled to terminate the Lease at any time thereafter (but before commencement of the Development Works is notified to the Landlord in writing) on giving written notice to the Tenant to that effect PROVIDED HOWEVER that if the Development Works are delayed by Force Majeure the foregoing date shall be extended by the period of delay on account thereof.
- 2.3 In the event that the Development Works have not reached Practical Completion by the Completion Longstop Date, the Landlord shall be entitled to terminate the Lease at any time thereafter (but before Practical Completion of the Development Works is notified to the Landlord in writing) on giving written notice to the Tenant to that effect PROVIDED HOWEVER that if the Development Works are delayed by Force Majeure the foregoing date shall be extended by the period of delay on account thereof.

3 Tenant to obtain approvals etc

- 3.1 The Tenant shall:
 - 3.1.1 submit details of each of the following to the Landlord and obtain the Landlord's approval to the same prior to making any appointments, namely, details of (a) the identity of the proposed Designers, together with such supporting evidence as the Landlord may require to evidence that each of the proposed Designers are suitably qualified and competent to carry out the relevant tasks in a timescale appropriate to those set out in this Part of the Schedule (b) style of the proposed Appointments for the Designers and (c) the proposed project programme, together with any necessary or reasonably requested supporting documentation;
 - 3.1.2 give the Landlord and the Project Monitor reasonable notice of any site meetings, design meetings and any other key meetings in relation to the Development Works and/or the application process for planning permission and allow them to attend the same;

or any fire officer to enable the construction and completion of the Development Works and (ii) without prejudice to the foregoing generality, the Planning Permission and (b) any consents required in terms of any leases, licences or title to the Premises or Retained Property (including any title conditions affecting the same);

"Contractor" means such reputable contractor or contractors as may be appointed by the Tenant from time to time as contractor under the Building Contract;

"Designers" means the design team for the Development Works including for the avoidance of doubt, any project manager, Architect, structural and civil engineer, mechanical and electrical engineer, quantity surveyor, CDM co-ordinator, planning adviser, environmental adviser, acoustician and so on;

"Development Site" means that part of the Premises comprising the existing day lodge as at the Date of Entry, subject to any amendments thereto as may be agreed in writing between the Parties from time to time;

"Development Works" means the construction of a New Day Lodge on the Development Site;

"Force Majeure" means exceptionally adverse weather conditions, civil commotion, strike or lock out affecting any of the trades directly and necessarily engaged in the execution of the Works, the exercise of any statutory power which directly affects the execution of the Works, or any delay beyond the reasonable control of the Tenant under declaration that the Tenant shall be deemed to be in control of its funders and all arrangements relative to the Tenant's finances and/or funding of the Development Works;

"Landlord's Approvals" means the Landlord's approval to the (a) Proposed Application (b) Contractors (c) Appointments (d) Building Contract (e) Programme (g) Method Statement and (h) Approved Drawings;

"Project Monitor" means such reputable and suitably qualified person or firm as the Landlord shall from time to time employ in their place for the purpose of the whole or part of this Part of the Schedule provided that if at any time no person or firm shall be appointed then the Project Monitor shall be deemed to be the Landlord;

"Method Statement" means a method statement for the Development Works;

"Planning Permission" means planning permission for the Development Works in accordance with the Approved Application (incorporating any amendments to the Approved Application which the Landlord in its discretion approves in writing);

"Practical Completion" has the same meaning as in the Building Contract;

"Professional Advisers" means (a) the Designers (other than any in-house design team of the Tenant or of a Related Company of the Tenant) and/or (b) any other professional consultants employed or to be employed in relation to the Development Works;

"Programme" means a programme of works, setting out timescales, phases and stages of the Development Works;

"Proposed Application" means an application for planning permission for the proposed

Schedule Part 4 Development Obligations

1 Definitions

In this Part 4 of the Schedule:

- "Appointment" means the agreement and/or contract of engagement whereby each of the Professional Advisers is appointed or engaged as such by the Tenant in connection with the Development Works;
- "Approved Application" means a planning application for the Development Works as approved by the Landlord in terms of Clause 3.1 of this Part of the Schedule;
- "Approval Date" means the date on which the Landlord confirms in writing to the Tenant that it approves the Proposed Application in accordance with this Part of the Schedule;
- "Approved Drawings" means the plans, sections, drawings and specifications approved by the Landlord in terms of Clause 3.1 of this Part 4 of the Schedule, and in each case shall include any additions, alterations, modifications or variations to the same as are approved or permitted by the Landlord pursuant to Clause 6 of this Part 4 of the Schedule;
- "Arbitrator" means an arbitrator being an independent surveyor who is at the date of appointment a member of the Royal Institute of Chartered Surveyors in Scotland with relevant experience in assessing similar properties and businesses as the Premises and the business envisaged by the Lease;
- "Architect" means such reputable firm or company as may be employed by the Tenant as architect from time to time in connection with the Development Works;
- "Building Contract" means the contract or contracts entered or to be entered into between the Tenant and the Contractor, with all attendant and subsidiary documents, for the purpose of carrying out the Development Works;
- "Collateral Warranty" means a collateral warranty agreement in a form that a prudent commercial developer of normal commercially acceptable terms for a development of the size and nature of that anticipated by the Development Works would expect to receive;
- "Completion Certificate" means a completion certificate issued by the relevant authority for the Development Works;
- "Completion Longstop Date" means the earlier of (a) the third anniversary of the date on which the Development Works are commenced and (b) the eighth anniversary of the Date of Entry;
- "Consents" means (a) building warrants and all other valid statutory consents, permissions, approvals, licenses, certificates, orders and permits as are required to enable the Development Works to be commenced and completed, including (i) any such as may be required from any local or other competent authority or statutory undertaker

16b

16c

Provision of key signage and visitor information / documentation in both English and Gaelic languages

Complaints received to be dealt with promptly in line with customer care and complaints policy.

Transparent records to be retained to capture the complaints received and how these have been dealt with including timescales and actions. Improvement actions to be identified with timescales agreed for implementation where reasonably practicable.

All key signage and visitor information / documentation to be available in both English and Gaelic languages, with Gaelic language versions of signage and visitor information / documentation to be consistent with terms of the Authority's Gaelic Plan and to be made available within [12 months] of the Commencement Date

Premises are open for business Establishment of a fleet replacement plan and maintenance regime to ensure that an adequate fleet of reliable machines is available throughout the Ski Season.	Minimum opening times of 9 am to 4 pm in the Ski Season
scope than that operating at the end of the 2013/14 ski season	Operation of a snowsports school during the Ski Season commencing on 1 November 2015 providing a range of lessons and packages available to beginners as well as lessons for experienced snowsports visitors. The main focus of the school will be beginners from 5 years upwards. Instructors are to have the appropriate level of BASI (or equal) ski instructors' qualifications.
machines	Snowsports

customer satisfaction policy and report annually to the complaints and customer satisfaction policies and any Customer care, complaints and customer satisfaction advance by the Authority; and the Authority must be each year. Supplier to undertake an annual customer Service Ombudsman guidance, including timescales policies to be developed in line with Scottish Public investigation stage. Any changes to be approved in proposed changes thereto. Policies to be reviewed Authority in relation to the results of such survey for dealing with complaints at both frontline and satisfaction survey in accordance with terms of given 20 days to review the customer care,

Introduction of, and compliance with, a

Customer Service

16a

complaints procedure and a customer customer care policy, a customer

satisfaction policy

0	Ski Patrol	Provision of a ski patrol service (all with BASP qualifications) to serve the ski season at Caimgorm Mountain.	A ski patrol appropriate to the prevailing conditions is required but this should be no less in scope or quality than current operation
Ξ	Visitor Management Plan	Compliance with the terms of the current Visitor Management Plan. If significant changes are proposed by the Supplier, it shall first consult with and seek approval from the Authority prior to entering into discussions with Scottish Natural Heritage, the Highland Council and Cairngorms National Park Authority	Compliance with the terms of the Visitor Management Plan
12a	Annual Operating Plan	Preparation of an annual Operating Plan for the forthcoming year to be approved by the Authority which is consistent with the relevant requirements of the VMP	Plan to be submitted to the Authority by 31 March each year
12b		Adherence to the annual Operating Plan mentioned above	No instances of departure from the annual Operating Plan without prior written notification to the Authority
[3a	Annual Operating Review	Preparation and submission to the Authority of an annual retrospective Operating Review	Review to be submitted to the Authority by 31 May each year
136		Compliance within such period as is determined by the Authority with such remedial steps as are required by the Authority further to its review of the annual retrospective Operating Review referred to above	No instances of departure from the remedial steps required without the prior written consent of the Authority
4	Piste grooming	Keeping in service a fleet of piste grooming machines, no less in size and	Maintenance of the ability to adequately groom all recognised pistes by 10 am each day when the

a voluntary, usage. stomers shuttle Lodge and the car park ce of public aligned with customer restomer aryice at rering the whole on terms to be y	Minimum of 1 Head Ranger and 2 Seasonal Kangers to be employed for at least as many days and hours per annum as they are currently employed
Encourage greater use of a voluntary, nominal fee for car park usage. Provision of a free-to-customers shuttle service between the Day Lodge and the Coire na Ciste overflow car park Provision and maintenance of public toilet facilities which are aligned with other skier and non-skier customer services Services Anger Operation of a Ranger Service at Cairngorm Mountain covering the whole of the Authority's estate on terms to be agreed with the Authority Employment of Rangers	Employment of Kangers
7c 7c Toilets 9a Ranger Service	3

- (iii) Equipment shall be inspected, for the purpose of identifying any repairs required, by the Supplier at least every week during the Ski Season and at least every month during the Summer Season and written records maintained of all inspections
- (iv) Repair of a piece of equipment shall be carried out within 5 days of the requirement for repair being identified (or such other period as may be agreed by the Authority) and the equipment shall not be the subject of hire until the identified repair has been carried out

Provision of opportunity to hire equipment online

B

(i) Opportunity to be available by 1 November 2014

(ii) Opportunity to be available minimum of 20 hours per day 365 days per annum

7a Car Parking

Provision and maintenance of car parking facilities and related services which are aligned with other skier and non-skier customer services and designed to maximise their commercial potential

(i) The Supplier must ensure that the current car parking capacity (in terms of number of spaces) is the minimum level of future provision and is available on an open access basis

(iii) Vehicle and car parking arrangements must be managed at all times in accordance with site restrictions

(v) Where possible and appropriate, the Supplier shall ensure that it sources 20% of all food and beverages available in the Premises from suppliers located within the Authority's area of operation

Retail

Provision and maintenance of retail

facilities and related services which are aligned with other skier and non-skier maximise their commercial potential customer services and designed to

During days when the Premises are open for business, the Ski Season and between 10 am and 4 pm each day retail facilities and related services must be provided pm each day during the Summer Season; and (ii) the day during the Ski Season and between 9 am and 5 Ptarmigan between 9 am and 4 pm each day during at: (i) the Day Lodge between 8 am and 4 pm each during the Summer Season

> Equipment 6a

Provision and maintenance of equipment aligned with other skier and non-skier hire facilities and services which are

business, equipment hire facilities and services must which the Premises are open for business during the be provided between 8 am and 4 pm each day on (i) During days when the Premisesare open for Ski Season. maximise their commercial potential customer services and designed to

(ii) At least 90% of total equipment shall be available to hire at all times

a Catering

Provision and maintenance of catering facilities and services which are aligned with other skier and non-skier customer services and designed to maximise their commercial potential

iquid waste in accordance with relevant legislation,

discharge consent and good practice

effective removal of wastewater, surface water and

(ix) Drainage systems shall at all times ensure the

catering (i) During days when the Premises are open for business, catering facilities and services must be provided: (i) at the Day Lodge between 8 am and 4 mise their pm each day during the Ski Season and between 9 am and 5 pm each day during the Summer Season; and (ii) at the Ptarmigan between 9 am and 4 pm during the Ski Season and between 10 am and 4 pm each day during the Summer Season, other than during refurbishment periods in relation to the Ptarmigan agreed with the Authority On days when there is daylight until 8 pm, the facilities and services in the restaurant at the Ptarmigan are to be provided until 8 pm (provided that there is access to the Ptarmigan via the funicular railway)

(ii) No breaches of health & safety law / food hygiene regulations

(iii) No breaches of licensing law or of any related licences, consents, permits and authorities

(iv) Where possible and appropriate, the Supplier shall engage with fair trade suppliers to ensure that ethically-sourced food and beverages constitute at least 20% of all food and beverages available in the Premises

(v) Neither the funicular nor ski-tows will be open for conveyance of the public whilst any repair or maintenance item deemed critical by the requirements of the Regulatory Bodies or the manufacturers of the equipment is outstanding except as required to facilitate the emergency evacuation of any part of the Premises

Any required repair will take place within 10 days or such other period as agreed with the Authority

- (vi) Building defects causing Premises not to be wind & watertight or prejudicial to public or employee safety must be remedied within 10 days or such other period as agreed with the Authority having regard to the nature of the defect
- (vii) Any required maintenance will take place within times recommended by the relevant manufacturer or a report by a chartered surveyor and in any event within 30 days or such other period as agreed with the Authority
- (viii) With the aim of minimising downtime on the funicular railway, the Supplier will compile a list of 'critical spares' which will be either purchased and stored within the Premises or held in stock at the manufacturer's premises on short delivery. The list will be replenished as necessary and kept under regular review.

For the avoidance of doubt, in these Service Levels any reference to "days when the Premises are open for business" assumes that the Premises will be open for business on every day in any year other than Christmas Day and days on which the Premises cannot open for business in terms of clause 23 of this Agreement.

Maintenance Operatio

funicular, ski tows, , buildings, fixtures, fittings, plant and equipment in or on the Premisesin accordance with the manufacturers' recommendations, the Health & Safety Plan and operating requirements and procedures

(i) No breaches of health and safety law

(ii) Compliance at all times with the Environmental Management Plan

(iii) Compliance at all times with the Health & Safety Plan

(iv) Health & Safety Plan, and any changes to it, to be approved in advance by the Authority; the Authority must be given 5 working days to review the Health & Safety Plan and any proposed changes to it

Major plant failure, closure for reasons other than adverse weather or any other issue likely to concern the Authority and/ or visitors must be notified within 24 hours to the Authority	(i) Website to include at least daily updates as regards the weather and other conditions at the Premises	(ii) Website to be operational as a minimum 20 hours per day 365 days per annum	During Ski Season, the Day Lodge Premises to be open from 8 am to 4 pm and the Ptarmigan Premises to be open from 9am to 4pm.	During Summer Season, the Day Lodge Premises to be open from 9 am to 5 pm and the Ptarmigan to be open from 10am to 4pm and on days when there is sufficient daylight, the Ptarmigan restaurant to be open from 10 am to 8 pm.	(i) Minimum of 130,000 funicular customers per
Reporting of all major incidents involving major plant failure, closure for reasons other than adverse weather or any other issue likely to concern the Authority	Operation of and regular updating of a website in respect of the Premises		General opening times for the Premises		Maximisation of the number of funicular
					Funicular

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<u>e</u>

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(ii) During days when the Premises is open for business, minimum opening hours of from 10 am to 4 pm in the Summer Season and from 9 am to 4 pm in the Ski Season

annum subject to a minimum of 90,000 funicular

customers per annum

7

customers during the Summer Season.

Service Levels

1d		1c	16	No. 1a
				General
Reporting of all major incidents to persons and property	must be possible to make bookings in respect of all such ticketing facilities online, by telephone and in person	Operation of consistent, effective, comprehensive and uncomplicated booking system in respect of all ticketing facilities at Premises at the Premises; it	Increase in appeal of the Premises to visitors and increase in the total number of visitors per annum to the Premises	Requirement Maximisation of the number of skier days per annum during the Ski Season
All major accidents or incidents including fatalities and severe injuries within the Ski Area; and problems	(ii) Maximum waiting time of 20 minutes at each of the ticketing facilities in the Premises in respect of bookings made in person	(i) Internet booking service to be available as a minimum 20 hours per day 365 days per annum from 1 November 2015	Minimum 205,000 visitors per annum in the year from 1 November 2014 to 31 October 2015 and minimum 210,000 visitors per annum in each subsequent year.	Service Level Minimum 75,000 skier days per annum in the Ski Season 1 November 2014 to 30 April 2015 and minimum 80,000 skier days per annum in each subsequent Ski Season

Schedule
Part 3
Operating Conditions

- 7.6.2 for the proper conduct of the Landlord's business.
- 7.7 If it appears from any such inspection or audit or from any other circumstance that the Turnover Rent calculated in accordance with Clause 3.1 of this Part of the Schedule for the relevant Turnover Period is less than the Turnover Rent that should have been assessed for such Turnover Period, then the Tenant shall pay to the Landlord within 28 days of written demand any difference between the Turnover Rent actually paid for such Turnover Period and the Turnover Rent due to be paid for such Turnover Period.
- 7.8 If it appears from any such inspection or audit or from any other circumstance that the Base Rent calculated in accordance with Clause 4.1 of this Part of the Schedule for the relevant Base Rent Period is less than the Base Rent that should have been assessed for such Base Rent Period, then the Tenant shall pay to the Landlord within 28 days of written demand any difference between the Base Rent actually paid for such Base Rent Period and the Base Rent due to be paid for such Base Rent Period.

