



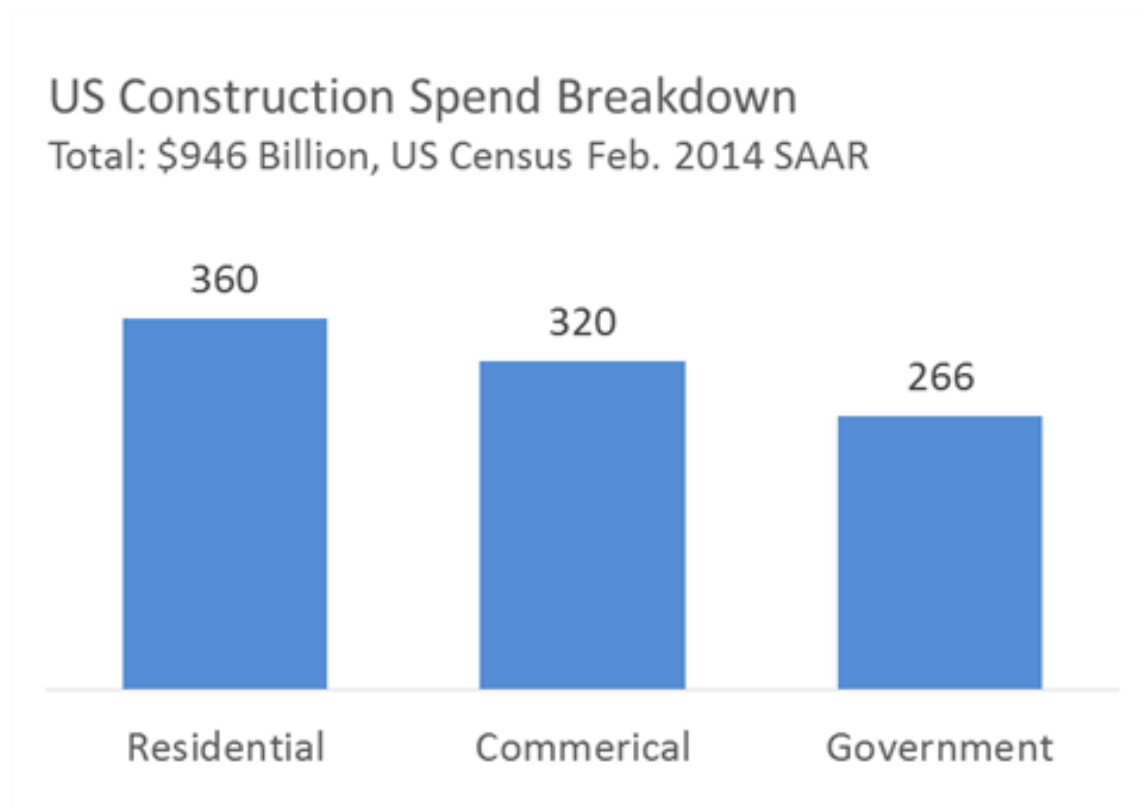
| A History of Innovation in Homebuilding



| Why Did Housing Need
Innovation?

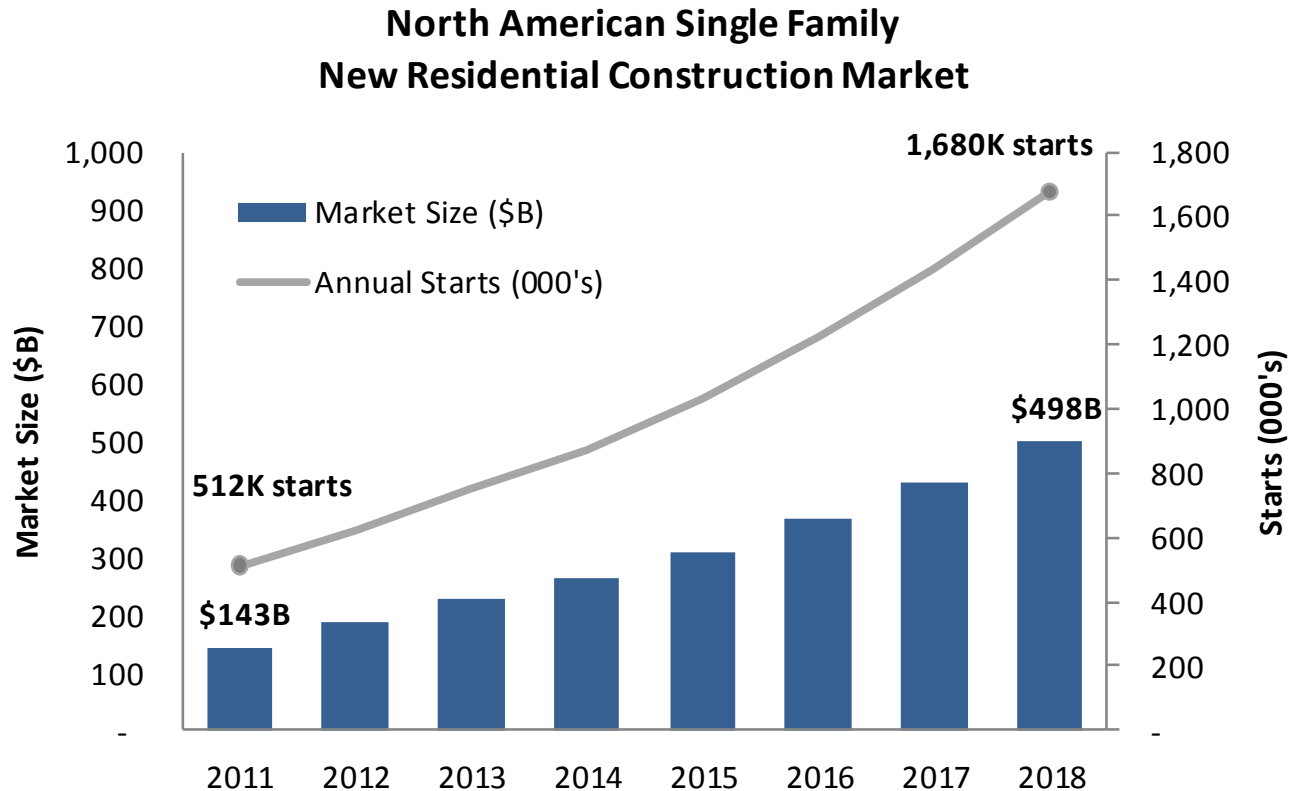
| Why Did Housing Need Innovation?

U.S. construction is roughly a ~\$950B market in 2014, split roughly in thirds between residential, commercial, and governmental segments



| Why Did Housing Need Innovation?

