

Schedule 5

Capital Projects

PART 1 INTERPRETATION

The provisions of this paragraph shall apply to the interpretation of this schedule 5. Subject always to any express provision of this schedule to the contrary, wherever this schedule obliges DLR Limited to reimburse to the Franchisee or compensate it in any manner whatsoever (including, without limitation, pursuant to a Variation) for any costs, expenses, fees, charges, liabilities, losses, claims or other sums (a "Cost" or "Costs") incurred by the Franchisee:

- (a) such obligation shall be construed as applying only to so much of the Costs as have been properly incurred on an arm's length commercial basis or, where not incurred on an arm's length commercial basis (which for these purposes shall, without limitation, include where the payment is made to the Franchisee or an Affiliate of the Franchisee otherwise than in accordance with a Franchisee Project Contract,) so much of the Costs as are proper and reasonable and which (in the case of any of them arising under any contractual obligation) would have been incurred on such a basis and shall not oblige DLR Limited to re-imburse or compensate the Franchisee in respect of any Costs which were incurred or arose by virtue of any negligence, omission or default by the Franchisee or any of its agents, employees or sub-contractors of any tier; and
- (b) the Franchisee shall, where requested by DLR Limited, provide reasonable supporting evidence of such Costs.

PART 2 - ANNUAL CAPITAL PROJECTS PLAN

1. Contents of Annual Capital Projects Plan

The Annual Capital Projects Plan for any Fee Year shall set out the Franchisee's capital projects plan in respect of the Existing Railway for that year together with plans for the subsequent three Fee Years, including the following details in respect of each Project:

- 1.1 Title of Project
- 1.2 Type of Project

This section to specify the type of Project and the stage of procurement of the Project by using one of the following descriptions: -

- (a) Extant DLR Project;
- (b) Mandated Franchisee Project;
- (c) Additional DLR Project;
- (d) Additional Franchisee Project;
- (e) Franchisee Proposed Additional Franchisee Project;
- (f) DLR Proposed Additional Franchisee Project;
- (g) Project for which the Franchisee has issued a Proposal;
- (h) Proposed Additional DLR Project.

- 1.3 A brief statement of the rationale for the Project

This section to include an overview statement of the requirements and aims of the Project.

1.4 Project Value

This section to contain the Project value and the amount apportioned to the relevant Fee Year.

1.5 Source of Funding

This section to indicate the source of the funding whether from DLR Limited or internally funded by the Franchisee or jointly funded.

1.6 Investment Appraisal

1.7 Project Timing

This section to include a Project plan covering the main Project activities together with the requirements for possessions and resources.

1.8 Project Risk

An analysis on the risks associated with non-completion of any Project proposed or being carried out by the Franchisee.

1.9 The Franchisee's opinion on the impact on the image of DLR Limited and TfL.

1.10 Project Status and Progress

A summary of the status of the Project together with a plan showing the milestones achieved.

1.11 Impact on Network Rail or LUL

This section to include a statement as to whether there will be an impact on the Network Rail or LUL facilities adjacent to the Railway.

1.12 Impact on Annual Service Plan

1.13 Impact on Annual Maintenance Plan

1.14 Any other information reasonably requested by DLR Limited

2. **DLR Project Requirements**

The Annual Capital Projects Plan shall accommodate the DLR Project Requirements and the Franchisee shall consult with and comply with any reasonable request of DLR Limited in relation thereto.

3. **Management Fee and Franchisee Staff**

The Annual Capital Projects Plan will set out the proposed hourly rate for each member of the Project Staff on the basis set out in Part 7 of this schedule 5, and rates for each grade of Franchisee Staff in accordance with paragraph 6 of Part 3 of this schedule 5.

PART 3 - PROVISIONS RELATING TO PROJECTS

1. GENERAL CONDITIONS APPLICABLE TO ALL PROJECTS – INCORPORATION OF PROVISIONS OF FRANCHISE AGREEMENT

The provisions of clauses 1 to 58 (inclusive) of, and the schedules to the Franchise Agreement (other than this part 3 and part 4 of schedule 5), shall apply to the obligations of the Franchisee set out in parts 3 and 4 of schedule 5 save to the extent that those provisions are inconsistent with schedule 5 (in which event the provisions of schedule 5 shall prevail) or are modified by schedule 5 (in which event those provisions shall have effect as so modified).

2. REPORTING OBLIGATIONS OF FRANCHISEE

2.1 The Franchisee shall:

- (a) keep itself fully and properly informed on all matters concerning the Projects and promptly notify DLR Limited of all such matters of which the Franchisee is aware and which are material to the interests of DLR Limited or the safety or operations of the Railway;
- (b) promptly furnish to DLR Limited copies of all correspondence, reports and other documents within the power, possession or control of the Franchisee and which are necessary or desirable to ensure that at all times DLR Limited is in possession of all material information and facts concerning the activities of the Franchisee, its servants, agents, contractors and consultants in relation to the Projects;
- (c) (without prejudice to the generality of the foregoing) if required by DLR Limited, prepare and deliver to DLR Limited monthly reports providing accurate and complete information on the progress of the Project Services and of each Franchisee Project, each such report addressing at least the following matters:
 - (i) (in the case of Franchisee Projects) progress measured against the Project Programme;
 - (ii) safety issues;
 - (iii) matters which would or might with the passage of time result in the Franchisee incurring additional Costs or being delayed in the carrying out and completion of a Franchisee Project;
 - (iv) any actual or potential Cost overruns on Franchisee Projects;
 - (v) matters which may affect Interface Events;
 - (vi) any other matters which are of a material nature and/or which have or which may be expected to have a material adverse effect on the Franchisee or on DLR Limited.
- (d) Following completion of any Project the Franchisee shall, if requested by DLR Limited, attend any Post Implementation Review meetings.
- (e) Following completion of any Franchisee Project the Franchisee shall prepare a Project Close Out Report which shall include as a minimum:
 - (i) executive summary;
 - (ii) outline, aim, scope, background and history of the Project;

- (iii) list of parties consulted in the Post Implementation Review;
 - (iv) planned programme and actual programme;
 - (v) details of any financial issues and risk management issues;
 - (vi) details of any contractual issues;
 - (vii) details of any material delays, changes or compensation;
 - (viii) outline of the management structure of the project and details of any management issues;
 - (ix) details of any technical and construction issues;
 - (x) details of any quality safety issues;
 - (xi) details of any third party and regulatory issues;
 - (xii) an assessment of performance of all parties;
 - (xiii) an assessment of the achievement of objectives and specification; and
 - (xiv) details of any lessons to be learnt and how any improvements will be incorporated in future project proposals.
- (f) Following completion of any DLR Project the Franchisee shall, if requested, meet representatives of DLR Limited and provide all reasonable assistance in the preparation of any Project Close Out Report.

2.2 The Franchisee shall:

- (a) in the case of a DLR Project give DLR Limited all reasonable assistance in:
 - (i) the preparation (by others) or checking of any relevant health and safety file required; and
 - (ii) the preparation (by others) or checking of any as built drawings; and
- (b) in the case of a Franchisee Project prepare and submit to DLR Limited for its approval any relevant health and safety files and as built drawings.

2.3 **Other general obligations of the Franchisee**

Without prejudice to any express requirement of the Technical Schedules, in connection with the carrying out and completion of each Project the Franchisee shall in compliance with the Change Procedures:

- (a) make such changes to the DLR Railway Safety Case and/or any other safety case applicable to the Railway as may be necessary having regard to the subject matter of the Project and its effect on the safety critical aspects of the Railway;
- (b) amend such of the Procedures as are affected by the Project;
- (c) undertake the training of staff in the safe operation and/or maintenance of the subject matter of the Project; and
- (d) subject only to the provisions of paragraph 3.3A, accept into operation the subject matter of the Project upon completion of the same.

2.4 **Obligations of DLR Limited**

- (a) DLR Limited shall from time to time at the request of the Franchisee supply to the Franchisee such information or data in the possession or control of DLR Limited as is necessary for the proper performance of the Project Services in relation to the DLR Projects and which the Franchisee cannot reasonably obtain from any other source. The Franchisee shall be responsible for any external costs DLR Limited incurs in providing such information.
- (b) Any request by the Franchisee for information or data pursuant to paragraph 2.4(a), and any application to DLR Limited for a decision, instruction or approval on the part of DLR Limited pursuant to any provision of this part 3 of schedule 5, shall be made at such times as shall allow DLR Limited a reasonable opportunity to consider and comply with any such request or application without delaying or disrupting the Project Services or the carrying out and completion of any of the Projects.

2.5 **Franchisee's Duty to Warn**

- (a) Without prejudice to any specific requirement of this part 3 of schedule 5 for the giving of notice the Franchisee shall give written notice to DLR Limited (an "**Early Warning**") forthwith upon becoming aware of any matter or thing:
 - (i) which constitutes a defect in any work or activity being carried out pursuant to a DLR Project;
 - (ii) causes or would with the passage of time cause the Franchisee to incur additional Costs or to be delayed in the provision of Project Services or in the carrying out and completion of any Franchisee Project; or
 - (iii) may affect the safety, operations or maintenance of the Railway.
- (b) In the event that the Franchisee gives an Early Warning to DLR Limited the parties shall convene a meeting as soon as reasonably practicable thereafter in order to determine what actions (if any) can be taken to avoid or mitigate the effect of the matter or thing which gave rise to the Early Warning.

2.6 **Franchisee Personnel**

The Franchisee shall employ and shall ensure that its contractors and consultants employ only such persons as are properly qualified, experienced and competent to perform the work assigned to them.

2.7 **Safety Verification**

- (a) The Franchisee acknowledges that it is the operator of the Railway for the purposes of the ROTS Regulations and therefore its successor regulations (The Railways and Other Guided Transport Systems (Safety) Regulations 2005). Accordingly the Franchisee shall take all necessary steps under such Regulations to obtain the approvals of the Secretary of State for Transport (or the approvals of the person to whom the powers of the Secretary of State for Transport shall from time to time be delegated) on each occasion that works comprised in a DLR Project or a Franchisee Project (including altered work, plant or equipment) are brought into use for the first time provided however that nothing contained in this paragraph shall require the Franchisee to assume the obligations of third parties under the provisions of the DLR Project Contracts.
- (b) DLR Limited will co-operate with the Franchisee in any dealings with the Secretary of State for Transport (or his nominee) in relation to the requirements of the ROTS

Regulations but without thereby assuming responsibility for the consequences of any failure of the Secretary of State for Transport (or his nominee) to give the approvals required under the Regulations. Should the Secretary of State for Transport (or his nominee) refuse to give the required approval and such refusal is directly attributable to the failure of third parties to comply with their obligations under the provisions of a DLR Project Contract, the provisions of paragraph 3.4A of part 3 of this schedule 5 shall apply.

2.8 (INFORMATION EXEMPT FROM DISCLOSURE UNDER SECTION 43(2) OF THE FREEDOM OF INFORMATION)

2.9 Conduct of claims relating to DLR Project Contracts

- (a) If DLR Limited receives any notice, demand, letter or other document concerning any claim under a DLR Project Contract which it appears would entitle DLR Limited to be indemnified by the Franchisee under paragraph 2.8, DLR Limited shall give notice in writing to the Franchisee as soon as reasonably practicable. If it is agreed or determined that DLR Limited is entitled to indemnity by the Franchisee, paragraphs 2.9(b) and 2.9(c) shall apply.
- (b) Unless DLR Limited shall otherwise require by notice to the Franchisee, DLR Limited shall at the expense of the Franchisee take such steps as it considers to be necessary or appropriate to resist the claim or to compromise or settle the same and the Franchisee shall give DLR Limited all necessary co-operation, access and assistance for such purposes.
- (c) DLR Limited shall not pay or settle a claim without the prior consent of the Franchisee, such consent not to be unreasonably withheld or delayed provided that DLR Limited shall be free to pay or settle a claim without the consent of the Franchisee where:
 - (i) it is determined by an Expert on the balance of probabilities that there is no reasonable prospect of action against the counter-party to a DLR Project Contract being successfully resisted; or
 - (ii) (INFORMATION EXEMPT FROM DISCLOSURE UNDER SECTION 43(2) OF THE FREEDOM OF INFORMATION)

3. DLR PROJECTS - GENERAL CONDITIONS

3.1 Description of DLR Projects

A description of the Extant DLR Projects currently being undertaken by DLR Limited is set out in part 9 of this schedule 5. The nature of the activities that the Franchisee will be required to undertake and the Resources and Possessions that it is anticipated the Franchisee will be required to provide in connection with such DLR Projects are set out in the Technical Schedules and/or the Matrices. The Franchisee acknowledges that the Technical Schedules indicate only the general scope of the works and activities involved in each DLR Project and as such do not address all the matters which may involve Project Services being provided by the Franchisee although the relevant Technical Schedule may set out a fixed monetary amount representing a fixed Management Fee and/or a fixed amount payable for Resources.

3.2 Commencement of Project Services in relation to DLR Projects

The Franchisee shall:

- (a) from the Franchise Commencement Date diligently carry out and complete the Project Services in respect of each of the Extant DLR Projects including all obligations contained within the Matrices; and
- (b) diligently carry out and complete the Project Services in respect of each Additional DLR Project from the date stated in the Commencement Certificate applicable thereto.

3.3 Completion of DLR Projects

- (a) DLR Limited shall give to the Franchisee not less than 14 days' notice of the date upon which DLR Limited intends to commence an inspection of a DLR Project with a view to issuing a Handover Notice in respect thereof.
- (b) Following receipt of a notice pursuant to paragraph 3.3(a) the Franchisee shall accompany DLR Limited on an inspection of the works comprising the DLR Project and during such inspection, or as soon as possible (but in any event within seven days) following its completion, shall comment in writing to DLR Limited on any aspect of the works which, in the reasonable opinion of the Franchisee is incomplete in any significant respect having regard to the drawings and specifications with which the contractors and consultants employed to carry out the DLR Project were required to comply.
- (c) Without prejudice to paragraph 3.3(d) if DLR Limited shall decide to withhold the issue of a Handover Notice as a result of any comments received from the Franchisee under paragraph 3.3(b), following the completion of any further work that DLR Limited may instruct to be carried out DLR Limited shall give to the Franchisee a further notice pursuant to paragraph 3.3(a) and the provisions of paragraph 3.3(b) shall thereafter apply, mutatis mutandis.
- (d) Notwithstanding any comments which the Franchisee may make to DLR Limited in accordance with paragraph 3.3(b), and provided no objection has been raised by the Franchisee in accordance with paragraph 3.3A(a), DLR Limited may issue and the Franchisee shall be required to accept a Handover Notice and as from the date stated in the Handover Notice the assets the subject of the DLR Project shall, unless paragraph 3.3A(d) applies, be deemed to form part of the Franchise Assets for all the purposes of this Agreement.
- (e) If the Franchisee exercises its right to comment to DLR Limited in accordance with paragraph 3.3(b), and despite such comment DLR Limited issues a Handover Notice and provided that the matter on which the Franchisee commented:
 - (i) is not one which the Franchisee, through the exercise of the standard of care referred to in paragraph 3.5, ought to have identified and notified to DLR Limited at an earlier stage; or
 - (ii) did not arise as a result of the negligence or default of the Franchisee, its servants, agents, contractors or consultants (including as a result of a breach of the Franchisee's duty to warn under paragraph 2.5),

the Franchisee shall be entitled to serve a notice of Variation in accordance with part 4 of schedule 8 as if it were an Additional Project.

3.3A Safety Obligations

- (a) The Franchisee shall only be entitled to object to the issue of a Handover Notice in respect of a DLR Project on the grounds that the safety of passengers or of those carrying out activities on or about the Railway would be unavoidably impaired by the bringing into operation of the assets the subject of the relevant DLR Project.

The Franchisee shall act reasonably and expeditiously in exercising its right of objection and shall in any event take all reasonable actions to ensure that circumstances do not occur which would require the Franchisee to exercise the right conferred by this paragraph 3.3A(a).