8 Disputes

If any dispute arises between the parties as to the amount of the Gross Turnover and/or the Turnover Rent and/or the Base Rent, the Gross Turnover and/or the Turnover Rent and/or the Base Rent shall be determined by the Turnover Specialist who shall act as an arbitrator and not as an expert.

9 Interest on Payments in Arrear

The provisions of Clause 9.1 of the Lease will apply if the Tenant fails to pay on time any sums (including interest) due under this Part of the Schedule.

10 Effect on Rent Review Provisions in Lease

The whole provisions of this Part of the Schedule shall be disregarded for the purposes of Clause 5 of the Lease and any and all calculations made under that Clause.

Schedule;

and that within 14 days after written demand, such payment to be treated as a payment to account of the Base Rent for that Base Rent Period.

- The provisions of Clause 6.1 of this Part of the Schedule will continue to apply to each subsequent Base Rent Period for which the Tenant does not deliver the Turnover Certificate on time until the first occasion on which the Tenant first delivers the Turnover Certificate on time.
- 6.3 If in respect of any subsequent Base Rent Period the Tenant does not deliver the Turnover Certificate on time, the Tenant must pay to the Landlord within 45 days after the end of the relevant Base Rent Period on account of the Base Rent in respect of the Base Rent Period which should have been covered by the Turnover Certificate an amount equal to 100% of the full Base Rent payable in respect of the last preceding full Base Rent Period for which a Turnover Certificate had been delivered.
- If the amount of the Base Rent payable for any Base Rent Period differs from the cumulative amount of the Base Rent actually paid on account to the Landlord by the Tenant for the same Base Rent Period the matter shall forthwith (and any sums shall be due no later than fourteen days after the date of delivery to the Landlord of the Turnover Certificate) be settled by a single payment by the Tenant to the Landlord or by the Landlord to the Tenant (as the ease may be) comprising the difference between the last two mentioned amounts.

7 Inspection of Accounts etc

- 7.1 The Tenant must maintain the Accounts Records fully and accurately.
- 7.2 The Accounts Records for the current and the two immediately preceding Turnover Periods must be kept safely on the Premises or in such other place reasonably accessible for inspection as the Landlord approves (such approval not to be unreasonably withheld).
- 7.3 The Tenant must make the Accounts Records referred to in Clause 7.2 of this Part of the Schedule available for inspection at all reasonable times by the Landlord or their duly authorised representative.
- 7.4 The Landlord may at its own discretion require an audit of the Accounts Records relating to the then current Turnover Period (or Base Rent Period) or any preceding Turnover Period (or Base Rent Period) to be made by a professionally qualified accountant appointed by the Landlord.
- 7.5 If it is established by such audit that the Gross Turnover for any Turnover Period (or Base Rent Period) has been understated by more than 5% then the proper and reasonable cost of the audit shall be borne by the Tenant and paid by the Tenant within 28 days of written demand.
- 7.6 The Landlord will not disclose the Gross Turnover or any other information obtained from inspection or audit of the Account Records except to such extent as may be necessary:
 - 7.6.1 in order to comply with any lawful requirement of any interested authority; and

- 4.2 The Tenant must pay the Base Rent to the Landlord annually in arrears from and after the Base Rent Commencement Date, as soon as reasonably practicable after the relevant Turnover Certificate is issued in terms of Clause 2.1 of this Part of the Schedule, and in any event no later than the first 30 September falling after the end of the relevant Base Rent Period (or the Expiry Date, if sooner).
- 4.3 For the avoidance of doubt, no Base Rent will be due and payable in respect of the period prior to the Base Rent Commencement Date.
- 4.4 Without prejudice to Clause 5 of this Part of the Schedule, if the Tenant does not timeously deliver a Turnover Certificate, interest at the Prescribed Rate on the balance due by the Tenant will accrue from the date occurring 45 days after the end of the relevant Base Rent Period and not the date occurring 14 days after service of such demand.

5 Consequences of Late Certification – Turnover Rent

- 5.1 If the Tenant does not deliver the Turnover Certificate on time in respect of the first Turnover Period the Tenant must pay to the Landlord the sum of TWO THOUSAND AND FORTY FOUR POUNDS AND EIGHT PENCE (£2244.08) STERLING within 14 days after written demand. Said payment will be treated as a payment to account of the Turnover Rent for that Turnover Period.
- 5.2 The provisions of Clause 5.1 of this Part of the Schedule will continue to apply to each subsequent Turnover Period for which the Tenant does not deliver the Turnover Certificate on time until the first occasion on which the Tenant first delivers the Turnover Certificate on time.
- 5.3 If in respect of any subsequent Turnover Period the Tenant does not deliver the Turnover Certificate on time, the Tenant must pay to the Landlord within 45 days after the end of the relevant Turnover Period on account of the Turnover Rent in respect of the Turnover Period which should have been covered by the Turnover Certificate an amount equal to 100% of the full Turnover Rent payable in respect of the last preceding full Turnover Period for which a Turnover Certificate had been delivered.
- 5.4 If the amount of the Turnover Rent payable for any Turnover Period differs from the cumulative amount of the Turnover Rent actually paid on account to the Landlord by the Tenant for the same Turnover Period the matter shall forthwith (and any sums shall be due no later than fourteen days after the date of delivery to the Landlord of the Turnover Certificate) be settled by a single payment by the Tenant to the Landlord or by the Landlord to the Tenant (as the ease may be) comprising the difference between the last two mentioned amounts.

6 Consequences of Late Certification – Base Rent

- 6.1 If the Tenant does not deliver the Turnover Certificate on time in respect of the first Base Rent Period the Tenant must pay to the Landlord the higher of:
 - 6.1.1 The sum of FORTY FOUR THOUSAND, FOUR HUNDRED AND EIGHTY EIGHT POUNDS AND SIXTEEN PENCE (£44,488.16) STERLING; and
 - 6.1.2 A sum representing 1% of the Gross Turnover for the last Turnover Period for which a Turnover Certificate was provided in accordance with this Part of the

- 1.14.3 is a partner in a leading firm of Chartered Accountants;
- 1.14.4 has recent and substantial auditing knowledge; and
- 1.14.5 is appointed failing agreement by the President (or senior office holder) for the time being of the Institute of Chartered Accountants of Scotland (as constituted or reconstituted, formed or re-formed from time to time) on the application of either the Landlord or the Tenant; and
- 1.15 "Turnover Threshold" means an amount equal to TT where:

 $TT = FM \times PR$

FM = FOUR MILLION POUNDS (£4,000,000) STERLING

PR = DP divided by 365

DP = the number of calendar days in the relevant Turnover Period;

2 Certification of Turnover

- 2.1 Within 45 days after the end of each Turnover Period (time being of the essence) the Tenant must deliver to the Landlord a Turnover Certificate signed by a professionally qualified independent external accountant appointed by the Tenant certifying the amount of the Gross Turnover during the relevant Turnover Period.
- 2.2 The Tenant undertakes to the Landlord that each Turnover Certificate will state accurately the amount of the Gross Turnover for the relevant Turnover Period.

3 Payment of Turnover Rent

- 3.1 On receipt of a Turnover Certificate (but subject always to the provisions of Clauses 5.1 and 5.2 of this Part of the Schedule) the Landlord will calculate the Turnover Rent for the relevant Turnover Period and confirm the same to the Tenant.
- The Tenant must pay the Turnover Rent to the Landlord annually in arrears, as soon as reasonably practicable after the relevant Turnover Certificate is issued in terms of Clause 2.1 of this Part of the Schedule, and in any event no later than the first 30 September falling after the end of the relevant Turnover Period (or the Expiry Date, if sooner). No Turnover Rent will be due and payable in respect of the period prior to the Turnover Rent Commencement Date.
- 3.3 Without prejudice to Clause 5 of this Part of the Schedule, if the Tenant does not timeously deliver a Turnover Certificate, interest at the Prescribed Rate on the balance due by the Tenant will accrue from the date occurring 45 days after the end of the relevant Turnover Period and not the date occurring 14 days after service of such demand.

4 Payment of Base Rent

4.1 On receipt of a Turnover Certificate (but subject always to the provisions of Clauses 6.1 and 6.2 of this Part of the Schedule) the Landlord will calculate the Base Rent for the relevant Base Rent Period and confirm the same to the Tenant.

in the ordinary course of business;

- 1.9.14 the amount of any cash refund or credit given to a customer when goods are returned provided that such cash refund or credit does not exceed the sale price of the goods included in the Gross Turnover;
- 1.9.15 the sales price of goods returned by customers for exchange provided that:-
 - 1.9.15.1 such sale price has been included in the Gross Turnover; and
 - 1.9.15.2 the sale price of the goods given in exchange is included in the Gross Turnover;
- 1.9.16 credit allowances and refunds made in respect of defective or unsatisfactory goods or services provided that such allowances or refunds shall not exceed the sale price of the goods or the charge for the services included in the Gross Turnover:
- 1.9.17 the value of goods transferred whether by way of exchange or otherwise from the Premises to other premises of the Tenant provided that such transfer is not made for the purpose of consummating a sale which has been made at, in or from the Premises nor deprives the Landlord of the benefit of a sale which would otherwise have been made at, in or from the Premises;
- 1.9.18 the value of goods returned to shippers, wholesalers or manufacturers; and
- 1.9.19 interest charges and credit account service charges;
- 1.10 "Turnover Certificate" means the certificate to be provided under Clause 2 of this Part of the Schedule;
- 1.11 "Turnover Period" means each Year;
- 1.12 "Turnover Rent" means, for each Turnover Period, the greater of (a) zero and (b) a sum equal to TR where:

 $TR = GT \times TM$

GT = (i) where the Gross Turnover for the relevant period is less than the Turnover Threshold, zero and (ii) where the Gross Turnover for the relevant period is equal to or more than the Turnover Threshold, an amount equal to the Gross Turnover for the relevant period minus a sum equivalent to the Turnover Threshold

TM = (i) for the first 15 Years, 0.05 and (ii) thereafter, 0.08;

- 1.13 "Turnover Rent Commencement Date" means the Date of Entry;
- 1.14 "Turnover Specialist" means an independent Chartered Accountant who:
 - 1.14.1 has at least 10 years experience in practice in the United Kingdom;
 - 1.14.2 has recent and substantial experience in the audit of turnover of businesses in so far as reasonably practicable of a character and quality similar to that carried on from the Premises;

- 1.9.1.2 payment is made to a person other than the Tenant;
- 1.9.2 orders solicited off the Premises by persons operating from or reporting to the Premises;
- 1.9.3 sales made or services provided by means of mechanical or vending devices at the Premises except to the extent that such devices are provided solely for the use of the Tenant's employees and not for customers;
- 1.9.4 mail, telephone, internet or similar orders received or fulfilled at or from the Premises;
- 1.9.5 sales and services which the Tenant in the normal and customary course of the Tenant's operations would or should credit or attribute to the Tenant's business on the Premises;
- 1.9.6 all delivery, postal and insurance charges relating to any transaction at or from the Premises;

The following qualifications also apply to the definition of Gross Turnover:

- 1.9.7 Every sale on credit terms or on an instalment basis shall be deemed to be a sale for the full cash price at the date when the same is made irrespective of the time or times at which the Tenant receives payment;
- 1.9.8 Every hiring of goods to a customer with an option to purchase shall be deemed to be a sale of the goods for the full cash price at the date when the hiring is made (irrespective of the time or times at which the Tenant receives payment) and there shall be excluded from the Gross Turnover any hiring charges in respect of such hiring;
- 1.9.9 Any deposit by a customer shall be included in the Gross Turnover at the time of receipt but shall be deducted from the Gross Turnover if and when repaid and the balance in respect of any purchase shall be included on completion of the sale;
- 1.9.10 No deduction shall be made for:-
 - 1.9.10.1 bad or doubtful debts; or
 - 1.9.10.2 (in the case of transactions paid by credit card) discounts or commissions payable by the Tenant to the provider of the credit;

The following amounts shall not be included in the Gross Turnover or if included shall be deducted:-

- 1.9.11 VAT, purchase tax and any similar sales or excise tax imposed directly on the Tenant in respect of the supply of goods or services but only to the extent that such tax is actually paid or accounted for by the Tenant to the taxing authority;
- 1.9.12 discounts customarily allowed to employees of the Tenant in respect of goods or services supplied to them by the Tenant;
- 1.9.13 the amount reasonably and properly allowed on goods traded in by customers

Schedule Part 2

Turnover Rent and Base Rent

The Landlord and the Tenant having agreed that in addition to the Fixed Rent, the Tenant shall pay to the Landlord an amount by way of Turnover Rent and a further amount by way of Base Rent (as both terms are defined in this Part of the Schedule), the Landlord and the Tenant agree as follows: -

1 Definitions

In this Part of the Schedule, the following definitions apply:-

- 1.1 "Account Date" means 31 March in each Year;
- 1.2 "Accounts Records" means all books and other documents or records (including computer tapes, discs and other storage systems, cash register receipts and tapes, bank statements and any tax returns which relate to VAT or any similar or substituted tax) which are or ought in the reasonable opinion of the Landlord to be kept by the Tenant for ascertaining and verifying the Gross Turnover or which are or may in the reasonable opinion of the Landlord be relevant for such purpose;
- 1.3 "Base Rent" means, for each Base Rent Period, an amount equal to BR where:

 $BR = GT \times 0.01$

GT = an amount equal to the Gross Turnover for the relevant Base Rent Period;

- 1.4 "Base Rent Commencement Date" means 1 April 2019;
- 1.5 "Base Rent Period" means each Year from and after the Base Rent Commencement Date;
- 1.6 "Date of Entry" has the meaning given to it in the Lease;
- 1.7 "Expiry Date" means the date of termination of the Lease, howsoever determined;
- 1.8 "First Base Rent Period" means the period from the Base Rent Commencement Date to the next Account Date;
- "Gross Turnover" means the aggregate of all sums of money or other consideration received or receivable for all goods sold, leased, hired or otherwise disposed of and for all services sold, ordered or performed and from all business of any nature whatever conducted at, in, from or upon the Premises or any part of the Premises by the Tenant, including all amounts received or receivable from:
 - 1.9.1 orders which originated or are received or accepted at or from the Premises notwithstanding that:
 - 1.9.1.1 delivery or performance is made at or from any place other than the Premises; and/or

This is the Schedule referred to in the foregoing Lease between Highlands and Islands Enterprise and Cairngorm Mountain Limited relative to Lease of visitor attraction, Cairngorm

Schedule Part 1 Plan

21 Consent To Registration

The Parties consent to registration of the Lease for preservation and execution: IN WITNESS WHEREOF these presents typewritten on this and the preceding 28 pages together with the Schedule are executed as follows:

	HLANDS AND ISLANDS ENTERPRISE
	2014
11 - 1	2014
Historianos	Authorised Signatory
\	· · · · · · · · · · · · · · · · · · ·
Before this witness:	
EMMU	Witness
GRAEME BARRY WISBET	Full Name
•	
	Address of Witness
40107000 41 012	
EVECUTED for and an habit of CAL	
	KNGOKM MOUNTAIN LIMITED
on the 1174 day of JUNE	2014
	Director
ANTHONY WILD	Full Name
Before this witness:	
Markey	
GWWW)	Witness
GRAEME BARRY WISSET	Full Name
THE CAPPORD, 45 GORDON ST,	Address of Witness
GLASGOW GI 3PE	
	at IMERNESS on the IITH day of JUNE LISON PATRICIA LYUEN Before this witness: GRAEME BARRY NISBET THE CA'D'ORD, 45 GORDON ST, GLASGOW GI 3RE EXECUTED for and on behalf of CAI at INVERNESS on the IITH day of JUNE ANTHONY WILD Before this witness: GRAEME BARRY NISBET THE CADORD, 45 GROON ST,

will not participate in an ADR procedure, the dispute or difference shall be referred for determination to a suitably qualified arbitrator to be agreed upon by the Parties, or in default of agreement, to be appointed at the request of either party by the Chairman, for the time being, of the Royal Institution of Chartered Surveyors in Scotland and such reference shall be deemed to be a submission to arbitration within and subject to the Arbitration (Scotland) Act 2010.

19 Expenses

19.1 The Tenant shall pay:-

- 19.1.1 all costs, charges, expenses, disbursements and fees, including the Landlord's solicitor's reasonable and other proper and reasonable professional fees and proper internal management costs, together with outlays and any VAT on any of the foregoing, in connection with:-
 - 19.1.1.1 any breach by the Tenant of any of the Tenant's obligations under this Lease and the remedying (or attempting to remedy) the same;
 - 19.1.1.2 the making of any applications for any consent or approval (whether or not consent or approval is refused or the application withdrawn) and if consent or approval is given, in connection with or incidental to the preparation of any document recording such consent or approval
 - 19.1.1.3 any negotiations entered into at the request of the Tenant (whether or not the negotiations result in a concluded agreement);
 - 19.1.1.4 the preparation and service of all notices and schedules relating to wants of repair or dilapidations or requiring the Tenant to remedy any breach of the terms of this Lease whether the same be served during or after the expiry or sooner determination of the Lease Period;
- 19.1.2 the stamp duty land tax (if any) exigible in respect of this Lease;
- 19.1.3 the cost of registering this Lease in the Land Register of Scotland and in the Books of Council and Session and obtaining two Extracts thereof (one for the Landlord, one for the Tenant); and
- 19.1.4 the cost of registering any Minutes of Variation and/or Rent Review Memoranda to this Lease in the Books of Council and Session and obtaining two Extracts thereof (one for the Landlord, one for the Tenant) and of registering the same in the Land Register of Scotland if appropriate.

