

# APPENDIX

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## AMODE

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**AMODE** | NZ

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COMPANY BACKGROUND

Amode's vision for its Rapid Construction System (RCS) product is global and inclusive. With a strong focus on technology and innovation, Amode has a viable and sustainable product for the future with a strong vision to change the global construction industry and the standard of housing for all sectors of society.



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# Section 1

## Letter from the Managing Director

On behalf of Amode Pty Ltd ("Company"), I am very pleased to introduce our Company as the market leading supplier of prefabricated houses, schools, commercial buildings and medical facilities to the New Zealand market. This follows a period of significant growth for the Company over the past 3 years with entities established in Australia, Papua New Guinea ("PNG") and New Zealand.

The Amode business is focused on the development and supply of prefabricated building products to the global market. Amode's Rapid Construction System "RCS" is a market leader in quality, price and market suitability.

The vision for Amode is to become the largest supplier of prefabricated houses, schools, commercial buildings and medical facilities to the global market. The foundation has now been established with proven systems undertaking large scale roles in both developing (PNG) and developed countries - with our introduction into the New Zealand market.

In PNG, Amode has established Amode RCS PNG Limited and has partnered with Anitua Ltd, a land owner based organisation. Amode RCS PNG has acquired the rights for 750 houses, a commercial precinct, and associated infrastructure. The total project value is USD80m.

In New Zealand, a new vehicle, Amode NZ Ltd, has been established. Amode welcomes Mr David Reid and Mr Mark Tutty to our senior management team who will oversee Amode's operations in NZ. Both Mr Reid and Mr Tutty have strong market connections and significant knowledge of the New Zealand construction market with their background in Falcon Construction and David Reid Homes.

Over the past 18 months due diligence into Amode's entry into the New Zealand Market has been undertaken. This has included significant investigation and investment into the product range and compliance of Amode's Rapid Construction System to meet the requirements of the New Zealand Market. On the back of this work Amode has secured our first contract with the Ministry of Education as part of their NZD1billion per annum school reform programme. This initial project will act as a demonstration of Amode's capabilities to meet the demands of the Ministry of Education's programs. Our second contract is with NZ Charitable Trust which focuses on affordable housing solutions. This pilot project involves the development of a site in Christchurch NZ for 11 housing units.

These initial projects will establish Amode's global product and brand into the New Zealand market.

I am pleased to be part of Amode's continued growth and look forward to our future success in the New Zealand Market.

Yours faithfully

*Joseph Webb*

## Section 2

### Amode Value Chain

**01**

Premium brand and product range supported by an integrated intellectual property portfolio

**02**

Profitable Australian business has grown rapidly providing a platform for global growth opportunities;





### 03

Differentiated product portfolio has broad appeal across both developed and developing countries;

### 04

Flexible and scalable supply chain supports future company growth.

### 05

Senior management team with relevant industry and market experience and focus on providing customers with quality outcomes.

## Section 3

### Business Description

#### **3.1 What is Amode's Rapid Construction System and why is it different?**

Amode Pty Ltd is the developer and holds global distribution rights and associated IP for Amode's Rapid Construction System "RCS". Amode RCS is a market leading mass produced system that enables high quality and low cost houses, schools, and other buildings to be built which will underpin large scale developments globally.

Amode was established in June 2011 with the vision to develop a rapid building system that could overcome many of the significant barriers facing the current global housing crisis.

The development of the system focused on three (3) key efficiencies:

<b>1. Manufacturing Efficiency</b>	Ability to be mass-produced efficiently providing a product that is both high in quality and affordable;
<b>2. Transport Efficiency</b>	Must be able to fit into a standard shipping container for efficient transport to global markets; and
<b>3. Installation Efficiency</b>	The product must be able to be installed rapidly using minimal skilled labour;

Amode's RCS is a building system that can be mass-produced in a factory, transported in standard shipping containers, and installed in a number of days using minimal skilled labour. Amode recently built a house in 20 hours in Papua New Guinea using local labour and no machinery ([http://m.youtube.com/watch?v=hl\\_9\\_q\\_uLF8](http://m.youtube.com/watch?v=hl_9_q_uLF8)).

Amode's RCS is the market leading technology for housing solutions in emerging and developed countries.

The key advantages of Amode's RCS are:

1. Mass Production Capability: Designed to be mass-produced in panels that simply connect together using unskilled labour;
2. All electrics, plumbing, window/door frames, sheeting, insulation, and connection details are pre-installed in the factory;
3. The product is transported in standard shipping containers for global reach;
4. Houses can be installed in a number of days or weeks using local labour with no need for machinery; and
5. The RCS is compliant to the highest international standards including: a 50 year structural life; earthquake certification; cyclone certification; and 5 star energy efficiency rating.

Amode's key advantage over its competition is that during the development of the system all three key efficiencies were considered – manufacturing, logistics, and constructability of the product. This has enabled the delivery of not only a high quality finished product, but at a price point that can support low cost housing in developing countries.

