

16 AUG 2005

Mr N May
MD and Technical Director
Natural Building Technologies
The Hangar
Worminghall Road
Oakley
Buckinghamshire
HP18 9UL

Direct line: 01392 428216
Fax number: 01392 428201
Office address: Beaufort House
51 New North Road
EXETER
Devon
EX4 4EP

15 August 2005

Dear Mr May,

Plan Ziegel Block System

Thankyou for your letter of 12th July and please accept my apologies for not having responded sooner, but I was awaiting the issue of our bidding prospectus for Housing Associations for schemes for 2006/08 for clarification of the MMC categories.

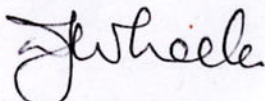
I can confirm your Zeigel clay block system is acceptable under our current and future Corporation definitions of Modern Methods of Construction, under the heading 'Non-OSM' as included in full below, on the basis the system is new to housebuilding in the UK:

Non-OSM Modern Methods of Construction.

This category is intended to encompass schemes utilising innovative housing building techniques and structural systems that fall outside the OSM categories. The presence of innovation is an essential feature that might manifest itself through an innovative non-OSM building system, through a building technique familiar in other sectors but new to house-building, or through traditional components being combined in innovative ways. Typically, 'TunnelForm' or H + H Celcon 'Thin joint blocks' would fall within this category.

Our minimum criteria for the 06/08 programme are that Housing Associations will be required to construct well designed, sustainably built and energy efficient homes at a lower overall cost – and I believe it is in this area you could focus your energies as the Ziegel system uses materials that are economical and easy to use, are from a renewable source, are energy efficient by providing good levels of insulation and create a superstructure that prevents over-heating in Summer. It is these longterm 'green' credentials that Housing Associations are particularly interested in right now.

Yours sincerely,



D J Wheeler
Innovation & Development Manager (SW)
David.Wheeler@housingcorp.gsx.gov.uk