



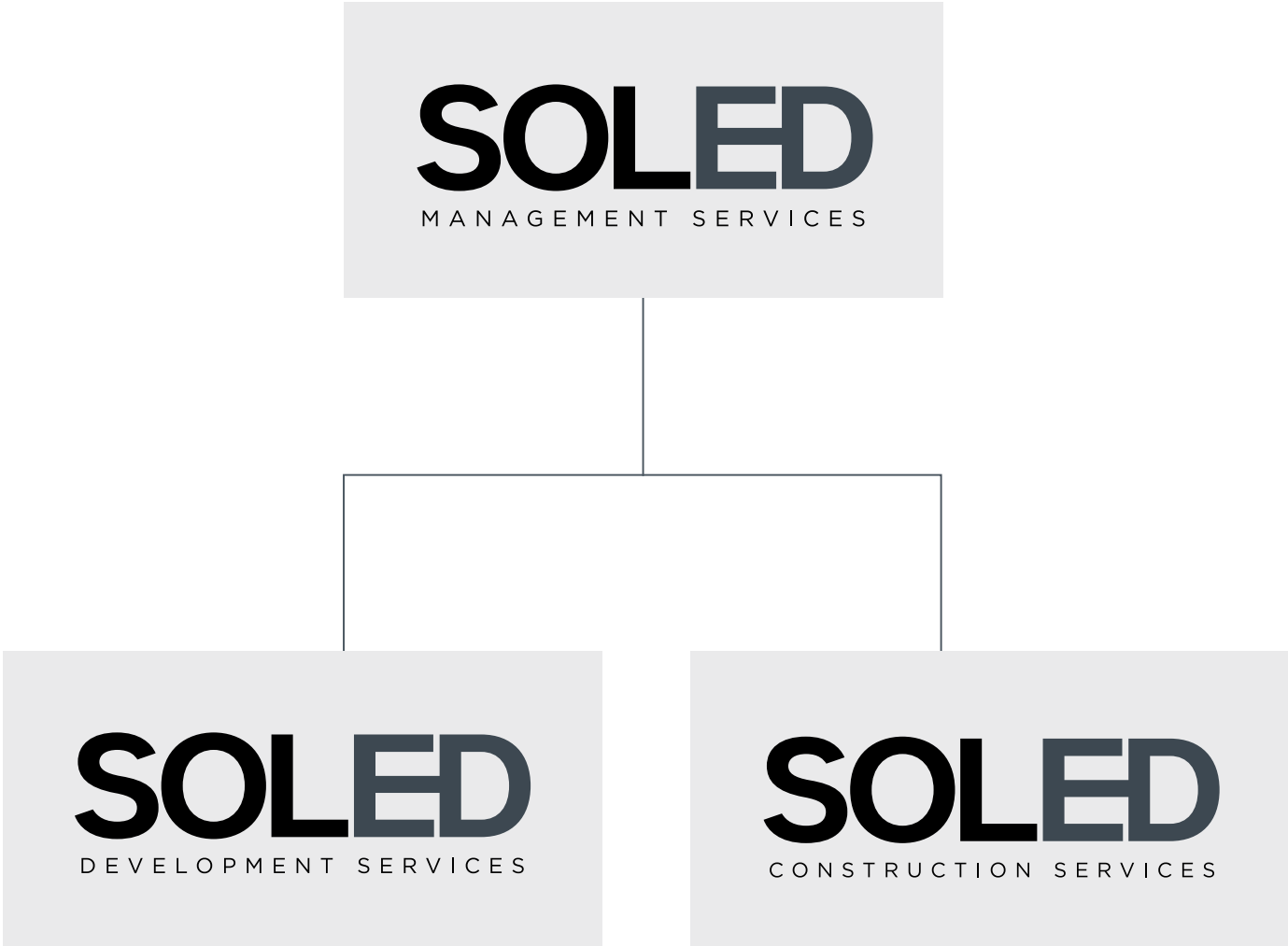
An Introduction to:
SOLED Management Services
& Integrated Construction
Management and Delivery
(ICMD)

