

Property Investment Opportunity in the USA's Largest Oilfield

North Dakota, USA



UP TO 42% ANNUAL RENTAL YIELDS

- ✓ Projected rental yields of up to 42% per year
- ✓ Invest from \$30,950
- ✓ Strong rental demand - 15,000 oil and service sector workers, and rising
- ✓ Rental income supported by the largest oil companies in the world including Exxon Mobile, Chevron and Halliburton

Investment Summary

There are few commodities more important than oil when it comes to global supply and demand.

The USA is the world's largest consumer of oil. It is also in the fortunate position of having discovered one of the largest oilfields on the planet in North Dakota. Known as the Bakken Formation, the oilfield has led to the International Energy Agency predicting that the US will become the world's top oil producer by 2017.

The Bakken Formation is causing a stir across the world and has been featured recently by the BBC, CNN, National Geographic, Time Magazine and the Wall Street Journal. This is new, current, and causing waves across the USA as engineers, oil and service sector workers and labourers flock to North Dakota in search of jobs and opportunities, where even manual labourers are paid as much as \$150 per hour. Of course, it goes without saying that the large oil companies such as Exxon Mobil, Chevron and Halliburton are already heavily involved.

The Bakken Formation's explosive economic impact and its remote location have created a unique situation, with some 15,000+ oil and service sector workers currently struggling to find accommodation. Thousands are being forced to sleep in tents or in their cars, in an area where sub-zero temperatures are common.

This is where we come in, offering low cost, technologically advanced and high end Executive Hotel Studios. The Executive Hotel Studios provide the high quality accommodation option that the oil and service sector workers are lacking, with rental income supported by some of the world's largest oil companies.

Investment Highlights

- Annual rental returns year on year of up to 42.07%
- 15,000+ oil and service sector workers with no accommodation and rising
- Rental income supported by multinational oil companies
- Realistic occupancy rates of over 90%
- Fabrication of the Executive Hotel Studios is undertaken off site in order to deliver the build quickly and therefore faster returns can be achieved



"While the rest of the country was sinking into recession, North Dakota never did. Other states nursed budget deficits, but North Dakota, even now, has a surplus... A rise in oil production here, especially, served as an antidote to any whiff of what the rest of the nation was witnessing."

New York Times



The Development

A 'Home Away From Home' Community

The small percentage of Bakken workers lucky enough to have accommodation are often living in substandard single rooms commanding extortionate rent. We are set to change this with a new Serviced Hotel Development, which is ideally located in the proximity of a range of amenities and facilities which are located on site. The high quality, affordable accommodation, with its full range of recreational facilities and services, will ensure workers commit to long term, regular tenancies.

Furthermore, a high quality, fully equipped on-site restaurant, manned by qualified chefs, will provide a host of nutritious meals 24 hours a day. Companies such as Halliburton, Hess, Chevron and Exxon Mobil are particularly interested in such a premium service offering. This will ensure that this development will be their first choice when accommodating their workforce.

As the epitome of comfort and desirability, this high end Serviced Hotel Development will provide the following range of recreational facilities:

- ✓ Catering facility
- ✓ Communal and comfortable dining area
- ✓ Kitchen area
- ✓ Fully equipped gym with the latest fitness machines
- ✓ Mudroom including lockers, with boot dryers and possible room for expansion
- ✓ Free guest laundry to include 6-8 stackable washer and dryer units plus folding area
- ✓ Pool and card tables
- ✓ Key card entry locks
- ✓ Large television room with satellite TV adjoining the spacious recreation room
- ✓ High end foyer with check in area
- ✓ Snack shop
- ✓ High speed Wi-Fi in all common areas and rooms

Workers and their companies will benefit from accommodation ideally located within a short drive of hundreds of oil fields, creating a significant cost saving in terms of travel time.



Check-In Foyer



Catering Facility





Games Room



Snack Shop



Key Card Door Entry



Gym

The Accommodation

High quality executive studios

Each Executive Hotel Suite will include 6 self-contained Executive Hotel Studios, each with a queen sized bed and furnished to a high standard. The Serviced Hotel Development comes with full, dedicated and professional management.

The Executive Hotel Studio also offers a high quality, spacious and fully furnished living space, plus private bathroom, kitchenette and work/desk area.