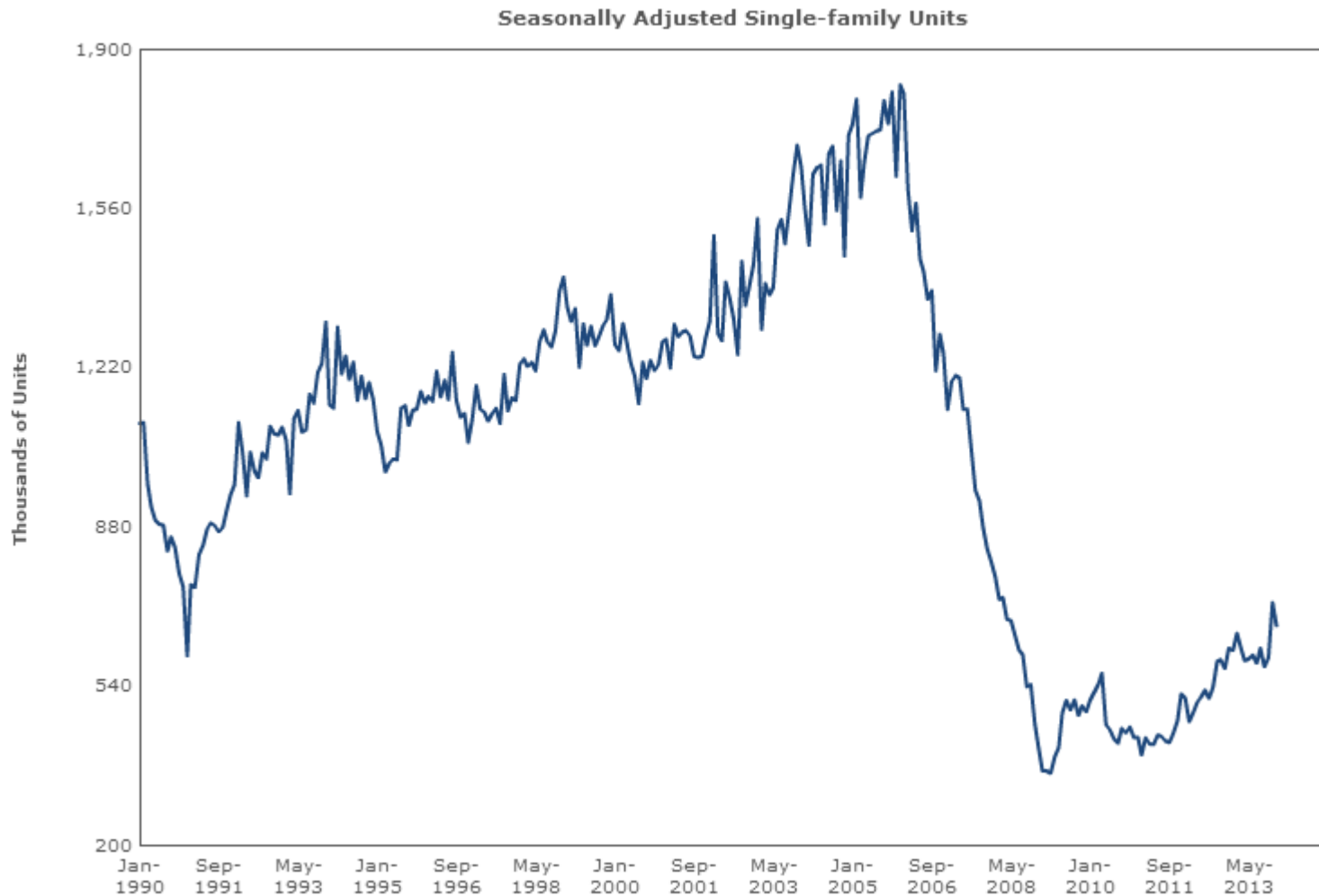
Single family residential construction is around 900,000 starts -- a \$250B market in North America (U.S. & Canada), in 2014



Source: US Census 2012, new single family residential starts and average new single family residential sale price; Canadian Mortgage & Housing Corp. Single Detached Starts and avg. MLS prices

| Why Did Housing Need Innovation?

The single family residential market is still recovering, and has years to catch up

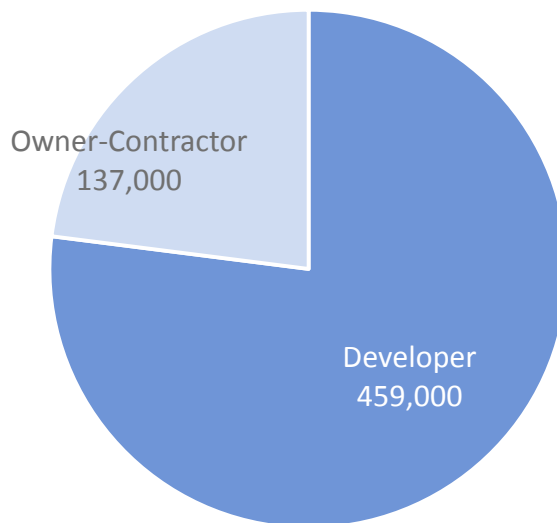




| Why Did Housing Need Innovation?

Of new homes built each year, approximately a third are homes built by owner- contractors, and two thirds are built by developers

2013 Single Family Home Construction
US Census Building Permits



Of the developers, big developers building hundreds of homes a year are a relatively small fraction, at ~20%



| Why Did Housing Need Innovation?

For the vast majority of the market – individuals and smaller builder/developers – building is challenging, with:

- Complicated code issues
- Constantly evolving specification changes
- Relatively few integrated technology options
- Challenging permit protocols in every state & locality
- **And big capital exposure!**

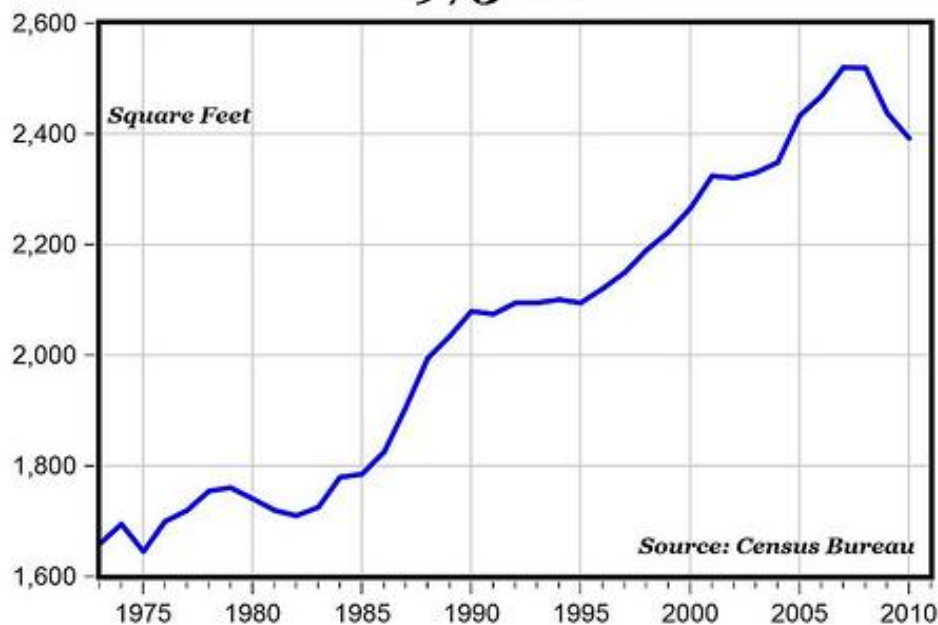
This is difficult if you're a modest-scale developer. If you're a small builder or home owner, this is even harder



| Why Did Housing Need Innovation?

Moreover, trends in housing have added challenges for both builders and home owners. From the mid-1600s through the 1950s, American's home sizes paralleled Europeans' of the same wealth. Then a fracture: in the 1970s U.S. home sizes skyrocketed

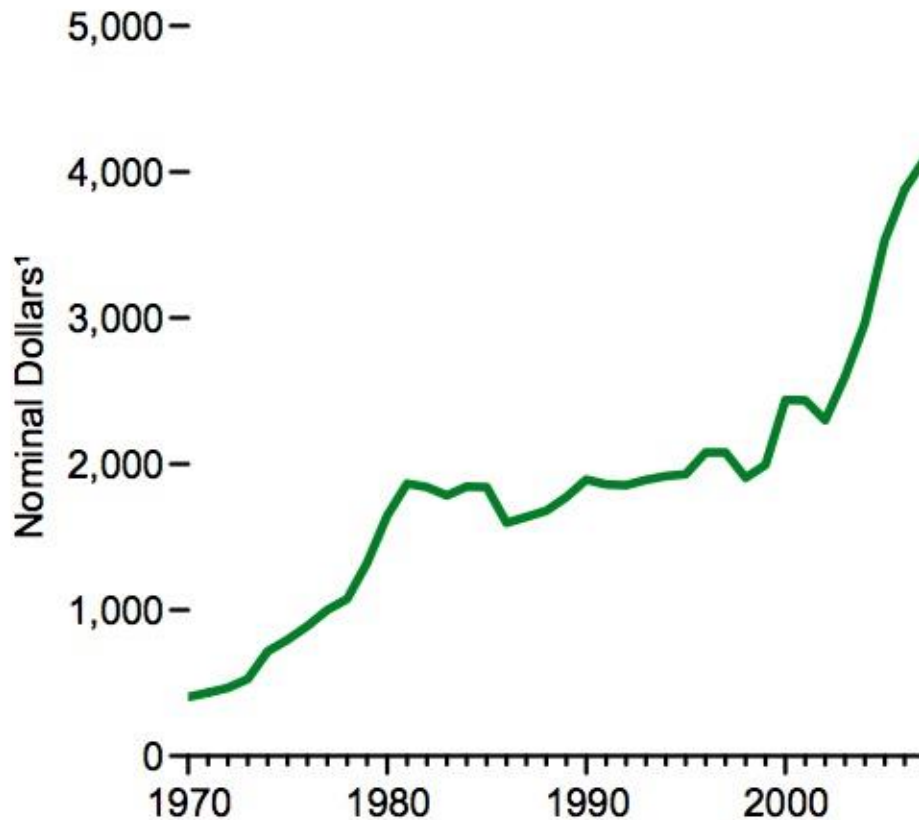
**Average Square Feet of
New U.S. Single-Family Homes
1973-2010**



| Why Did Housing Need Innovation?