### **3.2 Business Model**

Management believes the growth of the Company is attributable to its ability to leverage its high value IP and differentiated portfolio of products to take advantage of the increased demand for affordable housing and education buildings globally. The strengthening of the brand and business is supported by its business systems and management capabilities. Management believes that these factors also provide Amode with a basis for expansion into new markets.

The core business is the development and supply of Amode's RCS to global markets. With significant investment into the development of the IP already completed and the product proven in market, the supply of products to existing and established projects will provide continued growth for the Company.

Amode has also established in-market companies to further exploit the technology that has been developed.

- **Papua New Guinea:** Amode RCS PNG Limited has been established. This is a property development vehicle that has purchased some 750 titled lots in the Port Moresby Growth Corridor. This project is targeting the high demand for affordable housing which is being facilitated by low interest loans from the Government and corporate housing schemes being rolled out across Port Moresby. Amode Pty Ltd is a 50% shareholder of this vehicle with Anitua Ltd – a leading land owner group business that supplies multiple large scale services to Lihir Gold. Amode Pty Ltd also provides project management services to this company which links the ongoing product development with in-market construction of our product.

- **New Zealand:** Amode NZ Ltd has been established based on 18 months of market due-diligence and product development. Amode Pty Ltd is a 50% shareholder with New Zealand identities David Ried and Mark Tutty. Amode NZ has been promoting Amode's products in NZ and secured Amode's first 2 projects.

In summary, Amode's core business is the development and supply of RCS products to market. In addition, Amode has identified key advantages by joining with established local entities to jointly secure in-country projects. This has also built significant practical IP in relation to logistics, construction, marketing, sales, and overall business processes that can now be replicated in other global markets.

## **Key Factors of Business Model**

### **01**

Amode's RCS product development aligns with the growing demand for affordable housing globally;

### **02**

Targeted and differentiated brand and distinctive product portfolio;

### **03**

Integrated portfolio of intellectual property and proprietary know-how.

### **04**

Leverage strategic relationships and a scalable supply chain to optimise return on capital;

### **05**

Investment of capital into focused strategic growth opportunities;

### **06**

Organisational structure designed to deliver strategic priorities;



## Section 3

### Key Factors of Business Model

#### **01 – Amode's RCS product development aligns with the growing demand for affordable housing globally:**

The latest study by Reportlinker, a major award-winning research firm into the global housing market provides a detailed assessment of the global housing market. The report in summary provides strong evidence of not only the scale of the global housing market but also the continued increase in demand:

"The Asia/Pacific region, led by China, is projected to be home to over three-fifths of the new dwellings constructed in the world in 2018. Between 2013 and 2018, new unit construction will increase by 4.8 million units to 38.5 million on 2.7 percent annual growth. New dwelling construction in the Africa/Mideast region is expected to reach 13.0 million in 2018 on 3.7 percent annual growth, with absolute gains of over 2.1 million units, supported by above average population growth and household formation", the report explained.

There is currently a massive change taking place in the global housing market. The rapid growth of developing countries is propelling millions out of poverty on an unprecedented scale and radically reshaping the global market. The scale of this change has been highlighted in the recent United Nations Report "The Rise of the South: Human Progress in a Diverse World."

"The Industrial Revolution was a story of perhaps 100 million people, but this is a story about billions of people," - Khalid Malik, the report's lead author.

This is not just a story about China – it reaches across over 40 developing countries from South America, to Africa, the Middle East, through to Asia. Habitat for Humanity has further tried to quantify the magnitude of this event:

"Over the next 20 years, over 2 billion people will add to the growing demand for housing, water supply, sanitation and other urban infrastructure services. What is critical when considering this number is the order of magnitude. Close to 3 billion people, or about 40% of the world's population by 2030, will need to have housing and basic infrastructure services. This translates into completing 96,150 housing units per day or 4000 per hour." Whilst one of the largest markets in the world and the largest single investment by households, the industry is still underpinned by building techniques that are thousands of years old. The use of mass production that has

revolutionised the majority of industry has not been applied to the housing market. With the growing demand for housing, lack of skills, and materials to support the increase in demand, the time is now for the housing market to access the efficiency of a mass-produced housing product.

Amode has developed the IP and proven the product to be suitable for mass production. Amode aims to be the "Hyundai" of the housing market.

#### **02 – Targeted and differentiated brand and distinctive product portfolio:**

The Amode brand has developed a reputation of quality and affordability. In a market saturated by high cost modular solutions and low cost non-compliant inferior products, Amode has been able to develop a high quality product that can not only support the development of low cost housing in developing countries (such as our projects in PNG) but is also suitable for affordable/social housing and education projects in developed countries (such as New Zealand).

Amode's significant advantage is the development of the system taking into account the 3 key efficiencies of manufacturing, logistics, and installation. The product comes as a complete system, it requires minimal skilled labour to install, and can be installed rapidly without the need for machinery.

The outcome is a system that can be applied to opportunities in both developed or developing countries. It has the structural integrity, global compliance capability, and aesthetic look to meet the demands of developed countries but also the price point required for developing countries requirements.