This offers a truly unique community experience for the oil and service sector workers, where they can cook their own meals instead of eating out all the time, along with the chance to socialise with other workers. This is something that other accommodation choices do not offer and will ensure that the Executive Hotel Studios achieve not only maximum occupancy levels, but that each worker will stay for an extended period.

“North Dakota has a novel problem: plenty of jobs, but nowhere to put the people who hold them.” New York Times

Each Executive Hotel Studio will come fully furnished with the highest spec fittings, fixtures and furnishings including:

1. Fully fitted shower & bathroom
2. Coffee machine
3. Dual ring hotplate
4. Microwave
5. Refrigerator
6. HVAC unit
7. Queen sized bed with under-bed storage
8. Quality bed linen, mattress and pillows
9. Desk and chair
10. Built-in wardrobes/closets
11. Large 32” flat screen and satellite television
12. Wooden flooring throughout

Also included:
Full cutlery & crockery set
Drapery
Attached lighting fixtures



“Occupancy at hotels in Williston, Watford City and New Town is typically 95% to 98% and rates range from US\$169 to US\$259 per night.”

Tom Rolfstad,
Executive Director of the Williston
Economic Development Commission



Room Size Approx 195 sq ft

Our fully furnished, feature rich, Executive Hotel Studios are finished to the very highest quality, setting the standard for comfortable accommodation for the oil and service sector workers.

up to 42% ANNUAL RENTAL YIELDS
INVEST FROM \$30,950

Reassurance & Security

Providing Peace of Mind

The Largest Oil Field in the USA

With an estimated 24 billion barrels of recoverable oil using today's technology (out of around 650 billion available) and more oil than Saudi Arabia and the UAE combined, the Bakken Formation is generating incredible wealth and creating job opportunities for the next 60-80 years. **This means your investment will provide long term passive income.**

15,000+ Oil and service sector workers without Proper Accommodation...and Rising

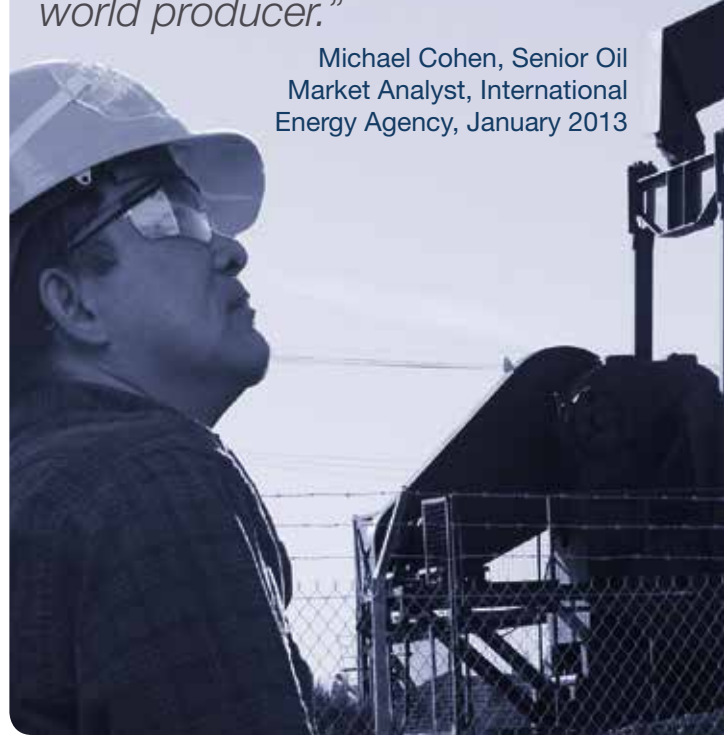
With such a huge number of workers unable to find suitable accommodation and sleeping in tents, trailer parks and even their own cars, there is an urgent unmet demand for good quality, furnished accommodation which we are looking to meet with this unique investment opportunity. Other developers are having a very difficult time building in the area: as soon as they send workers to build the site, their staff are poached by the oil companies who are able to offer salaries 3-6 times larger! With cutting edge building technology, the Executive Hotel Studios developer is able to build the main structure offsite and transport the accommodation very quickly to site, eliminating this problem. **This not only ensures high occupancy rates but an almost risk free opportunity for long term rental income for investors.**

Rental Income Supported by International Oil Companies

It is common for large oil companies such as ExxonMobil, Chevron, Halliburton, Hess and BP to provide housing and accommodation allowances for their workers, in many cases paying the property owner directly. This is one of the perks of working on an oilfield site. **This provides investors with safe and consistent rental income for the long term.**

"This year, domestic crude oil production should rise by 10%, and within five years the United States is likely to break the record output high reached more than two decades ago, to flirt with the position of top world producer."

