

A VERTICALLY INTEGRATED CONSTRUCTION MODEL FOR REAL ESTATE INVESTORS

REPEATABLE

PREDICTABLE

REDUCED PROJECT RISKS

PRODUCES A HIGHER YIELD



**Ascentrium
Group**

A VERTICALLY INTEGRATED CONSTRUCTION MODEL FOR REAL ESTATE INVESTORS

Development is risky. The assumptions that developers make help estimate the future market value of a development and thus determine the maximum development costs they can incur. Miss the mark on that forecast, and even a flawless execution of the whole process won't save them from failure.

The risky nature of individual forecasts leads to two things:

- Developers treat all projects as independent startups to isolate the individual downside risk (if you've wondered why signs outside of construction projects say things like "My Project, LLC" instead of "Developer Name Inc.", this is why).
- Developers customizing every building to match their latest specific prediction and maximize profit per site.

Over time, by repeatedly treating every development project separately, the industry as a whole moved towards extreme degrees of vertical (design, construction, operations) and horizontal (specialization by trade) fragmentation. Every part of the building value chain from finance and legal, to architecture, engineering, construction, and property management has been split. Again - this generally makes sense for each party involved! But disintegration has created a barrier for innovation in the industry as a whole. To coordinate design and construction, all industry players rely on often outdated standards and processes (some decades and even centuries old).

A Stanford study found that odds for integral innovations to be implemented in the building industry are 84% lower than for modular innovations. In other words, traditional construction companies are much more likely to get developers to use your new wall material than to use a product that completely transforms the way that they work.

In technology, we're used to large companies like Apple or Google acting as industry coordinating agents. They define and frequently update platform standards for both hardware and software. There are no Googles or Apples in the construction industry. Ironically, even though developers are coordinating their development model for specific projects, they are not coordinating their model on an industry-level, because their model requires that they treat every project as bespoke.

That lack of integration has contributed to notoriously low productivity in the building industry, slow to non-existent meaningful innovation, and growing construction costs. Practically, that means that we're building fewer housing units than we need. And like any big problem, housing has attracted a wave of entrepreneurial interest using the same out-dated business model.

Why Ascentrium is Different and Successful?

The company, along with their partners, design and develop properties using a set of components and basic designs. Some elements would differ at properties, including the size of buildings, facades, and lobbies. Ascentrium Group of Companies ("Ascentrium") uses aluminum and EPS foam as a structural material instead of timber and concrete, a practice that's has been used for over 100 years!.



Unlike competitors like the bankrupt Kattera, once the largest prefabricated housing company in the country, Ascentrium won't manufacture its components itself. Instead it designs the components and outsources the manufacturing. If that sounds familiar, it's deliberate. Ascentrium is "treating our supply chain like Apple treats its supply chain" by shipping those components to a job site where they can be assembled.

Construction and Entrepreneurs

In the last decade, the housing crisis has become a common conversation topic. There is not enough housing, and housing development is often too expensive to make financial sense. This flashing-neon problem attracted a new wave of tech entrepreneurs and investment capitalists interested in changing the world.

The only way to significantly reduce construction-related development costs is to radically standardize development and harness all the economies of scale by sharing costs between multiple projects as well as leveraging industrialization and prefabrication, the same way it's done in manufacturing.

Ascentrium is a Leading Integrated Developer ("ID")

As an Integrated Developer, Ascentrium is defined as one that:

- Leverages technology to integrate supply, demand and operations from Day 1
- Builds relationships with investors and customers to build products that resonate
- Takes principal risk to achieve 1) and 2) and capture larger share of profits

What We Do

Ascentrium is creating a nationwide real estate development chain by standardizing its products on a building level. This model:

- Controls Project Costs
- Minimizes Project Risk
- Uses a Building Information Model
- Uses Green Materials [Non-Wood]
- Fast, Precise Assembly of the Building Envelope
- Reduced Labor Requirements
- Minimized Waste