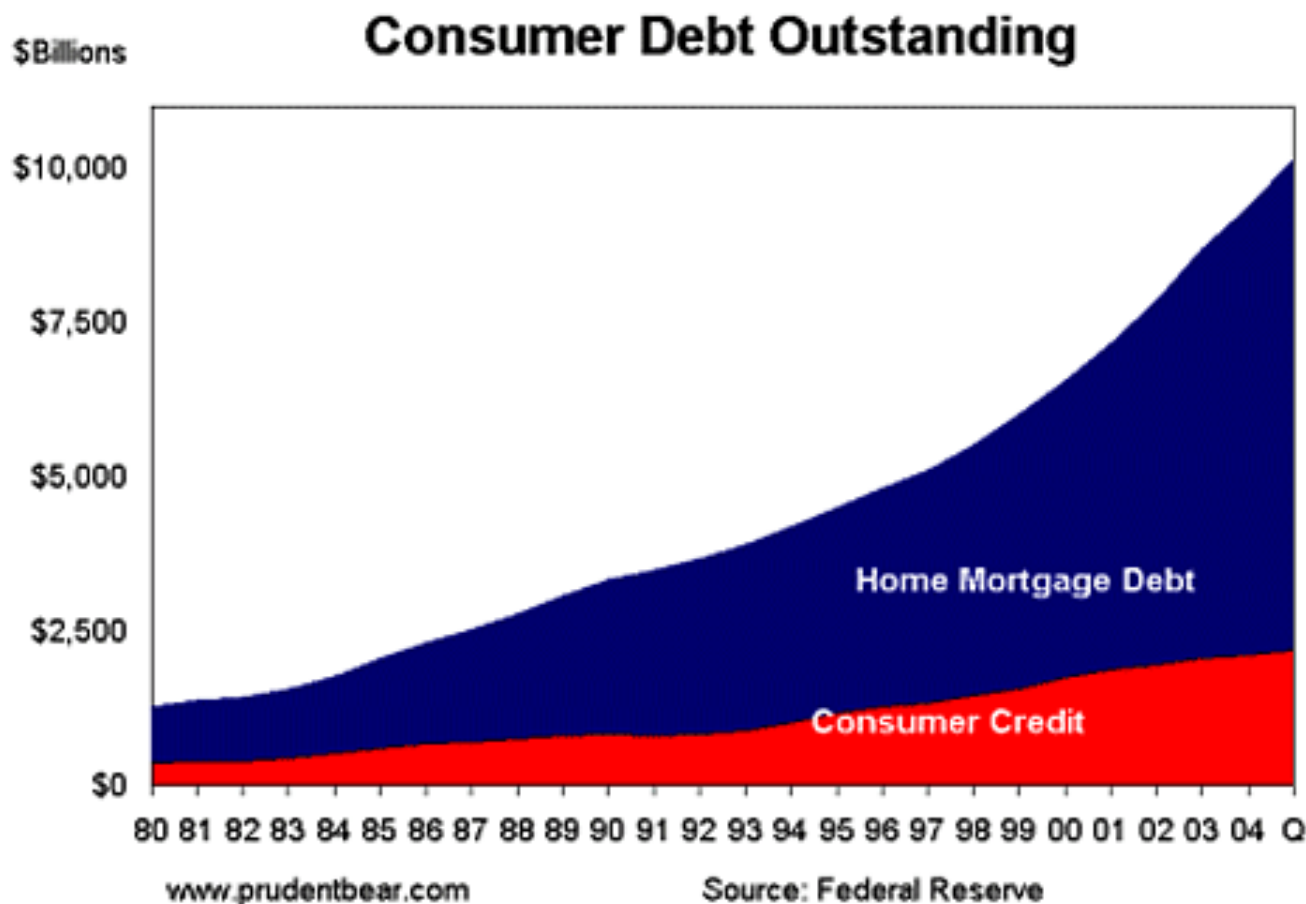
Energy consumption and costs per person simultaneously went up

**Energy Expenditures per Person,
1970-2007**



| Why Did Housing Need Innovation?

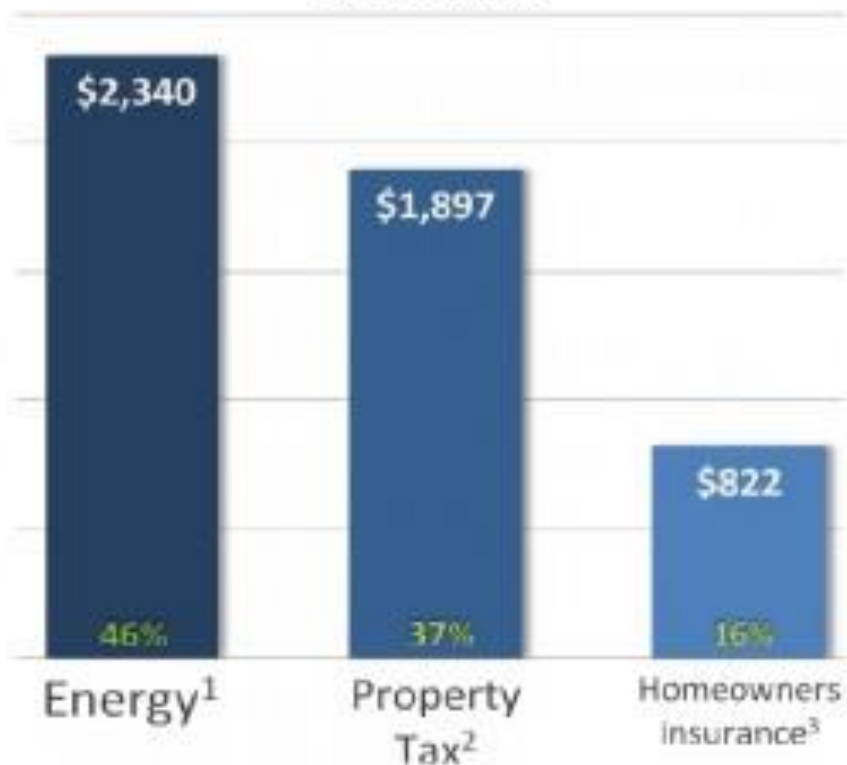
Costs were rising, with mortgage debt and consumer credit both up dramatically in the same time frame



| Why Did Housing Need Innovation?

With more spending on energy than property taxes

Average U.S. Homeowner Costs
2007-2008



| Why Did Housing Need Innovation?

And a poor health footprint. Scientists found that indoor toxic hazards typically posed far greater risks than outdoor exposures



| Why Did Housing Need Innovation?

The result is deep frustration with the home building experience

- Design process is expensive and time consuming, with pricing often disconnected from design
- Managing construction is economically risky, with complex supply chain and labor issues and unpredictable government behavior
- Overruns on cost and schedule are common
- Difficult and expensive to research specs that are healthy and “green”
- Extremely fractured market with little technology integration



For those with a large balance sheet it is difficult, but for ordinary developers and home buyers, this is incredibly challenging



| What Kind of Innovation
is Needed?



| What Kind of Innovation is Needed?

Technology that empowers homeowners and modest scale developers for:

1) A unique conceptual design experience

- Enjoy the conceptual design process, at little or no cost
- Including the opportunity to walk through the house designs in 3-D

2) The ability to make project-based cost tradeoffs, online, in 3-D, and for free

- Get a comprehensive view of the cost of building a home
- With transparent fixed prices



| What Kind of Innovation is Needed?