Michael Cohen, Senior Oil Market Analyst, International Energy Agency, January 2013



A Professional, Legal Purchase using Escrow Accounts

All investor funds are held in a client escrow account and released to the developer only when they have reached each stage defined in the process. **This ensures the safety and security of your funds at all times.**





Purchase Process

A Safe And Transparent Process

The purchase process is designed to provide a seamless and secure procedure with a legal pack that provides full transparency. Investors' funds are held in an escrow account and only released to the developer at stages of the construction of each studio. We have designed the purchase in this way in order to be compliant with the needs of USA laws and regulations and in order to provide the best protection and transparency for our clients and ultimately to provide you with more security than other property transactions.

Complete booking form, and pay the booking fee. A receipt will be issued when funds have cleared.



Provide copies of passport and recent utility bill showing home address.



Upon signing the purchase agreement and relevant documents in the legal pack, the balance of the purchase price (plus purchasing costs) is paid into a US escrow account and then released to the developer upon completion of the following stages:

1. 35% of contract price (plus purchasing costs) on signing of purchase contract.
2. 35% on confirmation that the studio is ready to ship from the factory.**
3. 30% on confirmation that the building is complete and ready for occupation.

Your legal pack will be sent within one week of receipt of the booking fee and relevant paperwork. The pack will contain your Purchase Agreement, Operating Agreement and other relevant documents.

**Escrow transfer fees of \$32 per transaction.*

***Investors are responsible for their own bank's transfer fees.*

****Suites of six can be shipped before all the studios are sold.*

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Summary of Costs

Legal and Buying Costs

Description of Legal and Buying Costs	Price per studio \$54,950
Legal Management Agreement / Attorney Review — Attorney review of the Bill Of Sale*; Lease; LLC and other documents.	\$2,350
State Sales Tax @ 5% Due on third stage payment	\$2,748

* A bill of sale is a legal document made by a 'seller' to a purchaser, reporting that on a specific date, at a specific locality, and for a particular sum of money or other "value received", the seller sold to the purchaser a specific item of personal, or parcel of real property of which he had lawful possession. It is a written instrument which evidences the transfer of title to personal property from the vendor, seller, to the vendee, buyer. The bill of sale document will be certified by the vendor's attorney.