#### **03 – Integrated portfolio of intellectual property and proprietary know-how.**

Amode has developed, and is continuing to enhance, the scope of its integrated intellectual property portfolio, comprising brands, proprietary processes, and know-how with respect to Amode branded products. The scope of the integrated intellectual property portfolio combined with its wide geographical coverage across key markets provides the basis for the expansion of Amode into the global market place.



#### **04 – Leverage strategic relationships and a scalable supply chain to optimise return on capital:**

Amode's products are produced through a scalable supply chain. This is achieved through an efficient integration of the various steps in the supply chain with Amode's proprietary knowledge, quality assurance, and branding. The success of the supply chain model for PNG provides a template that management believes can be replicated or adapted as required for growth in other international markets.

Amode seeks to optimise value to its customers by focusing investment in product development, sales, marketing, and brand development. This is supported by investment to extend its integrated intellectual property portfolio, including the development of processes, testing procedures, and other aspects of Amode's RCS.

The key features of the Amode supply chain that make it scalable include:

- An abundant supply of building materials compliant to international markets. The factory base in Guangdong China is the largest market for international compliant building materials. This not only supports the existing production but will also be the core of the supply chain for factories developed in other global locations;
- The established and efficient proprietary practices and testing procedures for the manufacturing of Amode's RCS that can now be replicated to increase capacity;
- Amode's control of its brand and consumer marketing in each of its "core" markets. Regardless of the supply chain model within each market, Amode is focused on maintaining the integrity of the entire supply chain from manufacturing through to consumers through advanced testing, quality control standards, record keeping, and investing in new technologies.

#### **05- Investment of capital into focused strategic growth opportunities:**

Amode strategy seeks to position the Company as a recognised participant within its selected markets in the global housing, education, and medical construction industries.

The components of Amode's strategy are summarised below:

- Continue to build a substantial supply of prefabricated buildings into businesses in PNG, NZ, and Australia.
- Continue to develop the PNG business through the development of products to meet the growing demand for affordable housing, education projects, and medical facilities in city and regional locations;
- Commence supply of product into the New Zealand housing and education sectors.
- Leverage the development of products into New Zealand to establish large scale market opportunities;
- Continue to develop products and IP in particular standardising components and systems for developed and developing market requirements, investing in testing of innovative products that can be integrated into the system and maintain the drive to increase the efficiency of the product.
- Establish a team to undertake feasibility assessment into the establishment of a network of mega-housing manufacturing facilities in key market locations;
- Invest in systems and processes to improve efficiency, facilitate implementation of ISO Standards and greater maintenance of Amode's IP;

#### **06 – Organisational structure designed to deliver strategic priorities:**

Amode's organisational structure reflects the Company's strategic priorities for both continued growth in PNG and NZ and growth in selected global markets. Head office corporate functions are primarily located in Australia.

- Amode has country representation through in-country entities with partners that have the key market knowledge. This enables Amode to be closely involved in each of its target markets and have greater control of the supply chain operations. Led by Managing Director, Joseph Webb, Amode's senior management team is appropriately qualified and has relevant industry and market experience.

## Section 4

### Key Executives and Shareholders

*Amode has brought together market leaders to ensure its long term success. Each key person brings vast experience and knowledge across property development, construction, logistics, corporate governance and global market awareness.*



**Joseph Webb** | MD, Shareholder & Founder of Amode (AU), Director & Shareholder of Amode RCS PNG and Director & Shareholder of Amode NZ.

Joe has overseen the development of large scale mining projects in remote areas of Australia. Through this experience he identified the extreme challenges faced from logistics, skills shortages and inefficient products to enable projects to be developed on time and within budget. During this time Joe had significant interaction with indigenous community challenges including lack of housing and other social issues.



**Nick Jukes** | Shareholder & Director of Amode (AU), Amode NZ and Amode RCS PNG.

Mr Jukes is currently Chairman and Non-Executive Director of JTAA Pty Ltd, an advisory firm that consults to the engineering and mining sectors.

Mr Jukes has over 35 years' experience in senior roles in publicly listed companies. From 2011 to 2014, Mr Jukes was CEO and Managing Director of Sedgman Ltd. Sedgman is an Australian based global leading provider of mineral processing and associated infrastructure solutions. Sedgman was awarded the Prime Minister's Exporter of the Year Award in 2012, with operations in Africa, China, and the Americas.

In 2007, Mr Jukes established JTAA and consulted until joining Sedgman. Consultancy roles included Study Director Balmoral South Iron Ore Project W.A. \$3.0BN and Technical Director Wiggins Island Port Development Qld. \$2.5BN.

From 1980 to 2007, Mr Jukes held senior roles in Thiess Pty Ltd including Executive General Manager Resources Development, Executive General Manager Operations, State Manager Western Australian and Northern Territory. Mr Jukes was actively involved in planning, development, construction, and operations of major projects throughout Australia, South East Asia, and South America. Mr Jukes was a member of the Investment Committee and a Director of a number of subsidiary companies.