Technology that empowers homeowners and modest scale developers for:

3) Minimizing site construction and its attendant quality, schedule and convenience challenges

- Buy a home, and have it delivered nationwide
- Where a developer in NY could make decisions for a project in Sun Valley, and a family in San Francisco could remotely manage their vacation home design & construction, in Martha's Vineyard

4) Homes that are healthier to live in and better for the natural world

5) And homes where the quality is high, the economic value is high, and the potential for appreciation, is strong.



| What We Are Doing At Blu



| What We Are Doing At Blu

Blu uses novel technology tools and building science to build beautiful, premium prefab homes that reduce risk and exposure for individuals and developers with modest balance sheets

1. Proprietary Information Technology

Offering a personalized design experience to home buyers & small developers



2. Unique Building Science

Proprietary building science technology to fundamentally change the quality, price and schedule for a new home

3. Integrated Business Model

Powerful, branded one-stop approach provides platform for long-term high margin growth across North America, then international markets



| What We Are Doing At Blu

Proprietary 3-D Configurator allows customers to visualize and personalize their home in 3-D for free, with real-time fixed pricing

The screenshot displays the Blu Homes 3-D Configurator interface. The main area shows a 3D rendering of a kitchen with a central island, white cabinetry, and a modern design. Navigation tabs at the top include Exterior, Interior/Kitchen, Breezespace, Library, Master Bed, Master Bath, Bath 2, and Ba. A sidebar on the left contains navigation controls. Below the 3D view, there are tabs for Appliance Packages, Palettes, Kitchen Options, Interior Options, and Lighting Packages. The Palettes tab is active, showing a dropdown menu for 'Executive 3" Shaker Solid Wood in Maple Natural' with options to 'modify' or 'details'. Below this, there are six color swatches for Cabinet Style, Wall Cabinet Upgrade, Countertop, Backsplash, Flooring, and Interior Paint Color. On the right, the 'configuration summary' section lists the current configuration and pricing: Breezhouse 3 bedroom w/ library (\$540,000), Exterior (+) (\$0), Interior/Kitchen (-) (+\$14,416*), and Appliance Packages | The Executive Chef (+\$7,065). The estimated total is \$558,674*. At the bottom right, there are buttons for 'back', 'next', and 'save', along with links for 'PDF' and 'SETTINGS'.

blu ^{beta} Home > Breezhouse > Breezhouse 3 bedroom w/ library HELP | CONTACT BLU | BLUHOMES.COM

Exterior Interior/Kitchen Breezespace Library Master Bed Master Bath Bath 2 Ba

configuration summary

Breezhouse 3 bedroom w/ library \$540,000 Set Location

Exterior (+) \$0

Interior/Kitchen (-) +\$14,416*

Appliance Packages | The Executive Chef +\$7,065

Refrigerator | SubZero 36" Refrigerator with Drawer Freezer

Oven | Wolf 30" L Series

Cooktop | Wolf 36" Stainless Steel with Gas Burners

Vent Hood | Wolf Wall-Mounted

Internal Blower | Wolf 605 CFM Wall Hood

Microwave | Wolf 30" Drawer

Warming Drawer | Wolf with Six-piece Container Set

Dishwasher | Thermador 24" in Stainless Steel

Appliance Packages Palettes Kitchen Options Interior Options Lighting Packages

Executive 3" Shaker Solid Wood in Maple Natural

modify details

Cabinet Style Wall Cabinet Upgrade Countertop Backsplash Flooring Interior Paint Color

estimated total \$558,674*
*Some items are not included.

< back next > save PDF | SETTINGS



| What We Are Doing At Blu

Unique building science using proprietary steel framing technology that is greener and stronger than stick-built homes

- Stronger and safer in hurricane, high seismic, high snow zones, coastal zones and other challenging environments
- Improved green performance and economics through decreased material use and automation





| What We Are Doing At Blu

Proprietary steel framing drives uniquely spacious, healthy design...

- High, light-filled ceilings, spacious widths, natural ventilation, more windows
- Not subject to historical prefab constraints: 12-16' high ceilings and 21' widths

Entry

There are two options for entry: on the short side and the long side of the house.

A Modern Kitchen

The kitchen is redesigned for more natural light and increased counterspace, all installed in the factory





| What We Are Doing At Blu

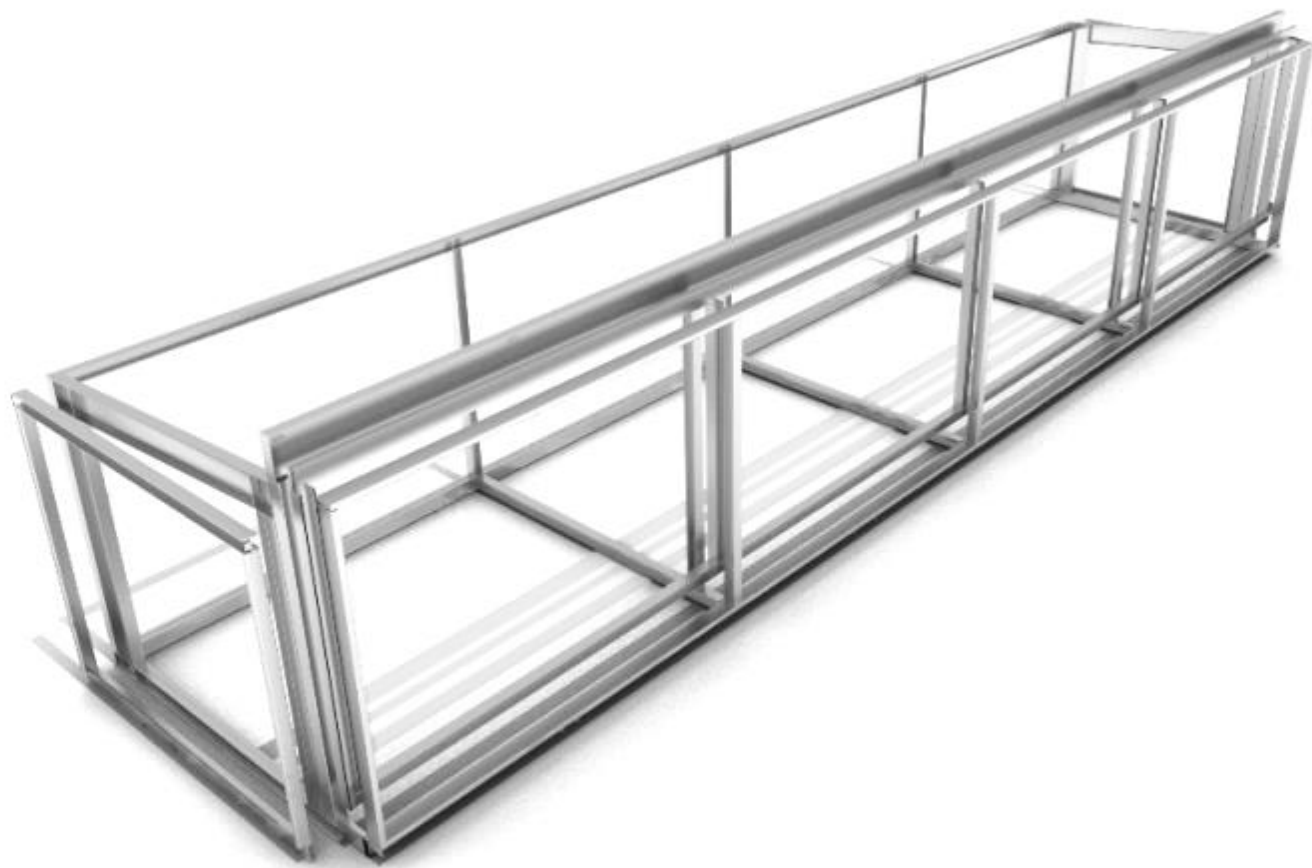
And unique steel folding technology for the ability to ship nationwide from a single facility

