



Eurostar International Limited
Times House
Bravingtons Walk
London N1 9AW

For the attention of: Gareth Williams

26 May 2020

Dear Gareth

High Speed 1 – Deferral of renewals and replacement charges

1. We refer to the framework track access agreement for passenger services between HS1 Limited and Eurostar International Limited (“**EIL**”) originally dated 14 August 2009 as amended and supplemented from time to time (the “**EIL Framework Track Access Agreement**”).
2. This letter is supplemental to the EIL Framework Track Access Agreement. Capitalised terms used but not defined in this letter shall have the meaning given to such terms in the EIL Framework Track Access Agreement.
3. This letter shall be executed as a deed.

Impact of COVID-19

4. The parties acknowledge that the measures that have been implemented to mitigate the effects of the pandemic caused by the SARS-CoV-2 virus (commonly known as the COVID-19 or the coronavirus) have resulted in a very significant reduction in the revenue received by the train operators that operate on HS1.
5. As a direct response to the pandemic, HS1 Limited has offered to defer the renewals and replacement element of the Operations, Maintenance and Renewals Charge (“**OMRC**”) payable by train operators as set out in this letter. These arrangements are intended to form a short-term, exceptional response to assist train operators in mitigating the impact of the pandemic on their immediate cash-flow. Consequently the parties acknowledge and agree that these arrangements do not constitute in any manner a precedent in relation to any future decisions by HS1 Limited regarding the renewals and replacement to be undertaken on HS1 or the level of OMRC that may be levied by HS1 Limited, or for the profile of any future charges or billing arrangements.
6. The parties acknowledge that the arrangements set out in this letter have been developed in a short timeframe so that such arrangements may be taken into account prior to HS1 Limited issuing an invoice for the Advance Period commencing on 28 June 2020. If there is any inconsistency between the terms of this letter and the terms of the EIL Framework Track Access Agreement (including the Terms) the terms of this letter shall prevail.
7. To ensure that all train operators are treated fairly and in a non-discriminatory manner, the arrangements set out in this letter have been offered by HS1 Limited to all train operators that operate services on HS1. As at the date of this letter only EIL has accepted these arrangements.

8. HS1 Limited and EIL acknowledge and agree that:
- (a) as this letter modifies the terms of the EIL Framework Track Access Agreement the Office of Rail and Road (the “**ORR**”) will need to approve the form of this letter prior to execution by them; and
 - (b) in accordance with paragraph 2.36 of the ORR’s *Criteria and Procedures for the approval of framework agreements on the HS1 network* (January 2015), the parties consider that no consultation on the arrangements contained in this letter is required as the arrangements are of a financial nature only and will have no effect on any third parties (including the access rights of other train operators).

Deferral of Renewals and Replacement charges

9. EIL acknowledges and agrees that:
- (a) the arrangements set out in this letter are intended to defer and re-profile the renewals and replacement elements of the OMRC under the EIL Framework Track Access Agreement that arise during the period commencing from and including 1 April 2020 to and including 26 June 2021 (the “**Deferral Period**”);
 - (b) such arrangements are not intended to and do not relieve EIL of its obligations to pay such charges in accordance with the terms set out in this letter; and
 - (c) such arrangements are conditional upon EIL continuing to pay invoices in respect of any Advance Period issued by HS1 Limited pursuant to the EIL Framework Track Access Agreement in accordance with the terms of such agreement, which shall be without prejudice to any right of EIL to contest any invoice issued to it in accordance with the Terms.
10. Subject to paragraph 16 below, HS1 Limited agrees that for the Deferral Period it shall, without prejudice to its right to include such amounts from 27 June 2021, refrain from including the renewals and replacement element of the OMRC in the invoices issued to EIL in accordance with paragraph 1.2 to part 4 of section 7 of the Terms (such deferred elements of the OMRC being the “**Deferred R&R Charges**”).
11. The parties acknowledge and agree that:
- (a) the access charges invoiced by HS1 Ltd for the Advance Period commencing on 1 April 2020 and ending on 27 June 2020 (such period the “**First Advance Period**”) have been paid by EIL and that such charges were calculated prior to HS1 Limited agreeing to defer the Deferred R&R Charges as described in paragraph 10 above; and
 - (b) HS1 Ltd shall include in the invoice for the Advance Period commencing on 28 June 2020 a credit to EIL that is equal to the amount of the Deferred R&R Charges that were included in the invoice for the First Advance Period and subsequently paid by EIL.
12. The parties acknowledge and agree that the amount of the Deferred R&R Charges referred to in paragraph 11(b) is £2,816,649.87 (two million, eight hundred and sixteen thousand, six hundred and forty nine pounds sterling and eighty seven pence) (excluding VAT).