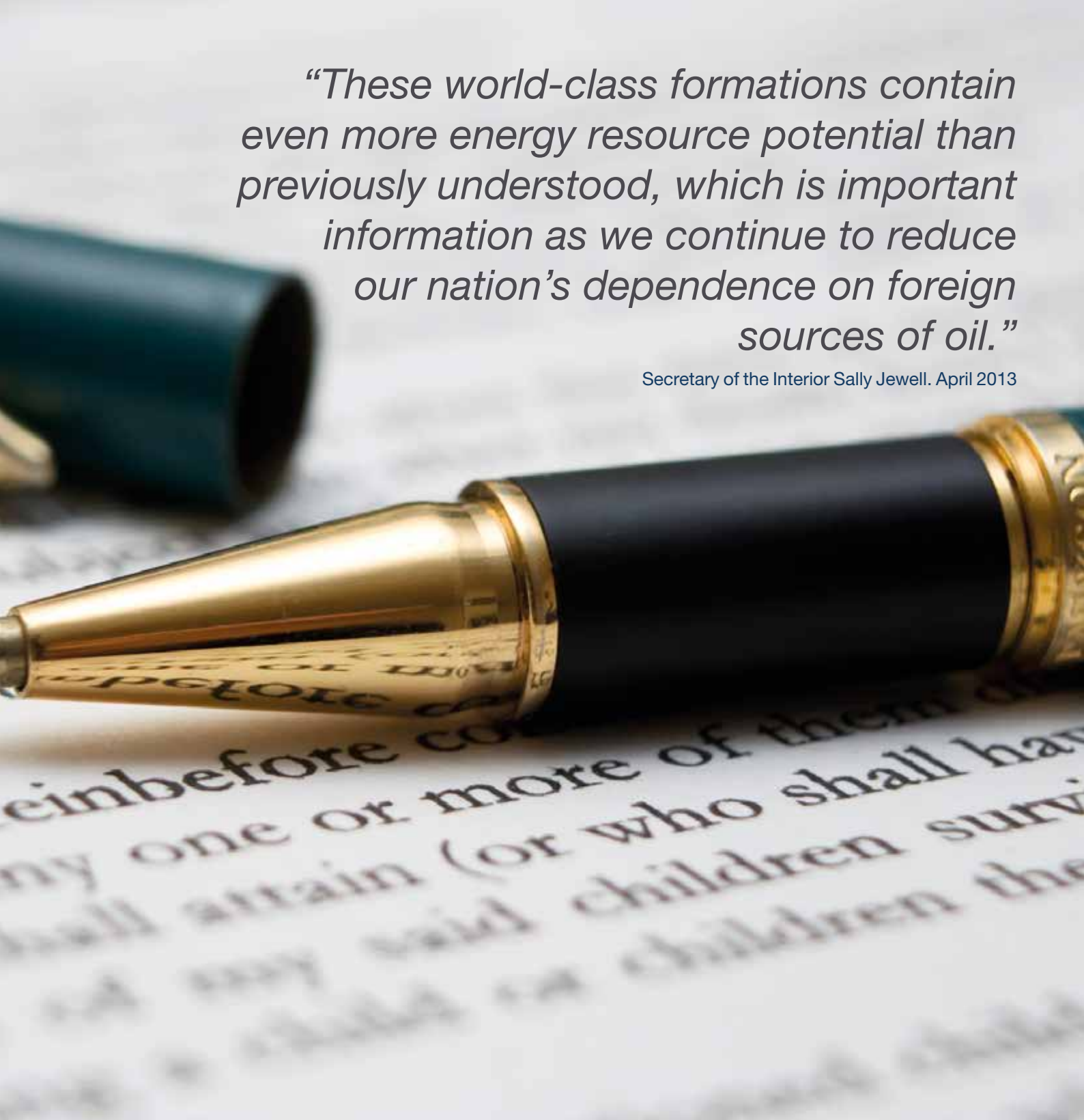
- The ownership of the individual Executive Hotel Studios is identified by a unique identification plaque mounted in each studio.
- Legal and Buying costs per Executive Hotel Suite (6 Executive Hotel Studios) - \$10,300
- Property Tax may be applicable

“Oil production from the Bakken shale is doubling every 18 months and the field is now responsible for 10 per cent of total US output.” Financial Times

Ongoing Costs

1. \$450 per annum marketing fee

This fee is used to buy and place signage, adverts in the local county papers, direct marketing to oil companies and the Served Hotel Development's website. The website will be an online management tool, booking system and payment site. It will also be used for marketing the Executive Hotel Studios and as a portal to resell studios/suites should an investor wish to do so at any time during their ownership period.



“These world-class formations contain even more energy resource potential than previously understood, which is important information as we continue to reduce our nation’s dependence on foreign sources of oil.”

Secretary of the Interior Sally Jewell. April 2013

2. \$5.00 per night hold back (\$1825 per annum)**

This will be used to pay for the investor’s insurance policy each month (this policy will be a house hazard policy with contents and personal liability), as well as the general upkeep of the grounds such as grass mowing, snow removal, gravel replacement and decorating every few years.

The hold back will be on a per suite basis and held in the suite’s account. All funds will be accounted for and receipted. Any funds remaining in the hold back will belong to the owners of the Executive Hotel Studios in the suite. If a shortage occurs then the following month the fund will be topped up or the owners will contribute. Although a very rare occurrence, this should be stated as a possibility.