- (b) If the Franchisee raises objection on the grounds of safety in accordance with paragraph 3.3A(a), then in its notice the Franchisee shall give details of the grounds for such objection (including where relevant preliminary safety assessments).
- (c) If DLR Limited does not accept the grounds for objection notified to it by the Franchisee under paragraph 3.3A(a) and no agreement is reached with the Franchisee in order to remove the cause of the objection within 14 days of service of the Franchisee's notice, either party may refer the matter to the Disputes Resolution Procedure.
- (d) If under the Dispute Resolution Procedure the Franchisee's objection is upheld, then DLR Limited shall not be entitled to serve a Handover Notice in respect of the relevant DLR Project until such time as the matter giving rise to the Franchisee's objection has been resolved to the reasonable satisfaction of the Franchisee or until there has been a further decision under the Dispute Resolution Procedure (and DLR Limited may apply for such further decision at any time) that the matter giving rise to the Franchisee's objection has been removed.
- (e) If under the Dispute Resolution Procedure the Franchisee's objection is not upheld and the Franchisee notifies DLR Limited within seven days after resolution of the Dispute that it is willing to withdraw its objection, DLR Limited may issue a Handover Notice to the Franchisee. If the Franchisee fails to provide such notification within seven days after resolution of the Dispute, DLR Limited may serve a written notice on the Franchisee requiring provision of the notification within 3 days. If the Franchisee does not provide the said notification in accordance with DLR Limited's written notice, DLR Limited shall be entitled to serve notice of termination under clause 37.5.2.

3.4 **Rectifying Defects**

Notwithstanding the issue of a Handover Notice in respect of any DLR Project (but without prejudice to the Franchisee Obligations) DLR Limited shall be entitled to make good defects or deficiencies in the works the subject of DLR Projects and the Franchisee shall allow such access to the Railway as DLR Limited or its contractors and consultants may reasonably require for such purpose. Paragraphs 14B of part 1 of schedule 2 and paragraph 6 of this schedule 5 (as applicable) shall apply to any Possessions or Resources required by DLR Limited or any of its contractors or consultants in connection with the making good of defects or deficiencies as aforesaid.

3.4A (INFORMATION EXEMPT FROM DISCLOSURE UNDER SECTION 43(2) OF THE FREEDOM OF INFORMATION)

3.5 **Standard of Care/Franchisee's liability for comments and advice**

- (a) Without prejudice to any other warranties and conditions contained elsewhere in this Agreement, the Franchisee warrants and undertakes in relation to each DLR Project that:
 - (i) it has fully considered and understood, and will comply with and meet the requirements imposed on it under, the Technical Schedules;
 - (ii) it will at all times in performing the Project Services and generally in relation to the performance of its obligations under this part 3 of schedule 5 exercise

the standards of skill, care and diligence reasonably expected of an experienced contractor performing the same or similar services; and

- (iii) in carrying out the Project Services in relation to each DLR Project it will:
 - (A) comply with any applicable Annual Capital Projects Plan;
 - (B) comply with the DLR Railway Safety Case;
 - (C) comply with all instructions and directions given to it by or on behalf of DLR Limited on any matter or thing connected with the DLR Project; and
 - (D) ensure that it has full knowledge of, and complies with, all Applicable Requirements affecting or which it is reasonably foreseeable are likely to affect the DLR Project.
- (b) At the times identified in the Technical Schedules, and from time to time during the course of a DLR Project, the Franchisee may be required or be entitled to comment or offer advice on the works comprised in the Detailed Designs and other information relating to the carrying out of the DLR Project.
- (c) If:
 - (i) the Franchisee comments or gives advice on any aspect of the works comprised in the Detailed Designs or other information relating to a DLR Project (a "**relevant matter**") and subsequently objects on safety grounds to the relevant matter pursuant to paragraphs 3.3A(a) or 8.4(a); and
 - (ii) the Franchisee:
 - (A) ought reasonably to have realised at the time they were made or given that the comments or advice would (or that there was a serious risk they might) give rise to grounds for the Franchisee to make objection to the relevant matter; or
 - (B) the comments were made or advice was given with reckless disregard for the consequences thereof,

the Franchisee shall bear without recourse to DLR Limited any increased cost to the Franchisee of complying with the Franchisee Obligations and DLR Limited shall be entitled to recover from the Franchisee the additional costs incurred by DLR Limited in overcoming the Franchisee's safety objections to the extent that such costs would not have been incurred but for the matters referred to in this paragraph (ii).
- (d) Save as provided in paragraph (c) DLR Limited shall not seek to recover from the Franchisee any loss or damage suffered or sustained by it due to the discovery of errors or omissions in the Detailed Designs or other information relating to a DLR Project on which the Franchisee has commented or given advice whether or not the comments were made or advice was given negligently by the Franchisee.

3.6 Time for Performance of Project Services

- (a) The Franchisee shall proceed with the performance of the Project Services and the provision of Resources so as to comply with and meet the requirements of any programmes and schedules applicable to each DLR Project (including those contained in or produced in accordance with the terms of the DLR Project Contracts relating to such DLR Project) or, if no such programmes or schedules apply, at such

times as DLR Limited shall reasonably direct and in any event so as to avoid causing any delay to the DLR Projects.

- (b) If the Franchisee is prevented or hindered in the performance of the Project Services by any reason whatsoever (including as a result of an act, delay, omission or default on the part of DLR Limited or any counterparty to a DLR Project Contract) the Franchisee shall forthwith notify DLR Limited of the event or circumstance giving rise to such prevention or hindrance and shall use all reasonable endeavours to reprogramme the performance of the Project Services so as to eliminate or minimise any delay to or disruption of the DLR Projects.

3.7 Co-ordination of Project Services

- (a) The Franchisee shall at all times perform the Project Services in co-operation with DLR Limited and DLR Limited's other consultants and contractors. In particular (but without limitation) the Franchisee shall use best endeavours to programme the carrying out of the Franchisee Obligations and the works and activities comprised in Franchisee Projects with the works and activities comprised in DLR Projects in order to ensure, as far as reasonably possible, the proper integration and co-ordination of such obligations, works and activities with each other and so as to cause the least delay or disruption to the progress of any such projects. In complying with its obligations hereunder the Franchisee shall have special regard to the Interface Events.
- (b) The Franchisee shall use best endeavours to keep itself fully and properly informed of all matters concerning the DLR Projects and shall promptly notify DLR Limited of all matters or things of which the Franchisee is or becomes aware and which, in the reasonable opinion of the Franchisee is, or may with the passage of time become, material to the interests of DLR Limited or which has, or may with the passage of time have, a material adverse effect on the satisfactory and timely completion of the DLR Projects.

3.8 Effect of DLR Projects on Franchisee's other Obligations

The Franchisee confirms that the Technical Schedules and the obligations contained in the Matrices relating to the Extant DLR Projects and, once agreed or determined in accordance with this schedule 5, each Technical Schedule relating to Additional DLR Projects will not, if properly implemented:

- (a) prevent the Franchisee from complying with its obligations under this Agreement;
or
- (b) entitle the Franchisee to serve a notice of Variation in accordance with part 4 of schedule 8, except to the extent such a right is set out elsewhere in this Agreement.

3.9 Provision of Possessions in relation to DLR Projects

Subject as provided in paragraph 5 and paragraph 14B of part 1 of schedule 2 DLR Limited shall have the right to require, and the Franchisee agrees that it shall authorise DLR Limited and any person required by DLR Limited to have access to and/or Possessions of the Railway in connection with any works or activities to be carried out pursuant to a DLR Project.

3.10 Provision of Resources in relation to DLR Projects

Subject as provided in paragraph 6 of this part 3 and in part 6 of this schedule 5 DLR Limited shall have the right to require, and the Franchisee agrees that it shall authorise

DLR Limited and any person authorised by DLR Limited to use the Resources in connection with any works or activities to be carried out pursuant to a DLR Project.

3.11 **DLR Works Change**

DLR Limited may at any time prior to completion of a DLR Project issue a request to the Franchisee for a DLR Works Change in which event the provisions of paragraph 8 shall apply.

3.12 **Payment Terms**

- (a) Without prejudice to the obligation of the Franchisee to pay any Capital Replacement Contribution in accordance with schedule 8 (Remuneration), in consideration of the provision of the Project Services the Franchisee shall be paid:
 - (i) the Project Payment (if any) due in respect of each Extant DLR Project calculated in accordance with part 4 of schedule 5;
 - (ii) the Project Payment (if any) payable for the performance of the Project Services in respect of each Additional DLR Project calculated in accordance with part 4 of schedule 5;
 - (iii) any Resource Payments due in accordance with paragraph 6.
- (b) The Franchisee shall make application for payment of sums due under this paragraph 3.12 in accordance with Clause 26 (Administration of Payments).
- (c) The provisions of paragraph 14B of part 1 of schedule 2 shall apply to the provision of Possessions.

3.13 **Indemnity by DLR Limited**

- (a) Subject to paragraph 3.13(b) and to paragraphs 3.4A and 3.14 DLR Limited shall indemnify the Franchisee from and against all Losses suffered or sustained by the Franchisee as a result of claims by passengers or other third parties or damage to persons employed by or property owned or used by the Franchisee to the extent that such Losses result from any negligent act or omission of any party to a DLR Project Contract.
- (b) The Franchisee shall, at its own expense, take all reasonable steps to minimise any Losses that it suffers or sustains and shall be responsible for, and shall indemnify DLR Limited against, any increase in such Losses which result from the Franchisee's failure to take such steps or from the Project Services being carried out by the Franchisee in breach of any of the terms of this part 3 of schedule 5.

3.14 (INFORMATION EXEMPT FROM DISCLOSURE UNDER SECTION 43(2) OF THE FREEDOM OF INFORMATION)

4. **FRANCHISEE PROJECTS - GENERAL CONDITIONS**

4.1 **Obligation of Franchisee**

The Franchisee shall diligently carry out and complete each Mandated Franchisee Project and, subject to paragraph 7, each Additional Franchisee Project in accordance with the provisions of this paragraph 4.

4.2 **Design, Workmanship and Materials**

- (a) Franchisee Projects shall be carried out and completed so that:

- (i) each completed Franchisee Project will in all respects meet the requirements of the Technical Schedules relating thereto and all Applicable Requirements; and
 - (ii) all workmanship will be in accordance with best modern engineering principles and practices according to recognised United Kingdom or internationally accepted standards and, where none exist, in accordance with Good Industry Practice.
- (b) Any work undertaken pursuant to a Franchisee Project will comprise only materials and goods which are of sound and merchantable quality and suitable for the purpose for which they are intended.
 - (c) The Franchisee shall be solely responsible for the manner, method and means of execution of and safe performance of the works and activities involved in each Franchisee Project.
 - (d) DLR Limited shall be entitled to inspect and witness testing of works and materials on or about the Railway or at the place of manufacture or fabrication and the Franchisee shall give reasonable notice to DLR Limited whenever works and materials are ready for inspection and/or testing.
 - (e) The materials and equipment used in a Franchisee Project shall for the purposes of this Agreement be deemed to form part of the Franchise Assets at the time that they are appropriated to the works.

4.3 Time for Completion and Delay

- (a) The Franchisee shall prepare and submit to DLR Limited for approval within 14 days of the date of issue of each Commencement Certificate in relation to Additional Franchisee Projects a Project Programme for each such Additional Franchisee Project which programme shall be based on, and include at least the activities described in, the relevant Additional Franchisee Project Proposal.
- (b) Subject to paragraph (e), and unless DLR Limited shall otherwise require, the Franchisee shall use best endeavours to procure that each Franchisee Project is carried out and completed within the Period for Completion and in accordance with the Project Programme applicable thereto.
- (c) The Franchisee shall, from time to time during the carrying out of a Franchisee Project and in consultation with DLR Limited, develop and amplify the Project Programme applicable thereto provided that in no event shall such development or amplification cause any of the Periods for Completion of Franchisee Projects to be materially extended or result in any DLR Project being delayed or disrupted without the prior consent in writing of DLR Limited (not to be unreasonably withheld or delayed).
- (d) If the Franchisee has failed or anticipates that it will be unable to progress a Franchisee Project in accordance with the Project Programme applicable thereto such that the progress of a DLR Project is or is likely to be delayed, it shall forthwith notify DLR Limited of such fact. The Franchisee's notice shall be accompanied by an explanation of the events or circumstances giving rise to the Franchisee's inability to proceed in accordance with the Project Programme. Within seven days of such notice the Franchisee shall either notify DLR Limited of the steps it proposes to take to regain the original Project Programme or shall produce a revised Project Programme for DLR Limited's approval.
- (e) If the Franchisee is prevented from or hindered in carrying out a Franchisee Project for any reason whatsoever (including a DLR Works Change or the negligence or

default of DLR Limited), the Franchisee shall promptly reprogramme the carrying out of the Franchisee Project so as to eliminate or minimise, so far as practicable by the use of all reasonable endeavours, any delay to or disruption of the Project Programme applicable thereto.

4.4 Completion of Franchisee Projects

- (a) The Franchisee shall not certify completion of a Franchisee Project and any part thereof pursuant to a Franchisee Project Contract without first complying with the terms of this paragraph 4.4.
- (b) Not later than 30 days prior to the date upon which the Franchisee expects to issue a Franchisee Project Completion Certificate the Franchisee shall notify DLR Limited that the works comprising the Franchisee Project or the relevant parts thereof to which the certificate relates are ready for inspection. DLR Limited shall then be entitled to inspect the works to which the Franchisee's notice relates and, following completion of such inspection, shall either:
 - (i) issue a notice to the Franchisee confirming that it has no comments on the Franchisee's proposal to issue a Franchisee Project Completion Certificate; or
 - (ii) notify the Franchisee that in its opinion the relevant works are incomplete and specifying in what respects the works remain to be completed.
- (c) If DLR Limited serves a notice under paragraph 4.4(b)(ii) the Franchisee may either confirm its intention to issue a Franchisee Project Completion Certificate notwithstanding the comments of DLR Limited (in which event the Franchisee will give reasons for disregarding DLR Limited's comments) or procure the carrying out of such further works as are necessary or appropriate to remedy or remove the matters raised by DLR Limited in its comments. If the Franchisee causes further works to be carried out it shall serve a further notice on DLR Limited of the date upon which it expects to issue a Franchisee Project Completion Certificate in respect of the Franchisee Project to which DLR Limited's comments related and the provisions of paragraph 4.4(b) shall apply, mutatis mutandis.

4.5 Design and Review Procedure

- (a) The Franchisee shall procure that all Detailed Designs are submitted to DLR Limited for review in accordance with this paragraph 4.5.
- (b) DLR Limited shall be entitled to comment on Detailed Designs submitted to it but, subject as provided in paragraphs 4.5(c) and 4.5(d), the Franchisee shall not be obliged to take into account DLR Limited's comments.
- (c) DLR Limited shall be entitled to make Mandatory Comments on the Detailed Designs submitted to it in which case the Franchisee shall take into account such Mandatory Comments in the preparation of the Detailed Designs unless it reasonably considers that a Mandatory Comment, if taken into account, would result in the Railway or some part thereof becoming unsafe for passengers or for those carrying out activities on or about the Railway in which case the Franchisee shall forthwith inform DLR Limited of such fact.
- (d) If the Franchisee objects to a Mandatory Comment on safety grounds, DLR Limited shall be entitled to re-submit the same to the Franchisee provided that it does so within 14 days of being notified of the Franchisee's safety concerns. If upon receipt of a Mandatory Comment in its revised form the Franchisee again notifies DLR Limited that it has safety concerns on the Mandatory Comment (which it undertakes to do forthwith upon receipt of the same) DLR Limited may continue to

re-submit the Mandatory Comment to the Franchisee but, if accepted by the Franchisee following such further submissions, any consequential modifications to the works comprised in the relevant Franchisee Project or to the Project Programme for carrying out such Franchisee Project shall be treated as a DLR Works Change and the provisions of paragraph 8 shall apply.