Indexation and Recovery of Deferred Renewals and Replacement charges

13. EIL acknowledges and agrees that the Deferred R&R Charges shall be subject to indexation as described in paragraph 14 below and, subject to paragraphs 16 and 19 below, shall be paid to HS1 Limited in equal instalments as part of the charges invoiced by HS1 Limited

pursuant to paragraph 1.2 to part 4 of section 7 of the Terms for each of the fifteen Advance Periods occurring during the Recovery Period (as defined in paragraph 15 below).

14. Indexation shall be applied to the Deferred R&R Charges as follows:
- (a) the Deferred R&R Charges for each Advance Period shall be subject to indexation by multiplying the amount of the Deferred R&R Charges for the relevant Advance Period by the Indexation Factor (such indexed amount being the “**Indexed Deferred R&R Charges**”). For the purposes of this paragraph 14(a) the Indexation Factor shall be:
 - (i) in relation to each Advance Period in the Relevant Year that commenced on 1 April 2020, (A) the value of RPI published or determined for February 2021 divided by (B) the value of RPI published or determined for February 2020; and
 - (ii) in relation to the first Advance Period in the Relevant Year commencing on 1 April 2021, 1 (one);
 - (b) the total amount of the Indexed Deferred R&R Charges arising during the Deferral Period shall be divided into 15 (fifteen) equal instalments (each such instalment a “**Quarterly R&R Instalment**”);
 - (c) each Quarterly R&R Instalment shall be subject to indexation by multiplying the amount of the Quarterly R&R Instalment by the Indexation Factor (such indexed amount being the “**Indexed R&R Amount**”). For the purposes of this paragraph 14(c) the Indexation Factor shall be:
 - (i) in relation to the second, third and fourth Advance Periods in the Relevant Year commencing on 1 April 2021, 1 (one); and
 - (ii) in relation to each subsequent Advance Period within the Recovery Period (as defined in paragraph 15(a) below), (A) the value of RPI published or determined for February in the Relevant Year immediately preceding the Relevant Year in which that Advance Period falls divided by (B) the value of RPI published or determined for February 2021.
 - (d) where the value of an Indexation Factor as described in paragraphs 14(a) or (c) is less than one, the Indexation Factor shall be deemed to be equal to 1.

For illustrative purposes only, a spreadsheet showing how the Indexed Deferred R&R Charges and the Indexed R&R Amount are calculated is set out in the annex to this letter.

15. Subject to paragraphs 16 and 19 below, HS1 Limited and EIL agree that:
- (a) during the period commencing from and including 27 June 2021 to and including 31 March 2025 (the “**Recovery Period**”) HS1 Limited shall be entitled to recover the Deferred R&R Charges by including the Indexed R&R Amount (together with any applicable VAT) in each invoice issued by HS1 Limited pursuant to paragraph 1.2 to part 4 of section 7 of the Terms in advance of the commencement of each Advance Period arising during such Recovery Period (including the invoice issued by HS1 Limited for the Advance Period commencing on 27 June 2021);
 - (b) the Indexed R&R Amount included in each invoice by HS1 Limited as described in paragraph 15(a) above shall be deemed to be part of the OMRC payable in respect of the applicable Advance Period and EIL shall pay the Indexed R&R Amount (together with any applicable VAT) in accordance with paragraph 1.3 of part 4 of section 7 of the Terms; and

- (c) paragraph 1.4 (*Disputed amounts, repayment and interest rate*) and paragraph 3 (*Payments, interest and VAT*) to part 4 of section 7 of the Terms shall continue to apply to invoices that include the Indexed R&R Amount (and consequently default interest shall be payable on late payment of any Indexed R&R Amount that has been invoiced by HS1 Limited).