** Not included in the financial page overleaf.

The Financials

Providing a Passive, Annual Income of up to 42.07%

	50% Fractional Ownership	Single Executive Studio	Suite of 6 Executive Studios
Investor Price	\$30,950	\$54,950	\$319,700*
Rental Rate Per Studio Per Night	\$139	\$139	\$139
Number Of Days Occupied Per Year At 90% Occupancy Rate	329	329	329
Annual Total Gross Rental Income	\$22,866	\$45,731	\$274,386
% Income Share To Investor	50%	50%	50%
Rental To Investor	\$11,433	\$22,866	\$137,193
Marketing Costs	\$225	\$450	\$2,700
Annual Income	\$11,208	\$22,416	\$134,493
% Annual Return On Purchase Price	36.2%	40.79%	42.07%

*includes \$10,000 discount for suite of 6 studios

Explanation of Income Figures

A

Based on \$139 per night, these figures are very conservative, given the many current accommodation options at rates of \$169 to \$259+ per room per night. This “home away from home” accommodation offers something truly unique in the current market: spacious, furnished accommodation with fully equipped living, dining and kitchen facilities. Full purchasing costs are estimated at \$2,350 per studio and \$10,300 per suite of 6 studios. State sales tax at 5% of the purchase price is payable.

B

90% occupancy is much lower than current hotels and motels are achieving. Many are booked out 6 months to a year in advance and block booked by the oil companies. Current occupancy rates in the region are around 95-98%, and that is without the fully inclusive and equipped communal areas that our Executive Hotel Studios offer.

C

When choosing the developer’s management company, investors will receive 50% of the studio’s revenue, less the annual advertising cost (\$450) for internet marketing and advertising with relevant organisations and companies. The remaining 50% is used to pay for cleaning, utilities, labour, upkeep of the suite and other additional services associated with providing full turnkey rental management and maintaining the extensive range of facilities and recreational spaces.

A liquid gold opportunity



Exit Strategies

1

Long Term Hold

Compared to the yields and returns offered by bank accounts and the volatility with stocks and shares, a passive rental income of up to 42.07% makes a tremendous return to hold for the long term.

2

Sell to an Investor/Fund

As a performing property asset achieving a substantial yield and exceptional year-on-year profit, and with an effective management company in place, this will be an extremely attractive sale to another investor or fund.

3

Sell to an Oil Worker

With the average salary already over \$200,000, oil and service sector workers would be highly interested in purchasing completed studios in order to stay in them while saving their rental allowance.

4

Developer's Buy- Back

It is the developer's business plan to work with both fund and investment firms to sell the Executive Hotel Suites in the future and this is an exit strategy that is already being exercised by fund companies today. You have the option to enter your Studio or Suite into the developer's buy-back program.



What am I actually purchasing?

Investors are purchasing a fully furnished Executive Hotel Studio(s) or Executive Hotel Suite(s) on land that has a 60 year lease. This modular type of accommodation conforms to all International Building Code (IBC) regulations and can withstand all the climate conditions likely to occur in North Dakota. Your property also comes with comprehensive insurance as part of the management agreement.

Is there a reservation fee?

No. As an official affiliate for the developer, we have negotiated that the booking fee is enough to reserve the Executive Hotel Studios being purchased until the contract has been signed and first stage payment made to the escrow account.

Is permission needed to build the Executive Hotel Studios/Suites?

Planning permission is in place already and the construction meets the International Building Code (IBC) regulations and the requirements set out by the utility companies.

Will there be any problems with ensuring that the Executive Hotel Studios are connected to the full range of utilities?

No. The Executive Hotel Studios will be fully integrated with all utilities such as electricity, telephone, water, sewage and internet.

Who is responsible for managing the Executive Hotel Studios/Suites and paying the rental income?

You have the option of choosing the developer's management company to handle all of the day to day running and management of the Executive Hotel Studios. Rental income for a given month will be paid monthly in arrears, directly into the bank account of your choice.

How realistic is the 90% occupancy rate?

Extremely realistic! Current accommodation in the region is achieving an average 95-98% occupancy rate, with some achieving 100% for the last 6 months, so we feel this 90% occupancy rate figure is on the cautious side. With 15,000+ workers still with no permanent accommodation and the number of workers exceeding the number of rooms, there is tremendous unmet demand for accommodation. Our "home away from home" community Executive Hotel Studios offer oil and service sector workers communal and recreational facilities, which no other accommodation in the region does. This gives them both independence and somewhere to socialise with colleagues. The result? Higher occupancy rates, more satisfied tenants and longer average stays per person, leading to greater rental income for investors.

How achievable is the \$139 a night rental rates?

Again, this is very realistic. The majority of accommodation and rooms already achieving the 95-98% occupancy rates are charging and being booked from \$169 to over \$259 per night. This means our figure of \$139 should be highly attractive to regular, long term and frequent tenants.

How do workers pay for their rooms?