4.6 **Sub-Contracting by Franchisee**

- (a) If the Franchisee intends to appoint a contractor or consultant in connection with a Franchisee Project (including a replacement or substitute for a contractor or consultant who ceases to be employed in connection with a Franchisee Project) it shall not do so without first providing to DLR Limited for its approval a list of the contractors and consultants to whom the Franchisee intends sub-contracting any part of Franchisee Project and a draft of each proposed Franchisee Project Contract.
- (b) Unless DLR Limited shall otherwise decide each Franchisee Project Contract shall be a Key Contract to which the provisions of Clause 43 (Key Contracts) (as amended or supplemented by this paragraph 4.6) shall apply.
- (c) Clauses 44.2 to 44.4 (inclusive) shall apply to the award of any Franchisee Project Contract. Without prejudice to the foregoing the Franchisee shall ensure that each Franchisee Project Contract that it awards for the carrying out of a Franchisee Project or any part thereof, contains terms which:
 - (i) impose on the contractor or consultant liabilities similar to those imposed on the Franchisee in respect of the works or activities the subject of the Franchisee Project;
 - (ii) (in the case of Franchisee Project Contracts in respect of which a Direct Agreement has not been entered into in accordance with Clause 43.1) require the contractor or consultant to enter into a novation agreement with DLR Limited whereby (inter alia) the rights and obligations of the Franchisee under the relevant Franchisee Project Contract are assumed by DLR Limited.
- (d) In appointing a contractor or consultant to undertake work or to provide services in connection with any of the Mandated Franchisee Projects or an Additional Franchisee Project the Franchisee shall unless DLR Limited shall otherwise require comply with the following procedures:
 - (i) At a time which is neither unreasonably distant from nor unreasonably close to the date on which it is intended to award a Franchisee Project Contract for such project the Franchisee shall procure the preparation of comprehensive tender documentation and shall supply a copy of the same to DLR Limited for comment or the making of Mandatory Comments (to which the provisions of paragraph 4.5 shall apply). The Franchisee shall ensure that the terms of the tender documentation (including the proposed terms of the Franchisee Project Contract) are such as to minimise the risk of the contractor or consultant claiming additional costs whether as a result of increases in the scope of works under the relevant Franchisee Project Contract, delay or disruption to the works or services caused by the Franchisee, DLR Limited or others or otherwise and shall require the contractor or consultant to include in its price for all Resources which the contractor or consultant will require of the Franchisee.
 - (ii) As soon as practicable following the issue of a Commencement Certificate for an Additional Franchisee Project, or in the case of a Mandated Franchisee Project by no later than the date on which the Franchisee submits tender

documentation to DLR Limited in accordance with paragraph 4.6(d)(i), the Franchisee shall submit to DLR Limited a list of not less than three contractors or consultants to be invited to tender for the Franchisee Project Contract.

- (iii) As soon as appropriate having regard to the Project Programme applicable to the Franchisee Project in question the Franchisee shall invite tenders for the relevant works or services and shall only award the Franchisee Project Contract to a contractor or consultant whose offer is the most economically advantageous and is such as will give rise to the least obligation on by DLR Limited to pay Costs to the Franchisee pursuant to part 4 of schedule 5.
- (e) The Franchisee shall continuously monitor the activities and operations being carried out by its contractors and consultants on each Franchisee Project and shall procure that they perform the work or activities assigned to them in strict accordance with the terms of the Franchisee Project Contract pursuant to which they are appointed.
- (f) The Franchisee shall not terminate or treat as discharged a Franchisee Project Contract or determine the employment of any contractor or consultant thereunder without the prior written consent of DLR Limited (such consent not to be unreasonably withheld or delayed). The Franchisee acknowledges that it is reasonable for DLR Limited to withhold its consent where the Franchisee has failed to demonstrate that it has made adequate arrangements for the completion of the works or activities affected within the period for completion thereof shown in the then current Project Programme.

4.7 CDM Regulations

It is acknowledged that the Franchisee will undertake the role and responsibilities of the "client" in respect of each Franchisee Project under the CDM Regulations and shall perform all duties and obligations of the "client" in accordance with the requirements of the CDM Regulations. The Franchisee shall notify the Health and Safety Executive of the assumption by the Franchisee of such duties and obligations at the same time that the notification required by Clause 7(4) of the CDM Regulations is submitted to the Health and Safety Executive.

4.8 Payment Terms

- (a) Without prejudice to the obligation of the Franchisee to pay any Capital Replacement Contribution in accordance with schedule 8 (Remuneration), in consideration of the Franchisee carrying out and completing a Franchisee Project the Franchisee shall be paid:
 - (i) in respect of each Franchisee Project (other than an Additional Franchisee Project proposed by the Franchisee under paragraph 7.2) the Project Payment due in respect of such project calculated in accordance with part 4 of schedule 5;
 - (ii) in respect of each Additional Franchisee Project any Resources Payments and other payments due in accordance with the Technical Schedule applicable thereto.
- (b) The Franchisee shall make application for payment of sums due under this paragraph 4.8 in accordance with Clause 26.
- (c) The provisions of paragraph 14A of part 1 of schedule 2 shall apply to any Possessions required for any Additional Franchisee Projects.

4.9 Consequence of termination

- (a) On termination of this Agreement (for whatever reason) prior to the completion of a Franchisee Project, the Franchisee shall in respect of each such incomplete Franchisee Project:
 - (i) co-operate fully with DLR Limited to secure the safe and orderly Handover of the works the subject of the Franchisee Project to DLR Limited (or as DLR Limited shall direct) so as to cause the minimum possible disruption to such works, if continuing;
 - (ii) in the event that the works are not continuing, forthwith to procure the site of the works to be vacated by any contractor or consultant appointed by the Franchisee;
 - (iii) deliver up to DLR Limited forthwith all items of plant, materials and equipment ordered, procured or provided by the Franchisee for the carrying out of the Franchisee Project, if continuing (including those items forming part of or intended to form part of or for use in connection with the works) the terms on which they were procured and their location and condition;
 - (iv) deliver up to DLR Limited the originals or (if the originals are unavailable for reasons beyond the Franchisee's control) copies of all agreements in force at the date of termination relating to the carrying out of the Franchisee Project; and
 - (v) deliver up to DLR Limited copies of all Detailed Design Data which has not on or before the date of termination been delivered to DLR Limited.
- (b) Without limitation to any other provision hereof the Franchisee shall ensure that the works involved in a Franchisee Project and all items to be handed over or made available to DLR Limited on termination of this Agreement prior to completion of the Franchisee Project are in a condition which will enable DLR Limited or any third party forthwith to proceed with the carrying out of the works comprised in the Franchisee Project without the need to take any further action to ensure that such items are in a fit condition to be used in the continuation of the works.
- (c) In the event of termination of this Agreement prior to completion of a Franchisee Project DLR Limited shall pay to the Franchisee in respect of such Franchisee Project:
 - (i) the Costs properly incurred by the Franchisee in carrying out the works comprised in the Franchisee Project up to the date of termination, such Costs to be calculated by reference to the rates and prices contained in the Franchisee Project Contracts relating to each relevant Franchisee Project;

LESS, except in the event of a DLR Limited Default:

- (ii) any costs incurred by DLR Limited in excess of the amount which DLR Limited would have paid to the Franchisee by way of Project Payment (to be assessed by DLR Limited) in relation to the Franchisee Project had termination not occurred.

5. ACCESS TO THE RAILWAY

5.1 Access and Permits

- (a) Subject to the provisions of this paragraph 5 the Franchisee shall grant to DLR Limited and, on being requested to do so by DLR Limited, to any DLR Party a

Permit in connection with any works or activities to be carried out on or in connection with DLR Projects.

- (b) DLR Limited shall give reasonable notice to the Franchisee of its access requirements and those of each DLR Party. In the case of any requirement for access which constitutes a Possession, the provisions of paragraph 14B of part 1 of schedule 2 shall apply.
- (c) DLR Limited may by notice to the Franchisee cancel its access requirements or those of a DLR Party at any time.

5.2 **Safety Objections - Withdrawal of Permit**

- (a) The Franchisee shall only be entitled to refuse to issue or to withdraw a Permit on the grounds that the safety of passengers or of those carrying out activities on or about the Railway would be or has been impaired by the access permitted by such Permit. The Franchisee shall act reasonably and expeditiously in exercising its rights conferred on it under this paragraph 5.2(a) and shall in any event take all reasonable actions to ensure that circumstances do not occur which would require the Franchisee to exercise the right so conferred on it.
- (b) If at any time following receipt of notice from DLR Limited pursuant to paragraph 5.1(b) the Franchisee objects to DLR Limited's access requirements on the grounds referred to in paragraph (a), then it shall immediately notify DLR Limited giving full details of the grounds for such objection and the Permit for such access shall thereby be deemed refused or withdrawn (as the case may be) provided that in the case of the withdrawal of a Permit the Franchisee's notice shall allow the persons affected by such withdrawal sufficient time in which to make safe any site works in the course of execution.
- (c) If a Permit is refused or withdrawn, then the Franchisee shall indemnify DLR Limited and each of the DLR Parties against any Losses arising from such refusal or withdrawal, unless the Franchisee can demonstrate that the Permit was validly refused or withdrawn on the grounds referred to in paragraph 5.2(a) and that such grounds arose directly from Force Majeure or any other circumstance beyond the reasonable control of the Franchisee.

6. **RESOURCES**

6.1 **Required Resource**

- (a) DLR Limited shall from time to time provide reasonable notice of the Resources required for carrying out each DLR Project. In the case of any Specified Resource the notice period set out in paragraph 6.4 shall be deemed to be reasonable notice for the purposes of this paragraph 6.1(a).
- (b) Subject only to paragraph 6.2 the Franchisee shall promptly issue a Confirmation in respect of any requirement for a Resource notified to it by DLR Limited (whether or not reasonable notice is given).
- (c) DLR Limited may by notice to the Franchisee cancel any requirement for a Resource at any time. In the case of a Specified Resource, if the period of notice of cancellation given by DLR Limited is less than the period of notice in respect of that type of Specified Resource set out in paragraph 6.4, the Resource shall be deemed to have been used by DLR Limited pursuant to paragraph 6.3(b).
- (d) The Franchisee shall use best endeavours to provide Resources from Internal Franchisee Resources.

6.2 Safety Objections

- (a) The Franchisee shall only be entitled to refuse to issue or to withdraw a Confirmation in respect of a Resource required by DLR Limited on the grounds that the safety of passengers or of those carrying out activities on or about the Railway would be or has been unavoidably impaired by the use of such Resource. The Franchisee shall act reasonably and expeditiously in exercising its right conferred on it under this paragraph 6.2(a) and shall in any event take all reasonable actions to ensure that circumstances do not occur which would require the Franchisee to exercise the right so conferred on it.
- (b) If at any time following receipt of notice from DLR Limited of the need for a Resource the Franchisee objects to such Resource on the grounds referred to in paragraph (a), it shall immediately notify DLR Limited giving the details of the grounds for such objection and the Confirmation for such Resource shall thereby be deemed refused or withdrawn (as the case may be).
- (c) If a Confirmation for any Resource is refused or withdrawn, then the Franchisee shall indemnify the DLR Parties against any Losses arising from such refusal or withdrawal, unless the Franchisee can demonstrate that Confirmation was validly refused or withdrawn on the grounds referred to in paragraph (a) and that such grounds arose directly from Force Majeure or any other circumstances beyond the reasonable control of the Franchisee.

6.3 Resource Payments

- (a) If DLR Limited (or any person required by DLR Limited to use a Resource under paragraph 3.10) uses any Resources pursuant to paragraph 6.1, a Resource Payment shall be due from DLR Limited to the Franchisee in respect of such Resources, such payment (if any) to be agreed or determined using the rates set out at part 6 of schedule 5.
- (b) For the purposes of this part 3 of schedule 5, a Resource shall be **"used"** by DLR Limited if DLR Limited has notified the Franchisee of its requirement for such Resource and has not cancelled such Resource within the notice period set out in paragraph 6.4 (and **"unused"** shall be construed accordingly).
- (c) If the period of notice provided by DLR Limited in respect of any Specified Resource used is less than the period of notice in respect of that Specified Resource set out in paragraph 6.4, DLR Limited shall reimburse to the Franchisee any reasonable Costs which it can demonstrate were incurred by it directly as a result of having been given less than the relevant period of notice, provided that it shall have taken all reasonable steps to mitigate such Costs.

6.4 Notice of Specified Resources

The table below sets out the period of notice DLR Limited will give in respect of Specified Resources required by DLR Limited and the period of notice DLR Limited will give if DLR Limited intends to cancel a requirement which shall be deemed to be reasonable for the purpose of paragraphs 6.1 and 6.3(c). Such time periods may be amended by agreement between DLR Limited and the Franchisee.

RESOURCE TYPE	NOTICE PERIOD (Days)	CANCELLATION NOTICE PERIOD (Days)
Manager	14	7
Engineer	14	7
Technician	14	7
Supervisor	14	7

6.5 Management of Resources

- (a) DLR Limited shall comply with the Resources Procedures (as varied in accordance with the Change Procedures) in exercising the rights and powers under this paragraph 6, provided that, if any of the Resource Procedures in the opinion of DLR Limited conflict with or contradict the terms of, or prejudice or impair the efficacy of, any of the rights or powers reserved to DLR Limited under this paragraph 6, then the provisions of this paragraph 6 shall prevail over such Resource Procedures.
- (b) DLR Limited and the Franchise shall consult regularly on the planning and effective use of Resources.

6.6 Condition of Resources

- (a) The Franchisee shall ensure that all Resources comprising equipment and facilities which are provided to DLR Limited are properly maintained, remain in a sound and safe operating condition, are fit for the purpose and use for which they are intended and have sufficient supplies of spare parts and consumables to avoid causing any DLR Project to be delayed. If any Resources supplied to DLR Limited for use in connection with a DLR Project prove to be defective or not in accordance with the foregoing the Franchisee shall immediately remove such Resources and replace them with the Resources that meet the requirements of this paragraph 6.6.
- (b) The Franchisee shall provide full maintenance support to DLR Limited in respect of Resources requiring maintenance or repair whilst in the possession of DLR Limited, any DLR Party or any contractors or consultants of DLR Limited or any DLR Party.
- (c) The Franchisee shall indemnify DLR Limited and any DLR Party against any Loss and other damage suffered or sustained by DLR Limited or any DLR Party as a result of the Franchisee supplying Resources which do not satisfy the requirements of paragraph (a) or failing to comply with its maintenance obligations under paragraph (b).

6.7 Liability of DLR Limited for Resources

Save as expressly provided in this schedule or otherwise under the express terms of this Agreement, the Franchisee shall not be entitled to any compensation in relation to Resources and the Franchisee shall have no other rights or remedies and DLR Limited shall have no other liability to the Franchisee, whether under this Agreement or at law, in respect of such Resources.

7. ADDITIONAL PROJECTS

7.1 Additional Franchisee Projects

- (a) If:
- (i) DLR Limited requires the Franchisee to undertake an Additional Franchisee Project (a "DLR Proposed Additional Franchise Project"); or
 - (ii) DLR Limited decides to take forward a Proposal submitted in accordance with clause 7.2(a) (a "Franchisee Proposed Additional Franchise Project");

DLR Limited shall issue an Additional Franchisee Project Notice.

- (b) The Additional Franchisee Project Notice shall:
- (i) include a description of and/or specification for the Additional Project which description and/or specification shall be sufficient to enable the Franchisee to assess the nature and extent thereof and the likely effect of the Additional Project on the Franchisee's obligation under this Agreement;
 - (ii) identify any Interface Events which DLR Limited anticipates will arise during the course of the Additional Project;
 - (iii) if required by DLR Limited, contain a request for a fixed price for a Management Fee and/or Resources to complete the Project;
 - (iv) if required by DLR Limited, contain a request for a fixed price for the Franchisee to undertake and bear the risk of the carrying out of and the cost of the Additional Franchisee Project in its entirety including the cost of all works and any subcontracting costs, any Resources and any management costs without any further recourse to DLR Limited; and
 - (v) include such other information (including copies of any relevant agreement entered into by DLR Limited) as DLR Limited may consider to be appropriate.