Termination of Deferral Arrangements

16. HS1 and EIL agree that if EIL fails to pay any invoice issued by HS1 Limited to EIL pursuant to paragraph 1.2 to part 4 of section 7 of the Terms in respect of any Advance Period occurring in the Deferral Period or in the Recovery Period in accordance with the terms of the EIL Framework Track Access Agreement, and fails to rectify such non-payment within 28 Working Days of the final date for payment of such invoice HS1 Limited (without prejudice to any other remedies available to HS1 Limited) shall be entitled to:
- (a) terminate the arrangements set out in paragraphs 9 to 15 of this letter with immediate effect by giving written notice of such termination to EIL, and following such termination HS1 Limited shall be entitled to include the full amount of OMRC (including all renewals and replacement charges) in all subsequent invoices issued by HS1 Limited pursuant to paragraph 1.2 to part 4 of section 7 of the Terms; and
- (b) issue an invoice to EIL for the aggregate of all the Deferred R&R Charges which have been deferred by HS1 Limited as at the date of termination (including the Deferred R&R Charges in relation to the First Advance Period) and which have not been paid by EIL ("**Outstanding Charges**"), together with any applicable VAT. The Outstanding Charges shall be subject to indexation by multiplying the amount of the Outstanding Charges by the Indexation Factor. For the purposes of this paragraph 16(b) the Indexation Factor shall be equal to: (A) the value of RPI published or determined for February in the Relevant Year immediately preceding the Relevant Year in which the invoice for the Outstanding Charges is issued by HS1 Limited; divided by (B) the value of RPI published or determined for February 2020 (where termination of such arrangements occurs during the first Relevant Year during the Deferral Period) or February 2021 (where termination of such arrangements occurs at any other time).
17. An invoice issued by HS1 Limited pursuant to paragraph 16(b) shall be payable by EIL within 15 Working Days of the invoice date.

Extension of the EIL Framework Track Access Agreement

18. The EIL Framework Track Access Agreement expires on 25 August 2024. The parties acknowledge that they intend to seek to enter into a supplemental agreement to the EIL Framework Track Access Agreement or enter into a replacement framework track access agreement that, subject to the approval of the ORR, would permit EIL to continue to operate passenger services on HS1 until a date no earlier than 1 April 2025.
19. If, as at 1 July 2024, the parties have not executed either:
- (a) a supplemental agreement to the EIL Framework Track Access Agreement that has been approved by the ORR and that amends the Expiry Date to a date no earlier than 1 April 2025; or

- (b) a replacement framework track access agreement to the EIL Framework Track Access Agreement that has been approved by the ORR and that has a duration that continues to a date no earlier than 1 April 2025,

all Indexed R&R Amounts that are outstanding as at 1 July 2024 (including those Indexed R&R Amounts for the last two Advance Periods occurring in the Recovery Period) shall be immediately payable (together with any applicable VAT) and EIL shall pay the aggregate of such Indexed R&R Amounts within 15 Working Days of HS1 Limited issuing an invoice for such amount.

Miscellaneous

20. Without prejudice to paragraph 5.6 to Section 9 of the Terms, paragraphs 13 to 23 of this letter shall survive expiry or termination of the EIL Framework Track Access Agreement and shall continue in full force and effect.
21. The provisions of paragraphs 1 (*Confidentiality*), 2 (*Assignment and Novation*), 3 (*Dispute Resolution*), 4 (*Railways Regulations*), 5.1 (*Non Waiver*), 5.2 (*Amendment*), 5.3 (*Entire Contract and Exclusive Remedies*), 5.4 (*Notices*), 5.7 (*Contracts (Rights of Third Parties) Act 1999*) and 5.8 (*Invalidity*) of Section 9 of the Terms shall apply to this letter as though those paragraphs were set out in this letter, but as if references in those paragraphs to "the Contract" were references to "this letter" and as if references to the "Train Operator" were references to "EIL".
22. This letter may be executed in any number of counterparts and by the parties to it on separate counterparts each of which, when executed and delivered, shall constitute an original but all the counterparts shall together constitute one and the same instrument.
23. This letter and any non-contractual obligations arising out of or connected with this letter shall be governed by and construed in accordance with the laws of England.

Please confirm your acknowledgement of, and agreement to, the above by signing below and returning the signed letter to us.

Yours sincerely



Dyan Crowther

Chief Executive Officer



In witness whereof this letter has been executed and delivered as a deed by the parties hereto on the date first written above.

EXECUTED as a DEED by)
HS1 LIMITED acting by:)
)
under a power of attorney)
dated)
in the presence of:)
)
)
)
)
)
)
)

.....
Authorised signatory

.....
Witness signature
Georgina Crowther

.....
Witness name

302 Wedon Way.....
Bygrave.....
Baldock.....Herts.....
SG7 5DX.....
Witness Address

EXECUTED as a DEED by)
EUROSTAR INTERATIONAL)
LIMITED acting by:)
.....)
and)
.....)

.....
Director

.....
Secretary



In witness whereof this letter has been executed and delivered as a deed by the parties hereto on the date first written above.

EXECUTED as a DEED by)

HS1 LIMITED acting by:)

.....