Why We are Successful

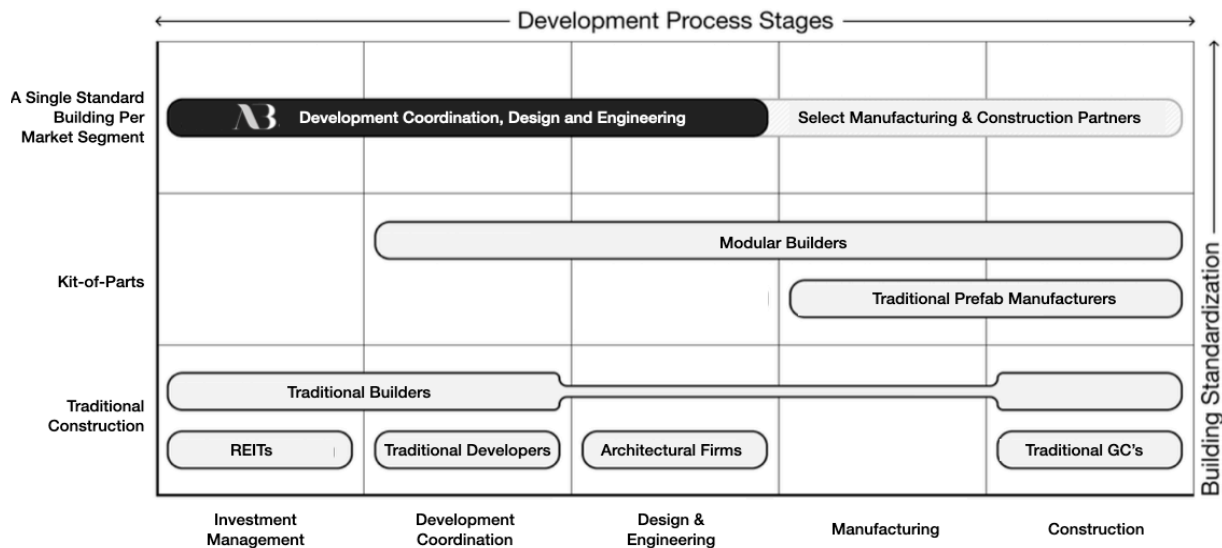
To start, Ascentrium focuses on investors, while building the relationship with the client. And the development is no less important for us. We partner with certified prefab manufacturers and GCs instead of building those capabilities in-house, primarily focusing on developing software, finance, and management tools and processes. It's integrating the customer-facing and scaleable pieces, and modularizing the most capital-intensive, least scaleable pieces.

Ascentrium creates a standard pre-development package once (design and engineering development, financing terms, permitting documentation generation, construction instructions and prefabrication) for every market it operates in, and then develops multiple copies of the same building. It works the same way that software does: high upfront costs, low marginal costs. This approach has the potential to reduce building costs by over 20% and, more importantly, cut the development timeline in half. This is what a typical deal structure looks like:

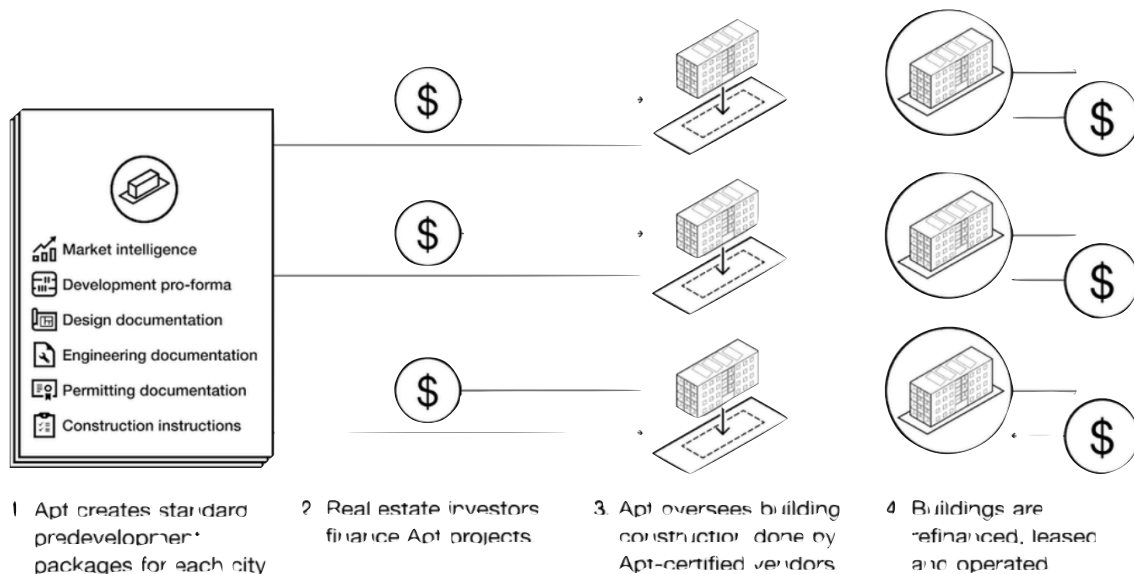
Through our proprietary and licensed technologies, Ascentrium and its real estate partners find a promising property, generates pro-formas, and proposes the project to real estate investors. Ascentrium provides its standard predevelopment package as equity contribution alongside the investors. Once the project is financed, Ascentrium coordinates the development, submitting the designs to the local government departments and to certified manufacturers and general contractors (GCs). Learning from each project, Ascentrium updates its initial pre-development package.

Looking at our Real Estate Development Value Chain

Ascentrium integrates investment management, digital development coordination, design and engineering, while using advanced, green manufacturing and construction processes



New development has the highest annualized returns potential among real estate investment alternatives, but comes with the highest risk. By making the process more repeatable and predictable, Ascentrium reduces the risks of ground up development, while maintaining a high yield for investors.



Why Did Ascentrium Create This Model?

Ascentrium started with an insight that in order to integrate the value chain in the building industry and allow for innovation, you need to start by working directly with a building's first customers – real estate investors. In practice, that means creating a new kind of a developer tools with a business model designed around repeatable, not bespoke projects, which allows Ascentrium to fully control the level of product standardization across the end-to-end value chain.