7.2 Franchisee Proposed Additional Franchise Projects

- (a) The Franchisee may give notice to DLR Limited of its wish to undertake an Additional Franchisee Project and with such notice the Franchisee shall submit to DLR Limited a Proposal which shall include as a minimum the information referred to in paragraphs 7.3(a)(i) to (v) (which in respect of (iv) and (v) shall be submitted as though DLR Limited had requested such information). In addition, the Franchisee shall provide a business case for the Project setting out the cost reductions and/or revenue gains and/or other benefits and an indication of the capital cost with full justification for any capital contribution from DLR Limited, if required.

- (b) The implementation of the Project shall be by agreement between the parties provided that, unless the parties shall otherwise agree, the provisions of Part 1, 2 and 4 (other than paragraph 4.8) shall apply.

7.3 Additional Franchisee Project Proposal

- (a) Upon receipt of an Additional Franchisee Project Notice from DLR Limited the Franchisee shall prepare and submit to DLR Limited an Additional Franchisee Project Proposal. Such proposal shall include:
 - (i) a general description of the way in which the Franchisee proposes to implement the Additional Franchisee Project;
 - (ii) a statement of the effects (if any) that the Franchisee anticipates the Additional Franchisee Project will have on Train Services and its other obligations under this agreement and the steps that the Franchisee proposes to take in order to minimise any adverse effect on such services;
 - (iii) an indicative works programme for the implementation of the Additional Franchisee Project including details of the anticipated effect that the Additional Franchisee Project will have on DLR Limited's obligations in relation to DLR Projects;
 - (iv) an elemental breakdown of the works and activities involved in such proposed Additional Franchisee Project and a reasonably detailed preliminary cost plan including an estimate of the Management Fee that the Franchisee expects to charge and of the level or number of Resources and Possessions that the Franchisee considers will be required in order to carry out and complete the Additional Franchisee Project;
 - (v) where requested by DLR Limited, a detailed response to the requirement set out in paragraph 7.1(b)(iv) and/or (v); and
 - (vi) any further effects (including benefits) which, after careful consideration, the Franchisee foresees as being likely to result from the Additional Franchisee Project, if implemented.

and, where applicable, shall be accompanied by a notice of Variation in accordance with part 4 of schedule 8.

- (b) If the Additional Franchisee Project Notice issued by DLR Limited specified a time limit for submission of an Additional Franchisee Project Proposal, the Franchisee shall use best endeavours to submit its Additional Franchisee Project Proposal within that time limit.
- (c) DLR Limited shall notify the Franchisee of its preliminary response to an Additional Franchisee Project Proposal and whether it intends to serve a notice of Variation under part 4 of schedule 8 in respect of the consequences of the proposal as soon as reasonably practicable following receipt thereof.
- (d) Following receipt of an Additional Franchisee Project Proposal, and before deciding whether or not to proceed with the Project to which the Proposal relates, DLR Limited may require the Franchisee:
 - (i) to invite competitive tenders for the works and services comprised in the Project (in which case the provisions of paragraph 4.6(d) shall apply);
 - (ii) to confirm or provide a fixed price Management Fee that the Franchisee would wish to receive in respect of the Project; and

- (iii) to confirm or provide a fixed price for the level of Resources for which DLR Limited will be required to pay in order to carry out and complete the Project.

If DLR Limited requests the Franchisee to provide the information and to undertake the tendering procedures described above and DLR Limited subsequently decides not to implement the Additional Franchisee Project to which such information and procedures relate DLR Limited shall pay to the Franchisee the reasonable and verifiable Costs incurred by the Franchisee in complying with DLR Limited's request.

- (e) Within 7 days of receipt by DLR Limited of the information required under 7.3(d) or, if such information is not requested by DLR Limited, receipt by DLR Limited of the Additional Franchisee Proposal, the parties shall procure a meeting of their respective representatives to discuss in good faith the Additional Franchisee Project Proposal and, if applicable, the additional information received pursuant to 7.3(d). The objective of such discussions will be to agree the Additional Franchisee Project Proposal and to develop such proposal to a level of detail and certainly (including as to pricing) such that it becomes a Technical Schedule for the relevant Project.
- (f) Following agreement of a Technical Schedule in accordance with (e) above, the Franchisee shall promptly submit to DLR Limited a Commencement Certificate in respect of the Additional Franchisee Project to which the Franchisee shall attach a copy of the form of the Technical Schedule agreed between DLR Limited and the Franchisee and, where applicable, a copy of the notice of Variation under part 4 of schedule 8. Subject to the form and content of the Commencement Certificate and Technical Schedule being in accordance with the agreements reached between the parties DLR Limited shall countersign the Commencement Certificate and return it to the Franchisee within 14 days of receipt of the same together with a notice of Variation under part 4 of schedule 8, if applicable. Upon receipt of the countersigned Commencement Certificate, the Franchisee shall cause the Additional Franchisee Project to be implemented in accordance with the terms of the Technical Schedule agreed between the parties.
- (g) If the parties are unable to agree the Additional Franchisee Project Proposal or to develop it sufficiently such that it can become a Technical Schedule within 28 days of the first meeting under paragraph (e), DLR Limited may either withdraw the Additional Franchisee Project Proposal (in which case the Franchisee shall have no claim arising out of or in connection with such Additional Franchisee Project Notice or any action taken by the Franchisee in relation thereto unless DLR Limited has required the Franchisee to submit information in accordance with paragraph 7.5(d) in which case the provisions of that clause shall apply) or may issue to the Franchisee a Technical Schedule, Commencement Certificate and (if applicable) a notice of Variation in relation to the relevant Project stating DLR Limited's determination of any matters on which the parties are unable to agree under paragraph 7.3(e). Upon receipt of the Commencement Certificate the Franchisee shall cause the Additional Franchisee Project to be implemented in accordance with the terms of the Technical Schedule. If the Franchisee disagrees with all or any of the determinations made by DLR Limited pursuant to this paragraph 7.3(g), either party may refer the determinations which are the subject of disagreement to the Dispute Resolution Procedure.

7.4 No Claims by Franchisee

An Additional Franchisee Project shall be implemented at the sole risk and (subject only to the terms of this part 3 of schedule 5) cost of the Franchisee and, save as provided in paragraph 7.3(d) and 7.3(g), the Franchisee shall have no claim against DLR Limited by reason of any refusal of DLR Limited to agree to the implementation of an Additional

Franchisee Project or the terms of an Additional Franchisee Project Proposal or applicable Technical Schedule.

7.5 **Additional DLR Project**

- (a) DLR Limited may at any time issue an Additional DLR Project Notice on the Franchisee.
- (b) DLR Limited may at any time prior to issue of the countersigned Commencement Certificate pursuant to paragraph 7.3(c) decide that any Franchisee Proposed Additional Franchisee Project or any DLR Proposed Additional Franchisee Project should be procured and carried out as a Additional DLR Project and may therefore at any time prior serve an Additional DLR Project Notice in relation to any such project or projects.
- (c) The issue of the Additional DLR Project Notice will automatically designate any project specified in the notice as an Additional DLR Project.
- (d) An Additional DLR Project Notice shall:
 - (i) specify a reasonable time within which the Franchisee shall provide its comments under paragraph 7.6 and perform such of the functions specified below in relation to the proposed Additional DLR Project as are described in the Additional DLR Project Notice;
 - (ii) include a draft Technical Schedule which shall include a description of and/or specification for the Additional DLR Project which description and/or specification shall be sufficient to enable the Franchisee to assess the nature and extent thereof and the likely effect of the Additional DLR Project on the Franchisee and (if required) any reasonable variations or waivers required to the Franchise Obligations;
 - (iii) if required by DLR Limited contain a request for a fixed price for a Management Fee and/or the level of Resources in respect of the Additional DLR Project;
 - (iv) include such other information (including copies of any relevant agreement entered into by DLR Limited) as DLR Limited may consider to be appropriate.
- (e) If DLR Limited has served an Additional DLR Project Notice, all contracts in respect of the Project specified in the notice (or any part thereof) shall be between DLR Limited and the contractors and consultants engaged to carry out and complete the Additional DLR Project.
- (f) For the avoidance of doubt, the Franchisee and its Affiliates shall not be disqualified from consideration in respect of any tender or contract referred to in paragraph 7.5(e) merely by virtue of the existence of the contractual relationship reflected in this Agreement, subject to compliance with all United Kingdom and European Community Laws and subject to the existence of such arrangements as DLR Limited reasonably determines to be necessary to avoid any conflict of interest by the Franchisee or any such Affiliate.
- (g) Within 7 days of the issue of an Additional DLR Project Notice the parties will meet and discuss in good faith the Additional DLR Project Notice. The objective of such discussions will be (without prejudice to the Franchisee's rights under paragraph 7.6) to agree the Additional DLR Project Notice and to develop the draft Technical Schedule to a level of detail and certainty (including as to pricing) such that it becomes the Technical Schedule for the relevant Project.

7.6 Franchisee's objections to Additional Projects

The Franchisee shall be entitled to object to an Additional Project on the grounds that the safety of passengers or of those carrying out activities on or about the Railway would be unavoidably impaired by such Additional Project, if implemented. The Franchisee shall act reasonably and expeditiously in exercising its right of objection and shall in any event take all reasonable actions to ensure that circumstances do not occur which would require the Franchisee to exercise the right conferred upon it by this paragraph 7.6. Any such notice must be served within seven days of service of an Additional DLR Project Notice.

7.7 No Comments - Issue of Commencement Certificate

- (a) If the Franchisee does not give a notice pursuant to paragraph 7.6 within seven days of service of an Additional DLR Project Notice and the parties reach agreement on a Technical Schedule in accordance with (g) above, DLR Limited shall promptly submit to the Franchisee a Commencement Certificate (including a Technical Schedule) in respect of the Additional DLR Project.
- (b) If within 28 days of the first meeting under paragraph 7.5(g) the parties are unable to agree a Technical Schedule in accordance with paragraph 7.5(g), DLR Limited may either withdraw the Additional DLR Project Notice or may issue to the Franchisee a Technical Schedule and Commencement Certificate in relation to the relevant Project stating DLR Limited's determination of any matters on which the parties are unable to agree. If the Franchisee disagrees with all or any of the determinations made by DLR Limited, pursuant to this paragraph 7.7(b), either party may refer the determinations which are the subject of disagreement to the Dispute Resolution Procedure.
- (c) Upon receipt of the Commencement Certificate, the Franchisee shall perform its obligations in respect of the Additional DLR Project at no cost to DLR Limited save as expressly provided herein. If DLR Limited has requested fixed prices in accordance with paragraph 7.8(d) and DLR Limited accepts such fixed payments in respect of the Additional DLR Project it shall set out such agreement in the Technical Schedule.

7.8 Safety objections

- (a) If the Franchisee objects to an Additional DLR Project on the grounds of safety in accordance with paragraph 7.6, then in its notice the Franchisee shall give details of the grounds for such objection (including where relevant preliminary safety assessments).
- (b) If DLR Limited does not accept the grounds for objection notified to it by the Franchisee under paragraph 7.6 and no agreement is reached with the Franchisee as to implementation of the Additional DLR Project within 14 days of service of the Franchisee's notice, either party may refer the matter to the Dispute Resolution Procedure.
- (c) If under the Dispute Resolution Procedure the Franchisee's objection is upheld, then the request for the Additional DLR Project shall be deemed to be withdrawn.
- (d) If under the Dispute Resolution Procedure the Franchisee's objection is not upheld and the Franchisee notifies DLR Limited within seven days after resolution of the Dispute that it is willing to withdraw its safety objection, then DLR Limited shall submit to the Franchisee a Commencement Certificate. If the Franchisee fails to provide such notification within seven days after resolution of the Dispute, DLR Limited may serve a written notice on the Franchisee requiring provision of the notification within 3 days. If the Franchisee does not provide the said notification

in accordance with DLR Limited's written notice, DLR Limited shall be entitled at any time thereafter to serve notice of termination under clause 37.5.2. Upon receipt of the Commencement Certificate, the Franchisee shall perform its obligations in respect of the Additional DLR Project at no cost to DLR Limited save as expressly provided herein.

- (e) For the avoidance of doubt, upon the receipt of the Commencement Certificate, the Franchisee shall proceed with performance of its obligations in respect of the Additional DLR Project to which the Commencement Certificate relates notwithstanding that no determination has been made under the Variation Procedure in respect of any notice of Variation served by either party in accordance with part 4 of schedule 8.

7.9 No Liability

Except as otherwise expressly agreed or provided in the Franchise Agreements, DLR Limited shall bear no risk or liabilities whatsoever arising from an Additional Project and accordingly, except as aforesaid, DLR Limited shall have no liability to make any payment in connection with or arising from an Additional Project other than is agreed or determined under the Variation Procedure or in accordance with paragraph 7.10 and 7.11. For the avoidance of doubt either party may serve a notice of variation on the other in respect of an Additional Project and such Variation Procedure may result in a payment from DLR Limited to the Franchisee or vice versa.

7.10 Withdrawal of Requests

DLR Limited may withdraw a request for an Additional Project (in the case of an Additional Franchisee Project) at any time prior to the issue of a Commencement Certificate countersigned by DLR Limited or (in the case of an Additional DLR Project) at any time prior to the issue of a Commencement Certificate by DLR Limited. In the case of a withdrawal or a deemed withdrawal of a request pursuant to paragraph 7.8(c), the Franchisee shall be entitled to be paid the reasonable Costs incurred by it in the preparation of the estimates referred to in paragraph 7.1(a) and, where applicable, the Costs incurred by the Franchisee in any reference to the Disputes Resolution Procedure.

7.11 Consequential Amendments

The Franchisee and DLR Limited shall use their reasonable endeavours to agree any consequential amendments to the terms of this Agreement necessary to give full effect to any Additional Franchisee Project Proposal or Additional DLR Project Notice agreed or determined in accordance with this paragraph 7. If no agreement is reached within 28 days after (in the case of an Additional Franchisee Project) the issue of the countersigned Commencement Certificate or (in the case of an Additional DLR Project) the issue of a Commencement Certificate by DLR Limited, either may refer to the matter for resolution under the Dispute Resolution Procedure.

8. DLR WORKS CHANGES

8.1 Notification of DLR Works Change

DLR Limited may at any time prior to completion of a Project issue a preliminary request to the Franchisee for a DLR Works Change. Such request shall be accompanied by sufficient particulars of the proposed DLR Works Change to allow the Franchisee a full appreciation of its nature and likely effect on the Project Services to be performed by the Franchisee in relation to a DLR Project or upon the carrying out and completion of any Franchisee Projects and may be accompanied also by a notice of Variation in accordance with part 4 of schedule 8.

8.2 Franchisee's Comments on DLR Works Change

- (a) The Franchisee may comment to DLR Limited on any aspects of the proposed DLR Works Change (and DLR Limited may adjust the preliminary request for DLR Works Change in the light of such comments) but shall only be entitled to object to the same on the grounds that the safety of passengers or of those carrying out activities on or about the Railway would be unavoidably impaired by such DLR Works Change. The Franchisee shall act reasonably and expeditiously in exercising its right of objection and shall in any event use best endeavours to ensure that circumstances do not occur which would require the Franchisee to exercise the rights conferred upon it by this paragraph 8.2(a).
- (b) If the Franchisee objects to a proposed DLR Works Change on the grounds referred to in paragraph 8.2(a) it shall immediately notify DLR Limited of the reasons for such objection and, unless within 14 days of the Franchisee's notice of objection the parties are able to agree alterations to the proposed DLR Works Change in order to overcome the Franchisee's objections, (unless the matter is referred to the Dispute Resolution Procedure in accordance with paragraph 8.4(b)) the proposal shall be deemed to have been withdrawn by DLR Limited.
- (c) If a proposed DLR Works Change is withdrawn as a result of an objection by the Franchisee, the Franchisee shall indemnify DLR Limited against any losses arising from such objection unless the Franchisee can demonstrate that the objection was validly made on the grounds referred to in paragraph (a) and such grounds arose directly from Force Majeure or any other circumstances beyond the reasonable control of the Franchisee.