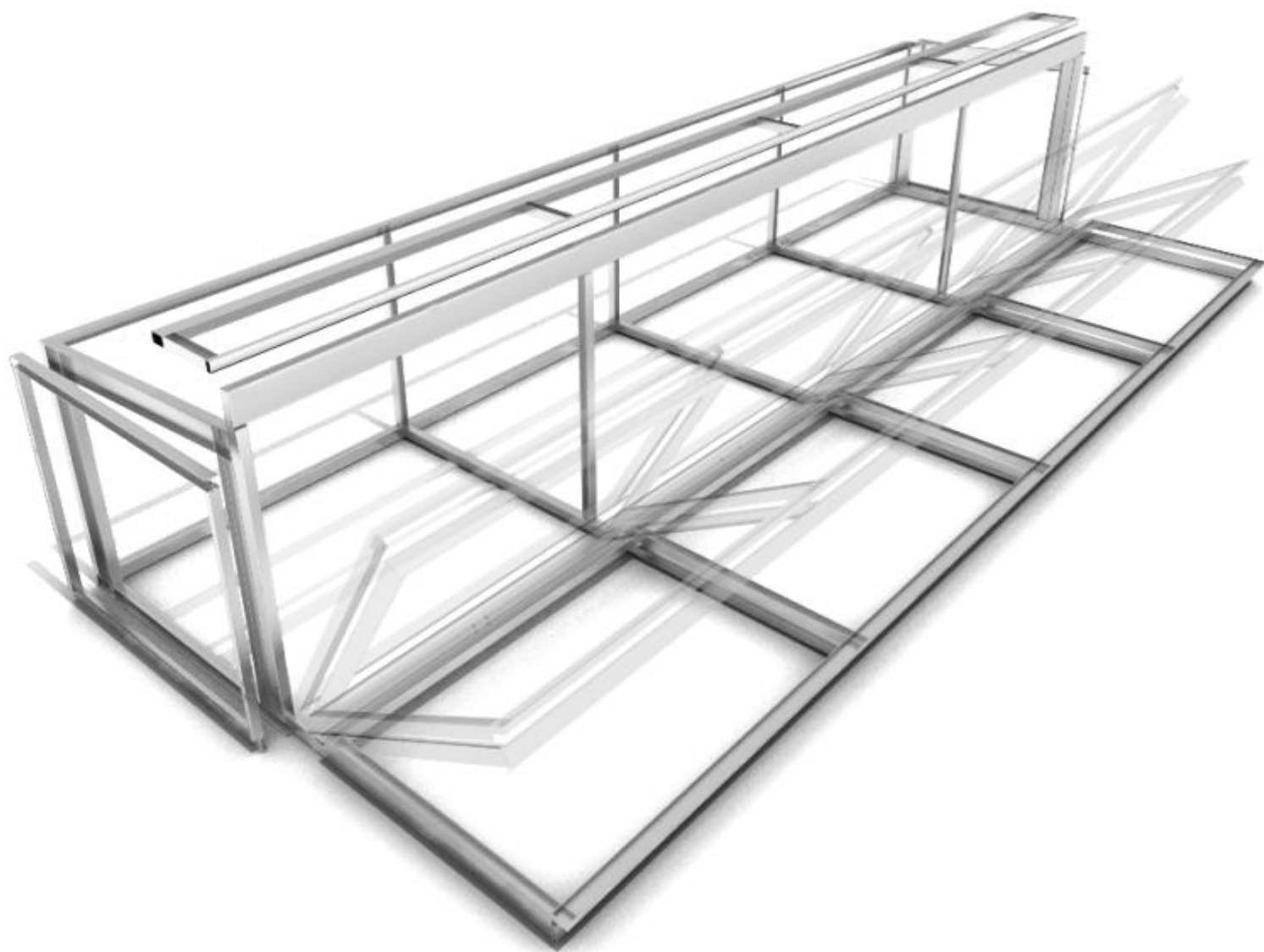
- Retired Naval Shipyard on Mare Island, in Northern California
- 70+ year old stunning, 250,000 sq. ft. industrial facility
- Climate controlled
- Proprietary steel construction
- Reduced waste through automation, precision tools, and recycling
- Less impact on the site
- Reduced carbon footprint



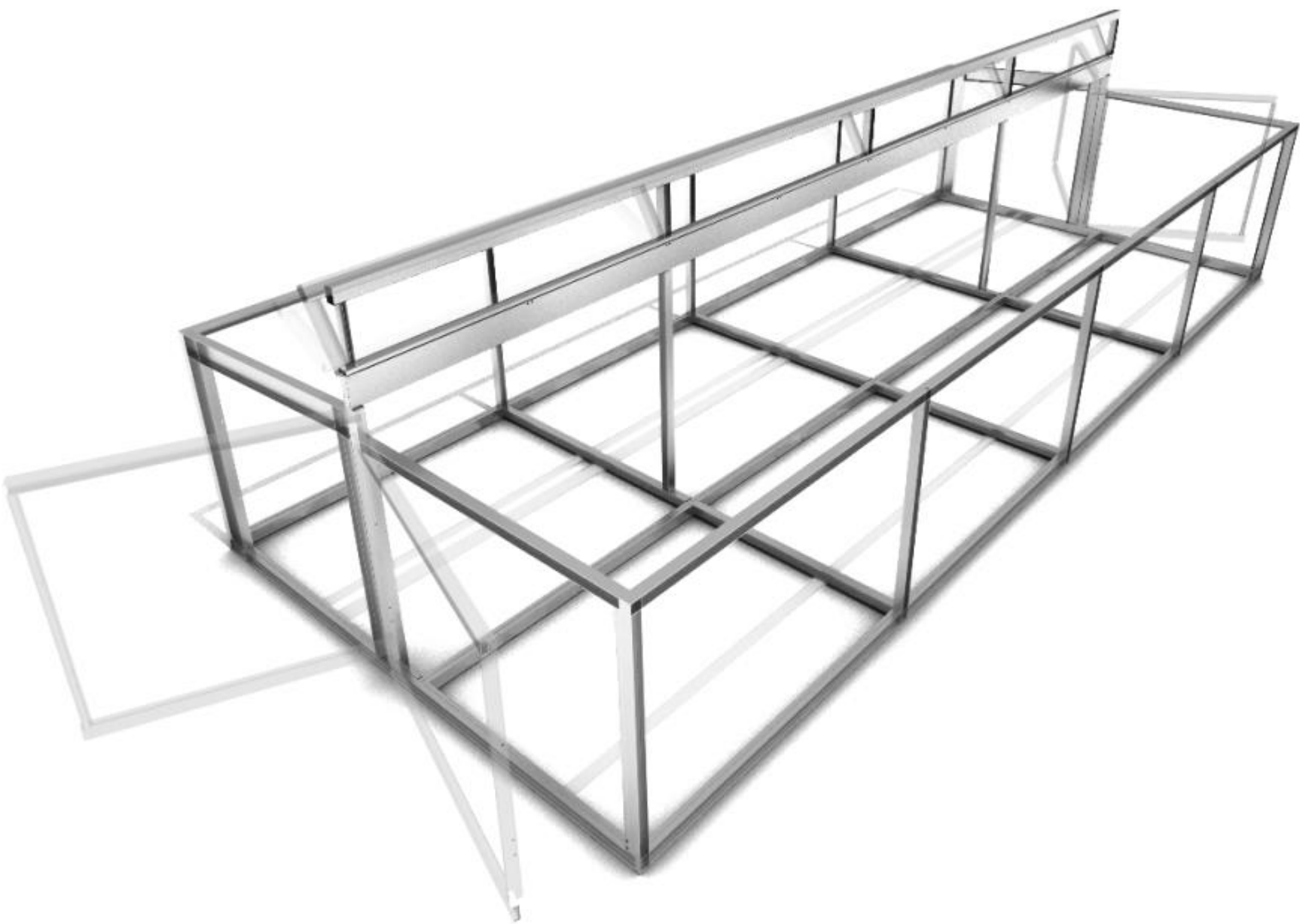
MARE ISLAND, CA

All of our homes are designed and built in a retired naval shipyard.