A SOLED Solution

Introduction to SOLED Management Services

SOLED Management Services (SOLED) is an exciting new development management and alternative construction delivery company which was created as a response to the ongoing crippling issues currently being suffered by Investors, Developers and Contractors in the construction industry. SOLED has developed an alternative means to delivering building projects which saves both Developers and Trade Contractors time and money, whilst mitigating many of the common risks associated within the development and construction industry. SOLED can deliver these benefits to an Investor / Developer by adopting an Integrated Pre-Construction Service during the design phase and then utilising the Integrated Construction Management and Delivery model (ICMD) during the construction delivery phase. SOLED draws upon a pool of the most

talented real estate and construction professionals who have a long history of working within Tier 1 construction companies to deliver some of the most iconic landmark projects seen in the United Arab Emirates and beyond. Our talented staff not only have a deep understanding of what it takes to deliver complex projects, but also understand that these projects are best delivered when all parties and stakeholders are aligned towards the common goal and are working together in a truly integrated manner, under the ICMD methodology. Furthermore, by bringing both development services and construction services within the one dedicated team from cradle to grave, the Investor / Developer can have the full confidence that an integrated approach and an aligned mindset is embraced to maximise project returns for the Investor / Developer.



Time for Change

As it is in every industry, productivity is at the forefront of business leaders thinking and strategies to improve productivity and efficiency is at the top of most of their lists. When considering the construction industry as a whole, productivity has only increased 1% every year, for the past 20 years. In comparison, other industries have changed by 300% or more. Whilst most of the attention towards increasing efficiency in the construction industry has been focused on technological advancement and adaptation, little has been considered by way of procurement and delivery strategies and methodologies.

Specifically, within the Middle Eastern construction industry, which has been crippled with a myriad of issues, developers have been reluctant to move away from traditional procurement and delivery models which arguably, are exacerbating the current problems.

Such was the scale of the problem, that in 2018, DLA Piper (one of the leading legal firms globally) and MEED (a Middle Eastern business intelligence publication) set out to identify the key pressures that were shaping the GCC construction industry; the underlying factors driving change; and the ways change was expected to materialise over the ensuing years.

Their report “Time for Change: Construction in the GCC reaches a tipping point” was the the outcome of a series of interviews and discussions with senior executives from the region’s leading developers, contractors, government bodies, financiers and consultants.

***Time for Change:** Construction in the GCC reaches a tipping point, 2018; Report published by DLA Piper and MEED, 2018

“an industry that has developed a reputation for being notoriously difficult to work in. Inequitable risk allocation has eroded industry profit margins; late payment has created a cash flow crisis; and an unparalleled level of scope variations by employers has resulted in a culture of chronic cost and time overruns, disputes, and mounting financial losses.*”

02

The report identified five key pressures that were shaping the GCC construction industry in 2018. The below table highlights the five key pressures that were identified in the report and compares against today's state of play in the construction industry:

Pressures of 2018	Current state of play in 2023
Ambitious agenda: The construction industry was playing a vital role in the delivery of the GCC's economic vision	With the growth of the KSA "Giga Projects" and ambitious plans for the UAE Project market this is now an even bigger problem
Tightening liquidity: Fluctuating oil prices were continuing to strain the entire construction supply chain	Whilst oil prices are currently soaring, which is now a positive impact, current inflation growth is arguably causing an even greater strain on the supply chain
Payment delays: Payment delays, variations and overruns resulting from a liquidity squeeze were increasing	This continues to be an ever-growing problem which is further compounded by rising inflation resulting in greater losses and greater cashflow issues for Contractors and the supply chain
Low barriers to entry: Lower cost players were challenging international contractors	This remains a problem and we now see even more international contractors leaving the UAE
Lack of innovation: There was a continued reluctance by the industry to change its procurement and project delivery methods	This remains a problem and the industry is ready for disruption with new innovative procurement and delivery methods, e.g. Integrated Construction Management and Delivery method

Arguably the construction industry now finds itself in an even more dire situation and therefore even more so requires significant change. One such change could be for Investors / Developers to engage SOLED under a truly integrated approach - the ICMD Model.

“Integrated Construction Management & Delivery is one model which can be utilised by Investors / Developers to mitigate some of the problems faced by the construction industry today and create better outcomes for themselves, the project and the supply chain.