20 Governing Law and Jurisdiction

The Lease shall be construed in accordance with the law of Scotland and the Parties insofar as not subject to the jurisdiction of the Scottish Courts prorogate the jurisdiction of the Scottish Courts.

became due (whether or not the sum has been demanded); or

- 17.1.2 the Tenant (being a corporation) shall go into liquidation (whether compulsory or voluntary), or have a receiver or administrator appointed to the whole or any part of the property of the Tenant; or
- 17.1.3 the Tenant becomes insolvent or has a curator or judicial factor appointed; or
- 17.1.4 any Funding Agreement is terminated; or
- 17.1.5 any Operating Agreement is terminated

then, subject to the provisions of Sections 4, 5 and 6 of the Law Reform (Miscellaneous Provisions) (Scotland) Act 1985, it shall be in the power of the Landlord to bring this Lease to an end at the expiry of one month's notice to the Tenant to that effect ("an irritancy notice") but without prejudice to any right of action or remedy by the Landlord to recover all arrears of Fixed Rent, Turnover Rent, Base Rent or other sums due by the Tenant to the Landlord in terms of this Lease or in respect of any antecedent breach by the Tenant of their obligations hereunder and to enforce all obligations of the Tenant hereunder enforceable after termination of this Lease.

- 17.2 In the event that the Tenant fails to perform or observe any obligation undertaken by Tenant in this Lease (including any obligation in the Operating Conditions), then it shall be in the power of the Landlord to bring this Lease to an end immediately upon serving an irritancy notice on the Tenant, but without prejudice to any right of action or remedy by the Landlord in terms of this Lease or in respect of any antecedent breach by the Tenant of their obligations hereunder and to enforce all obligations of the Tenant hereunder enforceable after termination of this Lease.
- 17.3 In the case of a breach of the terms of this Lease by the Tenant (not falling within Clause 17.1) which is capable of being remedied, the Landlord shall not be entitled to serve an irritancy notice unless and until the Landlord shall first have given written notice ("a notice to remedy") to the Tenant requiring the breach to be remedied and intimating their intention to terminate this Lease in the event of the said breach not being remedied within such period as may be stated in the notice to remedy (being such reasonable period of time having regard to the nature of the breach as the Landlord shall determine but which in the case of non-payment of rent or other sum shall be a period of twenty one days) and the Tenant shall have failed to remedy the breach in such period.

18 Settlement Of Disputes

- 18.1 If any dispute or difference of any kind should arise out of any of the provisions of this Lease and both Parties cannot reach an agreement, the Parties will attempt in good faith to resolve such dispute or claim promptly within twenty one days through negotiations between the representatives of the Parties who have authority to settle this dispute.
- 18.2 If the matter is not resolved through negotiation, the Parties will attempt in good faith to resolve the dispute or claim through an Alternative Dispute Resolution (ADR) procedure as recommended to the Parties by the Centre for Effective Dispute Resolution (CEDR).
- 18.3 Unless extended by agreement of the Parties if the matter has not been resolved by an ADR procedure within three months of the initiation of such procedure, or if either Party

("the works notice") within three months of the date of termination requiring the Tenant to carry out works to put the Premises into such state of repair and condition. The Tenant shall have one month from the date of the works notice to complete the works specified therein to the Landlord's reasonable satisfaction. In such event, the Tenant shall pay to the Landlord a sum equivalent to the sum of one month's rent (being one month's Fixed Rent, and an amount equivalent to the Base Rent for the same calendar month in the immediately preceding Year, and an amount equivalent to the Turnover Rent for the same calendar month in the immediately preceding Year) on demand. In the event that the Tenant refuses or delays completion of the works to the Landlord's satisfaction, the Landlord shall be entitled to carry out the works and the Tenant shall be bound to pay to the Landlord, on demand, the proper cost of such works.

- 15.3 On the expiry or earlier termination of this Lease the Tenant shall if requested by the Landlord take all steps required to transfer any premises licence or other licence for the carrying on of the business at the Premises and/or the sale of alcohol into the name of the Landlord or its nominee.
- No compensation shall be payable by the Landlord to the Tenant in respect of loss of goodwill as a result of termination of the Lease or for any other reason.

16 Notices

- Any notices to be served by any Party under this Lease on any other Party pursuant to the provisions of this Lease shall be in writing and sent by first class recorded delivery post, or fax. Any notice sent by first class recorded delivery post shall be deemed to have been duly served at the expiry of forty eight hours after the time of posting (excluding weekends and public statutory holidays). Any notice sent by fax shall be deemed to have been made on the day of transmission if transmitted before 4 p.m. on a Working Day but otherwise on the next following Working Day.
- In the case of the Landlord at the time of sending such notice being Highlands and Islands Enterprise, such notices shall be sent or delivered to Highlands and Islands Enterprise (for the attention of the Head of Property and Infrastructure) at its chief office as narrated in this Lease or such other address as may be intimated by the Landlord. Notices should be addressed to any person as may from time to time be nominated by the Landlord with reference to this provision. In the case of the Landlord at the time of sending such notice not being Highlands and Islands Enterprise, if the Landlord is an incorporated body any notice shall be sufficiently served if sent by recorded delivery post to its registered office and if the Landlord is an individual shall be sufficiently served if sent by recorded delivery post to that individual's last known address in Great Britain or Northern Ireland.
- 16.3 In the case of the Tenant such notices shall be sufficiently served if sent or delivered to its registered office (if an incorporated body) or usual or last known place of business in Great Britain or Northern Ireland (if an individual).

17 Irritancy

17.1 In the event that:-

17.1.1 any instalment of Fixed Rent, Turnover Rent, Base Rent or any other ascertained and identified sum due from the Tenant to the Landlord under this Lease or any part or parts thereof shall remain unpaid for 60 days after the sum

- 14.3 The Landlord shall be responsible for determining in its absolute discretion and notwithstanding any other provision of this Lease whether any Information (having the meaning ascribed thereto under Section 73 of the 2002 Act) is exempt from disclosure in accordance with the provisions of the 2002 Act or the Regulations. The Tenant acknowledges that the Landlord may be obliged under the 2002 Act and the Regulations to disclose Information in certain circumstances (a) without consulting with the Tenant or (b) following consultation with the Tenant and having taken its views into account provided always that where sub clause (b) applies the Landlord shall take reasonable steps where appropriate to give the Tenant advance notice, or failing that, to draw the disclosure to the Tenant's attention as soon as reasonably practicable after any such disclosure. For the avoidance of doubt the Landlord shall be entitled to disclose details of sales and visitor numbers in relation to the Premises to any tourist body that the Landlord deems appropriate.
- The Landlord shall at no time become liable to the Tenant for any loss, damage or expense sustained by the Tenant by or through any defect, decay, inadequacy, want of repair or decoration or otherwise in the Premises or any part thereof or in or arising from the choking, bursting, stoppage or failure of the Service Media or for any loss, damage or expense caused to the Tenant through any act or omission of any owners or occupiers of land adjoining, neighbouring or opposite the Premises.
- 14.5 No demand for or acceptance of Fixed Rent, Turnover Rent, Base Rent or any other monies by the Landlord or its agent with knowledge of a breach of any of the obligations on the part of the Tenant shall be or be deemed to be a waiver wholly or partially of any such breach but any such breach shall be deemed to be a continuing breach and the Tenant shall not be entitled to set up any such demand for or acceptance of Fixed Rent, Turnover Rent or Base Rent or other monies by the Landlord or its agent as a defence in any action for irritancy or otherwise.
- 14.6 No demand for or acceptance of Fixed Rent by the Landlord or its agent (whether before or after a Date of Review) at a rate other than that to which the Landlord may be entitled following a review of Fixed Rent in terms of the Lease shall be deemed to be a waiver of the right of the Landlord to require a review of the Fixed Rent under this Lease nor shall it personally bar the Landlord from requiring such a review in terms hereof.

15 Termination

- 15.1 At the termination of this Lease (howsoever determined) the Tenant shall immediately vacate the Premises and shall remove all materials, moveable equipment, fittings, fixtures and other items belonging to the Tenant, but shall leave the Buildings, Uplift Infrastructure, the Service Media, the Fixtures and Fittings and all other landlord's fixtures and fittings (save as otherwise agreed with the Landlord, in the Landlord's discretion). Any items belonging to the Tenant left in the Premises after the date of termination shall, without compensation being paid therefor, become the property of the Landlord who may dispose of such items as they wish and the Tenant will pay to the Landlord a sum equal to the proper and reasonable costs of removal and disposal on demand.
- 15.2 At the termination of this Lease (howsoever determined) the Tenant shall leave the Premises in such good and substantial repair and condition to no less a standard than that specified in Clause 1.13 of Part 5 of the Schedule and in all other respects consistent with the standards required in terms of this Lease. In the event of the Premises not being left in such repair and condition, the Landlord will be entitled to serve a notice

- any previous breach of any of the undertakings by either Party contained in the Lease; and
- 13.3.6 in the event that the Premises (or the relevant part) are not rendered fully fit for substantial occupation and use in accordance with the terms and provisions of this Lease within five years of the date of the damage occurring, then either Party may terminate this Lease on giving to the other Party written notice to that effect, declaring that the Landlord shall be under no obligation to rebuild, repair, renew and reinstate the Premises or any part thereof, and provided always that the Tenant shall only be so entitled to terminate the Lease if all insurance monics have been paid to the Landlord.
- 13.4 The Tenant shall not be entitled to claim any compensation from the Landlord in respect of any improvements made to the Premises during this Lease, any fittings, fixtures, equipment or stock belonging to the Tenant or for any loss of trade or business, the Tenant being obliged to arrange its own insurances in respect of such risks.
- 13.5 This Clause 13 is, in relation to the Development Works (as defined in Part 4 of the Schedule), subject to Clause 7 of Part 4 of the Schedule. In the event of a conflict between those two clauses, the latter shall prevail.

14 Provisos

- 14.1 In so far as the Data Protection Act 1998 applies to any personal data, held by or on behalf of the Landlord, relating to the Tenant or any party deriving right from it which data is hereinafter called "Relevant Data" the following shall apply:
 - 14.1.1 The Landlord shall be entitled to use all Relevant Data for the purposes of the business of the Landlord and HIE including, without limitation, for the collection of rents and other due sums, for financial review and analysis, for the management of the Premises, for charging and disposing of or otherwise dealing with the Landlord's interest therein and for the purpose of extending and improving the services offered by the Landlord and/or HIE;
 - 14.1.2 In the course of so using the Relevant Data the Landlord shall be entitled to disclose or transmit the same anywhere in the European Economic Area to its employees, agents, service providers, advisers, contractors, banks or other funders and purchasers (prospective or otherwise), guarantor of the Tenant (prospective or otherwise) and to such others as may be required by law or in connection with legal proceedings;
 - 14.1.3 The Tenant consents to use the Relevant Data and to the disclosure or transmission of the same as provided for in Clauses 14.1.1 and 14.1.2 above.
- 14.2 The Parties acknowledge that the Landlord is or may be subject to the requirements of the Freedom of Information (Scotland) Act 2002 (the "2002 Act") and the Environmental Information (Scotland) Regulations 2004 (the "Regulations") and all statutory amendments thereof or provisions made pursuant thereto and any guidance and/or codes of practice issued by the Information Commissioner or relevant government department in relation to such legislation/regulations and the Tenant shall, subject to the terms of Clause 14.3 below, assist and co-operate with the Landlord to enable the Landlord to comply with its information disclosure requirements insofar as relating to this Lease.

so destroyed or damaged to provide premises (including inter alia Buildings but excluding the Uplift Infrastructure) substantially equivalent to that which existed prior to such damage or destruction with such variations thereto as may be necessary or in the Landlord's opinion desirable having regard to all Laws then in force and any planning approval necessary and building standards then prevailing to the intent that the Premises as reconstructed shall conform to the practice then current for similar Premises and shall afford the Tenant a substantially comparable useable area and substantially comparable equipment and Buildings to that comprised in the Premises as at the date of damage or destruction;

- 13.3.3 notwithstanding Clause 13.3.2, if and to the extent that such damage or destruction is of the Uplift Infrastructure the following provisions shall apply:
 - 13.3.3.1 the Landlord's obligations under Clause 3 of Part 5 of the Schedule shall apply;
 - 13.3.3.2 if the damage or destruction was by an Insured Risk and the relevant insurance policy covered the replacement of the Exceptional Items (Tenant) and Minor Replacements (as both defined in Part 5 of the Schedule) to the Railway, the Landlord shall also be responsible for carrying out such replacements thereto as are required to reinstate the same to provide such infrastructure as is substantially equivalent to that which existed immediately prior to such damage or destruction with such variations thereto as may be necessary or in the Landlord's opinion desirable having regard to all Laws then in force and any planning approval necessary and building standards then prevailing to the intent that the such parts of the Railway as so reconstructed shall conform to such practice as may then be current for similar infrastructure and shall afford the Tenant substantially comparable parts of the Railway to those comprised in the Railway as at the date of damage or destruction; and
 - 13.3.3.3 to the extent that the Landlord is unable to recover insurance monies due to an act or omission by the Tenant or those for whom they are responsible, the Landlord may recover the costs of the foregoing from the Tenant;
- 13.3.4 the Parties shall use their reasonable endeavours to successfully recover insurance monies and to maximise the successful recovery of insurance monies;
- 13.3.5 if the Premises (or the relevant part) are destroyed or damaged by any of the Insured Risks so as to be unfit for substantial occupation and use in accordance with the Lease, and any competent authority lawfully refuses permission or otherwise lawfully prevents the rebuilding, restoration, repair or reinstatement as aforesaid of the Premises (or the relevant part), the monies received in respect of such insurance (so far as unapplied as aforesaid) shall immediately be paid to the Landlord and, in this event, either Party shall be entitled to terminate the Lease at any time on or after the date on which all the insurance monies due are paid over to the Landlord under the provisions of this Clause without prejudice to any right of action or remedy of either Party in respect of

- 13.3.1.2 submit drafts of its proposed application for planning permission (and any other necessary eonsents) in relation to such reinstatement to the Landlord for prior written approval, before submitting the same to the relevant authority, and not submit any amendments thereto without the Landlord's prior written approval, and keep the Landlord informed throughout the process of obtaining such permissions and consents;
- 13.3.1.3 use its reasonable endeavours to obtain planning permission and all other necessary consents for the relevant reinstatement works as soon as reasonably practicable and all to the Landlord's reasonable satisfaction;
- 13.3.1.4 on obtaining any necessary permissions and consents, forthwith provide copies of the same to the Landlord;
- 13.3.1.5 provide the Landlord with all details relating to the Tenant's proposed timescale for carrying out and completing the relevant reinstatement works, and keep the Landlord informed as to any delays or changes thereto;

and in exchange, the Landlord shall forward any monies received under the insurance policy referred to in Clause 10.2.1 to the Tenant for use in reinstating the Buildings (if so destroyed or damaged) in accordance with this Clause 13.3, payment of such monies to the Tenant to be phased according to the phases of development of the relevant reinstatcment works and taking into account any written agreement between the Parties in relation thereto, but that EXCEPT TO THE EXTENT THAT such damage or destruction has been caused by the Tenant or those for whom they are responsible unless the Tenant reimburses the Landlord in respect of such shortfall (declaring for the avoidance of doubt that the Landlord may retain any monies received in respect of any insurance under Clauses 10.2.2 and/or 10.2.3);

- 13.3.2 subject to Clause 13.3.3, as soon as reasonably practicable the Tenant shall, subject to all requisite statutory or other consents being obtained (which the Tenant shall be obliged to use all reasonable endeavours to obtain as soon as reasonably practicable after such damage or destruction), apply:
 - 13.3.2.1 all monies received by either Party under the policies of insurance referred to in Clause 10.1; and/or
 - 13.3.2.2 the Tenant's own monies (to the extent that any insurance monies are insufficient or withheld due to the Tenant's act or omission or those for whom they are responsible); and/or
 - 13.3.2.3 the Tenant's own monies for any normal excess payable under the relevant policy or policies (save in relation to any such excess for any insurance policy for the Railway under Clause 10.2.2, which shall remain the responsibility of the Landlord); and/or
 - 13.3.2.4 all monies received from the Landlord in terms of Clause 13.3.1

in reinstating the Premises or such part of the Premises as shall have been

12 Alienation, Subletting And Assignation

- 12.1 Subject to Clause 12.2, the Tenant is prohibited from assigning this Lease or sub-letting or otherwise parting with the possession of or creating any charge over the whole or any part of the Premises whatsoever.
- 12.2 The Tenant may sub-let the whole or part of the Premises only with the prior written consent of the Landlord (in the Landlord's absolute discretion).