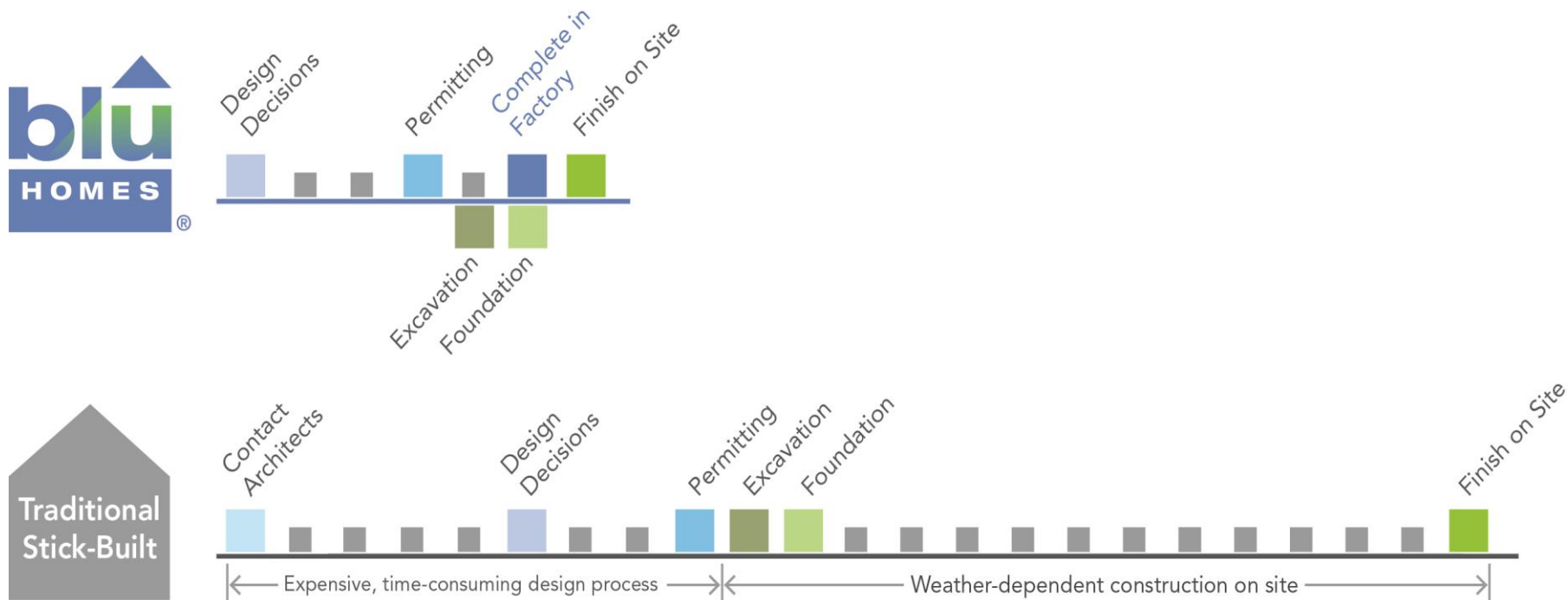
| What We Are Doing At Blu





| What We Are Doing At Blu

This allows us to deliver premium prefab homes to individuals and developers, on a remarkably faster, shorter, and simpler time frame





| Where We Are Today



| Where We Are Today

Blu Homes, Inc. is the leading provider of premium prefab homes in North America. We have raised over \$150M and have ~300 employees





| Where We Are Today

1B media impressions; 2.5M+ annual unique visitors to the website;
60,000+ individuals who have said they would like a Blu home;
thousands of users in the last year of the 3-D configurator



Forbes

Blu, The Apple Of Green Prefab Homes, Raises \$60 million

4 comments, 1 called-out + Comment now

As the housing industry still struggles to recover from the crash of 2008, Blu Homes, a startup that manufactures stylish green prefab buildings, has raised nearly \$60 million in a funding round led by Regen Group, a Dutch investment group.

As I wrote last year in a *Forbes* magazine story on Blu, the startup has more in common with Apple than with traditional home builders.



Blu Homes founders Bill Haney and Maura McCarthy



THE HUFFINGTON POST

The Breezhouse, By Blu Homes, Makes Its East Coast Debut

Posted: 01/26/2013 9:33 am

The Breezhouse, A West Coast Icon, Makes its East Coast Debut in the H today and tomorrow, January 26th and 27th. The East Coast will have an opportunity to experience firsthand what the West Coast has been able to see for years. Blu Homes hosts [the grand opening](#) of the

FAST COMPANY

Can Blu Homes Fulfill the Promise of Prefab?

By MICHEL CAMMILLI OCTOBER 8, 2009

A Boston start-up says its method will at last fulfill the promise of cheap manufactured homes. (But can anybody get a mortgage?)

Maybe Barry Bergdoll should have come to the opening of his museum show dressed as the Grim Reaper. In *Home Delivery*, MoMA's show last summer, Bergdoll recalled more than 100 years of failed efforts to make prefabricated homes a workable proposition. Bergdoll offered no prediction for the much-hyped modernist prefabs of today, but the show by implication

dwell

At Home in the Modern World



The New York Times



BLU'S UNFOLDING PREFAB

In our December/January issue, **Prefab Perfected**, we offer a shopper's guide to the best of American prefabricated architecture. We take you through over a dozen firms that matter right now, one of which is the Waltham, Massachusetts-based **Blu Homes**. Like a lot of modular prefabs, the main structure of a Blu Home is factory-built, but the real trick of founders Bill Haney and Maura McCarthy's design reveals itself once the house is on-site. With the help of a crane and some workmen, the module comes off the bed of the delivery truck and literally unfolds into place. Not only is this a sight to behold (check out the video below), but it cuts down on site work and on-site construction time. Read more about firms like Blu Homes and get the **best of prefab** in this month's issue, on newsstands now.

A map of the United States where certain states are highlighted in blue. The blue states include Washington, Oregon, California, Nevada, Idaho, Utah, Colorado, Wyoming, Montana, North Dakota, South Dakota, Nebraska, Kansas, Oklahoma, Texas, Louisiana, Wisconsin, Michigan, Indiana, Ohio, Pennsylvania, New York, Vermont, New Hampshire, Maine, Massachusetts, Rhode Island, Connecticut, Delaware, Maryland, Virginia, North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Arkansas, Missouri, Illinois, Kentucky, Tennessee, West Virginia, and Alaska. All other states are colored light gray.

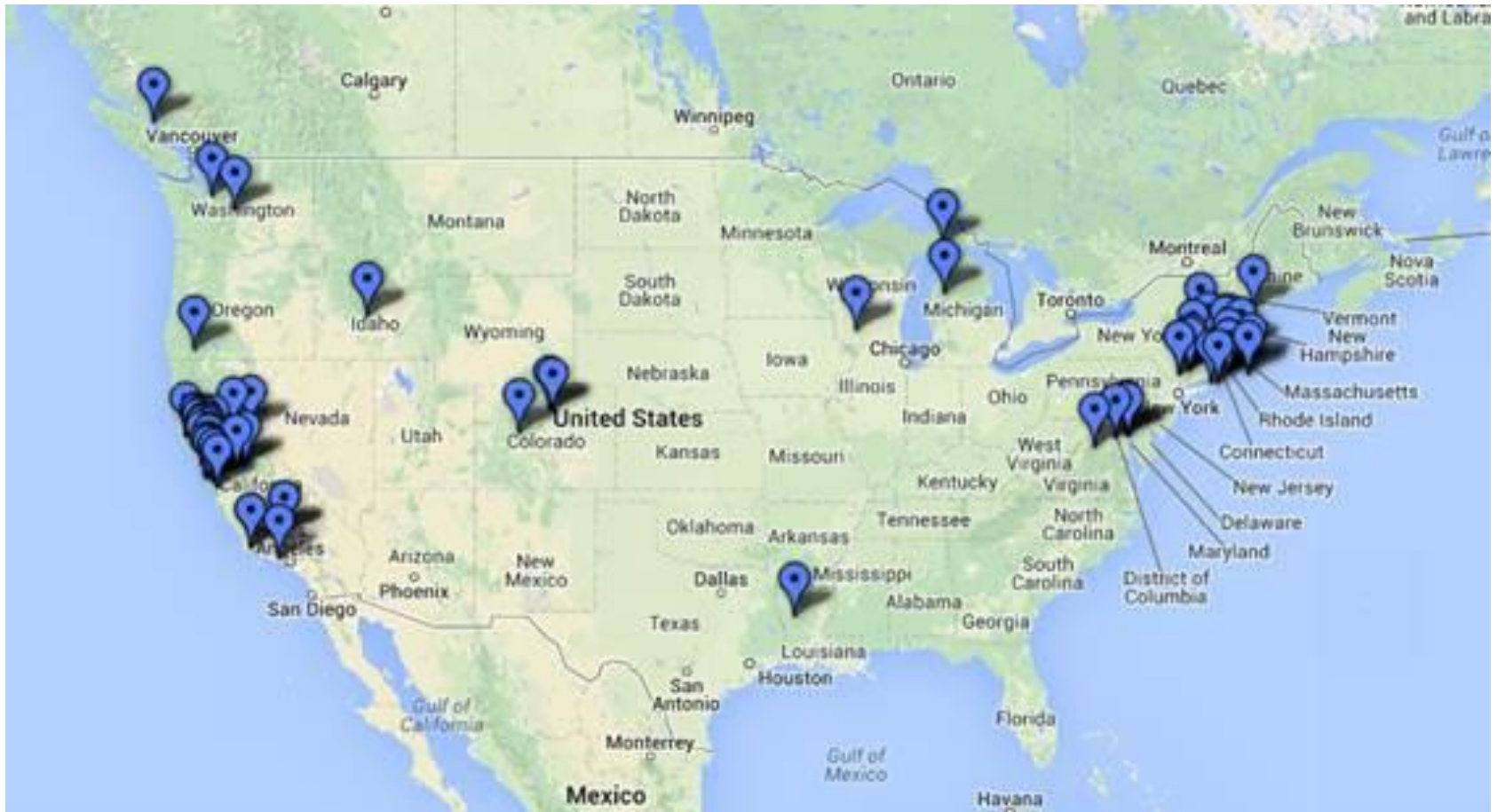
And finding green homes have higher appreciation – and Blu homes, in particular, have had high resale values

