

Glossary of Terms

Backlog Gross Profit Margin (Backlog GPM)	Represents the expected gross profit margins to be earned from the balance of work to be completed under existing construction contracts. As the construction contracts are progressively completed, backlog profit margin declines. As new work is secured and contracts signed, backlog profit margin is replenished.
Backlog Revenue	Represents the balance of work to be completed under existing construction contracts. As the construction contracts are progressively completed, backlog revenue declines. As new work is secured and contracts signed, backlog revenue is replenished.
BSF	UK Government program – Building Schools for the Future.
CEMEA	Continental Europe, Middle East & Africa.
Construct only	A “risk” service offering where the contractor provides construction only services, design responsibility is not taken by the contractor. Construct only is usually bid competitively and a lump sum price provided.
Construction Management (CM)	A “fee” service offering involving management of the construction activities of a project on a fee basis. While risk is taken on the cost of the management, no risk is taken on the cost or time for construction.
Construction Management at Risk (CM@Risk)	A “risk” service offering where a fee is paid to undertake the procurement of services and trades required for the construction of the project. Once a high percentage of the total trade cost has been procured, risk is then taken on delivering the project for the agreed time and cost.
Design & Construct 1 stage (D&C 1 stage)	A “risk” service offering where a preliminary design brief is completed for the project by the client. A lump sum or Guaranteed Maximum Price is then agreed for the completion of the project. Risk is taken to complete the project for the agreed price and schedule. This process is usually conducted in a competition with limited design documentation to provide a proposal for a guaranteed price and schedule.

Glossary of Terms (cont.)

<p>Design & Construct 2 stage (D&C 2 stage)</p>	<p>A "risk" service offering where a fee is paid to manage the design and to undertake the procurement of trades and services. Once this process has advanced sufficiently, either a lump sum or a Guaranteed Maximum Price is agreed to complete the work. Risk is taken to complete the project for the agreed price and schedule. The design development phase has enabled more documentation to be produced prior to the price and time being agreed with the client.</p>
<p>Engineering Procurement Construction Management (EPCM)</p>	<p>A "fee" service offering where a fee is paid to undertake the engineering design and procurement of the trades and services required to construct the project. A further fee is then paid to manage the construction activities (similar to CM services above).</p>
<p>Financial Close</p>	<p>This is the point at which the parties to a PFI project are irrevocably committed to the project through the execution of unconditional contracts. It is normally evidenced by the drawdown of funding for the project to commence development and construction activities.</p>
<p>Gross Profit Margin</p>	<p>Represents total project revenue less direct project related costs such as payments to subcontractors and other costs incurred by Bovis Lend Lease that are directly attributable to the project. It does not include the allocation of any general (or indirect) overheads. Operating profit before tax is determined by deducting indirect overheads from gross profit margin.</p>
<p>Guaranteed Maximum Price (GMP)</p>	<p>Represents an agreed contract value to perform the services required. Typically, actual costs of elements of these services are tracked and any savings to the agreed contract value are shared between the parties. Cost overruns beyond the contract value are the responsibility of the contractor.</p>
<p>HVAC</p>	<p>Heating, ventilation and air-conditioning.</p>

Glossary of Terms (cont.)

IIF	Incident & Injury Free – core component of the Lend Lease Group vision and commitment to proactively work with all stakeholders including clients, designers, contractors and the workforce regarding workplace safety.
LEED	The Leadership in Energy and Environmental Design (LEED) Green Building Rating System is a voluntary, consensus-based rating system in the United States for developing high-performance, sustainable buildings. LEED addresses all building types and emphasizes state-of-the-art strategies in five areas: sustainable site development, water savings, energy efficiency, materials and resources selection, and indoor environmental quality.
LEP	UK Government Local Education Partnership.
Liquidated Damages (LDs)	The pre agreed damages payable by a party to the opposite party of the contract for the damages caused by its failure to complete construction by a date specified in the original agreement or by agreed amendment.
MEP	Mechanical, Electrical and Plumbing.
MNC	Multi-national corporation.
MoD	UK Ministry of Defence.
Multi-family	US term to describe a dwelling of more than 5 units.
NHS	UK National Health Service.
New Work Secured GPM	This measure represents the estimated Gross Profit margin to be earned from construction contracts secured during the period. When formal contracts are signed, the new work secured becomes part of Backlog. New Work Secured was previously referred to as Sales.

Glossary of Terms (cont.)

Preferred Bidder	This is the point in a PFI project when the public sector client formally notifies one bidder that it has been selected from the shortlist of service providers, and intends to negotiate the contract with the Preferred Bidder on an exclusive basis. While this notification is a non contractual arrangement, it does however confirm the client's intention to proceed to Financial Close.
Profit Recognition	During project construction it is Lend Lease's policy not to recognise profit on projects other than to cover overheads until the outcome of the contracts can be reliably determined and they are at least 50% complete. Losses are recognised in the period in which it is incurred.
Private Finance Initiative (PFI)	A form of PPP, PFI allows the public sector to contract with the private sector to provide quality services on a long-term basis, typically 25-30 years, so as to take advantage of private sector infrastructure delivery and service management skills, incentivised by having private finance at risk. The public sector typically pays for the project through a series of performance or throughput related payments, which cover service delivery and return on investment.
Profitability Ratio	EBITDA divided by Realised GPM.
Project Management (PM)	Agency / consultancy work that is performed for a fee. No subcontracting involved.
Project SLAM	UK Government military accommodation program – Single Living Accommodation Modernisation.
Public Private Partnership (PPP)	Public Private Partnerships are arrangements typified by joint working between the public and private sector. In the broadest sense, PPPs can cover all types of collaboration across the interface between the public and private sectors to deliver policies, services and infrastructure. Where delivery of public services involves private sector investment in infrastructure, the most common form of PPP is the Private Finance Initiative.