Authorised signatory

under a power of attorney)

dated)

in the presence of:)

.....

Witness signature

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)

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Witness name

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Witness Address

EXECUTED as a DEED by)

EUROSTAR INTERATIONAL)

LIMITED acting by:)

Mike Cooper)

.....

Director

and Gareth Williams)

_____)

.....

Secretary



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5th Floor
Kings Place
90 York Way
London
N1 9AG

Telephone 020 7014 2700

Annex
Illustrative Spreadsheet

HS1 Ltd

Covid-19 Response

Eurostar Route Renewals: deferment, repayment and indexation schedule

DEFERMENT PERIOD

| | Indexation base month | Indexation base RPI | Qtr deferred | Deferred Renewals payment <i>(example data)</i> | Normal payment month/Year | Indexation factor to Year 2 prices (Feb 21 index) <i>(calculation based on example data)</i> | Total value owed at Jun 21 <i>(calculation based on example data)</i> |
|---|-----------------------|---------------------|--------------|--|---------------------------|---|--|
| Yr 1 | Feb-20 | 292.0 | Q1 | 2,816,649.87 | Mar-20 | 1.0051 | 2,831,118.96 |
| | Feb-20 | 292.0 | Q2 | 2,900,000.00 | Jun-20 | 1.0051 | 2,914,897.26 |
| | Feb-20 | 292.0 | Q3 | 2,800,000.00 | Sep-20 | 1.0051 | 2,814,383.56 |
| | Feb-20 | 292.0 | Q4 | 2,600,000.00 | Dec-20 | 1.0051 | 2,613,356.16 |
| Yr 2 | Feb-21 | 293.5 | Q1 | 2,700,000.00 | Mar-21 | 1.0000 | 2,700,000.00 |
| | | | Q2 | | Jun-21 | | |
| Cumulative owed at recommencement of payments in Yr2 Q2 | | | | | | | 13,873,755.94 |

REPAYMENT PERIOD

To be recovered equally over remaining 15 quarters with indexation.
 $13,873,755.94 / 15 = 924,917.0627$ plus indexation to payment date

| | Payment in Qtr | Amount before indexation <i>(calculation based on example data)</i> | Payment in month | Repayment year indexation month | RPI in repayment year indexation month <i>(example data)</i> | Indexation factor from Jun 21 to date of payment <i>(calculation based on example data)</i> | Amount to pay <i>(calculation based on example data)</i> |
|----------------------|----------------|--|------------------|---------------------------------|---|--|---|
| Yr 2 | Q2 | 924,917.06 | Jun-21 | Feb-21 | 293.5 | 1.0000 | 924,917.06 |
| | Q3 | 924,917.06 | Sep-21 | Feb-21 | 293.5 | 1.0000 | 924,917.06 |
| | Q4 | 924,917.06 | Dec-21 | Feb-21 | 293.5 | 1.0000 | 924,917.06 |
| Yr 3 | Q1 | 924,917.06 | Mar-22 | Feb-22 | 295 | 1.0051 | 929,644.07 |
| | Q2 | 924,917.06 | Jun-22 | Feb-22 | 295 | 1.0051 | 929,644.07 |
| | Q3 | 924,917.06 | Sep-22 | Feb-22 | 295 | 1.0051 | 929,644.07 |
| Yr 4 | Q4 | 924,917.06 | Dec-22 | Feb-22 | 295 | 1.0051 | 929,644.07 |
| | Q1 | 924,917.06 | Mar-23 | Feb-23 | 298 | 1.0153 | 939,098.07 |
| | Q2 | 924,917.06 | Jun-23 | Feb-23 | 298 | 1.0153 | 939,098.07 |
| | Q3 | 924,917.06 | Sep-23 | Feb-23 | 298 | 1.0153 | 939,098.07 |
| Yr 5 | Q4 | 924,917.06 | Dec-23 | Feb-23 | 298 | 1.0153 | 939,098.07 |
| | Q1 | 924,917.06 | Mar-24 | Feb-24 | 301 | 1.0256 | 948,552.08 |
| | Q2 | 924,917.06 | Jun-24 | Feb-24 | 301 | 1.0256 | 948,552.08 |
| | Q3 | 924,917.06 | Sep-24 | Feb-24 | 301 | 1.0256 | 948,552.08 |
| | Q4 | 924,917.06 | Dec-24 | Feb-24 | 301 | 1.0256 | 948,552.08 |
| <u>13,873,755.94</u> | | | | | | | <u>14,043,928.07</u> |