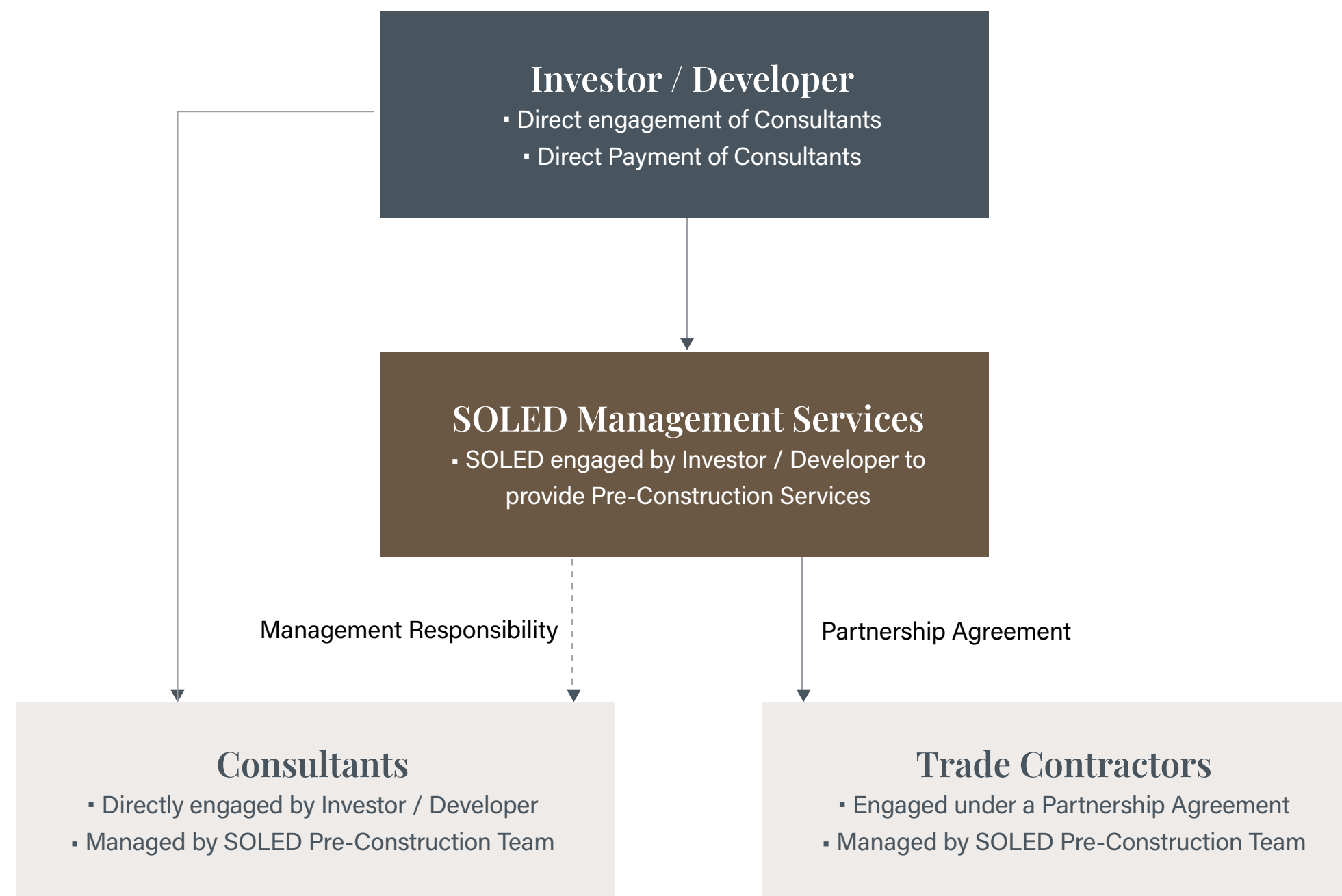
STAGE 1 – Design Phase: Integrated Pre-Construction Services

Given the quality, cost, time and safety sensitivities associated with the delivery of construction projects, a more integrated approach to the design and construction of the Project, such as the Integrated Construction Management & Delivery model (ICMD), will be necessary. A critical element of the ICMD process is the Pre-Construction Phase. By identifying and mitigating as many risks during the Pre-Construction phase as possible, less problems will need to be overcome on site during the construction phase, which in turn will lead to more successful outcomes.