In 95% of cases the large oil companies such as ExxonMobil, Chevron, Halliburton, Hess and BP provide housing and accommodation allowances for their workers. In many cases the owner is paid directly. This is one of the perks of working on an oilfield site and provides investors with long term, stable rental income.

Who pays for the upkeep and maintenance of the building?

Upkeep and maintenance of the building are covered by the management fee. Upkeep of the property grounds is paid from the hold back fund which is accrued at \$5 per night from rent paid to the management company and is an additional cost to the management fee. Any external damage (such as from weather conditions) is covered by the master policy; any internal tenant damage is paid for by the tenant or oil company.

Does the developer have any competition in the area for these kinds of buildings?

There is currently little/no competition in the area. Traditional, stick-built accommodation has much higher build costs and takes significantly longer to build. Costs are driven up further by the exceptionally high wages that on-site developers have to pay due to the shortage of workers and the loss of workers to the higher paying jobs of the oil companies. The cutting edge technology used to produce the Executive Hotel Studios reduces overheads and costs and thereby ensures large returns.

What are the additional costs involved with purchasing?

Purchasing costs are estimated at \$2,350 for a single Executive Hotel Studio and \$10,300 for an Executive Hotel Suite comprising of 6 studios.

What is the booking fee on this investment opportunity?

We offer very competitive fees given the amount of time it has taken to negotiate and structure this unique investment opportunity for our valued clients. We reward larger purchasers by offering significant discounts to our booking fees:

Number of Studios Purchased	Booking Fee Per Studio
1	\$2,908
2-3	\$2,584
4-6	\$2,260
7-19	\$1,936
20 Studios or more	\$1,450

How does the developer's Buy-back work?

If you choose to opt into the buy-back program your Studio or Suite will be subject to a buy-back clause. This allows for the developer to be able to buy-back your Studio or Suite from the end of year 2 if they offer 115% of the original purchase price and 120% from year 6 to year 10.

Will I need a USA Lawyer/Attorney?

No. Pearce & Durick have been appointed to review all legal documentation relating to this investment.

I would like to invest. How do I proceed?

Please contact us to request the booking form. All you need to do then is complete the form and pay the booking fee.



TIME

North Dakota a Portrait of an Oil Boom

North Dakota's oil boom has been called everything from the region's equivalent of a gold rush, to its version of Silicon Valley. And it's all thanks to a the Bakken formation, a 360 million year old shale tectonic plate sitting underneath much of the north western part of the state, which is thought to hold around 18 billion barrels of oil.

But the good times have not come without a price: The state has run up against a serious shortage of housing for the thousands who have poured in looking for work. The method of extracting the oil is controversial, too. Hydraulic Fracturing, more commonly known as fracking, is the bête noire of many environmentalists nationwide. The process sees workers inject pressurized fluid into the ground in order to release natural gas from the shale.



North Dakota Oil Boom Driving Economic Development

While much of the country crawls, North Dakota is sprinting.

The lowest unemployment rate of any state. The highest rate of population growth. The Roughrider State is far from an afterthought. It's become a destination in recent years as workers seek jobs in the oil industry there.

New technologies and drilling techniques propelled the oil industry—and economic activity—in North Dakota, making it the nation's second-largest producer of crude oil behind Texas.

But despite oil-related prosperity and a strong state-wide economy, North Dakota is trying to catch up to the rapid population and job growth. A lack of available housing and other constraints are weighing on communities that are poised to grow. In time, after continued development and infrastructure improvements, the region is expected to fulfill its economic potential.

According to a state study, the western half of North Dakota, where the oil industry is concentrated, is expected to see its population climb 50% over the next two decades.

CNN Money

Plenty of workers and lots of housing headaches to the nation's fastest-growing boomtowns

Hundreds of job seekers arriving in the oil boomtown of Williston, N.D., are being sent back to where they came from after ending up homeless.

Thanks to an influx of people and money to the area, the Williston Salvation Army has seen its charitable donations more than double to \$358,000 in the past two years. And it's using some of this money to relocate people who can't afford to stick around.