**Dale Gall** | [Operations Manager of Amode \(AU\), Amode NZ and Amode RCS PNG.](#)

Dale is a Structural Engineer who has gained experience with companies in Australia, New Zealand, Papua New Guinea, and Germany. Initially beginning his career in Structural Design, Dale has progressed into the role of Operations Manager, exposing himself to all aspects of the construction industry. Dale has developed an apt knowledge of project management, logistics management, business management, quality control, and structural design of residential and commercial construction.



**David Reid** | [Shareholder & Director of Amode NZ.](#)

Founder of David Reid Homes and Falcon Construction.

David has founded and overseen one of the most awarded construction companies in Australasia. With his experience offshore, David has been at the forefront of changing the construction industry in New Zealand through technology, methodology, and an independent supply chain. "Change is the only way we can make homes affordable again for the greater population of NZ."



**Mark Tutty** | [Shareholder & Director of Amode NZ.](#)

Previous owner of David Reid Homes and co-founder of Falcon Construction.

Mark is a Civil Engineer and Project Manager. After success as a Project Manager for Fulton Hogan and a long period as David Reid Homes' most successful franchisee, Mark took the challenge from David to join him in Christchurch to begin rebuilding the city after the devastating earthquakes of 2010/11.

## Section 5

### Intellectual Property

Amode's core business is the continual development of IP in relation to our RCS. This development of IP takes into account manufacturing, logistics, construction, and market knowledge. This knowledge is applied to the development of the RCS (IP).

The RCS System IP: This is the overall way the system is prefinished in the factory and simply connects together using minimal skilled labour.

There are many subcomponents of this IP including:

- Structural Engineering: Amode's RCS has undertaken significant structural engineering design and testing to ensure international compliance specific to Amode's RCS;
- Energy Efficiency: Our system has custom solutions for international energy efficiency requirements which are specific to Amode's RCS;
- Connection Details: Amode has developed proprietary connection details between each panel;
- Extrusion moulds: All window/door frames, skirting, cornices, interior joining strips, interior corner strips and exterior corner joints are proprietary to Amode's RCS. The development of proprietary aluminum extrusion moulds ensures long lasting and fast installation of product finishes;
- Custom Machinery: Many components of Amode's RCS are manufactured from custom machinery that has been built specifically for Amode's RCS;
- Assembly Procedure: Amode has developed "IKEA like" assembly procedures for all our RCS products to ensure consistency in product installation;

## Section 6

### Manufacturing

Amode has linked the RCS IP development with 15+ years of proven manufacturing experience. A dedicated factory with state of the art machinery has been purpose built to manufacture Amode's products.

This facility has in-house capability to manufacture light gauge steel roll forming products, custom orb and trim deck sheeting, flashing, doors, windows, kitchens and other cabinetry, and proprietary connection systems.

This was the first offshore facility to manufacture modular accommodation units for the Australian Mining Industry with over 2000 accommodation rooms supplied.

With 15+ years of Building Code of Australia manufacturing experience linked with market leading prefabricated rapid building systems, Amode offers a secure supply chain for its clients







## Section 7



Amode's core business is the development of IP, systems, and processes to deliver high quality and affordable housing to the global markets.

Amode's core focus will be continual development of IP into making houses:

- **More efficient to manufacture;**
- **More efficient to transport;**
- **Faster to build; and**
- **Reduction in overall life cycle cost;**

Amode's RCS capabilities and global application has been proven. Amode is now leveraging this IP to target the following market opportunities:

- Supply of products or transfer of IP, systems, and processes for affordable housing in emerging markets;
- Supply of products or transfer of IP, systems, and processes for social and affordable housing in developed countries;
- Establishment of a permanent solutions for disaster recovery;
- Exporting first world compliance standards to emerging markets; and
- Providing training and skills programs to ensure housing development is sustainable in the local market;



## Section 8



### Purpose of Amode RCS PNG

Amode RCS PNG Limited has been created to offer solutions to the current shortfall of affordable housing, schooling, medical facilities, and other project opportunities to service a range of clients including individuals and Port Moresby's private and public sectors.

### Shareholders

The company brings together:

- Anitua Ltd. 50%- a local Land Owner based organisation with expertise in growing PNG based companies, has proven market knowledge, and strong construction capabilities; and
- Amode Pty Ltd. 50%— An Australian company which brings a secure supply chain of a rapid construction housing product which is compliant to PNG Standards, is high quality, can be installed by a local workforce and priced to service the local market;

Together Anitua and Amode through Amode RCS PNG Ltd, have provided an integrated delivery model of a compliant housing solution servicing the current demand for quality affordable housing in Port Moresby.

### Current Status

Amode RCS PNG is currently developing Amode 7 Mile Estate Stage 1 that consists of a master planned mixed housing and retail development. In all there are some 100 houses and 4000 sqm of retail space. On the current construction program the completion of the estate will happen in the second quarter of 2016. The success of Stage 1 is driving the need to acquire additional land to underpin the future growth of the company. As such, Amode RCS PNG has just acquired a 656 lot development suitable for low cost housing in Port Moresby. The location, price point, and proposed product solution will enable this project to be pre-sold prior to commencement.