8.3 No Comments

- (a) If the Franchisee does not give a notice of objection pursuant to paragraph 8.2, the Franchisee shall within 14 days of receipt of the proposed DLR Works Change supply DLR Limited with budgetary estimates (which the Franchisee will endeavour to make as accurate as reasonably possible in the time available to it) of:
 - (i) the additional Costs (including management Costs) which the Franchisee reasonably expects to incur should the DLR Works Change be implemented (providing with such estimate all necessary supporting calculations and information including detailed particulars of additional sums to be paid to the Franchisee's contractors, consultants, financiers and professional advisers);
 - (ii) the length of any delay to completion of any of the Projects which the Franchisee believes will occur should the DLR Works Change be implemented (including details of any corresponding extensions of time sought by the contractors under the Franchisee Project Contracts) and any adjustments to any Project Programmes which the Franchisee reasonably requires;
 - (iii) any adjustment that the Franchisee requires to the Project Payment payable in respect of any Project as a result of the DLR Works Change;
 - (iv) any adjustments to which the Franchisee anticipates it will become entitled under the Variation Procedure as a result of the DLR Works Change;
 - (v) the extent to which the DLR Works Change, if implemented, would prevent the Franchisee from complying with any of its obligations under this Agreement; and

- (vi) any further effects (including benefits) which, after careful consideration, the Franchisee foresees as being likely to result from the DLR Works Change, if implemented.

Unless within 28 days of receipt of the Franchisee's budgetary estimates, DLR Limited requests the Franchisee to proceed to prepare firm priced proposals and, if applicable, a notice of Variation in accordance with part 4 of schedule 8 (which proposal and notice shall be submitted to DLR Limited within a reasonable period thereafter) the proposed DLR Works Change shall be deemed to have been withdrawn.

- (b) Following receipt by DLR Limited of the Franchisee's budgetary estimates and proposals pursuant to paragraph 8.3(a), the parties shall endeavour to agree the effects of the DLR Works Change and any agreement so reached in writing shall, if recorded in a Change Certificate signed by DLR Limited, be binding upon DLR Limited and the Franchisee as to the subject matter thereof.
- (c) If the parties are unable to agree the effect of the proposed DLR Works Change DLR Limited may either withdraw the proposed DLR Works Change (in which case the Franchisee shall have no claim arising out of or in connection with such proposed DLR Works Change or any action taken by the Franchisee in relation thereto unless DLR Limited has required the Franchisee to submit firm priced proposals in which event DLR Limited shall reimburse the Franchisee for all reasonable Costs which it incurred in the preparation of such proposals) or may issue to the Franchisee a Change Certificate stating DLR Limited's determination of the matters referred to in paragraphs 8.3(a) other than any consequential adjustment to the Project Programme which shall be the responsibility of the Franchisee in accordance with paragraph 8.3(d). If the Franchisee disagrees with all or any of the determinations made by DLR Limited pursuant to this paragraph 8.3(c) either party may refer the determinations which are the subject of disagreement for resolution under the Dispute Resolution Procedures.
- (d) Upon receipt of a Change Certificate the Franchisee shall immediately cause the DLR Works Change therein described to be implemented (irrespective of whether or not the matter has been or is to be referred for resolution under the Dispute Resolution Procedures) and shall submit a revised Project Programme showing how the DLR Works Change is to be effected in accordance with the timetable set out in the Change Certificate.

8.4 **Safety objections**

- (a) If the Franchisee notifies DLR Limited that it objects to the DLR Works Change on the grounds referred to in paragraph 8.2(a), in its notice the Franchisee shall give details of the grounds for such objection (including where relevant preliminary safety assessments).
- (b) If DLR Limited does not accept the grounds for objection notified to it by the Franchisee under paragraph 8.2 and no agreement is reached with the Franchisee as to implementation of the DLR Works Change within 14 days of the Franchisee's notice of objection under paragraph 8.2, either party may refer the matter to the Dispute Resolution Procedure.
- (c) If under the Dispute Resolution Procedure the Franchisee's objection is upheld, then the request for the DLR Works Change shall be deemed to be withdrawn.
- (d) If under the Disputes Resolution Procedure the Franchisee's objections are not upheld and the Franchisee notifies DLR Limited within seven days after resolution of the Dispute that it is willing to withdraw its safety objection, upon receipt of a

Change Certificate the Franchisee shall forthwith cause the DLR Works Change to be implemented (at no cost to DLR Limited save as provided in paragraph 8.3 and paragraph 8.6). If the Franchisee fails to provide such notification within seven days after resolution of the Dispute, DLR Limited may serve a written notice on the Franchisee requiring provision of the notification within 3 days. If the Franchisee does not provide the said notification in accordance with DLR Limited's written notice, DLR Limited shall be entitled at any time thereafter to serve notice of termination under clause 37.5.2.

- (e) Subject to paragraph 8.8, DLR Limited shall issue a Change Certificate to the Franchisee within 14 days of a decision being made under the Dispute Resolution Procedure. For the avoidance of doubt, upon the receipt of the Change Certificate the Franchisee shall proceed with implementation of the DLR Works Change notwithstanding that no determination has been made under paragraph 8.6.

8.5 Delay caused by DLR Works Changes

The Franchisee shall not be regarded as being in breach of its obligations as to the time in which Project Services are to be performed by the Franchisee or in which Franchisee Projects are to be completed to the extent that performance of the Project Services or the completion of any Franchisee Projects was, in DLR Limited's reasonable opinion, unavoidably delayed by reason of a DLR Works Change.

8.6 Variation Procedure

If either party serves a notice of Variation in accordance with part 4 of schedule 8 and if the parties do not reach agreement on the matters the subject of a party's notice in accordance with paragraph 8.3(b) then the Variation Procedure shall apply.

8.7 No Liability

Except as otherwise expressly provided in the Franchise Agreements, DLR Limited shall bear no risk or liabilities whatsoever arising from a DLR Works Change and accordingly, except as aforesaid, DLR Limited shall have no liability to make any payment in connection with or arising from a DLR Works Change other than as agreed or determined pursuant to paragraph 8.6 or in accordance with paragraph 8.9.

8.8 Withdrawal of Requests

DLR Limited may withdraw the request for a DLR Works Change at any time prior to the issue of a Change Certificate. In the case of a withdrawal or a deemed withdrawal pursuant to paragraph 8.2, the Franchisee shall be entitled to be paid the reasonable Costs incurred by it in the preparation of the design/estimates referred to in paragraph 8.1 and, where applicable, the Costs incurred by the Franchisee in any reference to the Dispute Resolution Procedure under the Variation Procedure or this part 3 of schedule 5.

8.9 Consequential Amendments

The Franchisee and DLR Limited shall use their reasonable endeavours to agree any consequential amendments to the terms of this Agreement necessary to give full effect to any DLR Works Change agreed or determined in accordance with this paragraph 8. If no agreement is reached within 28 days after the issue of the Change Certificate, either party may refer the matter for resolution under the Disputes Resolution Procedure.

PART 4 - PROJECT PAYMENTS

For the purposes of part 3 of schedule 5 Project Payments shall be calculated as follows:

1. Extant DLR Projects

For each Extant DLR Project the Franchisee shall be paid the fixed sum (if any) described in the Technical Schedule for such project which is due in respect of each Milestone Payment Event. To the extent no Technical Schedule is provided, or no fixed sum is provided within the relevant Technical Schedule the Project Services in relation to the relevant Extant Project shall be carried out at no extra charge to DLR Limited.

2. Mandated Franchisee Project

For each Mandated Franchisee Project the Franchisee shall be paid either:

- (a) the fixed sum described in the Technical Schedule for such project which is due in respect of each Milestone Payment Event or which is otherwise agreed; or
- (b) (i) the Costs properly paid to contractors and consultants under the terms of Franchisee Project Contracts which have been awarded in compliance with paragraph 4.6 of part 3 in respect of the achievement of each Milestone Payment Event described in the Technical Schedule for such project but excluding:
 - (A) any amounts which represent contractual claims in respect of acts or omissions of the Franchisee under Franchisee Project Contracts or of any other contractor or consultant appointed by the Franchisee under Franchisee Project Contracts;
 - (B) the amounts (if any) referred to in paragraph 5(a); and
 - (C) any retentions under the Franchisee Project Contracts;and
- (ii) the Management Fee due in respect of the achievement of each Milestone Payment Event in accordance with the Technical Schedule for such project.

3. Additional DLR Projects

For each Additional DLR Project the Franchisee shall not be paid a Project Payment unless a fixed Management Fee is agreed by DLR Limited and the Franchisee in a Technical Schedule.

4. Additional Franchisee Project

For each Additional Franchisee Project the Franchisee shall be paid either:

- (a) the Costs properly paid to contractors and consultants under the terms of Franchisee Project Contracts which have been awarded in compliance with paragraph 4.6 in respect of the achievement of each Milestone Payment Event described in the Additional Franchisee Project Proposal for such project but excluding:

(i) any amounts which represent contractual claims in respect of acts or omissions of the Franchisee under Franchisee Project Contracts or of any other contractor or consultant appointed by the Franchisee under Franchisee Project Contracts;

(ii) the amounts (if any) referred to in paragraph 2; and

(iii) any retentions under the Franchisee Project Contracts;

and

a Management Fee in respect of the achievement of each Milestone Payment Event described in the Additional Franchisee Project Proposal for such Project, such fee to be calculated by reference to part 7 of this schedule or as otherwise agreed by DLR Limited and the Franchisee in accordance with schedule 5; or

(b) the fixed agreed payment for the Franchisee to undertake the entire Project (without further recourse to DLR Limited) including as to cost risk in accordance with paragraph 7.1(b)(iv) of part 3.

5. **Other Provisions relating to Project Payments**

(a) All discounts of any nature whatsoever including (without limitation) all trade, cash, payback and quantity discounts shall be for the benefit of DLR Limited and shall be excluded from the payments due to the Franchisee under paragraphs 2(b)(ii) and 4(a)(i).

(b) Within three months after the completion of each Mandated Franchisee Project and each Additional Project the Franchisee shall submit to DLR Limited a detailed statement of final account for such project. Such account shall show a breakdown of the final amounts due to the Franchisee in respect of Management Fee and the amounts properly paid to contractors and consultants under paragraphs 2(b)(i) and 4(a)(i) and the retention then due to each contractor and consultant in accordance with the terms of each relevant Franchisee Project Contract and the Franchisee shall provide to DLR Limited on request such further supporting information and/or documentation as DLR Limited may require for the purpose of verifying such amounts. Within 14 days of agreement by DLR Limited of the final account for each Project or, if agreement cannot be reached within 60 days of the date of delivery to DLR Limited of the final account for a Project and following reference on the application of either party to the Dispute Resolution Procedure, within 14 days of the decision under such procedure, DLR Limited shall pay to the Franchisee any balance due to the Franchisee or the Franchisee shall pay to DLR Limited any overpayment made to the Franchisee by DLR Limited.

(c) DLR Limited shall be under no obligation to make payment for materials and equipment supplied under a Franchisee Project Contract until such materials and equipment are fully, finally and properly incorporated into the Railway infrastructure in their permanent form or (in the case of spare parts and moveable materials and equipment) placed in their final storage position and the Franchisee has provided to DLR Limited reasonable proof that the property in such materials and equipment has vested in the Franchisee.

(d) The Franchisee shall keep complete and accurate records of all costs (including internal and overhead costs) incurred in performing its obligations under part 3 of schedule 5, all purchases of materials and equipment and all other documents and records prepared or used in connection with the Projects and shall make its books and records available to DLR Limited, TfL and their advisors for inspection. Such books and records shall remain available for inspection for not less than six years

following final payment to the Franchisee of all amounts due in respect of all relevant Projects.

- (e) Where a Technical Schedule refers to payments being made to the Franchisee in accordance with a Milestone Payment Schedule to be agreed the parties shall use all reasonable endeavours to agree the relevant schedule. If the parties shall fail to reach agreement on the Milestone Payment Schedule applicable to a relevant Project the matter shall be referred for resolution to the Dispute Resolution Procedure and DLR Limited shall acting reasonably in the interim fix the Milestone Payment Schedule for such Project.

PART 5 – [NOT USED]

PART 6 - RESOURCES CHARGES

Extant DLR Project, Additional Projects and DLR Works Changes

1. For each Resource (other than the Franchisee Staff) used by DLR Limited which is an Internal Franchisee Resource the Franchisee shall be paid at the relevant rate for the type of Resource used set out in or derived from the Technical Schedule applicable to such Project; or
2. If, notwithstanding the use of best endeavours as required by paragraph 6.1(d) of part 3 of schedule 5, the Franchisee is unable to provide a Resource (other than Franchisee Staff) from Internal Franchisee Resources the Franchisee shall be paid at the rate for the type of Resource set out in the Technical Schedule applicable to any relevant Project.
3. (INFORMATION EXEMPT FROM DISCLOSURE UNDER SECTION 43(2) OF THE FREEDOM OF INFORMATION)

PART 7 – MANAGEMENT FEE

4. For any Project or DLR Works Change where the Franchisee has not provided (or DLR Limited has not accepted) a fixed Management Fee but a Management Fee is payable in accordance with this schedule 5, the Management Fee will be calculated on the following basis:

(INFORMATION EXEMPT FROM DISCLOSURE UNDER SECTION 43(2) OF THE FREEDOM OF INFORMATION)PART 8 - MANDATED FRANCHISEE PROJECTS

On train security (CCTV) Technical Schedule number 4).

Options Technical Schedule number 1 (to the extent Projects are not stated to be options within such Technical Schedule)

I-Exams (Technical schedule 7)

PART 9 - EXTANT DLR PROJECTS

- (a) Lewisham Extension (matrix provided, no technical schedule provided)
- (b) City Airport Extension (matrix provided, no technical schedule provided)
- (c) Woolwich Extension (matrix provided, no technical schedule provided)
- (d) Rolling Stock Refurbishment (matrix provided, Technical schedule number 2)
- (e) Beckton Depot Expansion (Technical schedule number 5)

- (f) Trial of Quickfare Ticket machines (Technical schedule number 6)
- (g) Capacity Enhancement Possessions (Technical schedule number 3)
- (h) New Rolling Stock (matrix provided, no technical schedule provided)

PART 10 - POSSIBLE FUTURE PROJECTS

Without prejudice to DLR Limited's right to serve an Additional Franchisee Project Notice and/or Additional DLR Project Notice in respect of any other Project, the Projects below are under consideration at the date of this Agreement. These Projects, if implemented, may become Additional DLR Projects or Additional Franchisee Projects:

Stratford International Extension;
3 Car Enhancement Project;
Olympics;
Langdon Park
Commissioning of Stratford Regional

PART 11 – TECHNICAL SCHEDULES

- (a) Options – Technical Schedule No. 1
- (b) Refurbishment - Technical Schedule No. 2
- (c) 3 Car - Technical Schedule No. 3
- (d) CCTV - Technical Schedule No. 4
- (e) Beckton Depot - Technical Schedule No. 5
- (f) Trial of Quickfare Ticket machines - Technical Schedule No. 6
- (g) I-Exams – Technical Schedule No. 7

All numbers in the attached Technical Schedules are stated as real and will therefore be RPI Indexed.

