

THREE'S A CROWD

'Crowd funding' has hit the automotive industry as a British start-up plans to build a sleek new three-wheeler, with your help. **Richard Webber** discovers how



Castle Three concepts
include Motor Sport (top)
and Touring versions

WD

Fancy yourself as the next Royce, Chapman or Noble? Or Morgan? For as little as a tenner, you can be part of a new British car company. Okay, you won't be sitting at the head of the boardroom table, but you will be a voice among the chorus of investors, and the top man will be listening.

That man is Northumberland-based Brad Hoy, an experienced company director and creator of the world's first crowd-funded car maker, the Castle Three Motor Company. That means, despite being a private company, anyone can buy a piece. This is car making's Dragons' Den moment: read the pitch on the Crowdcube website, then give a surly "I'm out" or reach into your pocket and get on board.

But this is no vanity project. "Primarily I'm a businessman, then a car enthusiast," says Hoy (whose weakness is MGBs, if you were wondering). However, the cars he plans to build have one fewer wheels than you might expect. "I drove a Morgan 3 Wheeler, then looked at the waiting list [three to six months] and looked at the competition [mostly budget kits like Triking and JZR]," he continues. "Clearly there's a market demand in this sector."

That Hoy also cites Ariel's Atom as competition tells you the Castle Three won't follow the genre's scarf-and-goggles stereotype. We meet Hoy at Xenophya Design, co-founded by Mark Wells and Ian Wride. Cramlington-based Xenophya specialises in motorcycle design (penning Triumph's Tiger Explorer, for example) and recently won the Red Bull Soapbox Race with the Bluebird-inspired 'Phyabird' as a bit of out-of-hours fun. This is where the strikingly sophisticated Castle Three concept renderings you see

here were produced. A retro Morgan knock-off it is not.

Technical development will be overseen by Greg Taylor of motorcycle engineering firm GTME in Daventry. Taylor has worked for Triumph and Indian and helped to develop the Motorsport Elise at Lotus. The Castle Three's twin-pot (either V or boxer) will be motorcycle-sourced, powering the rear wheel via a largely proprietary drivetrain.

And the brand? The Castle Motor Company of Kidderminster once went toe to toe with Morgan, building 350 2+1 three-wheelers before folding in 1922. The new badge reprises its castle emblem.

The company's investment target is £150,000, which buys 15 per cent of its equity. That seems meagre to design, build and market a prototype all within 18 months, but three-wheelers are classed as motorcycles in the EU and America, encountering fewer money-sapping regulatory hurdles than cars. Hoy also plans to minimise overheads by paying key suppliers, at least in part, with some of his 85 per cent equity holding, at once ensuring there's no majority shareholder, adding motivation to suppliers and showing potential investors (you and me) how committed those suppliers are.

The equity sale values Castle Three at £1 million – a figure informed by 2011's sale of a stake in Radical that pitched its worth at 3.4 times sales. Castle Three's projected year-three revenue is £2m, making its value £7m by that yardstick; discount back to the company's embryonic state, factor in the sector's potential risk and Hoy reckons £1m is about right.

Break-even production is given as just 60 cars per year, and 100 are planned in year one of manufacture. Morgan is expected to sell around



Hoy (on left) with Xenophya's Purvis and Wells

600 3 Wheelers this year, so the target seems modest enough if the product is up to snuff.

Each share buys a vote at AGMs, and shareholders will also be canvassed about the car's development. Tax breaks moderate the risks, too, with the government's Seed Enterprise Investment Scheme allowing income tax relief equal to 50 per cent of your investment, and there are also capital gains tax savings on profits. If the company fails, a 40 per cent income tax payer could recoup up to 85 per cent of his investment overall.

Potential profit sources are a company sale, public flotation or selling of shares via one of the new private company trading platforms like Asset Match. Dividends and share buy-back are also possibilities.

The Crowdcube funding drive ends on 26 October, and if the magic £150,000 isn't reached, no one pays up. But as with eBay, there's usually a marked surge towards the end, and larger pledges add momentum. We cherish our small-scale car makers in this country; here's a chance to show our support. 

CONCEPT TO COMPLETION: YOU DECIDE

THE PAIR OF Castle Three concepts is the work of Charles Purvis, Xenophya team member and final-year automotive design student at the University of Northumbria. While Morgan's 3 Wheeler essentially replicates its 1930s Super Sport with intricate detailing and flat flank profiles, Castle Three's concepts are sleeker, with distinctive side scallops. As Purvis says, the concepts are "classically proportioned with modern surfacing", inspired by vehicles including 1940s American 'Belly Tank' racers,

Riva's Aquarama speedboat and Jaguar's C-X75. Freed from the shackles of replication, Castle Three intends to make more efficient use of components and materials to undercut the £26,000 Morgan.

The green 'Motor Sport' and blue 'Touring' concepts are aimed at hillclimbs/sprints and road use respectively. The shareholders will help choose if either (or both) will be built. Engineering considerations will then be more rigorously applied and a full-size clay model will be built before components are finalised and GTME constructs the prototype.