The above project will provide a combined supply of 750 houses into this estate over a 3 year period. This will underpin the cashflow and provide a consistent workflow of some 20 houses per month from the factory.

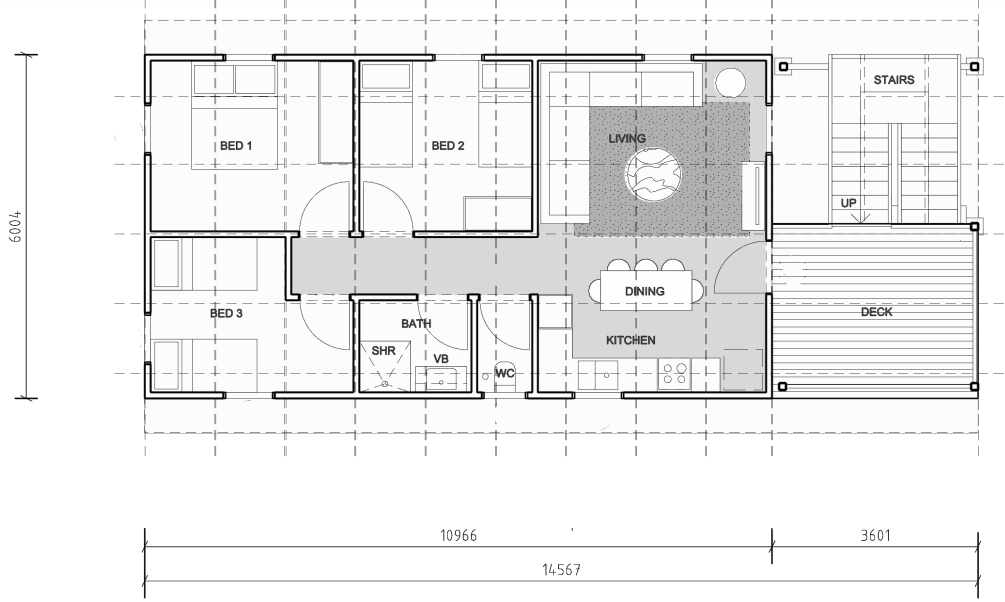
This project will also act as a display of capabilities for other PNG and global market opportunities.

The development of products for PNG has focused on affordable housing. Pages 15 & 16 show the floor plans and some renders of the various products currently in production for PNG –



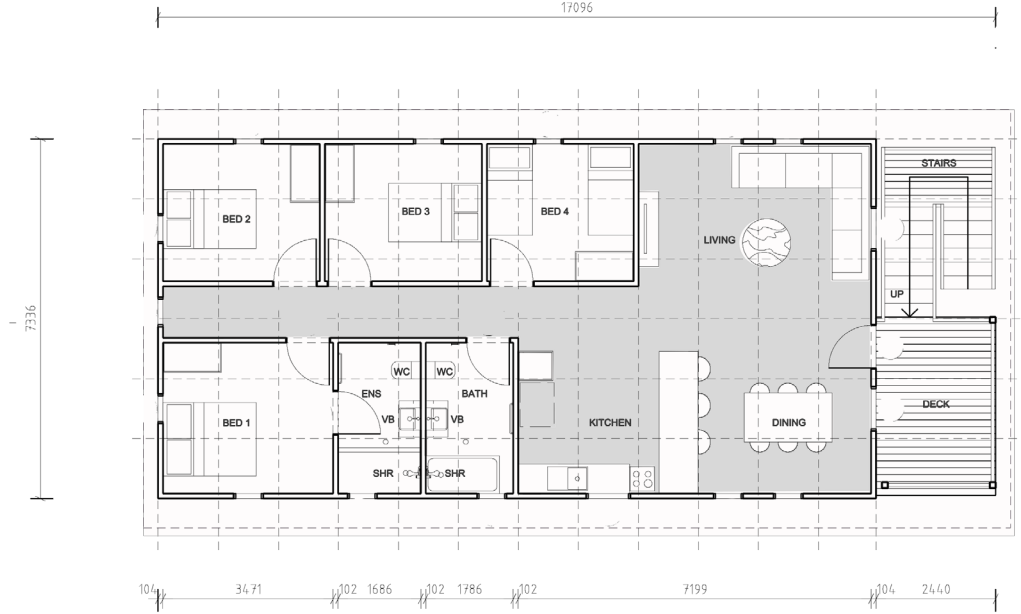


# 3 Bedroom Highset





4 Bedroom Highset



## Section 9



Amode NZ has been working closely with;

- Housing New Zealand with Downer Constructions
- Ministry of Education with Decmil Group
- Ministry of Education with Falcon Constructions | [Contract to supply signed](#)
- Christchurch City council with Falcon Constructions
- Housing Plus Charitable Trust | [Large multi house contract signed](#)

Additionally Amode NZ are in joint venture discussions on various projects with;