DLR FRANCHISE - OPTIONS - TECHNICAL SCHEDULE NO. 1

General Provisions

1. Subject to 1.2 and 1.3 below, the Franchisee will carry out the Projects identified in sections 1 to 10 below as Mandated Franchisee Projects in accordance with the provisions of Schedule 5.
- 1.2 Where in this Technical Schedule a fixed sum for implementation or ongoing maintenance costs is stipulated then, unless:
 - (a) a DLR Works Change is carried out in relation to the relevant Project;
or
 - (b) DLR Limited agrees in writing,the Franchisee shall not be entitled to any further payment from DLR Limited relating to the relevant Project, including, without limitation, the provisions of parts 6 and 7 of Schedule 5.
- 1.3 The Projects described in section 6 (On-Train CCTV/Information Screens), section 7 (Remote Condition Monitoring) and section 9 (Platform Information Screens) will not become a Mandated Franchisee Project until DLR Limited confirms the Franchisee is to proceed by notice in writing. Following such confirmation the Franchisee will proceed in accordance with the objectives, specification and costings given within such sections.
- 1.4 Where in this Technical Schedule the Franchisee is to be paid a fixed annual sum to cover increased maintenance costs the payment will be paid as a Variation Payment in accordance with paragraph 9 of schedule 8 (Remuneration) from completion of the Project as if the relevant project was an Additional Project.
- 1.5
 - (a) Where the parties are to agree a schedule of Milestone Payment Events this shall be done prior to the commencement of any works. The Milestone Payment Events shall be linked to the physical delivery of equipment to the Railway. The parties shall act reasonably in attempting to reach agreement. If the parties shall fail to reach agreement on such schedule, the matter shall be referred for resolution to the Dispute Resolution Procedure and DLR Limited shall, acting reasonably in the interim, fix the Milestone Payment Events for such Project.
 - (b) Unless otherwise stipulated, the Completion Milestone Payment Event for each project described in this Technical Schedule shall be the issue of the Franchise Project Completion Certificate provided that DLR Limited has not issued any notification in accordance with clause 4.4(b)(ii) of part 3 of schedule 4. If such notification has been given the Completion Milestone Payment Event shall be the date one month following such notification unless the matter is referred to the

Dispute Resolution Procedure in which case the Milestone Payment Event shall be when the Dispute Resolution Procedure is completed.

- 1.6 Unless otherwise stated sums in this Technical Schedule are presented in real terms and will be RPI Indexed pursuant to the Franchise Agreement.

1 - (INFORMATION EXEMPT FROM DISCLOSURE UNDER SECTION 43(2) OF THE FREEDOM OF INFORMATION)

2 - "CUSTOMER SERVICE HOSTS"

Description

This Project will include the provision of additional station based staff at key locations to:

- offer travel and relevant information;
- offer help and advice to passengers; and
- have knowledge pertinent to the information needs of passengers using the location.

(INFORMATION EXEMPT FROM DISCLOSURE UNDER SECTION 43(2) OF THE FREEDOM OF INFORMATION)

Objectives

At least one member of Staff will be provided, from the Franchise Commencement Date at each of the following locations during the specified hours or at up to three other alternative locations as agreed with DLR Limited:

- Tower Gateway;
- Canning Town; and
- London City Airport.

(INFORMATION EXEMPT FROM DISCLOSURE UNDER SECTION 43(2) OF THE FREEDOM OF INFORMATION)

DLR Limited agree that, in the event that no information kiosk or other equivalent accommodation is provided at Canning Town or Tower Gateway, the Franchisee will not be obligated to provide customer service hosts at such locations. In such an event the customer service hosts will be re-deployed as agreed with DLR Limited

Outputs and Payments

Tower Gateway

Appropriately trained staff will be deployed 7 days a week 10:00 - 18:00 (or equivalent hours as agreed with DLR Limited) to an "Information Kiosk" within the retail kiosk and to duties focused around platform/concourse attendance, as agreed with DLR Limited.

The Franchisee will convert the vacant catering shop at Tower Gateway Station to serve as an information centre. The conversion will include the demolition of the front counter and shutter and replacement with a glass and steel bay fronted façade. The frontage will include a glass and steel opening door to allow access to staff and customers. The bay façade will be protected by open meshed roller shutters allowing a shop window appearance when closed by the internal shop lighting being kept on.

The present side door will be removed and the opening bricked up in Staffordshire Blue engineering bricks to match the current.

The internal fit out of the centre will include a customer interface area and counter with suitable finishes to walls and ceiling, architectural lighting and air conditioning to supply chilled and warm air supplies. The walls will contain leaflet racks and tourist information equipment.

(INFORMATION EXEMPT FROM DISCLOSURE UNDER SECTION 43(2) OF THE FREEDOM OF INFORMATION)

Canning Town

The Franchise will use reasonable endeavours to secure the necessary approvals from London Underground Limited to provide an information kiosk on the DLR platforms at Canning Town station. DLR Limited will provide the Franchisee with all reasonable assistance in securing such approvals from London Underground Limited. Subject to such approval the Franchise will ensure appropriately trained staff (training to include, but not be limited to, safety and general customer care) will be deployed 7 days a week 10:00 to 18:00 (or equivalent hours as agreed by DLR Limited) to an "Information Kiosk" and to duties focused around platform/concourse, as agreed with DLR Limited. If London Underground refuses permission, or DLR Limited does not request the Franchisee proceeds with the information kiosk, the relevant staff will be redeployed as agreed with DLR Limited.

Following the receipt of all required approvals and if requested by DLR Limited an information kiosk will be provided at a maximum cost of (INFORMATION EXEMPT FROM DISCLOSURE UNDER SECTION 43(2) OF THE FREEDOM OF INFORMATION). Such kiosk will be at a location and design previously approved by DLR Limited in writing and shall be of a design and size substantially similar to the kiosk currently in use at DLR Canary Wharf station. (INFORMATION EXEMPT FROM DISCLOSURE UNDER SECTION 43(2) OF THE FREEDOM OF INFORMATION)

London City Airport

Appropriately trained staff (training to include but not be limited to safety and general customer care) will be deployed on weekdays 07:00 - 21 - 00,. Saturdays 07:00 - 12:00, Sundays 11:00 - 21:00 to the existing "Information Point" on the station concourse and to duties focused around platform/concourse, as agreed with DLR Limited. DLR Limited, may due to the airport hours of operation and/or busy period, agree with the Franchisee to change the hours of deployment. To the extent these hours are in excess of the original hours, or otherwise lead to increased costs for the Franchisee, the parties shall meet to discuss in good faith, and, if the change is imposed the Franchisee shall be entitled to serve a notice of Variation as if a DLR Works Change had occurred.

The London City Airport customer service host will offer information and assistance appropriate to airport users. The Franchisee will make reasonable endeavours to provide real-time flight information.

Termination

DLR Limited will be entitled to terminate this Project by giving the Franchisee 12 months notice in writing.

DLR Limited will pay the reasonable and properly incurred costs of the Franchisee in terminating the Project, provided the Franchisee uses all reasonable endeavours to mitigate any such costs.

Following any such termination any increase or decrease in DLR Limited or the Franchisee's costs will be calculated as a Variation Payment in accordance with paragraph 9 of schedule 8 (Remuneration) as if a DLR Works Change had occurred.

3 - "STATION SHELTERS"

Description

This project will involve (1) a proposal for a trial installation of station shelters and (2) the implementation of the trial.

Objectives

- (1) Delivery of a proposal for the implementation of a trial for the provision of station shelters at locations agreed with DLR Limited of a standard similar to the stainless steel "Paragon Anti Vandal Station Shelters" designed and manufactured by "Macemain & Amstad" (exact specification as agreed with DLR Limited).
- (2) Implementation of the trial.

Outputs and Payments

- (1) (INFORMATION EXEMPT FROM DISCLOSURE UNDER SECTION 43(2) OF THE FREEDOM OF INFORMATION)
- (2) (INFORMATION EXEMPT FROM DISCLOSURE UNDER SECTION 43(2) OF THE FREEDOM OF INFORMATION)

Following completion of the installation of the final shelter the trial will continue for 18 months. Following this period a customer survey focused on the trial will be undertaken. The Franchisee will provide all necessary assistance to DLR Limited in relation to the trial. Such survey will be funded by DLR Limited.

(INFORMATION EXEMPT FROM DISCLOSURE UNDER SECTION 43(2) OF THE FREEDOM OF INFORMATION)

Costs

(INFORMATION EXEMPT FROM DISCLOSURE UNDER SECTION 43(2) OF THE FREEDOM OF INFORMATION)

If the trial is successful, DLR Limited will instruct an Additional Project for installation of further shelters

4 - "PLATFORM HELP POINTS"

Description

The project will involve the provision of two-way CCTV enabled "Help Points" at stations, for passengers requiring information, assistance or help. These help points to be linked to an information assistant based in the Control Room.

Objectives

At least one help point will be installed on all operational platform faces at all Stations on the Existing Railway with installation commencing within eight months of Franchise Commencement Date with completion within 24 months of the Franchise Commencement Date (or other such date as agreed with DLR Limited).

(INFORMATION EXEMPT FROM DISCLOSURE UNDER SECTION 43(2) OF THE FREEDOM OF INFORMATION)

If:

- (a) sufficient capacity is not available on the OTN Network; or
- (b) the Franchisee encounters critical power supply capacity constraints; or
- (c) existing equipment requires re-locating,

and prior to commencement of the required works the Franchisee is able to demonstrate to DLR Limited reasonable satisfaction that such problems will lead to a material increase in the agreed maintenance or capital expenditure costs, both parties will meet in good faith to discuss potential solutions. If a material increase in predicted maintenance or capital expenditure cost is required, DLR Limited will be under no obligation to continue with the project.

If requested by DLR Limited, the Franchisee will provide all reasonable assistance for the installation and operation of the above equipment at Stations on the Extensions and on Stations on the new branch line to Stratford International when open. This installation will be undertaken as an Additional Project.

5 - "CONCOURSE DAISYS"

Description

This project will involve the installation of DAISY Screens displaying real-time information in Station concourses or Station entrances on the Existing Railway.

Objectives

The Franchisee will install 26 DAISY screens (or compatible systems as agreed with DLR Limited with the same, or better, functionality as the current equipment installed on the Railway) at all Stations on the Existing Railway. The specific site locations will be approved in advance with DLR Limited (such approval not to be unreasonably withheld or delayed).

Installation will be completed at all agreed locations such that equipment will be fully operational within 9 months of the Franchise Commencement Date (or other such date as agreed with DLR Limited). The Franchisee will continue to operate the system for the remainder of the Franchise Term.

The installed screens will display information relating to the next train, currently displayed on DLR's general network information and types of any additional information agreed in advance with DLR Limited.

(INFORMATION EXEMPT FROM DISCLOSURE UNDER SECTION 43(2) OF THE FREEDOM OF INFORMATION)

If the equipment design is altered to accommodate obtaining of relevant approvals (other than approvals of the same as or similar to those existing and the Franchise Commencement Date) and the Franchisee is able to demonstrate to DLR Limited's reasonable satisfaction that such alterations will lead to a material increase in the agreed maintenance or capital expenditure cost, both parties will meet in good faith to discuss potential solutions. If a material increase in maintenance or capital expenditure cost is required, DLR Limited will be under no obligation to continue the project.

If:

- (a) sufficient capacity is not available on the OTN Network; or
- (b) the Franchisee encounters critical power supply capacity constraints; or
- (c) existing equipment requires re-locating,

and prior to commencement of the required works the Franchisee is able to demonstrate to DLR Limited reasonable satisfaction that such problems will lead to a material increase in the agreed maintenance or capital expenditure costs, both parties will meet in good faith to discuss potential solutions. If a material increase in predicted maintenance or capital expenditure cost is required, DLR Limited will be under no obligation to continue with the project.

The Franchisee will make costed proposals for installation of the equipment at other suitable locations (as agreed with DLR Limited). These installations (including installations on the Extensions) will be carried out as an Additional Project.

6 - "ON-TRAIN CCTV / INFORMATION SCREENS"

Option

- (a) This Project described in part 2 of this section 6 (on-train CCTV/information screens) will not become a Mandated Franchisee Project until written notice to proceed ("Notice to Proceed") is given by DLR Limited to the Franchisee. On the receipt of the Notice to Proceed, unless otherwise stipulated, the Franchisee shall carry out the Project in accordance with the objectives and specification noted below.
- (b) If:
 - (i) in the Notice to Proceed DLR Limited requires material variations to the commencement date, timetable, specification or any other material part of the Project described in part 2 of this section 6; or
 - (ii) upon receipt of the Notice to Proceed the Franchisee demonstrates to DLR Limited's reasonable satisfaction that following the Franchise Commencement Date there has been a material change in the available technology in the market or a material increase in costs,

the parties will meet in good faith to discuss any variation required to the fixed price. The parties will act reasonably in agreeing any required changes.

Part 1

The Franchisee will provide to DLR Limited within 2 months of the Franchise Commencement Date a detailed specification and business case for the On-train CCTV/Information Screens. This detailed specification will include, without limitation:

- (a) a programme for the Project;
- (b) the proposed content for the "broadcasts";
- (c) a full specification for the required equipment;
- (d) fully costed maintenance charges;
- (e) details of expected third revenues and third party charges in relation to "broadcasts".

(INFORMATION EXEMPT FROM DISCLOSURE UNDER SECTION 43(2) OF THE FREEDOM OF INFORMATION)

Part 2

Description

This project will involve the installation of on-train multi-media CCTV monitors in Trains, to provide security (through relaying images collected from on-train CCTV Cameras), real-time information for relevant transport modes, and opportunities

for on-train advertising and dissemination of general information such as news programming.

Objectives

Six TV screens per Vehicle will be provided in the current fleet of 94 Vehicles, (specification to be agreed with DLR Limited. Travel information (from existing resources) will be updated real-time, direct from the customer services team at Poplar (or other location as agreed with DLR Limited). The Franchisee will propose a protocol on content/style of presentation which will be agreed with DLR Limited. All content displayed on the screens will be in accordance with the agreed protocol.

The parties agree that the content will include provision of relevant information regarding other relevant public transport modes (including information on air services to/from London City Airport) in the neighbourhood of the Railway. All content provided by DLR Limited/TfL/the Franchisee will be broadcast at zero cost to those parties.

(INFORMATION EXEMPT FROM DISCLOSURE UNDER SECTION 43(2) OF THE FREEDOM OF INFORMATION)

7 - "REMOTE CONDITION MONITORING"

Option

- (a) This Project described in this section 7 (Remote Condition Monitoring) will not become a Mandated Franchisee Project until written notice to proceed ("Notice to Proceed") is given by DLR Limited to the Franchisee. On the receipt of the Notice to Proceed, unless otherwise stipulated, the Franchisee shall carry out the Project in accordance with the objectives and specification noted below.
- (b) If:
- (i) in the Notice to Proceed DLR Limited requires material variations to the commencement date, timetable, specification or any other material part of the Project described in this section 7; or
 - (ii) upon receipt of the Notice to Proceed the Franchisee demonstrates to DLR Limited's reasonable satisfaction that following the Franchise Commencement Date there has been a material change in the available technology in the market or a material increase in costs,

the parties will meet in good faith to discuss any variation required to the fixed price. The parties will act reasonably in agreeing any required changes.

Description

This Project will involve the installation of equipment to monitor remotely the operating condition and health of signalling systems and equipment. Data obtained from remote monitoring will aid the planning of maintenance and failure prevention and will facilitate well informed rapid response and rectification of failures.

Objectives

(INFORMATION EXEMPT FROM DISCLOSURE UNDER SECTION 43(2) OF THE FREEDOM OF INFORMATION)

From the Franchise Commencement Date the parties will jointly set up a working party to discuss the approach to the works packages set out below, including the development of specifications for each work package.