- Built for \$1.1M ,appraised at \$1.85M, sold at \$1.9M (2012)
- Dwelling (Glidehouse) component valued at \$325/sqft



Indicated Value by: Sales Comparison Approach \$ 1,850,000	
Most weight was given market approach to value with sor	
to the lack of rental data and relevance in the subject ma	
environmental or toxic issues. The sketch diagram is app	
This appraisal is made <input type="checkbox"/> "as is", <input checked="" type="checkbox"/> subject to completion per p	
completed, <input type="checkbox"/> subject to the following repairs or alterations on the	
following required inspection based on the extraordinary assumption th	
completion per plans and specifications. No personal pro	
Based on a complete visual inspection of the interior and exter	
conditions, and appraiser's certification, my (our) opinion of th	
\$ 1,850,000 , as of May 15, 2012 , which	
COST APPROACH TO VALUE (not required by Fannie Mae)	
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insurance purposes.	
NT COST NEW	OPINION OF SITE VALUE = \$ 180,000
ppraiser Experience	DWELLING 2,596 Sq.Ft. @ \$ 325.00 = \$ 843,700
e of cost data N/A	Storage 336 Sq.Ft. @ \$ 75.00 = \$ 40,200
ns, depreciation, etc.)	Decks = \$ 125,000
Feet GLA. No functional	Garage/Carport 732 Sq.Ft. @ \$ 100.00 = \$ 73,200
o value ratio is typical for	Total Estimate of Cost-New = \$ 1,082,100
comps displayed. This	Less Physical Functional External
the plans and	Depreciation = \$()
	Depreciated Cost of Improvements = \$ 1,082,100
	"As-is" Value of Site Improvements = \$ 400,000
	Builder Profit = \$ 200,000
65 Years	INDICATED VALUE BY COST APPROACH = \$ 1,862,100

Built & designed over 200 homes, since our founding





| Where We Are Today

Have delivered homes in upstate New York





| Where We Are Today

East Coast shoreline





| Where We Are Today

Harsh desert climates





| Where We Are Today

Mountains of Colorado





| Where We Are Today

Urban infill locations





| Where We Are Today

Homes all over California including wine country, Silicon Valley, ski country and Southern California ..





| Where We Are Today

And even Frank Lloyd Wright's Grandson at Taliesin, in Wisconsin





| End





| Blu's Family of Products

Blu offers price points from \$155K to \$665K, across a wide variety of products and product combinations



	Origin	Element	Breeze Aire	Balance Metro & Vista	Lofthouse	Glidehouse	Breezehouse	Sidebreeze
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Bedrooms	0-2	2-3	2-3	3	3-4	2-3	3-4	3-4
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Price 000's	\$155+	\$285+	\$350+	\$435+	\$446+	\$465+	\$635+	\$665+
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blu | Glidehouse



blu | Breezhouse



blu | Sidebreeze



blu | Element

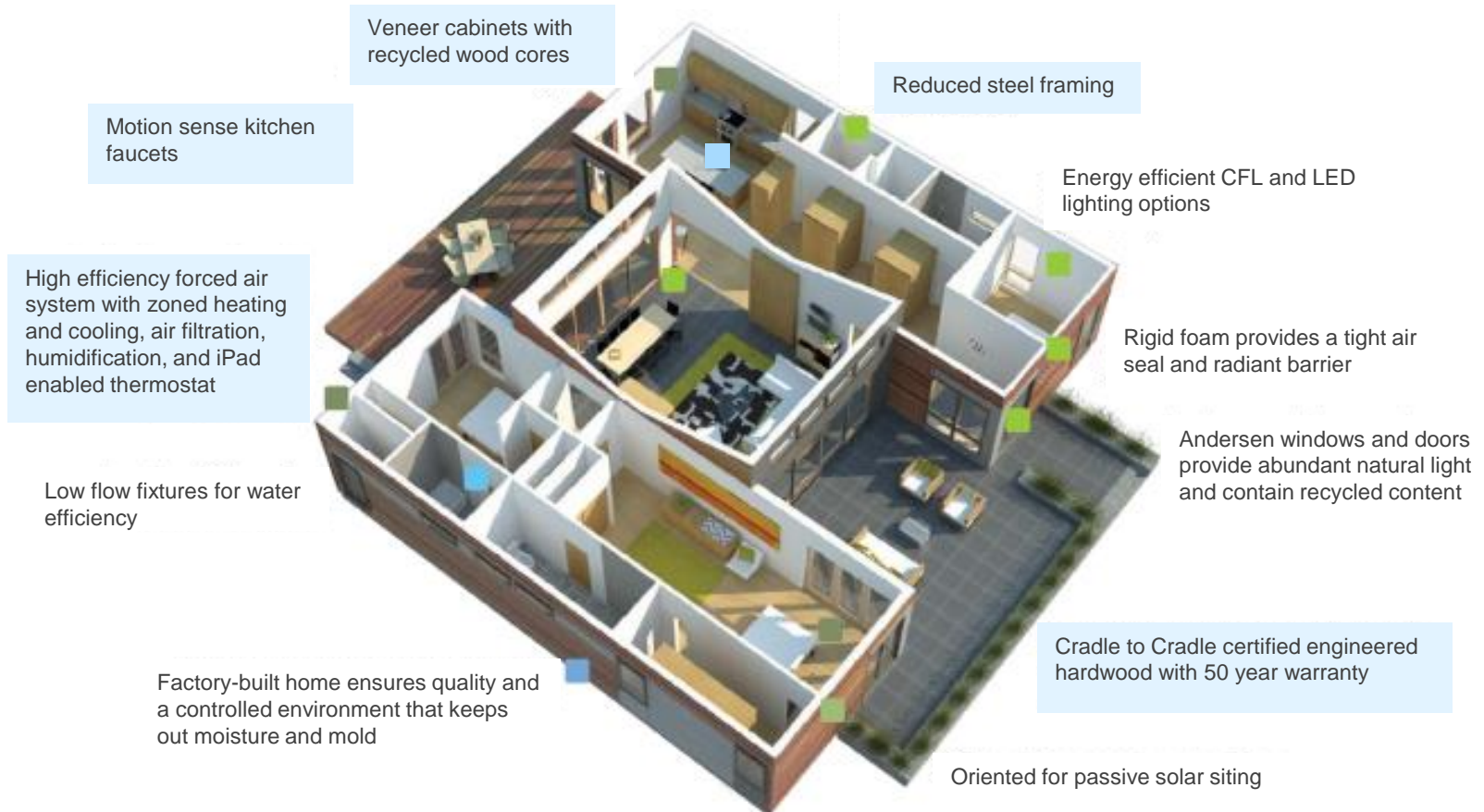


blu | Breeze Aire



| All products have increasing green features

Blu homes are becoming increasingly healthful and environmental performance is continuing to improve



Smart
Design



Eco
Materials



Energy
Efficiency



Water
Conservation



Healthy
Environment



| Product integrate latest tech features

We integrate the latest in high performance features for convenience and comfort



iPad enabled
smart thermostat



CFL and LED
lighting*



Level 2 electric car plug-
ins with solar integration*



Nest Protect smoke
detector*



Cradle to Cradle
certified engineered
hardwood flooring



Andersen windows and
doors - recycled content
and superior insulation



Low flow fixtures for
water efficiency



Keyless locks*



Wireless sound system*



Motion sense, hands-
free kitchen faucet



| Several Products Designed for Infill Lots

2014 Sidebreeze designed to fit on a 50' wide lot with 5' setbacks





| SoCal Sidebreeze on Infill Lot





| SoCal Sidebreeze on Infill Lot





| Homes Have High Resale Value

Green homes also have higher resale value – and Blu homes, in particular!