- 80 unit development - Queenstown
- 150 house development - Wanaka
- 1000+ residential development - Auckland

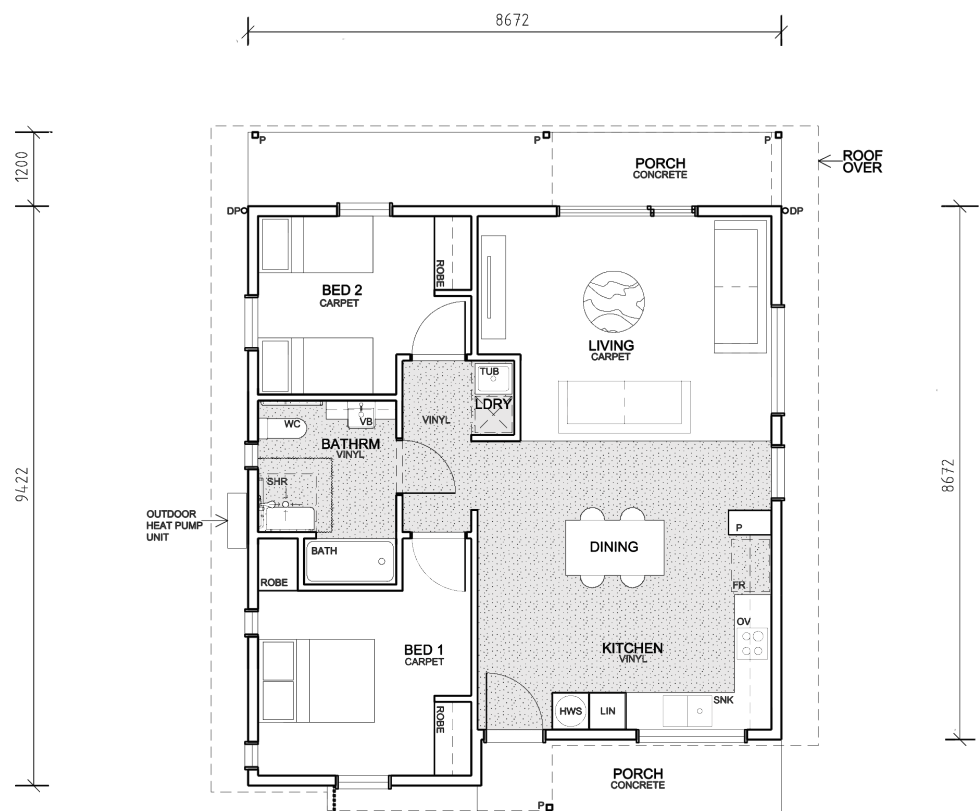
Auckland Council estimates that there is a shortage of 20,000 to 30,000 homes in the region currently, and that 13,000 new dwellings will be needed each year to meet projected population growth over the next 30 years.

Whilst in Christchurch there is huge demand for housing after the devastating earthquakes of 2010-2011. This combined with a reconstruction workforce and population growth will see a need for an additional 20,000 houses in the near future.

The development of products for NZ has focused on affordable high performance housing.

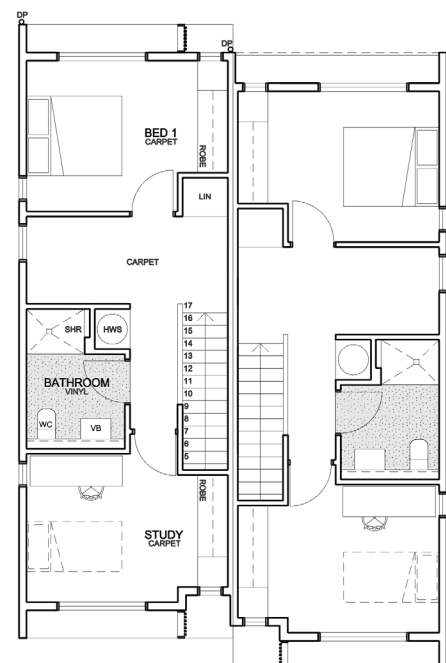
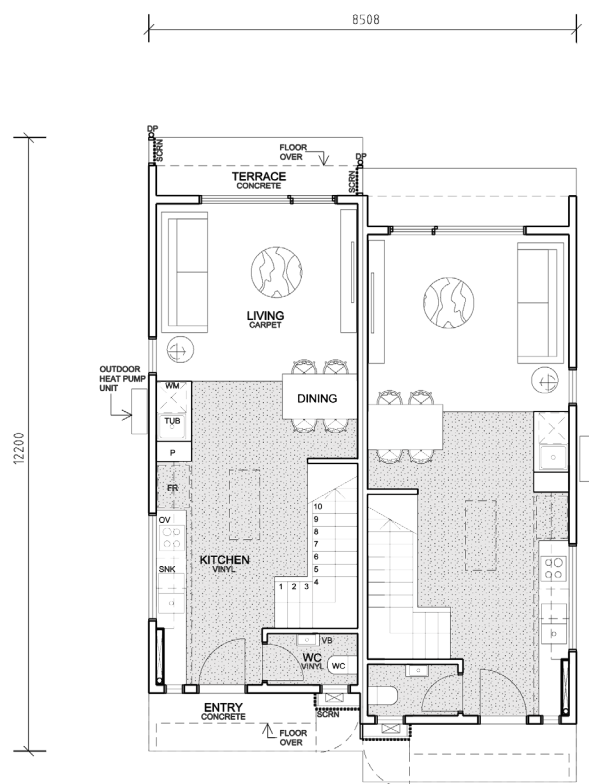