SOLED propose to integrate a team of real estate and construction specialists into the project team and help lead the Consultants and the Trades from the very start of the Pre-Concept Design process to ensure the design is developed to budget, Safety in Design process is followed, buildability issues are designed out, full design coordination is achieved, and construction risks are mitigated.



STAGE 1 – Design Phase: Integrated Pre-Construction Services



Pre-Construction Cost & Design Management Process

1. Investor / Developer, Cost Consultant & SOLED agree the Budget and list of Subcontractors
2. Cost Consultant & SOLED engage 2 separate Subcontractors for each Trade Package under a Partnership Agreement to provide design reviews, Value Engineering suggestions and pricing of each package at the end of each design phase
3. SOLED Team manage the Trade Contractors and the Consultant team to ensure their design progresses on programme and within the Project Budget
4. At the completion of the Detailed Design and the open book tendering of the Trade packages, the Subcontractor with the best offer for each package is awarded the Subcontract (subject to meeting the respective Trade Package Budget)
5. Should the overall Trade Package Budget not be met, Investor / Developer have the option to either accept the submitted bids from the Trade Contractors and award Stage 2 to SOLED, or alternatively tender the Project to other Main Contractors under a traditional tender process

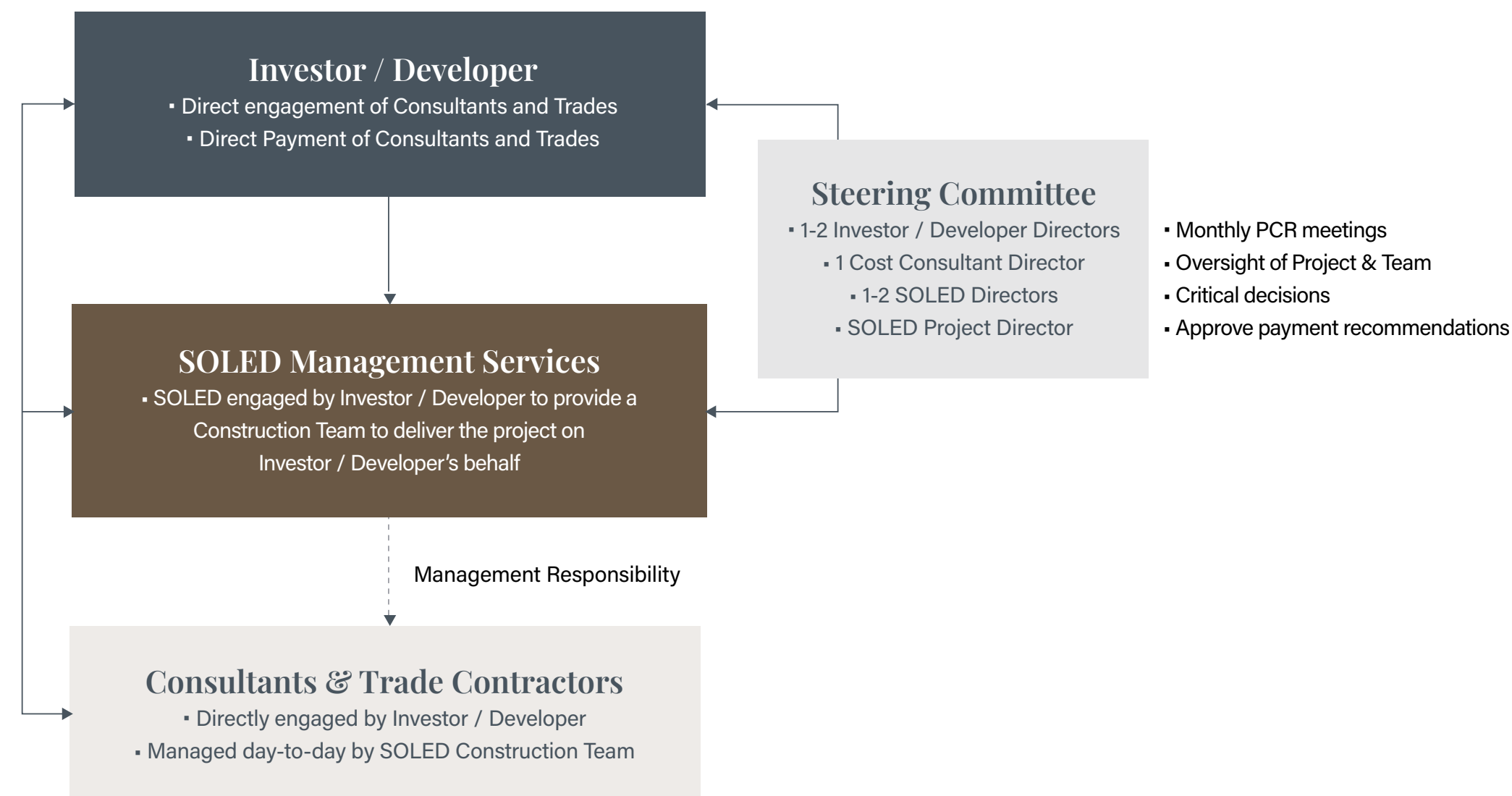
Benefits and outcomes of engaging a SOLED Pre-Construction Team