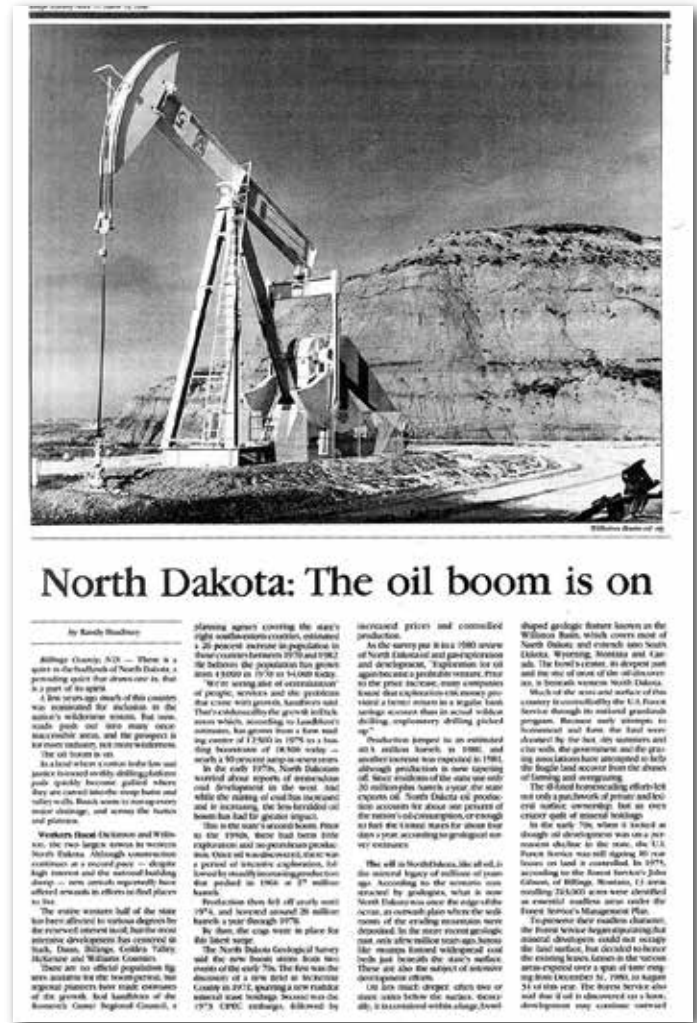
"Sometimes they're better off going back home," said Joshua Stansbury, a North Dakota native who runs the Williston Salvation Army with his wife, Rhegan.

People drive hundreds of miles to Williston looking for work. They're often lured by oil jobs paying six-figure salaries, but every job pays well and -- with an unemployment rate of less than 1 percent -- almost every industry is hiring. Even fast food workers make upwards of \$15 an hour.

But it's not as easy to find a place to live as it is to find a job. Housing has become extremely scarce, and rents have skyrocketed -- leaving many people homeless.

"If there's (any housing) available, they're going to pay a minimum of \$1,200 for a single-bedroom apartment or even studio," said Stansbury.

The nearest homeless shelter is more than 200 miles away in Bismarck so a local Lutheran church lets up to 30 people sleep on its floor. Many others sleep in their cars in parking lots.



North Dakota: The oil boom is on

By Randy Hoadley

Billings, Mont., Aug. 28 — There is a quiet in the hallways of North Dakota, a growing quiet that stretches in that part of the state.

A few weeks ago much of this country was reeling from the shock of the nation's economic crisis. But now, the quiet is gone, and the energy is in the air. The oil boom is on.

In the past few years, the state has seen a boom in the oil industry. The state's oil production has increased steadily, and the state's economy has grown as a result. The state's population has increased, and the state's economy has grown as a result.

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Prairie Business

The housing challenge in the region mirrors that of the state, though just not as extreme, said David Klein, executive director of the Stutsman County Housing Authority. The southeastern region of North Dakota served by the South Central Dakota Regional Council is starting to feel the effects of the Oil Patch.

"We're also seeing things from what we call the 'Bakken spillover,'" Klein said. "Not just people working in the oil fields, but we hear about businesses relocating here."

Klein is the liaison between Stutsman County and Maxfield Research in the study.

He reported that on Feb. 12, Stutsman County had a 1.8 percent vacancy rate for rentals.

"You just have to start calculating in your mind how many people this is going to take, and we don't have anything available temporarily, and we don't have anything available permanently for additional workers," he said.

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Next Steps

Please call us to discuss your requirements with one of our property consultants or to request further information on any of the following:

- Investment Structure
- Floorplans
- Payment Process
- Availability