Cottages



# Townhouses

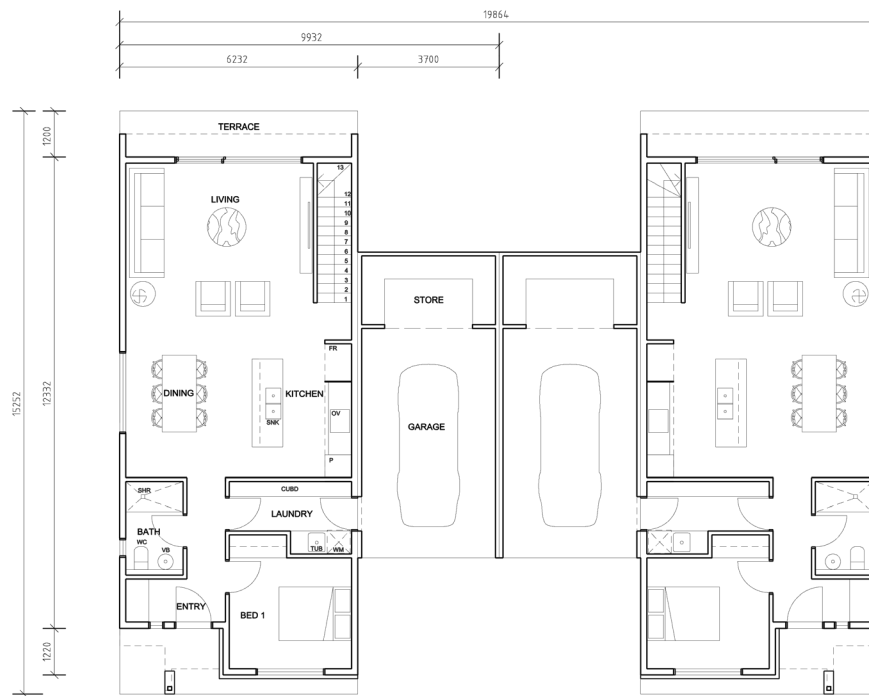




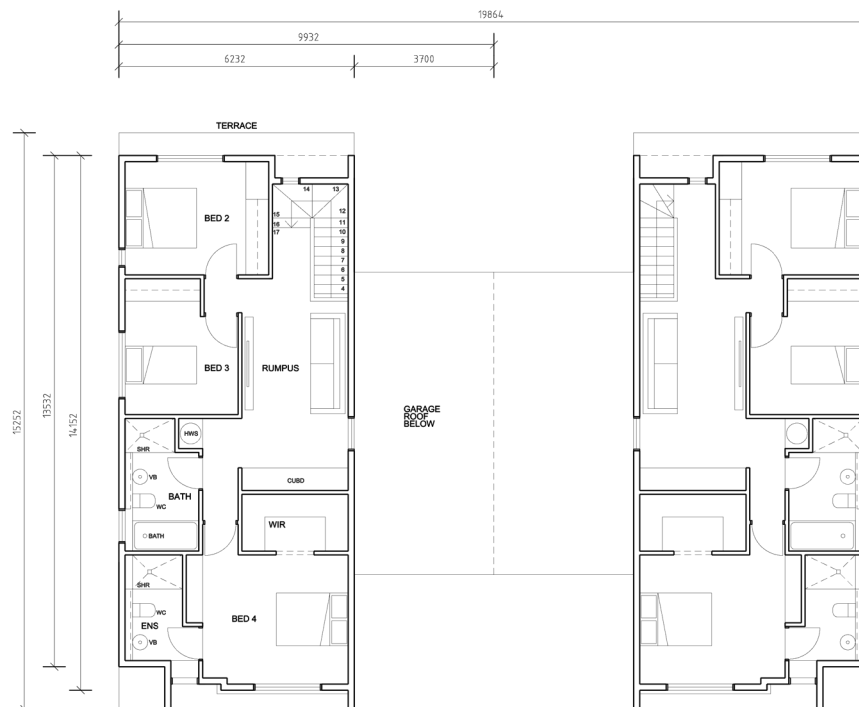


# Duplexes





**Ground Floor**



**Second Floor**

# Linwood North School



01 VIEW FROM WOODHAM ROAD