13 Rei Interitus Excepted

- 13.1 The Tenant shall be obliged to notify to the Landlord any destruction or damage of the Premises which renders the Premises substantially damaged or destroyed so as to render the Premises substantially unfit for occupation and use in accordance with the terms and provisions of this Lease, such notification to be given to the Landlord forthwith on such destruction or damage (the date of such notification being made being the "Damage Notification Date").
- 13.2 In the event of the Premises (or any part thereof) being so substantially damaged or destroyed so as to render the same substantially unfit for occupation and use in accordance with the terms and provisions of this Lease, then:
 - 13.2.1 it shall be in the option of the Landlord to terminate this Lease on giving to the Tenant written notice to that effect. In the event that no such notice is served within 30 days of the Damage Notification Date), this Lease shall not terminate but shall continue in full force and effect; and
 - 13.2.2 whether or not the Landlord terminates the Lease in accordance with Clause 13.2.1, the Tenant shall immediately on demand pay to the Landlord an amount equal to any insurance monies which are irrecoverable under any insurance policy to be effected under the Lease due to any act, default or neglect of the Tenant or those for whom they are responsible; and
 - 13.2.3 all monies paid by the Insurers to the Landlord in respect of Loss of Rent by virtue of any policy of insurance effected hereunder shall be deemed to be in satisfaction pro tanto of the whole or such part as the Landlord may specify of any rent payable by the Tenant hereunder (but that relating to no more rent than would be payable under the relevant two year period) provided that the Tenant, forthwith at the request of the Landlord, gives to the Insurers such authority or instruction as the Insurers may require to give effect to the provision of this Clause 13.2.3;
 - 13.2.4 the provisions of Clause 13.3 shall apply, subject to Part 5 of the Schedule.
- 13.3 In the event of damage or destruction as aforesaid in Clause 13.2, then (unless and until the Lease is terminated in accordance with Clause 13.2):

13.3.1 the Tenant shall:

13.3.1.1 submit its plans and specifications (with all supporting documentation) for reinstatement of the Premises to the Landlord for the Landlord's written approval (the decision thereon not to be unreasonably withheld or delayed);

greater than the sums referred to in Clause 10.3 above in relation to similar premises and use as the Premises and the Permitted Use, the Tenant must within thirty days after notice from the Landlord increase their insurance to the amount specified in such notice (such sum to be based on the then industry norm).

- 10.8 For the avoidance of doubt any liability of the Tenant will not be limited by the amount of the public liability insurance or employers' liability insurance.
- 10.9 The Tenant shall not knowingly do or permit or suffer or omit to be done anything which may render the above aforementioned policies of insurance void or voidable.

11 Landlord's Obligations

- 11.1 The Landlord grants warrandice but excepting therefrom (a) any change in the extent of the Premises or Larger Property that may be occasioned by any change in the course of any burn or any water feature forming or which may form the boundary of the Premises or the Larger Property and (b) all presently existing rights of way and access and third party rights, public or private, howsoever constituted over and across the Premises or the Larger Property including but without prejudice to the foregoing generality any rights in respect of any overhead power lines and apparatus associated therewith, and (c) without prejudice to the foregoing generality, all rights and obligations set out in or created by the Existing Agreements.
- 11.2 For the avoidance of doubt nothing herein contained shall confer upon the Tenant any servitude right or privilege whatever over or against the Retained Property or any other adjoining or neighbouring property.
- The Landlord undertakes to grant to the Tenant peaceful possession of the Premises throughout the duration of this Lease, subject to the reservations made under this Lease.
- 11.4 Whereas there is an existing standby generator at the base (bottom) station on the Premises serving the Railway, the Landlord undertakes to procure that the same be removed and replaced with another permanent standby generator of appropriate capacity for its role (which capacity is estimated to be of approximately 40KVA). Such replacement shall be installed at the base (bottom) station on the Premises in a similar position to the existing generator, and that within 6 months of the Date of Entry (subject to any events of Force Majeure (as defined in Part 4 of the Schedule, but for the purpose of this Clause 11.4 with reference to the Landlord in that definition in substitution of the Tenant). For this purpose the Landlord reserves the right to the Landlord and those authorised by them to take full and free access and egress by pedestrians and vehicles (including forklifts and heavy vehicles) through the Premises, to park and remain thereon for the duration of such removal and replacement works, and to carry out such works, all for the purpose of complying with this Clause 11.4. The ownership of such new generator shall remain with the Landlord and the Tenant shall ensure that the same remain in the Premises at the end of the Lease, without removing or damaging the same.
- 11.5 For the avoidance of doubt the Landlord will not be obliged to insure the Premises (other than the Buildings and Railway in accordance with Clause 10).
- 11.6 The Landlord shall comply with its obligations in Part 5 of the Schedule.

- 10.2.2 keep the Railway insured with the Insurers throughout the Lease Period against loss or damage by or in consequence of the Insured Risks for the Full Cost of Reinstatement; and
- 10.2.3 maintain Loss of Rent insurance with the Insurers throughout the Lease Period

in each case subject to such excesses, exclusions and limitations as the Insurers may require with the Tenant being responsible for all such excesses so far as relating to insurance of the Buildings, and the Landlord being responsible for all such excesses so far as relating to insurance of the Railway (save to the extent that the same are caused by any act or default of the Tenant or those for whom the Tenant is responsible, in which case the Tenant will be liable for such excesses), and will if reasonably required produce to the Tenant a certificate from the Insurers stating for the sums insured by the relevant policy or policies and to what date the premiums have been paid, provided always that if the Landlord shall be unable by reason of the unavailability of insurance to effect such insurance in whole or in part, the Landlord shall notify the Tenant of the same, stating the extent of such inability whereupon the obligations on the part of the Landlord to insure shall cease to that extent.

- 10.3 Throughout the Lease Period, and (in the case of the insurances mentioned in Clauses 10.3.1 and 10.3.2) for a period of five years after termination of this Lease, the Tenant shall maintain with the Insurers insurance policies for the following insurance:-
 - 10.3.1 public liability insurance for a sum of not less than TWENTY MILLION POUNDS STERLING (£20,000,000) in respect of any one occurrence against third party liabilities;
 - 10.3.2 employers' liability insurance for a sum not less than TWENTY MILLION POUNDS STERLING (£20,000,000); and
 - 10.3.3 insurance covering the Tenant's stock and the Landlord's interpretation material (if any) within the Buildings.
- 10.4 The Tenant shall immediately on demand reimburse the Landlord in respect of all premiums and other monies necessary to keep the relevant policy or policies of insurance referred to in Clause 10.2 in force throughout the Lease Period.
- 10.5 The Tenant shall undertake to pay all premiums and other monies necessary to keep each of the insurance policies mentioned in Clause 10.1 and 10.3 in force and when reasonably required by the Landlord to exhibit to the Landlord such evidence as the Landlord may require to satisfy itself that the Tenant has complied with this Clause 10.
- All insurance cover will be maintained to the extent that such eover is available in the market to persons engaged in the same or a similar activity to the Tenant's use of the Premises (declaring that, in determining whether such insurance is available, the claims record of the Tenant shall be ignored). In the event that cover is not so available for the policies mentioned in Clauses 10.1 and 10.3 then the Tenant shall notify this to the Landlord in writing forthwith and provide such evidence to the Landlord as the Landlord may require.
- 10.7 If at any time throughout the period of the Lease or in the period of five years after termination of the Lease the Landlord can demonstrate that it is normal or reasonable for public liability insurance or employers' liability insurance to be maintained for a sum

- 9.13.6 not to permit any of the Tenant's refuse bins in the Premises to cause any obstruction of the Premises or any traffic using the same;
- 9.13.7 not to do or permit to be done upon or in connection with the Premises anything which is an annoyance or nuisance or cause damage to the Landlord or to the Retained Property or to any neighbouring or adjoining owner or occupier.

9.14 Miscellaneous

- 9.14.1 to take all reasonable precautions to prevent an outbreak of fire, disease or illness as a result of the Tenant's use and occupation of the Premises (including the carrying on of the business thereon) or their exercise of any of the rights of the Tenant under this Lease;
- 9.14.2 to institute and coordinate a reporting procedure for accidents involving members of the public which take place in the Premises and to inform the Landlord of any such accidents within 24 hours of the occurrence of the same;
- 9.14.3 to make good as soon as reasonably practicable and to the full satisfaction of the Landlord all damage to the Premises caused by the exercise or purported exercise of any of the rights of the Tenant under this Lease or any breach by the Tenant of the terms of this Lease and to accept that if such damage is not made good within one month of the damage occurring, or such longer or shorter period as the Landlord may consider to be appropriate in the circumstances, the Landlord may carry out the work itself and in such circumstances the Tenant binds itself to repay the Landlord on demand the cost properly incurred by the Landlord in doing so; and
- 9.14.4 not to pass into any Service Media in or serving the Premises any noxious or deleterious effluent or other substance (including without prejudice to the foregoing generality bleach or other commercial cleaning products) which might cause any obstruction in or damage to the said Service Media and in the event of any such obstruction or damage forthwith to make good all such damage to the reasonable satisfaction of the Landlord.

10 Insurance

- 10.1 The Tenant shall keep the Fixtures and Fittings and the Service Media constantly insured with the Insurers throughout the Lease Period against loss or damage by or in consequence of the Insured Risks for the Full Cost of Reinstatement, the insurance policy therefor to be the name of the Tenant and the Landlord (and such other names as the Landlord may require).
- Subject to compliance by the Tenant with Clause 10.4, the Landlord shall (unless and to the extent that (a) any such insurance is vitiated by any act, neglect, default or omission of the Tenant or any party for whom the Tenant is legally responsible or (b) the Tenant is responsible for insurance in terms of Clause 7 of Part 4 of the Schedule):
 - 10.2.1 keep the Buildings insured with the Insurers throughout the Lease Period against loss or damage by or in consequence of the Insured Risks for the Full Cost of Reinstatement; and

of the same, which approval shall not be unreasonably withheld where:

- 9.11.4.1 As between the Landlord and the Tenant, the Tenant will be fully responsible for compliance with the relevant agreement;
- 9.11.4.2 The relevant agreement does not impose any obligations on the Landlord;
- 9.11.4.3 The Tenant is responsible for all planning gain (if any) under the relevant agreement; and
- 9.11.4.4 The Tenant indemnifies the Landlord fully against all costs, expenses, liabilities and claims under the relevant agreement

all in terms acceptable to the Landlord acting reasonably.

9.12 Indemnity

Save to the extent that the same was directly caused by the Landlord's breach of this Lease, to indemnify and keep indemnified the Landlord against:-

- 9.12.1 all actions, proceedings, claims, demands, losses, reasonable and proper costs, expenses, damages and liabilities at the instance of any third party (including any government body or agency) in respect of (i) any death of or injury to any person or (ii) damage to any property arising out of the exercise or purported exercise of any of the rights of the Tenant under this Lease, or the occupation or use of the Premises, or any breach by the Tenant of the terms of this Lease;
- 9.12.2 any liability due to any requirement of Health and Safety Laws by reason of or arising out of the actions or omissions of the Tenant; and
- 9.12.3 any breach by the Tenant of the terms of this Lease.

9.13 Prohibitions

- 9.13.1 not to do or permit on the Premises any act or omission whereby any insurance policy effected by the Tenant or the Landlord relating to the Premises or the Retained Property, is likely to be or become void or voidable;
- 9.13.2 not to place or permit to be placed in or upon any of the floors of the Premises such a weight of material (whether of stock or otherwise) as shall by reason of the weight in any way damage or injure the floors or endanger the structural suitability of the Premises, or any building or structure within or near to which the Premises are located or any part of them;
- 9.13.3 not to overload the electrical circuits or any Service Media within or serving the Premises;
- 9.13.4 not to bring into the Premises or to place or store in or about the Premises any article or thing which is or may become dangerous, highly inflammable, radioactive or explosive;
- 9.13.5 not to permit any vehicles belonging to the Tenant or any person calling at the Premises to obstruct any path, track or road on the Premises;

save as may be required by any legislation or for safety of members of the public (which the Tenant will be obliged to put and keep in place and clearly visible to members of the public using the Premises), not to affix or display any signs, placards, advertisements or other promotional material on the Premises without the Landlord's prior written consent, which consent will not be unreasonably withheld or delayed in the case of an application for approval of the installation or replacement of the Tenant's fascia sign;

9.9 Displays and Brands

to obtain the prior written approval from HIE before using the HIE brand on any displays, publications or other promotional material or internet websites;

9.10 Environmental

To be liable for and to indemnify and keep indemnified the Landlord in respect of all Environmental Damage and Liabilities arising out of claims by any third party action taken by any competent authority or the cost necessarily incurred to secure compliance with Environmental Law, in all cases in respect of:

- 9.10.1 Hazardous Materials being brought onto or being disposed of in or on the Premises or any part of the Retained Property; and
- 9.10.2 Hazardous Materials referred to in Clause 9.10.1 migrating from the Premises or the Retained Property or any part of any neighbouring land;

save insofar as Hazardous Materials were deposited on the Premises by the Landlord before the Date of Entry.

9.11 To observe title conditions

- 9.11.1 To observe and perform the agreements, obligations, burdens, conditions and others in so far as they affect the Premises contained or referred to in the title deeds of the Premises;
- 9.11.2 Not to prejudice any existing title conditions, wayleaves or other rights affecting the Property and not to cause the breach of any of the same, nor to permit any new wayleave, servitude, privilege or encroachment to be made or acquired into against or upon the Premises, and in case any of the same shall be asserted or made or attempted to be made, to give immediate notice to the Landlord and at the request of the Landlord but cost of the Landlord (with the Tenant making such contribution as may be reasonable in the circumstances) to adopt such means as may be reasonably required for preventing such encroachment or acquisition of any such wayleave, servitude or privilege;
- 9.11.3 To observe and perform all obligations on the "Applicant" (as defined in the Section 50 Agreement) under the Section 50 Agreement and not to cause any breach thereunder, save in relation to any obligations therein relating to removal of the Uplift Infrastructure to the extent that the Landlord has obligations under Part 5 of the Schedule hereto (in which case, the provisions of Part 5 of the Schedule shall prevail); and
- 9.11.4 Not to enter into any agreements with any planning authority (including inter alia any Section 75 Agreements) without the Landlord's prior written approval

- carried out by the owner or the occupier, and to notify the Landlord of any notices received in relation to such works as soon as practicably possible;
- 9.6.3 not to do, or omit to do or refrain from doing, any act or thing whereby the Landlord may become liable to pay any penalty imposed or to bear the whole or any part of any expenses incurred under any Laws;
- 9.6.4 to pay the proportion applicable to the Premises (which proportion if not stipulated in the title deeds or determined in the relevant Laws or under any other law shall be assessed by the Landlord acting reasonably) of the costs of any such works so required to be carried out on any building or subjects of which the Premises form part;
- 9.6.5 to comply with all fire safety Laws and in particular to carry out fire risk assessments, tests and drills and not to obstruct the access to or the means of working of any fire fighting and extinguishing apparatus and appliances;
- 9.6.6 to obtain (no later than the Date of Entry) and to keep in place throughout the Lease Period any Requisite Consents; and
- 9.6.7 to provide the Landlord at any time upon demand with copies of the Tenant's Health and Safety policy, the Health and Safety File which the Tenant is obliged under the Lease to keep up to date, all Risk Assessments carried out by the Tenant, any Fire Risk Assessments, the fire log book, and fire drill records, and to deliver the principals of the same (under exception of the Tenant's Health and Safety policy) at the termination of the Lease, howsoever determined;
- 9.6.8 to use all reasonable endeavours to ensure that the Uplift Infrastructure and any other equipment being used by members of the public are in all respects safe for use by members of the public at all times and to suspend public access to any Uplift Infrastructure as soon as any defect becomes known to the Tenant and to repair or rectify such defect immediately;
- 9.6.9 to use all reasonable endeavours to ensure that no articles are dropped from or by any person using the Uplift Infrastructure at any time and to indemnify the Landlord in respect of any such articles so dropped;
- 9.6.10 if reasonably necessary to close off any area within the Premises in which an accident has occurred or where a defect in repair or condition renders it likely that an accident could occur, and to make the same safe again immediately; and
- 9.6.11 to address all safety concerns to the reasonable satisfaction of the Landlord and any other relevant party or authority, and to co-operate fully with the same in respect of all accident or health and safety investigations.
- 9.7 Operating Conditions

to comply with and observe at all times the Operating Conditions;

9.8 Signs and Advertisements

written notice the Landlord may make good any item referred to in such notice themselves and in such circumstances the Tenant shall repay to the Landlord on demand the whole cost together with all professional fees and other relevant expenses properly incurred by the Landlord in so doing;

- 9.3.6 in relation to any contractors or sub-contractors employed by the Tenant (or their contractors) to carry out any works to the Premises, to ensure that only those contractors or sub-contractors who are suitably qualified and insured are so employed and that they carry out all such works with due skill and attention; and
- 9.3.7 to clean the interior and exterior windows (including any sky lights and glass panels in doors), of the Buildings at least every four weeks or more frequently if requisite, or if reasonably required by the Landlord;
- 9.4 Development Obligations
 - 9.4.1 to comply in all respects with its obligations under Part 4 of the Schedule;
- 9.5 Not to make any other alterations
 - 9.5.1 not to make any structural alterations or additions to the Premises or any external alterations or additions to the Buildings without the prior written consent of the Landlord.
 - 9.5.2 not to make any internal non structural alterations or internal additions to the Buildings except with the previous consent in writing of the Landlord and in accordance with drawings and specifications previously submitted to and approved in writing by the Landlord.
- 9.6 Statutory Compliance and safety
 - 9.6.1 to ensure full compliance with all Laws relating to:-
 - 9.6.1.1 the Premises and the occupation and use of the Premises;
 - 9.6.1.2 without prejudice to the foregoing generality, the carrying on of the business at the Premises;
 - 9.6.1.3 the use of all Service Media and equipment at or serving the Premises; and
 - 9.6.1.4 any Works carried out at the Premises;

including without prejudice to the foregoing generality the CDM Regulations, all Health and Safety Laws including the Health and Safety at Work etc Act 1974 and the Workplace (Health, Safety and Welfare) Regulations 1992, all fire safety Laws including the Fire (Scotland) Regulations 2006, the Food Safety Act 1990, the Control of Pollution Act 1974, the Environmental Protection Act 1990, the Disability Discrimination Act 1995, the Environment Act 1995 and the Planning Acts;

9.6.2 to complete all works required under any Laws to be carried out at the Premises, regardless of whether such works under such Laws require to be

8 Tenant's Rights

- 8.1 During the Lease Period the Tenant shall have the following rights:-
 - 8.1.1 vacant possession of the Premises subject to the reserved rights referred to in Clause 7;
 - 8.1.2 a non-exclusive right to use such of the Service Media within the Premises as are necessary for the due and proper enjoyment of the Premises;
 - 8.1.3 subject to the Tenant obtaining all necessary consents, permits and licenses, to play suitable and appropriate background music in the Premises, but not to a level which in the opinion of the Landlord is inappropriate as to which the Landlord shall be the sole judge;
- 8.2 The Tenant shall exercise the rights so as to cause as little interference as is reasonably practicable to any owners or occupiers of the Retained Property or any land adjoining, neighbouring or opposite the Premises or the Retained Property.