1. **Transparent Cost Certainty** - Actual Trade costs at each design stage are tracked against the budget to ensure that designs being considered through each design stage are within the budget
2. **Value Engineering** - Value Engineering options can be agreed in a collaborative manner and integrated into the design as the design progresses, saving time, cost and design re-work later
3. **Thorough design coordination** - A dedicated Design & BIM management and coordination team integrated into the consultant team to ensure the design is fully coordinated at design completion
4. **Safety in Design** - process managed by SOLED to design out/mitigate/minimise any potential risks that could cause death, injury and ill health during the construction of the project
5. **Collaborative Working** - Numerous benefits resulting from the synergies achieved through a collaborative team environment to achieve a successful delivery: **One Integrated Team - One Goal**
6. **Constructability Advice** - provided by SOLED and Trades throughout the design process, ensuring that the design is buildable and interfaces are fully coordinated prior to the Works commencing



STAGE 2 – Construction Delivery Phase: Integrated Construction Management and Delivery (ICMD)

Following the completion of the Detailed Design process and the procurement of the majority of the Subcontractors, the construction of the Project commences under the close management of the SOLED Construction Team.



Team Responsibilities

- A full construction team of SOLED staff are deployed on site to deliver the Project directly on behalf of Investor / Developer
- SOLED Staff and SOLED HO Overhead costs to deliver the Project are SOLED's Lump Sum risk
- SOLED is awarded a successful completion bonus for delivering the Project on time
- SOLED is awarded a successful completion bonus for delivering the Project within the Total Trade Budget plus the site preliminaries budget
- Trade Contractors and Consultants are engaged and paid directly by Investor / Developer, but managed by the SOLED Construction Team
- A Steering Committee consisting of Investor / Developer, Cost Consultant and SOLED Directors is to be established.
- The Steering Committee is to meet monthly (or more often in exceptional circumstances) to review progress and the performance of the site team
- All critical decisions in relation to project issues and final sign off for any payments are administered through the Steering Committee

Benefits of ICMD

1. **Project motivations are better aligned, “One Integrated Team – One Goal”**
2. **Early engagement of a Pre-Construction Team from the very start of the design process** to ensure that the design is developed to budget, Safety in Design process is followed, buildability issues are designed out and construction risks are carefully planned and mitigated (where possible)
3. **Significant cost savings for the Project**, without any change to the original design (10-15%) when superfluous costs associated with traditional construction contracts are removed
4. **Decisions are made quickly by the Steering Committee** for the benefit of the project with full transparency of all project issues in mind, before any issue becomes a bigger issue
5. **When assessing change, actual cost and time can be assessed directly** with the trade contractors prior to instructing the change, saving protracted negotiations and disputes
6. **No risk of Contractor liquidation or Contractor losses** or on their other Projects affecting the Candy One Central Project. No Contractor syphoning of money to other Projects
7. **Better price outcomes during current high inflation** as direct engagement with Trade Contractors allows their cash-flow issues to be mitigated with direct payments of materials, LC's in Avison Young name, shorter payment cycles etc.



