

Investment Q and A for www.passivpod.co.uk

1 DOES OUR SECTOR ATTRACT HIGH FUNDING?

Yes it is the highest sector for Peer to Peer and alternative finance growing over 100% pa as it is based on fixed assets which increase in value annually and have low maintenance and low management costs. Affordable low carbon homes and offices are preferred by buyers, and schools are desperate for more classroom space with low running costs. A basic design modular timber start-up raised £985K with over 700 investors on Crowdcube in 2017.

2 HOW UNIQUE AND PROTECTABLE IS OUR IP?

Trademarks are registered for PassivPod word, logo and motto "ahead of a curve". Designs are registered for internal and external layouts. NDA's with suppliers and contractors are applied. Director C Bonny is a qualified IP advisor. There are no current competing designs for ellipsoid zero carbon buildings. Our IP registered designs and floorplans protection are shown on our website and renewable for 25 years

3 HOW ACCESSIBLE ARE OUR POTENTIAL MARKETS?

Our target sectors are homes, education colleges and leisure parks. These are high demand with low current supply in UK and abroad. Population growth and short supply drive market demand and will protect our margins for many years due to the complacency of traditional builders. Property developers are signing up to our referral reward programme as sales agents. Referral marketing reduces time and cost to win sales; property agents like our design and are recommending us to prospective buyers for 2%-5% of completed sale price

4 WHAT IS BIOPHILIC DESIGN?

Biophilia is a proven science measuring the impact of living within a natural environment. Published research proves that timber build design with enhanced natural light, ventilation, natural humidifiers, and acoustics in open curved space all reduce physical stress and enhance cognitive abilities. Koru research report Built To Learn details factual evidence

5 WHAT DESIGN OPTIONS ARE AVAILABLE?

Passiv Pod design is modular and scalable for diverse uses. The market has high demand for our core designs: 3-4 bed luxury eco-home (£380k-£500K) or office with 175/250 square metres per floor; 65 square metre classroom (£115K) for 20 students; and garden home office (£33K) with 15 square metres for 2 persons. Incl heating / ventilation, excl furniture.

6 WHAT ABOUT LAND COSTS?

This is not applicable as our target buyers (including colleges and private buyers) already have land available which they wish to capitalise for additional returns. Our property agent referrers plan to buy rural land for PassivPod as local planners and neighbours prefer it.

7 WHAT ABOUT THE INTERNATIONAL MARKET?

Our quoted forecast financials are based on UK sales. The international market multiplies this tenfold. Four bedroom eco-properties in unique locations abroad sell for over £1M each and command rental incomes over £5000 per week.

8 HOW DO BUILD COSTS COMPARE WITH STANDARD DESIGNS

PassivPod costs equate with traditional build costs at £1500-£2000 per square metre. This ensures competitiveness due to our additional energy savings, biophilic properties and unique design. Our extensive market research shows no other eco-designers in this niche.

9 WHAT PROFIT MARGINS ARE REALISTICALLY ACHIEVABLE?

Margins are 25%-30%. Cash-flow issues are avoided with stage payments from buyers. Design ensures faster build time, lower costs, higher resale and premium rental values

10 HOW CAN INVESTORS RECOVER PROFITS?

Each development project will generate profits on the sale of buildings to create a healthy dividend pot by year 5, equating to 200%-500% ROI. Registered IP enables global licencing for recurring long-term revenues. Profits will be reinvested growing the business organically. Exit will be trade sale to a major international developer. There are many profitable buyer candidates wanting high quality low cost multi-purpose innovation designs

11 HOW WILL INITIAL FUNDS BE RAISED AND USED?

£350K minimum seed round allows £300K for initial showroom build costs and £50K for PR and direct marketing, targeting key influencers and decision-makers. PR targets include international Eco-Schools programme leaders, top 100 owners of holiday lodge parks, Grand Design exhibitions, and articles in lifestyle and health publications. The initial showrooms will stimulate demand. Ongoing cash-flow grows via organic sales without further share dilution.

12 WHAT OTHER FUNDING OPTIONS ARE BEING CONSIDERED?

Other funding options include raising funds via Bonds at 8-10% interest per year, and the top University Endowment equity fund managers who have multi-million funds targeting eco-innovation SME's. Our first option is via Crowdcube May 2018. SEIS and EIS is approved by HMRC giving tax credits of 30%-50%. Investors can also buy Pods direct.

13 WHAT IS YOUR CURRENT BUSINESS VALUATION?

A 15% equity share for £350K seed funding gives a £2.4 M valuation. High value physical assets with a long life and low running costs appreciate faster than inflation and reduce risk.

14 HOW IS THAT CALCULATED?

High quality eco-homes are safer assets than unproven technology or consumer products. PassivPod yields a long life with a premium resale value. Conservative forecast is retained profits of £9M on 250 unit sales in UK by 2023. Sales abroad can multiply x5 to x10 extra

15 HOW MUCH HAVE THE OWNER DIRECTOR SHAREHOLDERS INVESTED?

Since 2015 the two 50% shareholders Clive Bonny and Mark Pellant have invested 50% of their time in sweat equity and over £50,000 in direct costs in research and design. They have a £50K loan note due 2019 and are committed to add more time when funding completes. Their support team of architects and planners have also been engaged at no charge to the business.

16 CREDENTIALS / AWARDS ZERO CARBON BUILD / BUSINESS GROWTH SUCCESS

Our experience and industry Awards and recognitions are shown on our support websites Mark Pellant at www.koruarchitects.co.uk and Clive Bonny at www.consult-smp.com Strategic Management Partners awards include 5 Gold Standards for Responsible Business Management since 2012, most Advanced Innovation Consultant 2016, Mediator of the Year 2016, UK Top 50 Business Advisor 2015, and since 2002 Life Fellow for Royal Society of Arts Manufactures and Commerce winning 2 Catalyst Awards for entrepreneurship. Koru Architects and Passiv Pod Awards are extensive since year 2000 below



17 HOW STRONG AND FIRE-RESISTANT IS THE TIMBER DESIGN?

The design is based on a skeleton frame of cross-laminated timber. The frame will use short pieces which lock into connecting modules. This ensures higher strength than long single timbers. Cross-laminated compressed timber is very fire resistant and can remove the need for fireproof coating. In 2017 London Dalston Works completed a 10 storey cross-laminated timber framed block of apartments, 33 metres high. Most timber manufacturers are already using CLT. Compressed modular panels are lighter and easier to manufacture and ship to site. PassivPod will use fast growing local sustainable timber, reducing transport to site. Cut waste will be recycled into panels.

18 WHY USE A CURVED DESIGN?

The ellipsoid curved shape improves structural resilience, thermal efficiency and air circulation, reduces energy waste and enhances occupier wellbeing. It is naturally wind-resistant and more stable in tough environments.

19 WHAT ARE YOUR GROWTH ASPIRATIONS?

“Ahead of a Curve” is our trademark. We plan equity share crowdfunding to accelerate sustainable growth internationally. A major Scandinavian timber manufacturer wants our business. We can operate globally. Our UK financial forecast of £9M net profit in 5 years is conservative as EU, North American, and Asian markets can multiply that by x5 to x10 higher, as current mass market users of timber frame buildings. Our aim is affordable and healthy living leisure and learning, chemical-free buildings, and no environmental waste.

20 WHAT DO WE WANT MOST?

People to share this opportunity with others, and earn from our referral reward to introduce potential buyers to us. We want to give each referrer up to £25000 commission. Everyone knows someone who could become a buyer. Contact us below for our standard terms

<https://www.passivpod.co.uk/wp-content/uploads/2017/11/referral-programme.pdf>

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