9 Tenant's Obligations

Without prejudice to any other provision of this Lease which may impose any obligation or obligations on the Tenant, the Tenant further binds and obliges itself throughout the Lease Period at the Tenant's sole expense:-

- 9.1 without prejudice to any other right, remedy or power contained in this Lease or otherwise available to the Landlord, if any rent shall not be paid on the due date or any other sum of money (excluding rent) payable under this Lease shall have become due by the Tenant but remain unpaid for fourteen days (time being of the essence for the purposes of this provision), to pay on demand to the Landlord interest on all such sums (including rent) at the Prescribed Rate from the date when the same became due as aforesaid until the date of payment (as well after as before any decree or judgment);
- 9.2 to pay to the Landlord as additional rent such amount of VAT at the rate for the time being in force as shall be legally payable in respect of the rent and all other monies undertaken to be paid to the Landlord by the Tenant under the Lease;

9.3 Repairs and decoration

- 9.3.1 to comply in all respects with the provisions of Part 5 of the Schedule;
- 9.3.2 not to leave materials or items lying around in, on or in the vicinity of the Premises in such a way which could cause injury to humans or animals;
- 9.3.3 not to carry out external work of repair or external repainting to any Buildings without the Landlord's prior written consent;
- 9.3.4 at all times to keep the interior of the Buildings decorated to the reasonable satisfaction of the Landlord;
- 9.3.5 to carry out all repairs and works and to comply with the whole obligations of the Tenant required to be done by prior written notice given by the Landlord and to accept that if such notice is not complied with within one month or such other longer period as the Landlord (acting reasonably) shall specify in the said

access any information displays within the Premises;

- 7.1.9 the right to enter the Premises and erect, update, maintain and access any reletting or "for sale" signs within the Premises;
- 7.1.10 the right to erect or to consent to any person erecting a new building or to alter any building for the time being on the Premises or on the Retained Property or any land adjoining, neighbouring or opposite to the Premises without any claim being competent to the Tenant (notwithstanding that such alteration or erection may diminish the access of light and air enjoyed by the Premises) and the right to deal with the Premises or the Retained Property or any land adjoining, neighbouring or opposite the same as the Landlord may think fit;
- 7.1.11 the right to carry out the Enhancement Works and to take entry through the Premises in relation thereto;
- 7.1.12 the right to carry out the Dilapidation Works and to take entry through the Premises in relation thereto;
- 7.1.13 the right, at all reasonable times on giving reasonable notice (except in emergency) to the Tenant, to enter and remain upon the Premises with all necessary tools, appliances and materials for the purposes of repairing, altering or rebuilding the Premises or the Retained Property or any land adjoining, neighbouring or opposite the same and to cleanse, empty and repair any of the Service Media belonging to the same;
- 7.1.14 the right to retain the Service Media in the Premises and to the Landlord and to any other owners or occupiers of the Retained Property or any land adjoining, neighbouring or opposite the Premises or Retained Property, the right of passage and running of water and soil, gas and electricity or other services or supplies from and to the same through such of the Service Media which now are or may hereafter be in, on or under the Premises and the right to enter upon the Premises for the purpose of inspecting, repairing, renewing, relaying, cleansing, maintaining and connecting up to any such existing or future Service Media;
- 7.1.15 the right to close the Premises at any time without advance notice for maintenance reasons or for health and safety reasons and in any emergencies without compensation being payable to the Tenant for any loss of income or other loss attributable to the closure; and
- 7.1.16 all rights necessary (including rights of access, temporary closure and blockage of any parts of the Premises, breaking the surface of the land and carrying out of any works or operations) to comply with its obligations under the Lease including those set out in Part 5 of the Schedule.
- 7.2 Throughout the Lease Period there is reserved to the Landlord and to any other owners or occupiers of the Retained Property and any land adjoining, neighbouring or opposite the Premises or Retained Property all necessary and all existing rights, servitudes and privileges for the full use and enjoyment of all parts of the Premises or any such other land.

6 Permitted Use

- 6.1 The Tenant shall be entitled to use the Premises for the purpose of the Permitted Use and for no other purpose or purposes whatsoever.
- The Tenant aeknowledges that the Landlord does not give or make any representation or warranty that the Permitted Use provided for in this Lease is or will be or will remain a permitted use within the provisions of the Planning Acts or the title deeds of the Premises and that notwithstanding that any such use may not be a permitted use within such provisions the Tenant shall remain bound and liable to the Landlord under this Lease without any compensation, recompense or relief of any kind whatsoever.
- 6.3 The Tenant must do all things necessary to maximise the Gross Turnover received at all times.
- 6.4 The Tenant must comply in all respects with the Agreements.
- 6.5 The Tenant shall ensure that the Buildings are lock fast and secure at all times outwith the hours during which the same are open and trading.

7 Reservations

- 7.1 Throughout the Lease Period the following rights are reserved to the Landlord and those expressly authorised by the Landlord, with or without workmen, agents, any person(s) authorised by the Landlord, tools, equipment and machinery:-
 - 7.1.1 the right to take pedestrian and vehicular access and egress through the Premises at all times for the purpose of access and egress to and from the Retained Property and for all other purposes in connection with the use or occupation of the Retained Property;
 - 7.1.2 the right to run ranger services at or from the Premises and in relation thereto, to continue to occupy (and to permit rangers to occupy) those parts of the Premises so occupied as at the Date of Entry, or such other parts of the Premises as may be agreed between the Parties from time to time;
 - 7.1.3 the right to enter the Premises to check that the Tenant is complying with their obligations under this Lease;
 - 7.1.4 the right to enter the Premises to inspect the repair and maintenance of the Premises;
 - 7.1.5 the right to enter the Premises to make good any matter which the Landlord may have specified in a prior written notice to the Tenant that the Landlord requires the Tenant to have made good and with such notice the Tenant has failed to comply;
 - 7.1.6 the right to enter the Premises and make good any matter in the event of an emergency (in which case, no notice to the Tenant is necessary);
 - 7.1.7 the right to enter the Premises to undertake any written or photographic schedule of condition and/or schedule of dilapidations;
 - 7.1.8 the right to enter the Premises and the right to locate, update, maintain and

5.2.2 With effect from the Date of Review, the yearly Fixed Rent payable hereunder shall be reviewed to such an amount as shall be the greater of (a) the yearly Fixed Rent hereunder payable by the Tenant to the Landlord immediately before the Date of Review and (b) the Revised Rent.

5.3 Upwards only

In no event shall the Fixed Rent payable by the Tenant after each Date of Review be less than the Fixed Rent payable by the Tenant immediately before such Date of Review.

5.4 Payment after Date of Review

If the Revised Rent has not been agreed or determined by the Date of Review then in respect of the period (herein called "the said interval") beginning with the Date of Review and ending on the rent payment date immediately following the date upon which the amount of the revised rent is agreed or determined as aforesaid (herein called "the relevant date") the Tenant shall continue to pay to the Landlord the Fixed Rent payable hereunder at the yearly rate payable immediately before the Date of Review; Provided that on the relevant date there shall be due as a debt payable by the Tenant to the Landlord (without any requirement for any demand therefor by the Landlord) as arrears of rent an amount equal to the difference between the Revised Rent and the Fixed Rent actually paid during the said interval and apportioned on a daily basis in respect of the said interval together with interest at the Prescribed Rate calculated on the basis that the component parts of such sum due accrued and fell due for payment at quarterly intervals on the rent payment dates from the relevant Date of Review until paid.

5.5 Statutory Restriction

If at the Date of Review the Landlord shall be obliged legally or otherwise to comply with any statute or other enactment dealing with the control of rent and which shall restrict or modify the Landlord's right to revise the rent in accordance with the terms of this Clause 5 or which shall restrict the right of the Landlord to demand or accept payment of the full amount of the rent for the time being payable then the Landlord shall on each occasion that any such enactment is removed, relaxed or modified, be entitled on giving not less than three months' notice in writing to the Tenant expiring after the date of each such removal, relaxation or modification to introduce an intermediate review date (herein called the "intermediate review date") which shall be the date of expiration of such notice and the rent payable hereunder from an intermediate review date to the next succeeding Date of Review or intermediate review date (whichever shall first occur) shall be determined in like manner as the rent payable from each Date of Review as hereinbefore provided.

5.6 Memorandum

If the Landlord requests the same, as soon as the amount of Fixed Rent payable hereunder after the date of review has been agreed or ascertained in accordance with the terms hereof (and if required by the Landlord so to do) the Landlord and the Tenant will at the expense of the Tenant forthwith execute a separate memorandum specifying the yearly amount of the said revised rent and the stamp duty land tax (if any) payable in respect thereof and the cost thereof including the cost of registration thereof and of obtaining three extracts (two for the Landlord) shall be borne and paid by the Tenant.

- 4.3 The Tenant shall pay to the authorities to whom they are due all rates, taxes, assessments, impositions and outgoings relating to the Premises or the use or occupation thereof, including any of a novel nature, but excluding any tax payable by the Landlord in relation to a disposal or deemed disposal of the Landlord's interest in the Premises (including any Capital Gains Tax or similar).
- 4.4 The Tenant shall pay all charges for gas, electricity, water, telecommunications, and any other services used or consumed on the Premises during the Lease Period and shall keep the Landlord fully and effectually indemnified from and against the non-payment of all such charges and any discontinuance of supply resulting therefrom.

5 Rent Review

5.1 Interpretation

In this Clause 5:

"Base Figure" means, for the purpose of the rent review to take place on 11 June 2015, the Index for May 2014 and, for each succeeding Date of Review, the Index for the month immediately preceding the month and year in which the immediately preceding Date of Review fell;

"Date of Review" means each anniversary of the Date of Entry;

"Index" means the "All Items" figure of the General Index of Retail Prices published by the Office for National Statistics or if such index ceases to be published at all or in a form that does not enable the Fixed Rent to be calculated in accordance with Clause 5 then the Parties shall seek to agree the use of an alternative comparable Index and if they fail to agree the matter shall be determined in accordance with the provisions of Clause 18.

"Revised Rent" means the Fixed Rent calculated in accordance with the following formula:-

$$RR = P + (\underline{P \times (B-A)})$$

(A)

Where:

RR = the reviewed rent;

P = the annual Fixed Rent payable immediately prior to the Date of Review;

A = the Base Figure; and

B = the figure appearing in the Index for the month immediately preceding the Date of Review;

5.2 Review

5.2.1 The Fixed Rent will be reviewed on each Date of Review in accordance with this Clause 5.

- individual partner or by a change in the firm name;
- 2.5 references to the Tenant shall, where the context admits, include their employees and the Tenant's agents and contractors and their employees and all other parties for whom the Tenant is responsible in law;
- 2.6 references to the Landlord shall, where the context admits, include their employees and the Landlord's agents and contractors and their employees and all other parties for whom the Landlord is responsible in law;
- 2.7 the words "include", "includes", and "including" shall be construed as if they were followed by the words "without limitation";
- 2.8 references to legislation or any provision of any legislation are to be construed as references to that legislation or provision as it may be amended or re-enacted or replaced from time to time and shall also include all instruments, orders, plans, regulations, permissions and directions for the time being made, issued or given thereunder or deriving validity therefrom;
- any obligation on the Tenant not to do or omit to do anything shall include an obligation not to allow that thing to be done or omitted to be done by any employee, servant, agent, invitee or licensee of that party or any other party for whom that party may be responsible in law;
- 2.10 any obligation on, or right granted or reserved to, the Landlord may be fulfilled or exercised by the Landlord and/or agents in place of or in addition to the Landlord; and
- 2.11 the clause and paragraph headings shall be ignored for the purpose of the construction of this Lease.

3 Duration and Entry

3.1 Notwithstanding the date or dates hereof, the Lease shall endure for the Lease Period unless terminated early as hereinafter provided.

4 Rent and Other Monetary Considerations

- 4.1 The Tenant shall pay the Fixed Rent (subject to variation as hereinafter provided for in Clause 5 of this Lease) to the Landlord without any demand being made by way of equal instalments in advance on the Rent Days, clear of all deductions, retentions or counterclaims whatsoever and excluding any right of set off, the first of such payments for the period from the Date of Entry until the day preceding the Rent Day following the Date of Entry inclusive to be made on or before the Date of Entry, the next on the Rent Day following the Date of Entry for the quarter following and so forth quarterly, termly and proportionally thereafter.
- 4.2 The Tenant shall, in addition, pay to the Landlord elear of all deductions, retentions or counterclaims whatsoever and excluding any right of set off:
 - 4.2.1 The Turnover Rent in accordance with the provisions of Part 2 of the Schedule; and
 - 4.2.2 The Base Rent in accordance with the provisions of Part 2 of the Schedule.

provision or supply of services serving the Premises or any part of it, including any serving (but not serving exclusively) the Premises and where applicable serving in common any property adjoining, neighbouring or opposite the Premises but excluding the Uplift Infrastructure;

"Standby Generator (Bottom)" means such generator as the Landlord may provide in accordance with Clause 11.4;

"Turnover Period" has the meaning ascribed to it by Part 2 of the Schedule;

"Turnover Rent" means has the meaning ascribed to it in Part 2 of the Schedule;

"Uplift Infrastructure" means (a) the Standby Generator (Bottom) from and after the date that the same is brought onto the Premises and (b) the items in, on, under or through the Premises more particularly set out in Part 8 of the Schedule and all dynamic or moving parts of the uplift infrastructure at the Premises, and including for the avoidance of doubt the Railway (and in each case including all additions, extensions, modifications, replacements or renewals thereof from time to time);

"VAT" means Value Added Tax (or any similar tax substituted therefor) at the rate applicable from time to time on any payment due under this Lease;

"Working Day" means any day on which clearing banks in Edinburgh, Glasgow and London are open for normal business but without prejudice to the foregoing excludes a Saturday, Sunday or any public or local holiday in Edinburgh, Glasgow or London;

"Works" means all work carried out by the Tenant to the Premises, including repair works; and

"Year" means (a) the First Year (b) the period from 1 April 2015 to 31 March 2016 (inclusive), and thereafter each period of one year and (c) the Final Year.