In other words, Ascentrium is a ID because it:

- Leverages technology to source lots, and standardize design, engineering, and construction processes.
- Builds direct relationships with both of its customers: investors and clients.
- Takes principal risk by creating a standard development package for each project opportunity, for which it receives equity in every project.

Investing in the Future of Real Estate and Ascentrium

Ascentrium makes money from one-time development fees, recurring property management fees, and most importantly, long-term equity in the buildings. Our proven model is a hybrid between the investor and the client.

In a traditional model, the developers tend to not build lasting relationships with their clients and don't care what happens with the project after it's sold. There's no feedback loop to improve the way construction is built and some developers get away with creating low quality products that last long enough to sell.

For Ascentrium, it's crucial to learn from the end-users of a building and create a feedback loop that continuously improves their product. Our approach incentivizes the company and its partners to get the designs, tools, and processes right, because they will scale each of those over hundreds and eventually thousands of projects.

Investing in the Future of Real Estate and Ascentrium

There are three main reasons it's bullish to consider Ascentrium as an investment.

1. The Big Short: Impact on Construction Costs

Construction costs changed significantly in 2020, due to two major developments. First, many U.S. construction firms mention that worker shortages are a big challenge in 2021 and beyond. Up until 2020, the construction sector employed more than seven million people with the most common job in the U.S. construction workforce being construction laborer - right before carpenter or electrician.

Because of Ascentrium's real estate development chain, our project labor requirement is 50-61% less than a similar construction project.



Also, there are significant shortages on construction materials such as lumber. The price of softwood veneer and plywood, for instance, grew by over 13 percent between March 2021 and April 2021. Combined, these two changes led to significant differences in construction costs across various cities in the United States in 2021 - with building materials in, say, San Francisco being far more expensive than in a city like Detroit.

Ascentrium uses green building materials that are stronger, safer, healthier than wood and is also not beholden to the huge fluctuations of the lumber spot market.

Last, by digitizing much of the design, architecture, engineering, manufacturing and assembly processes, we are able to cut project costs by 20% and timelines by 30%, Ascentrium makes 2.5x more projects possible, expanding the opportunity for all of us to make more money and profits!

2. Our Digital Integrated Model

Ascentrium is the first company built with the Digital Integrated framework in mind, and we've continue to improve on the model. Whereas our competitors take principal risk to capture a larger share of the profits, Ascentrium takes principal risk in developing its predevelopment package, and captures a share of equity in each project. It can develop that package once in each city and use it to develop, and receive equity in, multiple copies of the same building.

Ascentrium's revenue is derived from earned development fees, in recurring revenue, and minority equity in each project. Real estate is massive, and our Digital Integrated Model extracts high-margin revenue from our Real Estate Development value chain.

3. Product-Founder Fit

Ascentrium founders are a combination of construction technologists, digital technology leaders and process engineers who have become real estate people and strong business professionals. By combining these talents and experience, Ascentrium has developed a pragmatism and strategic savvy to go with our deep technological knowledge. We believe that it's a killer combination.

RISK FACTORS

The Ascentrium Group of Companies ("Ascentrium")'s operations are subject to unpredictable economic, market, social and political conditions which are outside the Ascentrium's control and which may negatively affect its results of operation.

Like all commercial entities, the Ascentrium is subject to being affected, to some degree, by any volatility in economic, market, social and political conditions, both domestic and international, and by governmental regulation. Conditions such as inflation, recession, unemployment, changes in interest rates, short-term money supply, terrorism and various other factors beyond the Ascentrium's control may adversely affect the Ascentrium's ability to provide returns to investors. The Ascentrium's Developments may be susceptible to economic slowdowns or recessions nationally and/or regionally which could have a negative impact on the value of our Properties.

Our Developments may be susceptible to economic slowdowns or recessions, either nationally or regionally, which could lead to losses in our investments and decreases in revenues, net income and the value of our assets. Further, an oversupply of buildable property could have a negative impact on the value of a Property or the Development on the Property and our ability to sell it for a profit, or at all, which could adversely impact a Investor's return on investment in that you could receive less cash than you invested.

Investors may experience dilution with respect to their investment in the proposed development.

Net book value per a Ascentrium development is determined generally by dividing the net worth of the Development (book value of assets minus total liabilities) by the number of total proposed costs outstanding. The current net book value is negligible because the Ascentrium has not yet closed on the Property or the Development on the Property. Investors in this Offering may experience immediate dilution by reason of the payment of expenses associated with this Offering. Additionally, the net book value per Unit could also decline if the Ascentrium experiences losses in the future.

Ascentrium can make no assurance that it will have cash available to make distributions to investors, nor can there be any assurance that distributions will increase in the future. No assurance can be made regarding the timing of any future distribution, or whether any distributions will be made. Except with respect to certain tax distributions, our Manager will have authority to authorize distributions, in its sole discretion.

For additional information please email all requests to: investorrelations@ascentrium.group

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