

Address:

Nicholas House, River Front
Enfield, Middlesex
EN1 3FG, United Kingdom

Company Website:

<http://www.smartenergyefficiency.co.uk>

Company History:

In March 2017, Negawatt began incubation within EnergyPro. Since then Steven Fawkes and Chris Clapham have invested circa £135k into the business to make it market ready.

Capital requirement:

Additional investment of circa £250k (SEIS/EIS).
Close anticipated in November 2018.

Use of Funds:

The investment will be used to facilitate a pilot across several buildings with one of the UK's largest owners of student accommodation and move to commercial contract.

Management Team:

MD – Chris Clapham: Co-founder. Experienced in leadership positions within start up environments in the international real estate, clean tech and financial sectors.

Chairman – Steven Fawkes: Co-founder. 30+ years' experience in Energy Efficiency. Published author of multiple books and hundreds of papers and articles. Co-founded 2 ESCos and most recently overseen JV between EnergyPro and the world's largest publicly owned energy services company, EESL Ltd of India.

NXD – Mike Tivey: 25 + years commercial and corporate experience in property, energy services and engineering, construction and PFI sectors. Previously Executive and Divisional Board member for FTSE 250 energy services company MITIE.

NXD – Matt Pumfrey: 20 + years in sustainability & energy services. Has set up and run his own businesses. Previously Executive board member and MD for FTSE 100 Serco's Sustainability & Energy Services business (SES) where he created a diverse £120m turnover business with +2,000 staff.

NXD – Alex Rathmell: 10 + years as an experienced entrepreneur and company director who introduced M & V to the UK EE industry founding the respected consultancy EEVS Insight where he was MD for 5 years and which he sold in 2016.

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Description / Company Overview:

Negawatt has developed an innovative business model to deliver energy efficiency as a managed service on commercial real estate. The innovation is called Smart Energy Efficiency™ or SEE™. SEE™ cleverly combines energy procurement with retrofitting of the properties to improve energy efficiency and deliver non-energy benefits which are more valuable to the owners. The two main benefits are to fix the largest element of OpEx for up to five years (typical contract length) and enable the increase in asset value of the actual property. The model is being applied to student accommodation where it was conceived and developed.

Market Opportunity / Customer Need:

The UK's student accommodation market is valued at +£45bn with over 650k bed spaces currently and an additional 90k beds in the pipeline. The largest element of cost in student accommodation is related to utilities which can represent between 30% - 50% of OpEx. All costs related to utilities are included within the rent the student pays and therefore no material incentive exists to limit this expense for the owners. Government targets for climate change are placing an increasingly strong focus on energy efficiency in the built environment with ever increasing penalties posing a real threat to owners of commercial real estate.

Product / service solutions:

SEE™ cleverly combines energy procurement with energy performance to absorb the complexity related to the utilities within student accommodation and deliver a simple managed service with a fixed fee. We focus on:

- 1) reducing the overall cost of a bought in unit of energy,
- 2) optimizing and minimizing the use of the utilities on site and,
- 3) reducing the maintenance and lifecycle costs.

Competitors:

To our knowledge, no one is currently delivering energy efficiency as a managed service. Different players in the market address individual aspects. Procurement and energy performance are currently separate markets. Typical commissions charged by brokers for buying energy are between 10%-40%. Energy Performance Contracting typically reduces consumption by an average of 25%. Legacy issues will cause a delay and allow us a real first mover advantage.

Business model / Milestones /Market Strategy:

SEE™ uses leading edge software and hardware to remove a significant margin stack and improve the energy efficiency and operational efficiency of student accommodation. This delivers two key non-energy benefits which enable the owners to affect the outcome of their portfolio's performance via:

-  Op Cost management
-  Value growth

Circa £600k has been invested into the SEE™ business model since its inception. A feasibility study covering 11 properties highlighted Op Ex savings of up to 35% and asset value increases.

Negawatt has engaged with circa 32% of the privately-owned student accommodation space, has a supply chain in place and ready to deliver the pilot and a planned route to market with a number of milestones, such as:

- 1) Complete successful pilot – 2018/2019
- 2) Streamline delivery processes – 2018/2019
- 3) Rollout across pilot client's portfolio – 2019/2020
- 4) Roll out to developed pipeline – 2020/...

Roadmap and Exit

The company's priority focus is on delivering the pilot, securing commercial sales and scaling up the model. Reaching profitability is anticipated within 12 months from a successful pilot. Negawatt has confirmed a pressing customer need, substantial market and developed a clear route to develop it. Exit options are likely to include an acquisition from an established sector player. With a proven, differentiated model that is designed to deliver key strategic non-energy benefits and save significant cost in a growth sector, Negawatt is in a strong position to meet its projected revenue targets and milestones.