2 Interpretation

In this Lease:-

- 2.1 words importing the singular shall include the plural and vice versa and words importing the masculine gender shall include the feminine and the neuter and vice versa;
- 2.2 where there are two or more persons included in the expression the "Tenant" obligations contained in the Lease which are expressed to be made by the Tenant shall be binding jointly and severally on them whomsoever without the necessity of discussing them in their order;
- 2.3 words importing persons include corporations and *vice versa*;
- 2.4 where the Tenant is a firm or partnership the obligations of the Tenant under the Lease shall be binding jointly and severally on all persons who are or become partners of the firm at any time during the Lease Period and their respective executors and representatives whomsoever as well as on the firm and its whole stock, funds, assets and estate without the necessity of discussing them in their order and such obligations shall subsist and remain in full force and effect notwithstanding the dissolution of the firm or partnership or any change which may take place in the firm or partnership whether by the assumption of a new partner or partners or by the retiral, bankruptcy or death of any

designate from time to time acting reasonably;

"Railway" means the whole funicular infrastructure, incorporating rails, power, tensioning, motors and auxiliary engine, ancillary, braking and all control systems, carriages, ropes, concrete columns and beams, all associated signal and cabling systems, all other moving parts of the same, and all ancillary spare parts and tools related thereto;

"Related Company" has the meaning ascribed to it in the Companies Act 2006;

"Remaining Funds" means an amount equal to E where:

E = F - G

F = the Minimum Spend for the immediately preceding Year

G = the monies actually spent by the Tenant in accordance with Clause 2.2 of Part 5 of the Schedule in the immediately preceding Year, where verified by relevant invoices and any other information reasonably requested by the Landlord;

"Rent Days" means 28th February, 28th May, 28th August and 28th November in each year and "Rent Day" shall construed as meaning any of the Rent Days;

"Requisite Consents" means all statutory and other consents, licences and others required by the Tenant to use the Premises for the Permitted Use and/or to undertake any Works from or to the Premises, including those concerning planning, building regulations and environmental health;

"Retained Property" means the Larger Property under exception of the Premises;

"Risk Assessment" means a written assessment of the risks likely to arise as a result of (a) the carrying out of any Works by the Tenant in accordance with the Health and Safety at Work etc Act 1974 and the Management of Health and Safety at Work Regulations 1999 and any other relevant Laws including CDM Regulations, including details of how any such risks will be mitigated by the Tenant or their contractors, agents, employees or others taking access to the Premises in connection with the Works in question or (b) operating or managing a business for the Permitted Use, such assessments to be reviewed as often as may be required and in any event on not less than on an annual basis;

"Schedule" means the schedule in 11 parts annexed and signed as relative hereto;

"Section 50 Agreement" means Minute of Agreement between The Highland Council, Scottish Natural Heritage, Highlands and Islands Enterprise, Cairngorm Chairlift Company Ltd and The Governor and Company of the Bank of Scotland dated 17, 25 and 26 March 1997 and recorded in the Division of the General Register of Sasines applicable to the County of Inverness on 27 March 1997 (Fiche 156.1) (including any amendments or variations thereto);

"Service Media" means all service or conducting media, including without limitation all watercourses, water and soil pipes, water tanks, drains, sewers, gutters, downpipes, gas pipes, fuel pipes, oil pipes, electricity cables, television and telephone cables, ducts, flues, wires, conduits, distribution equipment, meters, dry rising fire hydrants, mains, wastewater treatment systems and all other plant, equipment and apparatus for the

the Tenant and any other party relating to the conduct and operation of the business operating from the Premises, including (but without prejudice to the generality of the foregoing) the operating agreement between Cairngorm Mountain Limited and Highlands and Islands Enterprise dated of even date with the date of execution of this Lease;

"Operating Conditions" means (a) the conditions set out in Part 3 of the Schedule subject to such variation or amendment as the Landlord may require from time to time (b) any other operating conditions agreed between the Parties from time to time with specific reference to this definition (c) any HIE policies and (d) the Landlord's reasonable instructions or requests insofar as intimated to the Tenant by the Landlord from time to time;

"Parties" means the Landlord and the Tenant and the word "Party" shall be construed accordingly;

"Permitted Use" means use as a skiing and winter sports facility and for such other recreational facilities for the public as may be appropriate thereto (including using the Uplift Infrastructure for summer visitors), comprising an all year visitor attraction incorporating (a) a mountain railway, retail, catering and exhibition facilities, and (b) operation of snowsports activity for winter months only incorporating lifts, tows and equipment hire facilities and provision of ski patrol (c) provision of guided mountain walks and tours and guided mountain bike tours in summer months and (d) first aid facilities, or as otherwise agreed with the Landlords, and for the provision of all ancillary and supporting services and facilities including the operation of the funicular railway, tows and other means of access;

"Plan" means the plan forming Part 1 of the Schedule;

"Planning Acts" means the Planning etc (Scotland) Act 2006, Town and Country Planning (Scotland) Act 1997, the Planning (Listed Buildings and Conservation Areas) (Scotland) Act 1997, the Planning (Hazardous Substances) (Scotland) Act 1997 and the Planning (Consequential Provisions) (Scotland) Act 1997, the Local Government and Planning (Scotland) Act 1982, the Planning and Compensation Act 1991, the Town and Country Planning (General Permitted Development) Order 1992, the National Parks (Scotland) Act 2000 (where applicable), the Building (Scotland) Act 2003 and any legislation of a similar nature, and all amendments thereto and any other Laws and any orders, regulations or codes of practice issued by any competent authority in relation thereto, and in each case both individually and collectively and any Laws of a similar nature;

"Premises" means the visitor attraction at Cairngorm being the area shown coloured blue on the Plan TOGETHER WITH all additions, alterations and improvements which may be carried out during the Lease Period and each and every part thereof and also without limitation (i) all apparatus, plant and machinery, and all landlord's fixtures and fittings from time to time in and about the same, including the Fixtures and Fittings and (ii) all service and conducting media (including any Service Media) so far as in, under or over the same and (iii) the Uplift Infrastructure therein and thereon and (iv) any car park and all roads, paths and tracks therein and thereon and (v) any buildings and structures therein and thereon, which premises form part and portion of the Larger Property;

"Prescribed Rate" means the rate of 4% per annum above the base lending rate of the Bank of Scotland plc or above such other base lending rate as the Landlord may

"Insurers" means such reputable insurance office or underwriters as may be selected by the Landlord;

"Hazardous Materials" means (a) any substances or organisms which alone or in combination with others are capable of causing harm or damage to property, man, other organisms or substances, human health, or the Environment and (b) any waste material or discarded, unwanted or surplus substance irrespective of whether it is capable of being recycled or recovered or has any value;

"Larger Property" means (a) the subjects described in and in feu farm disponed by Feu Disposition by The Secretary of State for Scotland in favour of The Highlands & Islands Development Board dated 18 June 1971 and recorded in the Division of the General Register of Sasines applicable to the County of Inverness on 29 September 1971 under exception of the subjects described in and disponed by Disposition by Highlands & Islands Enterprise in favour of The Secretary of State for Scotland dated 20 May 1999 and recorded in the said Division of the General Register of Sasines on 8 June 1999 and (b) the subjects described in and disponed by Disposition by The Highland Regional Council and The Secretary of State for Scotland in favour of Highlands & Islands Development Board dated 1 November 1989 and recorded in the said Division of the General Register of Sasines on 9 April 1990;

"Laws" means all legislation and laws applicable from time to time including European legislation, Acts of the UK and Scottish Parliaments, subordinate legislation and any notices or instruments made under any of the foregoing;

"Lease" means this lease and any schedule, annex or any document relative hereto or which is entered into pursuant to or in accordance with the terms hereof;

"Lease Period" means the period from the Date of Entry until 31 March 2039;

"Loss of Rent" means such a sum of money as the Landlord may estimate represents the loss of the rent (including any estimated Tumover Rent and Base Rent) payable under the Lease which the Landlord will suffer in the event of the total or partial destruction of the Premises, for a period of two years, and having regard to the likely period required for reinstatement in the event of both partial and total destruction and in an amount which takes into account potential increases in rent upon rent review;

"Minimum Amount" means, for any Year, an amount equal to A where:

 $A = (B \times C) + D$

B = FIVE HUNDRED THOUSAND POUNDS (£500,000) STERLING

C = the number of days in that Year divided by 365

D = any Remaining Funds

"Minimum Spend" means, for each Year during the Lease Period, an amount equal to the Minimum Amount for that Year;

"New Day Lodge" means a day lodge to be constructed on the Premises by the Tenant in accordance with the provisions of Part 4 of the Schedule;

"Operating Agreement" means any agreement entered into from time to time between

Coire Cas car park, the one way high level link road and road into the Coire na Ciste car park and (e) the timber clad fire water pumping station in or serving the Premises and any pipes, connectors and others ancillary thereto;

"Final Year" means, where the last day of the Lease Period does not fall on 31 March in the relevant year, the period from the immediately preceding 1 April until the last date of the Lease Period;

"First Year" means the period from the Date of Entry to 31 March 2015;

"Fixed Rent" means an annual amount of ONE HUNDRED AND TWENTY THOUSAND POUNDS STERLING (£120,000.00), exclusive of VAT, rates, insurance premiums and all other outgoings, and subject to review in accordance with the provisions of Clause 5;

"Fixtures and Fittings" means all of the Landlord's and Tenant's fixtures, fittings, furniture and equipment and any replacements or additions within the Premises, all as more particularly detailed in Part 7 of the Schedule, but specifically excluding the Uplift Infrastructure:

"Full Cost of Reinstatement" means (a) in the case of the insurance to be effected in terms of Clause 10.1, the costs (including the cost of shoring up, demolition and site clearance, Architects', Surveyors' and other professional fees and VAT where applicable) which in the Landlord's reasonable opinion would be likely to be incurred in reinstating the Fixtures and Fittings, Service Media and Railway at the time when such reinstatement is likely to take place having regard to all relevant matters (including any increases in building costs expected or anticipated to take place at any time up to the date upon which the Fixtures and Fittings, Service Media and Railway shall be fully rebuilt or reinstated) and VAT upon all of the foregoing and (b) in the case of the insurance to be effected in terms of Clause 10.2.1 and 10.2.2, the costs (including the cost of shoring up, demolition and site clearance, Architects', Surveyors' and other professional fees and VAT where applicable) which in the Landlord's reasonable opinion would be likely to be incurred in reinstating the Buildings (or Railway, as applicable) at the time when such reinstatement is likely to take place having regard to all relevant matters (including any increases in building costs expected or anticipated to take place at any time up to the date upon which the Buildings (or Railway, as applicable) shall be fully rebuilt or reinstated) and VAT upon all of the foregoing;

"Funding Agreement" means any agreement from time to time between the Tenant and any funder or lender, bank or building society, whether relating to a grant, loan, financial assistance or otherwise, including (but without prejudice to the generality of the foregoing) the loan agreement between Cairngorm Mountain Limited and Highlands and Islands Enterprise dated of even date with the date of execution of this Lease;

"HIE" means Highlands and Islands Enterprise and their statutory successors;

"Insured Risks" means risks in respect of loss or damage by fire, lightning, explosion, aircraft (other than hostile aircraft) and other aerial devices or articles dropped therefrom, storm or tempest, earthquake, civil commotion, malicious damage, subsidence or landslip, bursting or overflowing of water tanks and apparatus and pipes, flood, impact by vehicles, terrorism and such other risks as may from time to time reasonably be required by the Landlord;

the Landlord may decide to undertake, being any such works as relate to (a) any items agreed between the Parties in writing with reference to this definition (b) new motors and inverter drives, haul ropes, safety panels, tower cabling and safety switches (c) gearbox servicing and/or refurbishment works (d) non-destructive testing and repair, if found necessary, of ski-tow steel towers (including checks on internal metal thickness, weld integrity and condition of access ladders/rungs) and ski-tow concrete bases (including holding-down bolts) (e) trench excavation and burial of new safety cables at an appropriate depth, and removal of redundant cabling and (f) any works or items envisaged by Part 11 of the Schedule, in each case subject to any amendments thereto as are agreed between the Parties in writing on or after the Date of Entry with reference to this definition:

"Environmental Damages and Liabilities" means all proper and reasonable costs, claims, damages, losses, liabilities (including strict liability), encumbrances, liens, costs and expenses of investigation, defence of and settling any claim including without limitation, all proper and reasonable legal fees, disbursements and consultants' fees;

"Environmental Law" means any law relating to the environment or to emissions, discharges or release of Hazardous Materials into the environment or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials or the clean-up or other remediation thereof from time to time in force in the United Kingdom;

"Existing Agreements" means (First) Lease between Cairngorms Sports Development Ltd and Scottish Ski Club dated 22 April 1974 and subsequent dates as extended by Letter from Cairngorm Chairlift Company to Scottish Ski Club regarding extension of Lease dated 12 January 1997 (Second) Sub Lease by The Cairngorm Mountain Ltd in favour of The Uphill Ski Club of Great Britain dated 24 July and 10 August 2001 and recorded in the Division of the General Register of Sasines applicable to the County of Inverness on 6 December 2001 (Third) (a) Wayleave Agreement between The Highlands and Islands Development Board and The North of Scotland Hydro-Electric Board dated 28 August 1984 (b) Wayleave Agreement between Highlands and Islands Enterprise and Scottish and Southern Energy plc comprising offer by Scottish Southern and Energy plc to Highlands and Islands Enterprise dated 1 July 1999 and acceptance thereto dated 6 July 1999 (in which acceptance the date of the said offer was stated to be 23 June 1999) and (c) all agreements and rights in relation to electricity substations and meters (and related cables and equipment) in, on, under or through or serving the Premises (Fourth) Franchise Agreement between Cairngorm Mountain Limited and Cairngorm Snowsports dated 12 December 2007 as extended by (a) letter of extension relative thereto dated 18 May 2011 and 20 May 2011 and (b) undated letter from Cairngorm Mountain Limited to Cairngorm Snowsports signed by Cairngorm Snowsports (Fifth) agreement with Royal Botanic Gardens, Edinburgh EH3 5LP constituted by correspondence in or around 1991 allowing them to use an area of about 10 x 10 square metres at OS grid reference NJ 00079 06956 (Sixth) unwritten arrangement allowing rangers to use accommodation within the existing base station on the Premises (Seventh) any arrangement, whether formal or informal, written or unwritten, in relation to the camera obscura on the Premises including inter alia any such arrangement with the University of Dundee and (Eighth) any arrangements, whether formal or informal and whether written or unwritten with (a) Scottish Arts Council in relation to inter alia arts projects and/or the said camera obscura (b) Scottish Natural Heritage in relation to Lower Coire Cas Trail (c) Lottery Heritage Fund, in relation to Highland Birchwoods (d) the local authority and/or roads authority in relation to winter maintenance, de-icing and snow clearing services for public roads leading into

Lease

between

Highlands and Islands Enterprise, established under the Enterprise and New Towns (Scotland) Act 1990 and having their Chief Office formerly at Bridge House, 20 Bridge Street, Inverness and thereafter at Cowan House, Highlander Way, Inverness Business & Retail Park, Inverness, Inverness-Shire IV2 7GF and now at Fraser House, Friars Lane, Inverness IV1 1BA (who and whose successors as heritable proprietors of the Premises (as hereinafter defined) are hereinafter referred to as the "Landlord")

and

Cairngorm Mountain Limited incorporated in Scotland with registered number SC043599 and having their registered office at Cairngorm Ski Area, Aviemore, Inverness-Shire PH22 1RB (who and whose permitted successors and assignees are in substitution therefor hereinafter referred to as the "Tenant")

The Landlord and the Tenant hereby agree as follows:-

In consideration of the rent and the obligations hereinafter contained the Landlord HEREBY LETS to the Tenant (but excluding assignees and sub-tenants in any form) the Premises together with the rights specified in Clause 8 but subject to the exceptions and reservations referred to in Clause 7 for the Lease Period and for the Permitted Use, and the Tenant accepts the Premises as being in all respects fit for the purpose for which the Premises are let and in good and substantial condition and repair (and without prejudice to the foregoing generality accepts all Buildings thereon wind and watertight and all Service Media and Uplift Infrastructure as in good working order) as at the Date of Entry.

1 Definitions

In this Lease the following words and expressions shall have the following meanings:-

"Agreements" means (together) the Funding Agreement and the Operating Agreement;

"Base Rent" has the meaning ascribed to it in Part 2 of the Schedule;

"Buildings" means any buildings in or on the Premises from time to time;

"CDM Regulations" means Construction (Design and Management) Regulations 2007;

"Date of Entry" means 11 June 2014 notwithstanding the date or dates of execution hereof:

"Dilapidation Works" means such remedial or dilapidation works to the Buildings as agreed between the Parties in writing on or before the Date of Entry with reference to this definition, subject to any amendments thereto as the Parties agree in writing after the Date of Entry with reference to this definition;

"Enhancement Works" means such enhancement works to the Uplift Infrastructure as



Lease

between

Highlands and Islands Enterprise

and

Cairngorm Mountain Limited

Subjects: Visitor Attraction at Cairngorm

FI1559503601

Ref: FRR/362904

FAS: 2889

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Glasgow Edinburgh Inverness



MINUTE OF AGREEMENT

between

THE HIGHLAND COUNCIL
SCOTTISH NATURAL HERITAGE
HIGHLANDS & ISLANDS ENTERPRISE
THE CAIRNGORM CHAIRLIFT COMPANY
LIMITED

and

THE GOVERNOR AND COMPANY OF THE BANK OF SCOTLAND

under s.50 of the Town and Country Planning (Scotland) Act 1972 and S.49a of the Countryside (Scotland) Act 1967

1997

Marion N Notman
Director of Law & Administration
Highland Council
Council Offices
Inverses
Inverses
1V8 5NX



of the Contractors, Appointments, Building Contract, Programme or Method Statement, such changes also require the Landlord's written approval on the same basis *mutatis mutandis* as set out in Clause 3.3 of this Part 4 of the Schedule and the Tenant may not proceed with such changes without obtaining such approval.