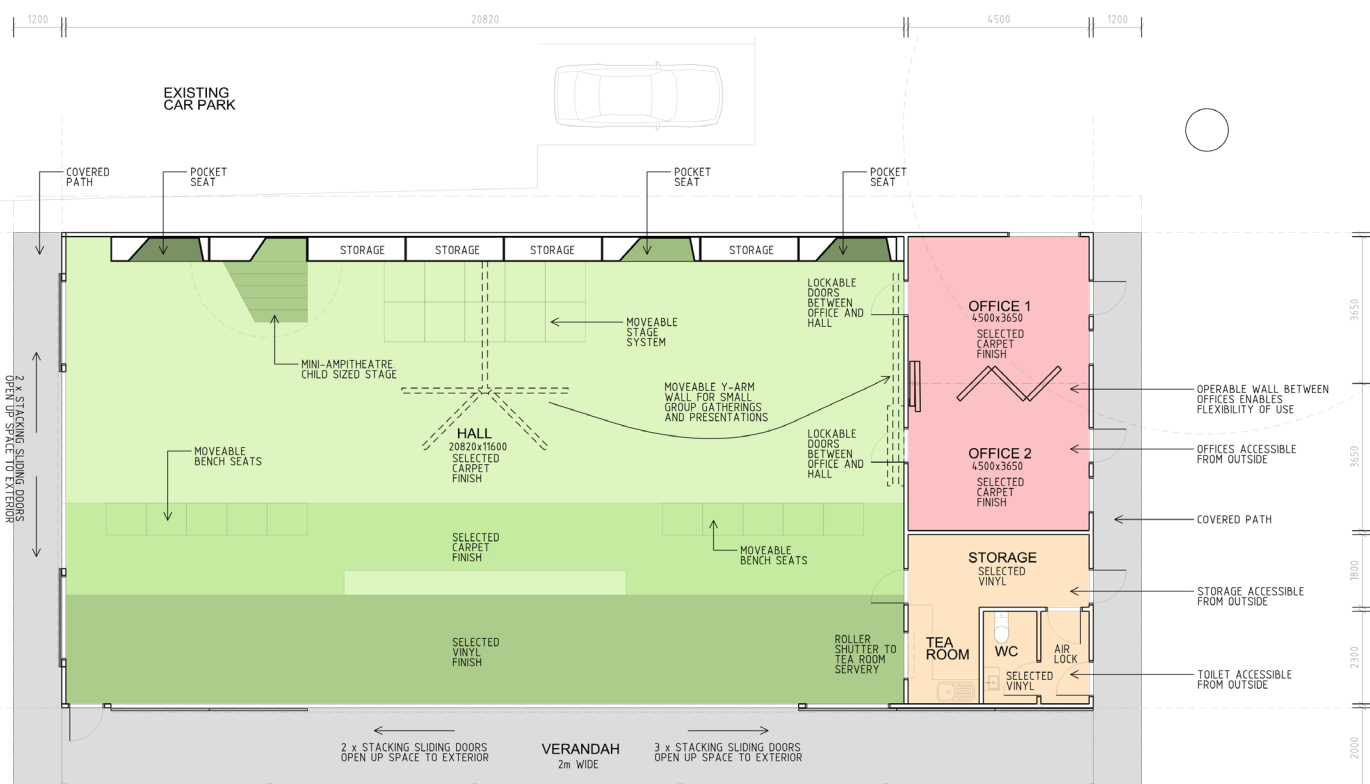


01 SOUTH ELEVATION

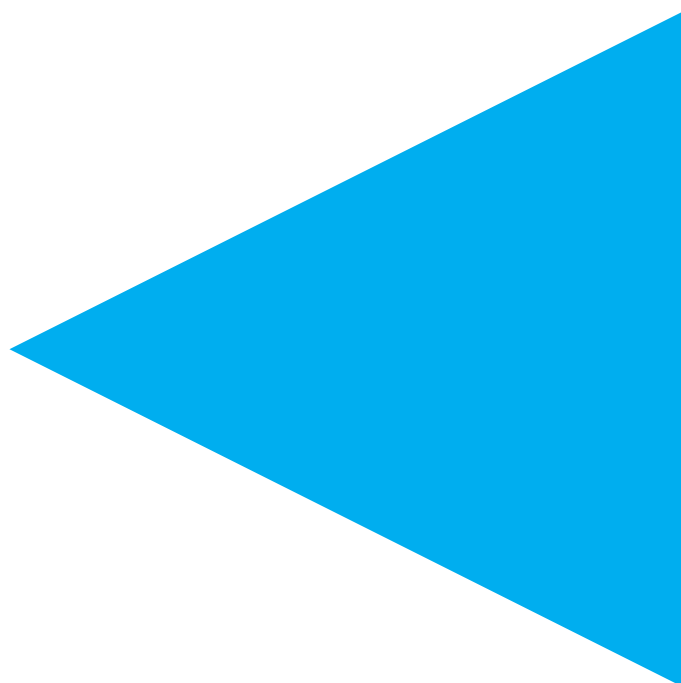


02 NORTH ELEVATION





01 FLOOR PLAN  
1:100 @ A3  
GFA: 302 square metres



## David Reid

Director

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