Cost Comparison – Traditional Delivery vs. the ICMD approach

A traditional delivery approach where a Main Contractor is responsible for the entire delivery of the construction carries with it significant superfluous costs. Especially in today’s market, we see a lot of contingency being allocated to the construction risks and layer upon layer of margin being applied to the procurement of downstream trades.

The adjacent table demonstrates the differences in budget allocations (based on an assumed total construction value of AED250,000,000.00) when comparing average costs associated with a Main Contractor delivering a project compared to the ICMD approach

Integrated Construction Management & Delivery Cost Comparison					
Main Contractor Costs			Costs under ICMD Model		Comment
Preliminaries (Staff (8%) and HO overhead (2%) costs)	10.0%	25,000,000.00	9.3%	23,250,000.00	Less staff required as there's no longer protracted correspondence and disputes with Client/PMC's as the team is working under a collaborative model. Also SOLED HO overheads are lower than a larger MC
Preliminaries (bonds costs)	0.5%	1,250,000.00	0.0%	-	No Main Contractor Bonds required as Client is self delivering (Bonds are still received from Trades)
Preliminaries (all other costs)	5.5%	13,750,000.00	5.0%	12,500,000.00	Reduction in prelims due to faster delivery
Trade Packages	75.0%	187,500,000.00	72.0%	180,000,000.00	Reduction in Trade Costs as Trades will be allowing for less contingency due to faster payments and there be no MC withholding cash for no reason
Margin	5.0%	12,500,000.00	0.0%	-	No margin
Contingency	4.0%	10,000,000.00	0.0%	-	No MC contingency required as Client is self delivering
SOLED General Overhead	0.0%	-	2.0%	4,315,000.00	General Overhead for SOLED
Total Construction Delivery Cost	100.0%	250,000,000.00	88.0%	220,065,000.00	
Successful Completion Bonus	0.0%	-	4.0%	8,630,000.00	Awarded only if KPI's are successfully achieved
Developers Costs					
Developers Team	2.0%	5,000,000.00	2.0%	5,000,000.00	Developer should be able to maintain the same level of staff for this model but potentially less as PMC, Cost Consultants and SOLED are working in partnership
Developers Contingency	13.0%	32,500,000.00	13.0%	28,608,450.00	Additional Developer risk is offset due to design & procurement partnership model and much greater transparency on project issues which mitigates design and project risk
Finance Costs	6.0%	15,000,000.00	5.5%	12,103,575.00	Cheaper total finance cost as project is delivered faster and cheaper
Legal Team	1.0%	2,500,000.00	0.5%	1,250,000.00	Less legal required as there will be no disputes with the Main Contractor
Project Management Consultant	2.5%	6,250,000.00	2.5%	6,250,000.00	No change
Cost Consultant	1.0%	2,500,000.00	1.0%	2,500,000.00	No change
Design Consultants	6.0%	15,000,000.00	4.0%	8,802,600.00	Cheaper Consultant Fees as project is delivered faster and designed and procured under the partnership model
Total Developers Costs	31.5%	78,750,000.00	28.5%	64,514,625.00	
Total	131.5%	328,750,000.00	116.5%	293,209,625.00	
Saving (% on original construction value)			14.2%	35,540,375.00	

As can be seen in the calculations, **savings of over AED35,000,000.00 in construction costs plus developer’s costs can be achieved** (even if the KPI’s are achieved and the full Successful Completion Bonus is awarded) when converting to a direct delivery approach such as the Integrated Construction Management and Delivery Model.

Key Personnel

Petar Mladenovic Founder & CEO

Benefiting from over 20 years of international experience from a vast array of projects; specialising in high-rise residential and commercial design and construction, working in close collaboration with leading developers and world-renowned consultants. This coupled with an entrepreneurial mindset and a wealth of experience in the negotiation, design and delivery of large-scale retail, hospitality and stadia both locally and internationally; together with a strong academic background, has made Petar a well-rounded, technical, commercially astute and valuable leader of the team.