- 3.5 The Tenant shall deliver, or procure the delivery, to the Landlord on or prior to the date occurring 30 Working Days after commencement of the Development Works of:
 - 3.5.1 a certified true copy of the Building Contract and of each Appointment;
 - 3.5.2 a Collateral Warranty in favour of the Landlord by each Contractor and any sub-contractors having design input in favour of the Landlord;
 - 3.5.3 a Collateral Warranty in favour of the Landlord from each of the Professional Advisers, and
 - 3.5.4 a copy of all planning permissions, consents, approvals, licences, building warrants, approvals and relaxations, certificates, orders and permits in a valid form which may be required from any local or other competent authority or statutory undertaker or any fire officer to enable the construction and completion of the Development Works.

4 Carrying out the Development Works

The Tenant shall:-

- 4.1 pay and satisfy all fees, charges and other payments which are due and payable to any competent authority or public service company in respect of the Development Works;
- 4.2 comply with all requirements or regulations of any Act of Parliament or bye law or any local authority or public service company or authority which has jurisdiction with regard to completing the Development Works and obtain all necessary statutory and other permissions, approvals, consents, licences and others for the carrying out of the Development Works;
- 4.3 ensure that the Development Works are carried out in a regular and efficient manner and so that:-
 - 4.3.1 the date of commencement of the Development Works shall be not later than Works Longstop Date; and
 - 4.3.2 Practical Completion of the Development Works shall be not later than the Completion Longstop Date

provided always that if the Development Works are delayed by Force Majeure the foregoing dates shall be extended by the period of delay on account thereof;

4.4 carry out the Development Works in such a manner as to cause the minimum practicable inconvenience to the Landlord's surrounding land, buildings and/or infrastructure and the tenants and occupiers thereof, the Tenant being obliged to procure that all damage caused to such surrounding land, buildings, roads and/or infrastructure are made good as soon as reasonably practicable at no expense to the Landlord and/or the Landlord's tenants and that all to the reasonable satisfaction of the Landlord and (if appropriate) the Local Authority;

- 4.5 not specify for use in the Development Works any materials which are generally known within the UK construction industry to be deleterious or not in conformity with British Standards and Codes of Practice at the time of specification;
- 4.6 except to the extent caused by the negligence or default of the Landlord or those for whom it is responsible at law, indemnify and keep the Landlord indemnified from and against all actions, costs, proceedings, expenses, claims, losses, demands, damages and liabilities whatsoever in respect of any injury or accident which may happen or arise to any person or property as a consequence of or incidental to the execution of the Development Works or in connection with the Premises or any part thereof by reason of the state of repair or condition thereof;
- 4.7 keep the Landlord and Project Monitor advised at least monthly as to the progress of the Development Works and without prejudice to that generality, provide on a regular basis to them copies of relevant minutes of development meetings, all relevant documents including test certificates, any specialist reports, contract programmes and progress reports and generally keep them advised of progress in relation to:-
 - 4.7.1 material measures taken and stages reached by the Tenant in performance of its obligations;
 - 4.7.2 the progress of the Development Works; and
 - 4.7.3 material problems or delays affecting the Development Works:
- 4.8 permit the Landlord and/or the Project Monitor, on the giving of reasonable prior notice to the Tenant (save in the case of an emergency when no such notice is reasonably practicable) and subject to and in compliance with their reasonable requirements, access to the Premises and the Development Works (including any parts thereof in the course of construction) for the purpose of viewing and monitoring the state and progress of the same, inspecting the materials and workmanship, ascertaining generally that the undertakings, agreements, conditions and stipulations to be performed and observed by the Tenant as contained in this Part of the Schedule have been and are being duly performed and observed and all purposes incidental to the Tenant's occupation of the Premises (but so that no delay is caused in the carrying out of the Development Works); and
- 4.9 permit the Landlord and/or the Project Monitor to perform such tests and inspections as they may reasonably require in order to determine whether the Development Works are being carried out in accordance with the provisions of this Part of the Schedule (but in doing so shall ensure that no damage or delay is caused in the carrying out of the Development Works), and if the Landlord shall, as a result of any inspection or otherwise, wish to make any representation and/or requests concerning the Development Works the Tenant shall procure that due consideration is given to the same.

5 Deemed performance of obligations

The obligations undertaken by the Tenant under this Part of the Schedule shall be deemed to have been duly performed if they are performed on its behalf by the Contractor or the Professional Advisers and the obligations undertaken by the Landlord shall be deemed to have been duly performed if they are performed on its behalf by the Project Monitor.

6 Variation to Approved Drawings

The Tenant shall not make any material alterations to or deviations from the Approved Drawings, Approved Application or any other matter to which the Landlord's Approvals relates, or use any materials in substitution for those specified in them without the prior written consent of the Project Monitor (which consent will not be unreasonably withheld or delayed) and upon such consent being given or where such consent is not required by this Part 4 of the Schedule all amended drawings, specifications or instructions illustrating such alterations or deviations shall be deemed to be incorporated in the Approved Drawings PROVIDED HOWEVER that any alterations or deviations shall be deemed to be material as aforesaid (without prejudice to the generality of the word "material") to the extent that they relate to (a) the external design of the New Day Lodge or the landscaping and external features relative thereto (b) the size of the internal area of the New Day Lodge (c) the facilities and features which are to be available within the New Day Lodge (d) any matter which is reasonably likely to affect the turnover which the New Day Lodge would generate once operational (e) any matter which is reasonably likely to affect the cost or timescale of the Development Works (f) the matters set out in Clause 3.1.1 of this Part of the Schedule and (g) the availability or quality of any Collateral Warranties.

7 Insurance of Development Works

- 7.1 The Tenant shall procure that the Development Works are insured with the Insurers:
 - 7.1.1 from the date of commencement of the Development Works until Practical Completion, in accordance with the requirements of the Building Contract against loss or damage by fire and against such other risks required to be insured under the Building Contract; and
 - 7.1.2 from the Date of Entry until Practical Completion in respect of third party and public liability relative to the Development Works and the carrying out thereof.
- 7.2 Wherever reasonably required, the Tenant shall produce to the Landlord or cause to be so produced evidence that the insurance continues in force.
- 7.3 If insurance is not effected or maintained in accordance with this Clause 7 of Part 4 of the Schedule, the Landlord may effect the same and pay the premiums and the cost shall be repaid to the Landlord by the Tenant on demand.
- 7.4 If the Development Works or any part of them are destroyed or damaged by fire or other insured risk at any time before Practical Completion then as often as this may happen the Tenant shall use all sums recovered under any insurance policy, and shall make up from its own resources the shortfall, if any, towards the carrying out and completing of the Development Works and/or rebuilding, repairing or otherwise reinstating all damage to the Development Works in a good and workmanlike and substantial manner in accordance with the provisions of this Lease and the Approved Drawings.
- 7.5 The Tenant shall not knowingly permit or suffer to be done any act or thing which would vitiate any policy or policies of insurance to be effected pursuant to this Lease.

8 Practical Completion of the Development Works

The Tenant shall procure that a copy of the statement or certificate of Practical

Completion in respect of the Development Works is delivered to the Project Monitor within 5 Working Days of its issue.

9 Tenant to obtain Completion Certificate

The Tenant shall obtain and exhibit to the Landlord the Completion Certificate as soon as practicable after Practical Completion.

10 Dispute Resolution

- 10.1 If any dispute or difference of any kind should arise out of any of the provisions of this Part 4 of the Schedule and both Parties cannot reach an agreement, the Parties will attempt in good faith to resolve such dispute or claim promptly within twenty eight days through negotiations between the representatives of the Parties who have authority to settle this dispute.
- 10.2 If the matter is not resolved through negotiation then except where expressly stated otherwise, the Parties will attempt in good faith to resolve the dispute or claim through an Alternative Dispute Resolution (ADR) procedure as recommended to the Parties by the Centre for Effective Dispute Resolution (CEDR).
- 10.3 Unless extended by agreement of the Parties if the matter has not been resolved by an ADR procedure within three months of the initiation of such procedure, or if either Party will not participate in an ADR procedure, the dispute or difference shall be referred for determination to an Arbitrator to be agreed upon by the parties, or in default of agreement, to be appointed at the request of either Party by the Chairman of the Royal Institution of Chartered Surveyors in Scotland and such reference shall be deemed to be a submission to arbitration within and subject to the Arbitration (Scotland) Act 2010.

11 Parties to act reasonably

- 11.1 For all matters pertaining to this Part 4 of the Schedule, the Parties are each required to act reasonably, in good faith and with all due speed and diligence.
- 11.2 Neither Party shall unreasonably withhold or delay its decision on any request for approval, consent or agreement for matters set out in this Part 4 of the Schedule.

Schedule Part 5 Maintenance, Replacement and Upgrade

1 Definitions

In this Part 5 of the Schedule:

- 1.1 "ARD Dates" means the dates set out as dates of deposit in Part 6 of the Schedule (and "ARD Date" shall be construed accordingly);
- "Asset Replacement Fund" means a UK bank account held in joint names of the Parties (or in the name of the Tenant, if the Parties agree) for the sole purpose of holding and using funds for the Qualifying Replacements and Upgrade Works in accordance with this Part 5 of the Schedule;
- 1.3 "Building Obligations" means the Tenant's obligations to carry out Maintenance Works, so far as relating to the structure of the Buildings but for the avoidance of doubt EXCLUDING ALWAYS the Tenant's obligations to carry out the Development Works (as defined in Part 4 of the Schedule);
- 1.4 "Buildings Sinking Fund" means a UK bank account held in the name of the Tenant for the sole purpose of holding and using funds for use by the Tenant in fulfilment of its Building Obligations;
- 1.5 "Deposit Dates" means 31 March in each of the following years, namely 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2030, 2031, 2032, 2033, and 2034 (and "Deposit Date" shall be construed accordingly);
- 1.6 "Exceptional Items (Landlord)" means the items forming part of the Railway listed in Part 9 of the Schedule;
- 1.7 "Exceptional Items (Tenant)" means the items listed in Part 10 of the Schedule;
- 1.8 "Excluded Chairlifts" means the chairlifts listed as numbers 11 and 12 in Part 8 of the Schedule;
- 1.9 "FFE Sinking Fund" means a UK bank account held in the name of the Tenant for the sole purpose of holding and using funds for use by the Tenant in fulfilment of its obligations to carry out Maintenance Works to the Fixtures and Fittings;
- 1.10 "Fixed Deposit" means, for each ARD Date, the corresponding amount identified in Part 6 of the Schedule as the fixed deposit;
- 1.11 "Gross Turnover" has the meaning ascribed to it in Part 3 of the Schedule;
- 1.12 "Landlord's Replacements" means (First) any Replacement Works to the Exceptional Items (Landlord) and (Second) any necessary refurbishment of the bogic (including three track brakes) forming part of the Railway and (Third) any maintenance and repair of the motor invertors control forming part of the Railway;
- 1.13 "Maintenance Works" means all works, operations and others which may be required to:

- 1.13.1 maintain and keep the Excluded Chairlifts in such condition and repair as will safeguard the public and the Tenant's staff at all times, including carrying out regular condition checks by a qualified person and keeping reports of such maintenance (such reports to be made available to the Landlord on demand);
- 1.13.2 save as aforementioned in Clause 1.13.1 of this Part of the Schedule, well and substantially repair, maintain, renew, rebuild and reinstate and generally in all respects put and keep the Premises (including inter alia the Buildings and Uplift Infrastructure (including the Exceptional Items (Tenant)) and Fixtures and Fittings) in good and substantial condition and any Buildings in wind and watertight condition, with all maintenance, rebuilding, renewal and reinstatement works whatsoever regardless of the age or state of dilapidation of the whole or part of the Premises and irrespective of the cause or extent of the damage necessitating such repair, maintenance, renewal, rebuilding and/or reinstatement and including any which may be rendered necessary by any latent or inherent defects in the whole or part of the Premises; and
- 1.13.3 without prejudice to the foregoing generality, keep the Fixtures and Fittings in good and substantial repair and condition and replace and renew those that are beyond repair; and
- 1.13.4 clean or treat in an appropriate manner to the reasonable satisfaction of the Landlord all materials, surfaces and finishes of the Buildings, Fixtures and Fittings and Uplift Infrastructure including without limitation all glass, wood, plastic, metal, cladding and concrete and to wash all surfaces requiring to be washed, and to keep the Premises clear of rubbish at all times

but EXCEPTING ALWAYS the Development Works (as defined in Part 4 of the Schedule), any Upgrade Works, and any Replacement Works (declaring for the avoidance of doubt that the Landlord's responsibilities in relation to any Replacement Works, as set out in Clause 3 of this Part of the Schedule, shall apply);

- 1.14 "Minor Replacements" means (a) any replacements or renewals which are minor or trivial (b) any replacement or renewals of minor items including, for example (but without prejudice to the foregoing generality) items such as nuts, bolts and screws (c) any replacements or renewals which are an inevitable part of maintenance or repair (d) any replacements or renewals to dynamic components of the Ski Tow Infrastructure including all individual working parts such as motors, gear boxes and haul ropes and (e) any replacements or renewals to dynamic components of the Railway including all individual working parts and the Exceptional Items (Tenant) but excluding the Exceptional Items (Landlord);
- 1.15 "Outstanding Payments" means any payments which are or would be due to be paid out of the Asset Replacement Fund in accordance with this Part 5 of the Schedule in respect of any Qualifying Works and/or Upgrade Works instructed during the Lease Period (whether or not those Qualifying Works and/or Upgrade Works have in fact been completed by the expiry of the Lease Period), to the extent that the cost of such Qualifying Works and/or Upgrade Works has not yet been fully invoiced or paid from the Asset Replacement Fund;
- 1.16 "Qualifying Works" means Replacement Works but excluding those in relation to the Exceptional Items (Landlord) and the Exceptional Items (Tenant);

- 1.17 "Removal Notice" means a valid statutory notice served by any public authority (such as Scottish Natural Heritage, the Cairngorms National Park Authority or Highland Council) under any statute requiring the owner or occupier of the Premises to remove the Excluded Chairlifts from the Premises;
- 1.18 "Replacement Works" means any necessary replacement of the Uplift Infrastructure or part(s) thereof with new item(s) which are identical to or are the nearest practicable item(s) available for to the item(s) being replaced, where the relevant item(s) to be replaced are no longer fit for purpose and beyond their economic life, and the relevant replacements would be more economically viable than repair or maintenance of the relevant item(s) as a result of the age or state of dilapidation of the said item(s) but EXCLUDING ALWAYS any Minor Replacements;
- 1.19 "Ski Tow Infrastructure" means the Uplift Infrastructure under exception of the Railway;
- 1.20 "Upgrade Works" means any works of upgrade, renewal or replacement of the Uplift Infrastructure or part(s) thereof, but EXCLUDING ALWAYS (a) any Minor Replacements and (b) any Replacement Works;
- 1.21 "Variable Deposit" means, for each ARD date, an amount equal to D where:

 $D = GT \times 0.005$

GT = Gross Turnover for the Year immediately preceding the ARD Date;

2 Maintenance Works to Premises

- 2.1 Subject to the other provisions of this Part 5 of the Schedule, the Tenant shall, throughout the Lease Period:
 - 2.1.1 carry out all Maintenance Works without necessity of demand therefor; and
 - 2.1.2 without prejudice to the foregoing generality, ensure that the Uplift Infrastructure is in good and safe working order at all times (as the same may be determined by a person appointed by the Landlord who is suitably qualified with appropriate experience to determine the matter), by inter alia carrying out day to day maintenance and management of the same including maintaining an adequate supply of fuel and electricity to the same and clearing any obstructions, and that from its own monies and without any impact on the Asset Replacement Fund.
- 2.2 Without prejudice to the other obligations on the Tenant and notwithstanding any obligations on the Landlord, spend no less the Minimum Spend each Year on Maintenance Works (excluding any surveyors', legal and architects' eosts and fees in relation thereto and also excluding any Tenant's internal staff costs).
- 2.3 For each Year:
 - 2.3.1 At the start of the Year, the Tenant will provide to the Landlord for approval (not to be unreasonably withheld or delayed) its plans and projections (and where applicable, specifications and other supporting documentation) for any Maintenance Works that it expects or intends to carry out in that Year, with

- any quotes, estimates or other supporting evidence to show that the Tenant will spend at least the Minimum Spend for that Year;
- 2.3.2 the Tenant shall on each Account Date provide the Landlord with all information and all necessary supporting documentation, including properly vouched accounts, invoices and receipts, to evidence any payments made for Maintenance Works and that the same are properly incurred and reasonable; and
- 2.3.3 the Landlord shall, within 30 days of receiving the information set out in Clause 2.3.2 of this Part of the Schedule, provide the Tenant with (a) confirmation as to whether in the Landlord's opinion the Minimum Spend requirement for that preceding Year has been met and if not, of the amount of the shortfall and (b) a calculation of the Minimum Amount for the next Year.
- 2.4 Notwithstanding any other provision of this Part of the Schedule, in the event that a Removal Notice is validly served on either Party in relation to the Premises, the Landlord shall be responsible for the proper costs in respect thereof (provided always that the Tenant notifies the Landlord of the same, and uses reasonable endeavours to mitigate any loss or costs).