- Built for \$1.1M ,appraised at \$1.85M, sold at \$1.9M (2012)
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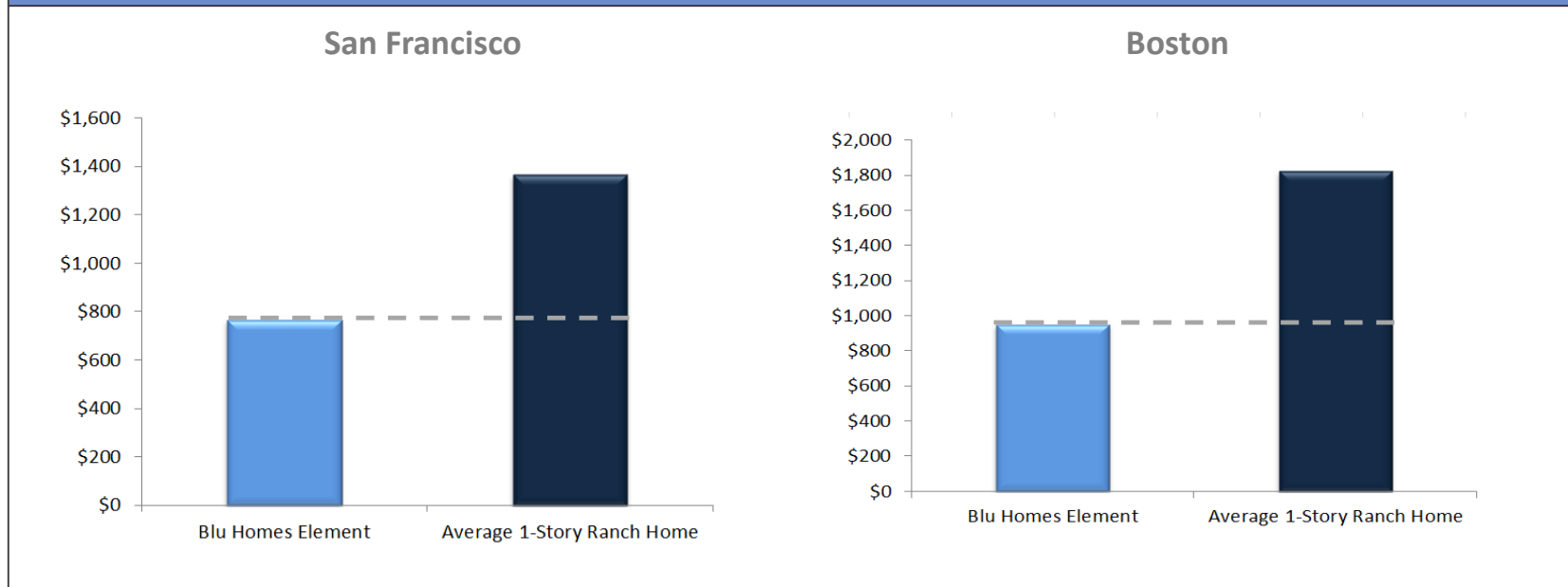
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65 Years	INDICATED VALUE BY COST APPROACH = \$ 1,862,100



| Lower operating & maintenance costs

Testing & seeing 50%+ lower operating costs than average homes, and high quality, 25-50-year warranted materials are designed to drop ongoing maintenance costs

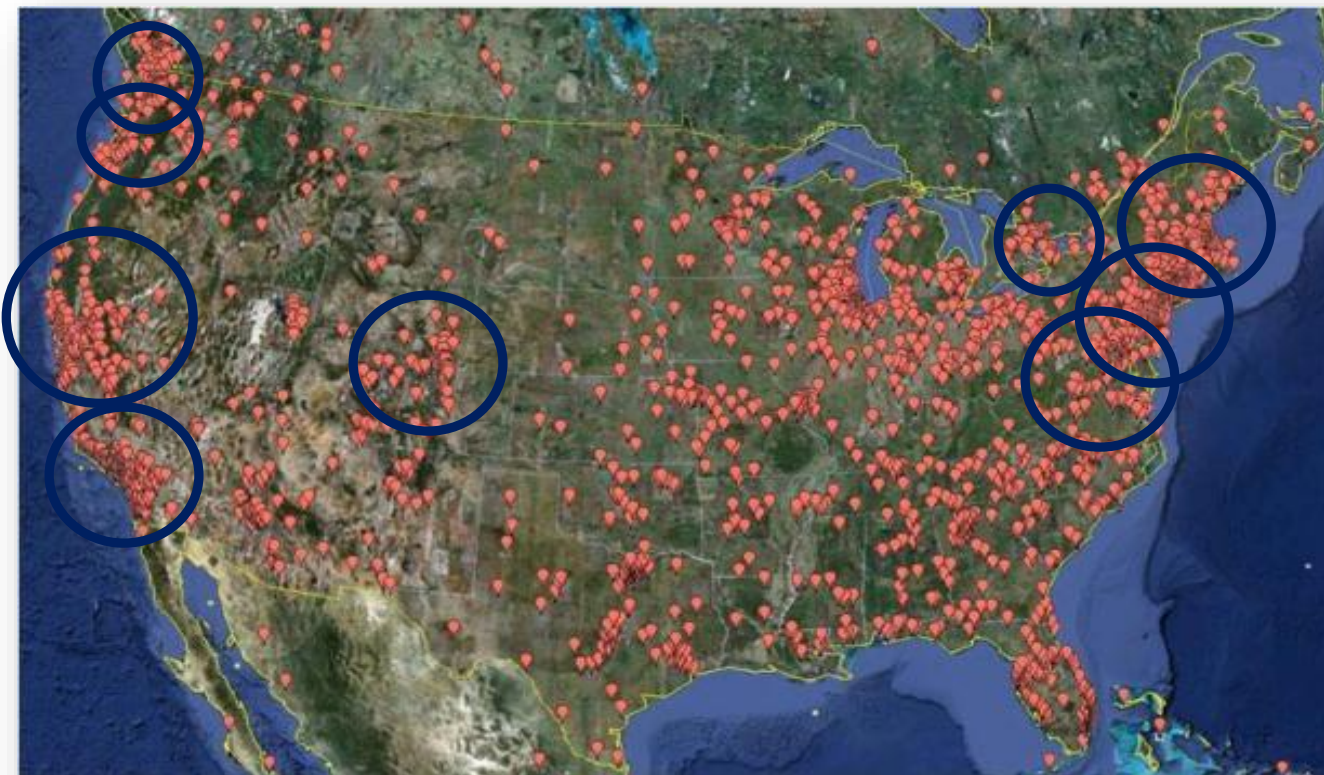
Blu energy bills are usually half the cost, or less, of traditional home¹





| Blu provides leads for developers

Blu's database of 60,000+ leads allows developers to tap into a large & growing buyer base of clients that want this kind of innovative home building process





| Frank Lloyd Wright's Grandson at Taliesin

Built for Tim Wright and his wife

IN 2012, A BLU BALANCE WAS BUILT ON PRAIRIE LAND
NEXT TO FRANK LLOYD WRIGHT'S TALIESIN EAST

"The Balance astonished us...the amplitude of the space, the way you are able to breathe in this room. We could not be happier with the result. As the philosopher Lao-Tse said 'The reality of the building lies not in the roof and walls, but in the space within contained.'" - Owner

Hear more about this Blu home and the prairie restoration project, at bluhomes.com/dwell

\$2,500
Monthly payment*

50%
less energy**

16'
soaring ceilings

1/2
the time of a
custom home†





| Q&A