Experience

Founder – Orchid Grove & SOLED Management Services 2020-2023

- Established Orchid Grove Luxury Developments after identifying a gap in the market to develop super prime residential villas and resorts, in UAE, which are designed to have well thought out and truly usable and functionable spaces to suit the ongoing shift in the way we live, work and entertain our guests
- Created a series of business plans together with feasibility studies which are now being used as part of the fundraising to acquire land and commence construction
- Established a Development Management & alternative construction delivery methodology and internal division to deliver construction projects whilst mitigating the multitude of inefficiencies associated with traditional Main Contractor procurement and construction contracts

Executive Director & Board Director – Multiplex Middle East | 2015-2020

- Fiduciary Board Director of four regional Multiplex companies, in addition to the Multiplex Middle East Holding Company
- Director responsible for all of Multiplex’s new business opportunities across the Middle East
- Director responsible for Multiplex’s Design Department
- Part of the Director team to successfully restructure Multiplex’s Middle East business
- Responsible for business development and negotiating construction contracts

- Responsible for establishing tender strategies and leading the legal, commercial, estimating, design, construction and technical teams
- Established framework agreements with a prominent bank and international government for alternative sources of Project Finance
- Successfully negotiated and secured over AED6.5 billion of construction contracts

Executive Commercial Manager – Multiple Projects, Multiplex UAE | 2012-2015

- Heavily involved in business development and negotiating construction contracts
- Established tender strategies and led the tender teams
- Identified Value Engineering and fast-tracked construction solutions

Project Manager – Multiplex, India | 2010-2012

- Key member of the team which established Multiplex as a sustainable business in India
- Led the team for the Pre-Construction Services for the Aerocity and Shipra Residential Development projects in Delhi
- Instrumental in the identification of value engineering opportunities and implementation of design considerations regarding safety, buildability and speed of construction on site

Design Manager – Multiple Projects, Multiplex UK & Multiplex UAE | 2002-2012

- Led the design team and undertook the design management from the concept design through to 100% detailed design and supervision for numerous UK and UAE Projects
- Fulfilled several roles related to Project Coordination, Design Management and Site Management from pre-construction phase to early post construction for Wembley Stadium
- Played a critical technical role in Multiplex's defense of the Class Action and Subcontractor litigation proceedings against Multiplex which ensued from the Wembley Stadium Project



Education

- Master of Business Administration (EMBA) London Business School, UK - 2016
- Master of Studies in Interdisciplinary Design for the Built Environment – Cambridge University, UK - 2005
- Bachelor of Engineering (Civil) – University of Melbourne, Australia - 2001

Specialties

- Business Strategy
- Design and Build Contracts
- Iconic Project Procurement Strategies
- Contract Negotiation
- Value Engineering
- Design Management
- Commercial Management

Core Attributes

- Strong leader through collaboration and positive attitude
- Driven by challenges
- Strong interpersonal skills
- Cultivates the potential in others
- Highly motivated to achieve
- Committed to values
- Maintains excellent performance under pressure

Projects (approximate value)

- Wembley Stadium, London (AED4,800M)
- Peterborough Hospital, UK (AED3,960M)
- Eden Shopping Centre, UK (AED950M)
- Strata SE1 Tower, London (AED900M)
- Palm Canal Towers, Dubai (AED4,000M)
- Badrah Gate Towers, Dubai (AED1,200M)
- City of Lights, Abu Dhabi (AED1,000M)
- Aerocity, Delhi (AED200M)
- Shirpa Residential, Delhi (AED220M)
- Address BLVD Hotel, Dubai (AED1,000M)
- Foremarke School, Dubai (AED130M)
- IRENA Headquarters, Abu Dhabi (AED300M)
- TDM Zabeel Expansion, Dubai (AED900M)
- Nikki Beach Hotel and Resort, Dubai (AED450M)
- Caesar's Palace Hotel and Resort, Dubai (AED1,300M)
- HSBC Headquarters, Dubai (AED330M)
- One @ Palm, Dubai (AED450M)
- DT1 Residential, Dubai (AED170M)
- DPR Lapita Hotel, Dubai (AED400M)
- ICD Brookfield Place, Dubai (AED1,500M)
- Address Jumeirah Resort + Spa, Dubai (AED2,130M)
- Royal Guilford School, Dubai (AED240M)



Thank You

SOLED
DEVELOPMENT SERVICES

SOLED
MANAGEMENT SERVICES

SOLED
CONSTRUCTION SERVICES