(INFORMATION EXEMPT FROM DISCLOSURE UNDER SECTION 43(2) OF THE FREEDOM OF INFORMATION)

Outputs and Payments

The installation of the equipment will be completed within 24 months of receipt of the Notice to Proceed (or other date as agreed with DLR Limited), (INFORMATION EXEMPT FROM DISCLOSURE UNDER SECTION 43(2) OF THE FREEDOM OF INFORMATION).

8 - "KINETIC ENERGY STORAGE DEVICE"

Option

The Project described in this section 8 (Kinetic Storage Device) will not become a Mandated Franchisee Project until written notice to proceed ("**Notice to Proceed**") is given by DLR Limited to the Franchisee. On the receipt of the Notice to Proceed, unless otherwise stipulated, the Franchisee shall carry out the Project in accordance with the objectives and specification noted below.

Description

(INFORMATION EXEMPT FROM DISCLOSURE UNDER SECTION 43(2) OF THE FREEDOM OF INFORMATION)

Objectives

The Franchisee will conduct a feasibility study assessing the appropriateness and cost effectiveness of introducing such equipment on DLR, suggesting appropriate locations.

Outputs and Payments

(INFORMATION EXEMPT FROM DISCLOSURE UNDER SECTION 43(2) OF THE FREEDOM OF INFORMATION)

9 - "PLATFORM INFORMATION SCREENS"

Option

- (a) This Project described in this section 9 (Platform Information Screens) will not become a Mandated Franchisee Project until written notice to proceed ("Notice to Proceed") is given by DLR Limited to the Franchisee. On the receipt of the Notice to Proceed, unless otherwise stipulated, the Franchisee shall carry out the Project in accordance with the objectives and specification noted below.
- (b) If:
- (i) in the Notice to Proceed DLR Limited requires material variations to the commencement date, timetable, specification or any other material part of the Project described in this section 9; or
 - (ii) upon receipt of the Notice to Proceed the Franchisee demonstrates to DLR Limited's reasonable satisfaction that following the Franchise Commencement Date there has been a material change in the available technology in the market or a material increase in costs,
- the parties will meet in good faith to discuss any variation required to the fixed price. The parties will act reasonably in agreeing any required changes.
- (c) Prior to instructing the Project the Franchisee will provide a study for DLR Limited including a detailed specification for the screen and a trial and a demonstration. (INFORMATION EXEMPT FROM DISCLOSURE UNDER SECTION 43(2) OF THE FREEDOM OF INFORMATION)

Description

(INFORMATION EXEMPT FROM DISCLOSURE UNDER SECTION 43(2) OF THE FREEDOM OF INFORMATION)

Objectives

(INFORMATION EXEMPT FROM DISCLOSURE UNDER SECTION 43(2) OF THE FREEDOM OF INFORMATION)

DLR Franchise – Capital Projects – Technical Schedule No. 2

Franchisee's activities in connection with the Vehicle Refurbishment Contract

1. Background

DLR Limited and Alstom have entered into the Refurbishment Contract to carry out refurbishment works to DLR Limited's existing 94 Vehicles. The Franchisee's rights and obligations under the Refurbishment Contract are summarised in the New Rolling Stock Matrix. This Technical Schedule should be read in conjunction with these documents.

The Vehicles are shipped by road for refurbishment to Alstom's renovation site at Wolverton and returned by road to Beckton depot for final commissioning and acceptance tests prior to re-entry into passenger service.

A 2 year warranty is provided by Alstom on each Vehicle.

All 94 Vehicles will not be completed by 31 March 2005. The Franchisee will be responsible for undertaking the obligations in this Technical Schedule and the Refurbishment Contract Matrix in relation to the outstanding Vehicles.

It is agreed with Alstom that there will not be more than four vehicles out of service at any one time.

2. Franchisee Requirements

The New Franchisee is required to:

- carry out a Vehicle "Pre despatch Vehicle check" as set out in the attached pro forma at appendix 1;
- make Vehicles available in accordance with Vehicle release dates. This program is not fixed at the moment but the requirement will be to release one Vehicle a week for the term of the project;
- facilitate the movement of despatched Vehicles to the reception road for loading by the Alstom haulier. This is done by driving the nominated Vehicle from the sidings at Beckton to the commissioning shed. Then an unpowered shunting move utilising the converted forklift, pushes the Vehicle out from the commissioning shed onto the reception road (track set in concrete), where the haulier winches the Vehicle onto the lorry;
- facilitate the movement of returned Vehicles from the reception road to the commissioning shed. This process starts with the haulier winching off the Vehicle onto the reception road (track set in concrete), where the Vehicle is shunted to the commissioning shed using an unpowered shunting move aided by the converted forklift;

- make available the commissioning shed for up to 24 hours a day, 7 days a week if required and provide any necessary heating, lighting or cleaning where required;
- facilitate the movement of Vehicles managed by the Franchisee and witness Alstom commissioning tests at Beckton Depot to the conclusion of the "Tests on Completion" making appropriate and reasonable comments on any further work that is required in connection with the specified tests. The work involves inspection of the quality of the works carried out at Wolverton. Any defects are noted and entered onto a database which serves as record and notice to Alstom of outstanding defects. The defects are then closed out by Alstom and the Franchisee signs off defect and agrees completion of the work;
- undertake "Taking over Tests" to Engineering Procedures EP 107 and EP108 Rolling Stock Acceptance Testing, and supply written notification of all relevant Vehicle Defects found during the tests to Alstom and DLR Limited. These tests include testing of Vehicles on the depot low speed test track and on the main line high speed test track;
- provide engineering support to DLR Limited during the commissioning and Vehicle acceptance tests if requested;
- monitor Vehicle reliability targets for Mean Distance Between Maintenance Actions (MDBMA) in service as specified in the refurbishment contract and report to DLR Limited;
- supply written notification of all relevant Vehicle Defects to Alstom and DLR Limited for all Vehicles remaining in the 2 year warranty period;
- make Vehicles available to Alstom for the rectification of Defects during the warranty period. The bidder shall manage this with regard to fleet availability and severity of defect; and
- process the re-entry of Vehicles back into passenger service after completion of Defects rectification by the Alstom

Following successful completion of the Tests on Completion the Franchisee will, subject to the Taking Over Tests, be responsible for operating and maintaining the Vehicles as Franchise Assets in accordance with the Franchise Agreement (subject to the requirement for Alstom to rectify any relevant Defects).

3. Costs

(INFORMATION EXEMPT FROM DISCLOSURE UNDER SECTION 43(2) OF THE FREEDOM OF INFORMATION)

Appendix 1

(INFORMATION EXEMPT FROM DISCLOSURE UNDER SECTION 43(2) OF THE FREEDOM OF INFORMATION)

DLR Franchise – Capital Projects – Technical Schedule No. 3

DLR Franchise – Technical Schedule Number 3

DLR Capacity Enhancement Project

1 Background

DLR Limited is intending to carry out a capacity enhancement project to introduce 3-car vehicles to the Railway. It is anticipated that this will be carried out as a DLR Project during the Franchise Term.

DLR Limited is aware that a number of Possessions will be required for these works, which will include the Possessions set out below in paragraph 2 below (the "Scheduled Possessions").

The Franchisee has included a price within the fixed fee for implementing the Scheduled Possessions together with the required Substitute Services.

2 Indicative 3 Car Possession Requirements

The parties agree that:

- the dates and duration and location of the possessions are indicative only;
- the schedule excludes night time "engineering hours" operations.

The Scheduled Possessions include weekend possessions and blockades. In addition it is anticipated that temporary speed restrictions are likely to be needed for certain viaduct and other works which will be undertaken during operating hours. It should be assumed that speed restrictions will be limited such that the total additional journey time for DLR services at any stage during construction does not exceed an average of 45 seconds for the up and down lines on the west route and an average of 30 seconds for the up and down lines on the central / south route. At the relevant time, the parties will address the impact of these increased journey times on Service delivery should they arise.

For the purposes of the table below:

- West route means Westferry to Bank/Tower Gateway
- South route means West India Quay to Crossshabour (with Crossshabour retained in service for trains to Lewisham).

Proposed Date	Duration	Location	Lines Involved	Possession ref
Aug 07 to Oct 07	8 weeks	Tower Gateway	Closure of south platform and approach track	BLOCKADE 1
Oct 07 to Nov 07	8 weeks	Tower Gateway	Closure of whole station and approach track from Royal Mint St junction	BLOCKADE 2
Nov 07	Weekend	West route	Closure of West route	W/E D
Mid / late 2006	Weekend	Shadwell	Closure of West route	W/E A
Mid / late 2006	Weekend	Shadwell	Closure of West route	W/E B
Mid / late 2006	Weekend	Shadwell	Closure of West route	W/E C

Proposed Date	Duration	Location	Lines Involved	Possession ref
Early 2008	Weekend	Shadwell	Closure of West route	W/E E
Early 2008	Weekend	Shadwell	Closure of West route	W/E F
Early 2008	Weekend	Limehouse	Closure of West route	W/E E
Early 2008	Weekend	Limehouse	Closure of West route	W/E G
Early 2008	Weekend	Westferry	Closure of West route	W/E F
Early 2008	Weekend	Westferry	Closure of West route	W/E G
Late 2007	Weekend	West India Quay	Closure of South route	W/E J
		Canary Wharf	No works required in possessions	
		Heron Quays	No works required in possessions	
Autumn 2007	Weekend	South Quay	Closure of South route	W/E H
Late 2007	Weekend	South Quay	Closure of South route	W/E J
Early 08	Weekend	South Quay	Closure of South route	W/E K
Early 08	Weekend	South Quay	Closure of South route	W/E L
Autumn 08	Weekend	South Quay	Closure of South route	W/E P
Autumn 08	Weekend	South Quay	Closure of South route	W/E Q
Early 08	Weekend	Crossharbour	Closure of South route	W/E L
August 08	Weekend	Crossharbour	Closure of South route	W/E M
May to October 08	6 months?	Mudchute	Blockade of Mudchute siding	BLOCKADE 3
July 08	3 to 4 weeks	Mudchute	Possession of up line from MUD crossover to GRE crossover. Also both tracks from south of Deptford Bridge to LEW	BLOCKADE 4
August 08 - occurs two weeks after start of Blockade 4	Weekend	Mudchute	Closure of South route	W/E M

Proposed Date	Duration	Location	Lines Involved	Possession ref
August 08 - occurs at end of Blockade 4 and before start of Blockade 5	Weekend	Mudchute	Closure of South route	W/E N
August 08	3 to 4 weeks	Mudchute	Possession of down line from MUD crossover to GRE crossover. Also both tracks from south of Deptford Bridge to LEW	BLOCKADE 5
August 08 - Occurs at end of Blockade 5	Weekend	Mudchute	Closure of south route	W/E O
July 08	3 to 4 weeks	Greenwich	Possession of up line from MUD crossover to GRE crossover. Also both tracks from east of Deptford Bridge to LEW	BLOCKADE 4
August 08 - occurs two weeks after start of Blockade 4	Weekend	Greenwich	Closure of South route	W/E M
August 08	3 to 4 weeks	Greenwich	Possession of down line from MUD crossover to GRE crossover. Also both tracks from east of Deptford Bridge to LEW	BLOCKADE 5
August 08 - Occurs at end of Blockade 5	Weekend	Greenwich	Closure of south route	W/E O
August 08	Weekend	Deptford Br	Closure of south route	W/E M
August 08	Weekend	Deptford Br	Closure of south route	W/E N
July – August 08	6 to 8 weeks	Elverson Rd	All work requiring possessions done in Blockades 4 and 5 and weekend possessions W/E M and N	BLOCKADE 4 BLOCKADE 5 W/E M W/E N W/E O

Proposed Date	Duration	Location	Lines Involved	Possession ref
July – August 08	6 to 8 weeks	Lewisham	All work requiring possessions done in Blockades 4 and 5 and weekend possessions W/E M and N	BLOCKADE 4 BLOCKADE 5 W/E M W/E N W/E O

Excluded to date:

- Additional possessions / Blockades at BAN that might be needed for ventilation upgrade
- Cable modifications at stations, SCADA commissioning etc.
- Possessions at Limehouse that might be needed for new substation

Assumptions in relation to the carrying out of the works:

- Lighter platform and canopy works are undertaken in Engineering Hours
- All standard viaduct strengthening is carried out adjacent / under operating railway or during Engineering Hours.
- All the indicative Possessions as set out above occur in the broad timescale of Autumn 2006 – Autumn 2008. In the event that there is a change:
 - in either the overall period of the planned Possessions Programme (ie 2 years) and / or
 - an increase in number of weekend possessions and / or;
 - an increase in the duration of the planned Blockades which has a material cost implication for the Franchisee,

such changes are deemed to be a DLR Works Change.

(INFORMATION EXEMPT FROM DISCLOSURE UNDER SECTION 43(2) OF THE FREEDOM OF INFORMATION)

The parties agree that in the event a blockade is reduced or weekend possessions are removed and sufficient notice has been given to the Franchisee, then to the extent that the Franchisee has saved scheduled Possessions costs, such cost savings shall be for the account of DLR Limited with an adjustment to be made to the Fixed Fee in the Fee Year 2010..

SUMMARY

Possession / Blockade ref	Proposed date	Duration	Location of works / blockage	Suggested services which could be operated	Train which could be operated
W/E A	Mid / late 2006	Weekend	Shadwell	STR – LEW BEC – LEW ?	
W/E B	Mid / late 2006	Weekend	Shadwell	STR – LEW BEC – LEW ?	
W/E C	Mid / late 2006	Weekend	Shadwell	STR – LEW BEC – LEW ?	
W/E D	Nov 2007	Weekend	West Route	STR – LEW BEC – LEW ?	
W/E E	Early 2008	Weekend	Shadwell and Limehouse	STR – LEW BEC – LEW ?	

Possession / Blockade ref	Proposed date	Duration	Location of works / blockage	Suggested services which could be operated	Train which could be operated
W/E F	Early 2008	Weekend	Shadwell and West Ferry	STR – LEW BEC – LEW ?	
W/E G	Early 2008	Weekend	Limehouse and West Ferry	STR – LEW BEC – LEW ?	
W/E H	Autumn 2007	Weekend	South Quay	BAN – CAW STR – CAW CRO – LEW ? TOG – BEC	
W/E J	Late 2007	Weekend	West India Quay and South Quay	BAN – STR CRO – LEW ? TOG - BEC	
W/E K	Early 2008	Weekend	South Quay	BAN – CAW STR – CAW CRO – LEW ? TOG – BEC	
W/E L	Early 2008	Weekend	South Quay and Crossharbour	BAN – CAW STR – CAW MUD – LEW ? TOG - BEC	
W/E M	August 08 - occurs two weeks after start of Blockade 4	Weekend	Crossharbour to Lewisham	BAN – CAW STR – CAW TOG - BEC	
W/E N	August 08 - occurs at end of Blockade 4	Weekend	Crossharbour to Lewisham	BAN – CAW STR – CAW TOG - BEC	
W/E O	August 08 - Occurs at end of Blockade 5	Weekend	Crossharbour to Lewisham	BAN – CAW STR – CAW TOG - BEC	
W/E P	Autumn 08	Weekend	South Quay	BAN – CAW STR – CAW CRO – LEW ? TOG - BEC	
W/E Q	Autumn 08	Weekend	South Quay	BAN – CAW STR – CAW CRO – LEW ? TOG - BEC	
BLOCKADE 1	Aug 07 to Oct 07	8 weeks	Closure of south platform of Tower Gateway and approach track	Beckton services still serve remaining platform at Tower Gateway	

Possession / Blockade ref	Proposed date	Duration	Location of works / blockage	Suggested Train services which could be operated
BLOCKADE 2	Oct 07 to Nov 07	8 weeks	Closure of whole of Tower gateway station and approach track from Royal Mint St junction	Beckton services reverse at Shadwell on new crossover to west of station
BLOCKADE 3	May to October 08	6 months?	Blockade of Mudchute siding	No alteration to service patterns needed
BLOCKADE 4	July 08	3 to 4 weeks	Possession of up line from MUD crossover to GRE crossover. Also both tracks from east of Deptford Bridge to LEW	BAN services terminate at ISG and MUD (one each per 8 or 10 min cycle) on down track. Shuttle operates ISG (X plat connection to BAN services) to Deptford Br – 8 or 10 min freq on up track ISG to GRE, then alternately on up and down tracks to DEB - with each line operating bi – directionally. Cutty Sark station closed.
BLOCKADE 5	August 08	3 to 4 weeks	Possession of down line from MUD crossover to GRE crossover. Also both tracks from east of Deptford Bridge to LEW	BAN services terminate at ISG and MUD (one each per 8 or 10 min cycle) on up track. Shuttle operates ISG (X plat connection to BAN services) to Deptford Br – 8 or 10 min freq on down track ISG to GRE, then alternately on up and down tracks to DEB - with each line operating bi – directionally. Cutty Sark station closed

3 Costs

(INFORMATION EXEMPT FROM DISCLOSURE UNDER SECTION 43(2) OF THE FREEDOM OF INFORMATION)

For the avoidance of doubt, unless:

(a) a DLR Works Change (including for clarity those changes which are deemed DLR Works Changes as described above) is carried out in relation to this Technical Schedule or

(b) DLR Limited agrees in writing,

the Franchisee shall not be entitled to any further payment from DLR Limited under the Franchise Agreement relating to the provision of the Scheduled Possessions, including under the provisions of paragraph 14B.1 of part 1 of schedule 2.