3 Replacement Works (to Uplift Infrastructure)

- 3.1 Prior to any Replacement Works being carried out, the specifications for the same must be agreed between the Parties, having due regard to all Laws (including, without limitation, Health and Safety Laws).
- 3.2 The Landlord shall be responsible for procuring that all Landlord's Replacements and Qualifying Works which the Parties agree are to be carried out during the Lease Period, are so carried out at the Landlord's cost (subject to any right of the Landlord to recover costs in respect of Qualifying Works in accordance with Clause 3.6 of this Part of the Schedule), but the Tenant may carry out such Landlord's Replacements and Qualifying Works on the Landlord's behalf on a basis to be agreed with the Landlord.
- 3.3 Unless and to the extent otherwise decided by the Landlord (in its absolute discretion), no Replacement Works may be carried out until the Party carrying out (or instructing any third party contractor(s) to carry out) the relevant Replacement Works has obtained all necessary consents and put the relevant works out to tender and completed the relevant procurement process (to the extent the Landlord may require) throughout. If any Replacement Works are to be carried out by the Tenant as aforesaid, the Tenant shall (a) involve the Landlord in the said procurement process and (b) ensure that it carries out such procurement process with all due speed and diligence and taking full account of the Landlord's requirements in respect thereto. The Landlord's decision as to any person or contractor selected through such procurement process shall be final.
- 3.4 The Party carrying out (or instructing, as aforesaid) the relevant Replacement Works shall be responsible for obtaining and complying with all necessary permissions and consents (including *inter alia* planning permissions and building warrants) for such Replacement Works.
- 3.5 The Landlord shall be responsible for the reasonable and properly incurred costs of any Landlord's Replacements being carried out by the Tenant provided in each case that where the Tenant is carrying out or instructing the Landlord's Replacements, the Tenant

provides the Landlord with a valid VAT invoice in respect thereof, BUT EXCEPTING ALWAYS any costs in relation to installation and/or labour (whether by internal or external staff or contractors).

- 3.6 If the Parties agree, the Landlord can recover the costs (or a proportion thereof) of any Qualifying Works (as agreed by the Parties) from the Asset Replacement Fund.
- 3.7 Notwithstanding any other provision of the Lease, the Tenant shall be responsible for carrying out any Replacement Works from its own monies and without any impact on the Asset Replacement Fund, where and to the extent that:
 - 3.7.1 the need for the relevant Replacement Works has arisen as a result of an act or default of the Tenant or those for whom they are responsible (for example by dilapidation of the item(s) in question being caused or exacerbated by the failure on the part of the Tenant to repair and maintain the same in accordance with its obligations to do so under the Lease); or
 - 3.7.2 the relevant Replacement Works are carried out by or on behalf of the Tenant otherwise than in compliance with the provisions of the Lease.

4 Upgrade Works (to Uplift Infrastructure)

- 4.1 Save where otherwise agreed between the Parties from time to time in relation to any specific Upgrade Works, the Landlord shall not be responsible for carrying out any Upgrade Works or the cost thereof.
- 4.2 Neither Party shall carry out any Upgrade Works without the other Party's prior written consent.
- 4.3 In the event that either Party believes that any Upgrade Works are required or desirable, that Party shall provide details of the relevant proposal and case for the same to the other Party, and both Parties shall discuss and decide whether such Upgrade Works are to be carried out.
- 4.4 As regards costs of any such agreed Upgrade Works, the Parties may agree that the cost (or a reasonable proportion thereof) of such agreed Upgrade Works can be recovered from the Asset Replacement Fund.
- 4.5 Save as otherwise agreed between the Parties:
 - 4.5.1 no Upgrade Works may be carried out until the Tenant has obtained at its own cost all necessary permissions and consents (including *inter alia* any relevant planning permissions and building warrants); and
 - 4.5.2 the Tenant shall be responsible for compliance with the same.

5 Asset Replacement Fund

- 5.1 The Tenant will establish and keep open the Asset Replacement Fund throughout the Lease Period.
- 5.2 The Tenant shall pay from its own monies into the Asset Replacement Fund on each ARD Date:

- 5.2.1 the Fixed Deposit relative to that date, as set out in Part 6 of the Schedule; and
- 5.2.2 the Variable Deposit.
- Any monies in the Asset Replacement Fund (including any interest accrued thereon) may be withdrawn from the Asset Replacement Fund in whole or part only when and to the extent that the Parties agree that the same may be withdrawn, and that only for the purpose of paying the costs of specific Qualifying Works and/or Upgrade Works as so agreed.
- 5.4 In the event of any monies being withdrawn from the Asset Replacement Fund as aforesaid, such monies shall be used to pay the properly vouched costs of the relevant Replacement Works and/or Upgrade Works (or to reimburse the relevant Party in respect thereof) and for no other purpose.
- 5.5 If, at the end of the Lease Period there are any monies still in the Asset Replacement Fund:
 - 5.5.1 there are any Outstanding Payments due or which will fall due, no monies may be withdrawn from the Asset Replacement Fund until such time as the cost of the relevant Replacement Works and/or Upgrade Works has been fully paid therefrom, and notwithstanding termination or end of the Lease this provision shall subsist until fully satisfied; or
 - 5.5.2 there are at that time no Outstanding Payments, the Tenant may withdraw and keep those monies.

6 FFE Sinking Fund

- 6.1 The Tenant will establish and keep open the FFE Sinking Fund throughout the Lease Period.
- 6.2 The Tenant shall pay from its own monies into the FFE Sinking Fund a sum of ONE HUNDRED THOUSAND POUNDS (£100,000) STERLING on each Deposit Date.
- 6.3 Withdrawals from the FFE Sinking Fund, in whole or in part and including any interest accrued, may only be made by the Tenant when and to the extent required to pay for the reasonable and properly incurred costs of Maintenance Works to the Fixtures and Fittings, but PROVIDED ALWAYS that, unless otherwise agreed between the Parties:
 - 6.3.1 in relation to the monies accrued in the FFE Sinking Fund from the Date of Entry to 31 March 2029 (inclusive), no such withdrawals may be made until 31 March 2029; and
 - 6.3.2 in relation to the monies accrued in the FFE Sinking Fund from 1 April 2029 until the end of the Lease Period (inclusive), no such withdrawals may be made until 31 March 2034.
- 6.4 At the end of the Lease Period, provided that the Tenant has complied with its obligations under the Lease, the Tenant may withdraw and retain any monies remaining in the FFE Sinking Fund.

7 Buildings Sinking Fund

- 7.1 The Tenant will establish and keep open the Buildings Sinking Fund throughout the Lease Period.
- 7.2 The Tenant shall pay from its own monies into the Buildings Sinking Fund a sum of ONE HUNDRED THOUSAND POUNDS (£100,000) STERLING on each Deposit Date.
- 7.3 Withdrawals from the Buildings Sinking Fund, in whole or in part and including any interest accrued, may only be made by the Tenant when and to the extent required to pay for the reasonable and properly incurred costs of carrying out the works undertaken by the Tenant in compliance with its Building Obligations, but PROVIDED ALWAYS that, unless otherwise agreed between the Parties:
 - 7.3.1 in relation to the monies accrued in the Buildings Sinking Fund from the Date of Entry to 31 March 2029 (inclusive), no such withdrawals may be made until 31 March 2029; and
 - 7.3.2 in relation to the monies accrued in the Buildings Sinking Fund from 1 April 2029 until the end of the Lease Period (inclusive), no such withdrawals may be made until 31 March 2034.
- 7.4 At the end of the Lease Period, provided that the Tenant has complied with its obligations under the Lease, the Tenant may withdraw and retain any monies remaining in the Buildings Sinking Fund.

8 Meetings and information

- 8.1 The Tenant shall provide to the Landlord throughout the Lease Period, monthly information on its activities, works and operations at the Premises including *inter alia* budgets, statements and anticipated and actual spend on all Maintenance Works, Upgrade Works and/or Replacement Works.
- 8.2 The Parties will meet quarterly (or at such other times as the Parties may agree) throughout the Lease Period to discuss such information and any other matters arising from this Part of the Schedule.

9 Parties to act reasonably

- 9.1 For all matters pertaining to this Part 5 of the Schedule, the Parties are each required to act reasonably, in good faith and with all due speed and diligence.
- 9.2 Neither Party shall unreasonably withhold or delay its decision on any request for approval, consent or agreement for matters set out in this Part 5 of the Schedule.

10 Arbitration

10.1 In the event of any dispute or disagreement between the Parties as to the provisions or application of the provisions under this Part 5 of the Schedule, Clauses 10.1 and 10.2 of Part 4 of the Schedule shall apply in terms mutatis mutandis.

Schedule
Part 6
Asset Replacement Fund deposits to be made by Tenant

Date of deposit	Amount of Fixed Deposit
31 March 2016	£11,000
31 March 2017	£27,000
31 March 2018	£42,000
31 March 2019	£59,000
31 March 2020	£61,000
31 March 2021	£64,000
31 March 2022	£67,000
31 March 2023	£70,000
31 March 2024	£73,000
31 March 2025	£76,000
31 March 2026	£79,000
31 March 2027	£81,000
31 March 2028	£84,000
31 March 2029	£87,000
31 March 2030	£90,000
31 March 2031	£93,000
31 March 2032	£96,000
31 March 2033	£99,000
31 March 2034	£102,000
31 March 2035	£105,000
31 March 2036	£108,000
31 March 2037	£111,000
31 March 2038	£114,000
31 March 2039	£117,000

Schedule Part 7 Fixtures and Fittings

		<u> </u>	
Asset No.	Description	Actual cost	Net book value at 31 March 2014
FA546	Logic alarms	£15,000	£9,688
FA541	Fire Alarm	£9,000	£3,750
FA524	Security Alarm	£7,360	£3,067
FA526	Fire Alarm	£7,000	£2,917
FA505	Funicular Tunnel Doors	£8,302	£2,767
FA547 ·	Logic alarms	£3,052	£2,225
FA525	Fire Alarm	£4,200	£1,750
FA558	Frame for Attaching Graphic Display Ptarming	£2,750	£1,661
FA548	Powerwise compressor for sprinkler system Pt	£2,285	£1,571
FA559	Lockers for tbar	£1,640	£1,162
FA503	Flow switches for pump room	£2,495	£832
FA542	Fire Alarm	£1,966	£819
FA545	Logic alarms	£1,200	£650
FA510	Seating for Equipment Hire	£1,453	£605
FA543	Frame for Attaching Graphic Display Ptarming	£1,200	£550
FA477	Electric Oven Range	£2,925	£549
FA552	Miniarcmig 180 amp Adaptive welder	£779	£454
FA553	Minor sliging lathe guard	£687	£444
FA544	Kitchen Units Staff Room	£917	£438
FA479	Under Counter Dishwasher	£1,825	£419
FA512	Tracers for Tunnel Door	£886	£388
FA523	Tray Slide for Cas Bar	£825	£361
FA551	Dill Pillar "HP	£560	£327
FA480	Washing Machine Uniform Store	£996	£228
FA478	H/Cupboard	£1,210	£227
FA487	Air Compressor	£449	£103
FA482	30 Ton Floor Standing Press	£765	£64
	Innes Pipes	£28,411	£26,044
FA571	PI / F614 Frey power capacitors	£22,306	£20,819
FA567	Cas Motor & Invertor	£17,500	£15,896
FA600	CDS Wilman PO 2896/ 2 units for Ptarm	£9,284	£9,284
FA574	PI / G703 Grants (Dufftown) Ltd/Cas Motor final pay	£7,728	£7,148
FA573	PI / W2442 Wernick PortaCabins	£5,900	£5,163
FA601	PI / 1900 / Transfer of ownership of assets from Trust	£5,000	£5,000

	PI 1900 Powderhali Bronze Cast balance	£3,400	£3,117
FA570	PL 1900 Corcatch Pipe Magician	£3,509	£2,924
FA602	PI / C249 / 31122 Coldcurve/logic chart	£2,791	£2,791
FA572	PI / C241 Com Solutions new sensor	£1,575	£1,378
FA582	PI / K1107 Kass Combox Hardware	£1,196	£1,146
	Leasehold Garage Improvements	£1,204	£749

£139,471

Schedule Part 8 Uplift Infrastructure

Nr.	Name	Туре	Manufacturer	Status	Comments
1	Car Park Tow	T-bar surface tow	Muller	Operational	
2	Fiacaill Ridge Tow	Poma surface tow	Pomagalski	Operational	
3	Day Lodge Tow	Poma surface tow	Pomagalski	Operational	
4	Shieling Tow	Modified T-bar surface lift	Muller	Operational .	Retro-fitted with 'Poma'- style hangers.
5	Coire Cas Tow	T-bar surface tow	Muller	Operational	
6	M1 Tow	Poma surface tow	Pomagalski	Operational	
7	Ptarmigan Tow	T-bar surface tow	Muller	Operational	
8	Coire na Ciste Tow	T-bar surface tow	Muller	Operational	
9	West Wall Tow	Poma surface tow	Pomagalski	Operational	
10	Polar Express Tow	Poma surface tow	Pomagalski	Operational	
Non	-Operational			<u> </u>	
11	Coire na Ciste Chairlift	2-seat Chairlift	Muller	Non- operational	
12	West Wall Chairlift	2-seat Chairlift	Muller	Non- operational	

Schedule Part 9 Exceptional Items (Landlord)

- 1. Haul rope
- 2. Counter rope
- 3. Rail
- 4. Motor Invertors control
- 5. Electric motors (2 x 500kW)
- 6. Standby generators top
- 7. Hydrostatic drive
- 8. Gearbox
- 9. Bogie including 3 track brakes
- 10. Carriage replacement
- 11. Train Control Computer

Schedule Part 8 Uplift Infrastructure

Nr.	Name	Туре	Manufacturer	Status	Comments
1	Car Park Tow	T-bar surface tow	Muller	Operational	
2	Fiacaill Ridge Tow	Poma surface tow	Pomagalski	Operational	
3	Day Lodge Tow	Poma surface tow	Pomagalski	Operational	
4	Shieling Tow	Modified T-bar surface lift	Muller :	Operational	Retro-fitted with 'Poma' - style hangers.
5	Coire Cas Tow	T-bar surface tow	Muller	Operational	
6	M1 Tow	Poma surface tow	Pomagalski	Operational	
7	Ptarmigan Tow	T-bar surface tow	Muller	Operational	
8	Coire na Ciste Tow	T-bar surface tow	Muller	Operational	
9	West Wall Tow	Poma surface tow	Pomagalski	Operational	
10	Polar Express Tow	Poma surface tow	Pomagalski	Operational	
Non	-Operational				
11	Coire na Ciste Chairlift	2-seat Chairlift	Muller	Non- operational	
12	West Wall Chairlift	2-seat Chairlift	Muller	Non- operational	

Schedule Part 10 Exceptional Items (Tenant)

- 1. Carriage pipes & hoses
- 2. Standby Generator (Bottom) (as defined in the Lease)
- 3. Bullwheel, idler & Main deflection wheel bearings
- 4. Fibre optic cable (induction loop for train controls)

Schedule
Part 11
Enhancement Works

Awarded to Rowema by CML on behlaf of HIE			Work awarded to Lamond & Murray 26 May 2014	Supply awarded to Certex and Poma (Day Lodge)				2015 SPEND
4			•	n/a	*	•	n/a	COIRE CAS T - BAR
•			~	·	¥	4	· ·	SHEILING PLATTER
٤			,	· ·	n/a	n/a	~	DAY LODGE POMA
n/a			~	n/a	*	· ·	· ·	FIACIALL RIDGE POMA
•			n/a	· ·	_	· ·	~	CAR PARK T – BAR
Awarded to Rowema by CML on behlaf of HIE		To be advised	Work awarded to Lamond & Murray 26 May 2014	Supply awarded to Certex	To be awarded shortly (30 May)	To be awarded	To be awarded shortly (30 May)	2014 SPEND
n/a	,		4	n/a	· ·	\	~	WEST WALL POMA
•			• •	•	~	\ \	n/a	COIRE NA CISTE T - BAR
			· ·	· 🗸	1		n/a	PTARMIGAN T – BAR
n/a			•	n/a	· ·		*	M1 POMA
	ALL TOWS	ALL TOWS						GENERALLY
Supply CML install	Repair Works	Repair Works	Servicing/Refub Existing CML install	Supply CML Install	Supply CML install	Supply & Commission	Supply & Commission	[CML ESTIMATES ONLY]
TOWER SWITCHES	TOWER [CONCRETE TO BASES]	TOWERS [STEELWORK]	GEARBOX	HAUL ROPE	TOWER CABLING	SAFETY PANEL	MOTOR AND INVERTER DRIVE	LOCATION
CML Direct Cab		#5	#4	#3	#2	4	#1	PACKAGE #

t Cable Burial

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