(INFORMATION EXEMPT FROM DISCLOSURE UNDER SECTION 43(2) OF THE FREEDOM OF INFORMATION)

DLR Franchise – Capital Projects – Technical Schedule No. 4

Continuing installation on Vehicles of CCTV cameras and associated equipment.

1. Background

DLR Limited is currently part way through a project to introduce an on-board CCTV system that transmits live pictures back to the Control Centre. The wayside and central equipment is now in place. The outstanding works involves completion of the fleetwide installation of the Vehicles. The system is only being installed on Vehicles after they have been refurbished and therefore availability of suitable Vehicles is "tied" to the refurbishment project and is approximately 1 – 2 per week.

2. Scope of the On-Train CCTV Contract

Under the Project, 6 cameras are fitted to each Vehicle and their outputs are stored in an on-board digital recorder. Live pictures can also be relayed back to the Control Centre via a Vehicle rooftop antenna that transmits to local wayside receivers that convert and pass the data over the OTN system. The Project includes as part of Falcon's scope of work, passive provision (including the installation of cabling on the vehicle) for the cctv screens to be installed as part of the Options Technical Schedule, Item 6, On Train CCTV/ Information screens.

Falcon is the main contractor, and day to day project management has been carried out directly by the franchisee. This arrangement will continue during the current franchise term (to 31 March 2006) and into the new franchise term until the completion of the Project. The Falcon contract will be assigned to the Franchisee. The key responsibilities of the Franchisee are expected to cover:

- provision of Vehicles and appropriate access to site for the contractor, Falcon;
- monitoring of the installation process, reporting on progress, dealing with queries and compensation claims from Falcon and maintaining the relevant project documentation; and
- attendance at periodic progress meetings with DLR Limited and Falcon.

(INFORMATION EXEMPT FROM DISCLOSURE UNDER SECTION 43(2) OF THE FREEDOM OF INFORMATION)

3. Planning and Programme

The installation frequency is dependent on the availability of refurbished Vehicles, which is nominally 1 – 2 per week but which may be re-organised on a batch basis to optimise the mobilisation of completion of the refurbishment project. The Franchisee will be responsible for undertaking the obligations noted under this schedule in relation to all refurbished Vehicles. It is for the Franchisee to discuss and agree with Falcon the most appropriate method of planning and programming the remaining works through to completion.

4. Design Process

All design has been completed on this project. The Franchisee will need to ensure that all documentation has been properly archived and the relevant asset information transferred to the Asset Register

5. Site Installation

Unless otherwise agreed Installation on the Vehicles will continue to take place at Poplar Depot. The Franchisee shall make Vehicles available to the contractor at an agreed rate and at the latest all remaining Vehicles will be made available to Falcon for installation within one month of the completion of the Vehicle refurbishment contract.

6. Testing and Commissioning

The status of Vehicles provided for installation shall be checked before handover to Falcon and shall be re-checked at the time of handback, as per the "Rolling Stock Check Certificate". This shall then be signed off by the Franchisee before the Vehicle goes back into service. The Franchisee will also monitor the installation works to ensure that they are suitably carried out in accordance with the current method statement written by SDL and approved by DLR Limited.

7. Change Control

Not Applicable – all the design and method statements have been finalised.

8. Configuration Control

The Franchisee will be responsible for configuration control for all of the Vehicles as specified in the Method Statement.

9. Prices

9.1 (INFORMATION EXEMPT FROM DISCLOSURE UNDER SECTION 43(2) OF THE FREEDOM OF INFORMATION)

9.2 (INFORMATION EXEMPT FROM DISCLOSURE UNDER SECTION 43(2) OF THE FREEDOM OF INFORMATION)

9.3 (INFORMATION EXEMPT FROM DISCLOSURE UNDER SECTION 43(2) OF THE FREEDOM OF INFORMATION)

9.4 For the avoidance of doubt, unless:

- (a) a DLR Works Change is carried out in relation to this Project; or
- (b) DLR Limited agrees in writing,

the Franchisee shall not be entitled to any further payment from DLR Limited under the Franchise Agreement relating to this Project, including without limitation, the provisions of parts 6 and 7 of schedule 5.

DLR FRANCHISE – CAPITAL PROJECTS – TECHNICAL SCHEDULE NO.5

FRANCHISEE'S ACTIVITIES IN CONNECTION WITH THE WORKS ASSOCIATED WITH THE SOUTHERN EXPANSION OF BECKTON DEPOT.

1. Background

The Beckton Depot expansion is part of the 3-car Project. On 29th June 2004 DLR Limited submitted a Transport and Works Act Order application seeking the necessary powers required to enhance the infrastructure to enable 3-car train operation between Bank and Lewisham, including the expansion of Beckton depot. The Government is expected to announce its decision in the early autumn of 2005.

As a result of purchasing the New Rolling Stock, the first of which are anticipated to be delivered in June 2007, DLR Limited submitted a separate planning application for the expansion to the south of the existing depot. The intention is to have extra stabling provision in place before the additional vehicles are delivered. Planning permission was granted to DLR Limited by London Borough of Newham on 27 January 2005 and the necessary land has been acquired.

DLR Limited currently has a total fleet of 94 vehicles, which are stabled at Beckton and Poplar depots. Both depots have insufficient room to stable any more vehicles.

2. Scope of the contract

The proposed works to be carried out by a third party contractor will include:

- construction of 4 sidings providing stabling for up to 36 Vehicles;
- an entry track to connect the new sidings to the existing mainline at the western end of the site;
- a new tie in loop to connect the new sidings to the existing depot at the eastern end of the site;
- construction of a new level crossing and security gatehouse;
- construction of walkway platforms to access the new sidings;
- installation of drainage associated with the works;
- upgrade of existing sub-station to supply new sidings; and
- additional security measures, CCTV, fencing and lighting.

3. Planning and Programme

The works are programmed to take 52 weeks. The start and finish dates will be October 2005 and 2006 respectively.

This will ensure that there is sufficient stabling capacity by the time the first new Vehicle is delivered in June 2007.

4. **Regulatory Approval**

The works are subject to a number of planning conditions which DLR Limited must meet, including gaining approval of works with respect to remediation from the Environment Agency.

The level crossing will be subject to HMRI approval. As holder of the Safety Case, the Franchisee will be required to obtain this consent and will be responsible for: preparation of the necessary documentation; arrangement and attendance at associated meetings; review of drawings; and execution of actions.

The contractor and DLR Limited will provide information to assist the Franchisee in carrying out this work.

5. **Site Works**

All physical works on site including but not limited to power, communications, signalling, permanent way, mechanical, electrical and drainage need to be fully integrated into the existing depot. In order to facilitate this, the Franchisee will be required to:

- liaise with the contractor with respect to access requirements to and from the existing depot;
- provide access to all areas of the existing depot so the contractor (and his sub-contractors) can undertake survey works;
- provide access to all areas of the existing depot so the contractor (and his sub-contractors) can undertake their integration works;
- review technical requirements of the works by assisting DLR Limited in evaluating the detailed design and drawings for each of the asset disciplines discussed in section 2, providing feedback to the contractor to facilitate his design and construction;
- assist DLR in accepting the contractors works into service. As a minimum this will include 1 meeting per month during the 12 month contract period;
- attend technical meetings where necessary to discuss integration of new works into the existing depot. These are most likely to occur during the final 3 months of the project.

6. **Possessions**

Two 52 hour possessions including Beckton depot and associated mainline connection will be required to tie the new depot sidings into the existing mainline. The Franchisee will be required to facilitate these possessions including provision of the necessary power isolations to enable safe working.

The contractor will provide a contractors person in charge (CPIC) during the possession and the Franchisee should facilitate them with booking on and off in accordance with normal possession procedures. The Franchisee will be required to provide the necessary personnel such as Maintenance Team Leader (MTL), Person In Charge Of Work (PICOW), etc.

7. **Testing and Commissioning**

New Sidings

Once the works have been completed they will need to be tested and commissioned into service. The Franchisee will be required to provide a test train and driver to test the

signalling system and gauging of the new walkways and carry out other tests that have been agreed to by the contractor, DLR Limited and the Franchisee.

Level Crossing

The new level crossing will need to be tested and commissioned in accordance with HMRI requirements. The Franchisee will be required to provide the relevant staff members to facilitate sign off including:

- technical staff to check whether work undertaken is in accordance with HMRI requirements;
- security staff, train drivers and signalling engineers for testing operation of level crossing under working conditions.

The Franchisee will be required to produce procedures for the operation and maintenance of the level crossing. The maintenance procedure shall form part of the suite of Maintenance Procedures in the franchise agreement and the operation procedure shall be updated within the Operations Manual.

Alcatel Automatic Signalling

DLR Limited have engaged Alcatel to undertake the necessary modifications to the train control and signalling system to accommodate the depot expansion works. The Franchisee will be required to review design submittals, provide facilities for testing and commissioning, facilitate interface and liaison with Alcatel including audit of procedures, to ensure timely completion of the works and update the Railway Safety Case using information supplied by Alcatel.

The project will not include the new programmable logic control.

8. Costs

8.1 (INFORMATION EXEMPT FROM DISCLOSURE UNDER SECTION 43(2) OF THE FREEDOM OF INFORMATION)

8.2 For the avoidance of doubt, unless:

- (a) a DLR Works Change is carried out in relation to this Project; or
- (b) DLR Limited agrees in writing,

the Franchisee shall not be entitled to any further payment from DLR Limited under the Franchise Agreement relating to this Project, including without limitation, the provisions of parts 6 and 7 of schedule 5.

8.3 (INFORMATION EXEMPT FROM DISCLOSURE UNDER SECTION 43(2) OF THE FREEDOM OF INFORMATION)

DLR FRANCHISE – TECHNICAL SCHEDULE No 6

TRIAL OF QUICKFARE TICKET MACHINE

1. Background

DLR Limited is conducting a trial of the Prestige QuickFare Ticket Machine. This machine allows customers to re-charge Oyster Cards, using their credit and debit cards.

In addition to offering a facility to re-charge Oyster Cards, these machines utilise technology new to the Railway, such as CHIP and Pin verification of credit and debit cards, and touch screen display.

QuickFare machines will be installed, initially on a 12 month trial at the following stations:

- Lewisham
- Cutty Sark
- Canary Wharf (x 2)
- Tower Gateway
- London City Airport

It is anticipated that the machines will be installed and operational by mid October 2005.

Responsibility for the procurement, installation, operation, accounting and maintenance of the machines will be the responsibility of DLR Limited.

2. Role of Franchisee

The Franchisee will be responsible for:

- (a) all the customer facing issues relating to the operation of the machines, including publicity, providing assistance for customers, and other relevant activities to ensure that customers are aware of the machines and are advised how to use the equipment and conducting an ongoing review of the suitability of these machines on the Railway.
- (b) collating any feedback received from passengers regarding the machines, submitting a report to DLR Limited every 4 week period.
- (c) conducting an assessment of the machine at the end of the trial, including providing and collating data, and offering opinions on aspects of performance. The scope of the review would assess, amongst other things:
 - customers views on using the machine;
 - functionality and ease of operation of the machine, and a review of the operation and suitability of the "new" functions for wider application;
 - machine availability and operation; and
 - sales and accounting procedures.

The report from the Franchisee would also make recommendations on future utilisation of the Prestige QuickFare Ticket Machine, or similar ticket machines.

It is anticipated that this formal assessment will be conducted to report before expiry of the 12 month trial.

Sales Figures

Monthly reports on sales figures will be made available to the Franchisee by DLR Limited.

Additional Staff

It is not anticipated that the Franchisee will require the recruitment of additional staff to support these activities.

3. Costs

The Franchisee will be expected to provide the services outlined above within the Fixed Fee. For the avoidance of doubt, unless:

- (a) a DLR Works Change is carried out in relation to his project; or
- (b) DLR Limited agrees in writing,

the Franchisee shall not be entitled to any further costs from DLR Limited under the Franchise Agreement relating to this project, including without limitation the provisions of Parts 6 and 7 of Schedule 5.

4. Further Project

If, following the trial, it is decided to implement the Prestige QuickFare Ticket Machine or similar ticket machines, this will be instructed by way of an Additional Project.

DLR FRANCHISE – TECHNICAL SCHEDULE NUMBER 7

I-EXAMS

1. Background

The Franchisee will carry to carry out I-Exams on certain Vehicles during the course of the Franchise in accordance with its maintenance responsibilities including, but limited to, the Planned Maintenance Activities.

The I-Exams will be undertaken, and the Franchisee will be reimbursed, in accordance with this Technical Schedule.

2. Role of the Franchisee

2.1 Attached as Appendix 1 to this Technical Schedule is a specification (the "**Specification**") for carrying out the I-Exams. Subject to 2.2, the Franchisee will carry out the I-Exams in accordance with the Specification.

2.2 To the extent the Franchisee in accordance with:

- (a) all Applicable Requirements;
- (b) Good Industry Practice; and
- (c) its general obligations under the Franchise Agreement relating to safety and maintenance,

believes that elements of the Specification are not required to be carried out, the Franchisee will not undertake such works.

3. Costs

3.1 The Franchisee will be paid on completion for the carrying out of I-Exams on a per Vehicle basis. The price per Vehicle will be as set out in the table below. The price in the table below will be a fixed cost and will include, without limitation, all materials, staff costs (including National Insurance and Pensions), and the Franchisee's profit margin. For the avoidance of doubt, unless a DLR Works Change is carried out in relation to this Project or DLR Limited agrees in writing, the Franchisee shall not be entitled to any further payment from DLR Limited under the Franchise Agreement for carrying out I-Exams including, without limitation, the provisions of parts 6 and 7 of schedule 5.

(INFORMATION EXEMPT FROM DISCLOSURE UNDER SECTION 43(2) OF THE FREEDOM OF INFORMATION)

3.2 (INFORMATION EXEMPT FROM DISCLOSURE UNDER SECTION 43(2) OF THE FREEDOM OF INFORMATION)

APPENDIX 1

Specification

(INFORMATION EXEMPT FROM DISCLOSURE UNDER SECTION 43(2) OF THE FREEDOM OF INFORMATION)

Appendix 2

Costs

(INFORMATION EXEMPT FROM DISCLOSURE UNDER SECTION 43(2) OF THE FREEDOM OF INFORMATION)

PART 12 – CAPITAL PROJECTS PLAN

(INFORMATION EXEMPT FROM DISCLOSURE UNDER SECTION 43(2) OF THE FREEDOM OF INFORMATION)