



North Dakota Developments

Transhudson Hotel - Parshall



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About

THE DEVELOPER

North Dakota Developments LLC are a specialist commercial and residential developer, building quality hotels for the oil and service sectors. Their main objective is simple: to provide the highest quality accommodation solution whilst considering the wants, needs and budgets of the workers. This creates a 'home away from home'.

For them, their reputation is of paramount importance and something they will never compromise on. Their clients and customers will always receive the best customer care and product without fail. They are currently undertaking commercial developments in and around oil fields in the USA, to provide superior hotels for oil and construction workers, as well as those in the service sector, for both short and long-term rental basis.

Their project successes to date include the four high quality Great American Lodge sites located around the Bakken Formation.

Great American Lodge Watford City saw phase 1 open in late 2013, phase 2 in May 2014 and phase 3 which will follow on this year. Trenton presents 343 rooms under management and the Montana site is due to open soon. Their newest addition of Great American Lodge Watford East, rounds off an already fantastic portfolio of products. We are now pleased to introduce the latest project, Transhudson Hotel, Parshall.

Increasing its span by looking to develop hotels in other locations within the Bakken Formation, their newest venture - Transhudson Hotel Parshall - is situated in the West of North Dakota, in the city of Parshall. The hotel will be in the new Bolkan Plaza, which will provide various food and recreational outlets for the workers alongside the offered accommodation.



NORTH DAKOTA'S OIL INDUSTRY

The discovery of the Parshall Oilfield in 2006 was the catalyst for the North Dakota oil boom. North Dakota remains to be one of the only five US States to have achieved a production output of one million barrels of oil per day, contributing \$50 million daily. It is now second only to Texas.

The state has made sure they have future proofed this so generations to come can continue to feel the benefits. The North Dakota legacy fund has been set up with this in mind to help protect North Dakota's future. Taking 30% of the taxes generated from the oil revenue in the region, this fund is expected to reach a staggering \$5 billion by 2017. These funds can then be siphoned out to help the State.

Another change that can be evidentially seen is the constant growth, both in population and employment. The United States Census Bureau estimates that the population of North Dakota was 723,393 on July 1 2013, a 7.6% increase since the 2010 US Census. This makes North Dakota the U.S. State with the largest percentage in population growth since 2011. Employment has also risen, with figures from the Bureau of Labor Statistics for January 2014 showing unemployment in North Dakota at just 2.6% - the lowest rate in the US and well ahead of the national average of 6.6% for the same month.

About Cont.

THE BAKKEN FORMATION

As the world's largest consumer of oil, the USA is in an incredibly fortunate position to have discovered one of the largest oilfields ever, known as the Bakken Shale Formation in North Dakota. This is new, current and causing waves across the USA as engineers, oil workers, and laborers flood to the area in search of jobs and opportunities.

The oil boom in North Dakota is allowing them to defy the laws of economics during the current climate. With larger oil reserves than Saudi Arabia and the UAE combined, the pressures from this rapid growth are evident. According to recent reports, there could be as much as 24 billion barrels of oil in the Bakken Formation, more than double the amount originally thought.

As a result of this incredible prosperity, counties located within the Bakken Formation have the lowest unemployment rate in the USA,

with less than 1% in some locations. Naturally, land prices are rising dramatically.

Currently, only a tiny fraction of the rising 45,000 oil and service workers have suitable accommodation. The vast majority are sleeping in their cars, tents or trailer parks. The Bakken Formation's location, just below Canada, means the weather can be extremely cold. This can create a health and safety nightmare for the multinational oil companies looking to ensure the health and welfare of their staff.

The situation creates an incredible, untapped opportunity to provide accommodation for the thousands of cash-rich workers struggling to find somewhere to live. This is where North Dakota Developments comes in.



“With wells drilled in the Bakken during the past three years, there is significant new geological information. With ever advancing production technologies, this could mean more oil could potentially be recovered in the formation.”

- Ken Salazar, USA Secretary of the Interior

“As oil production from the Bakken Formation continues to set records... the sheer pace and scale of the boom is still unfolding.”

- Stanford University, Headwaters Economics

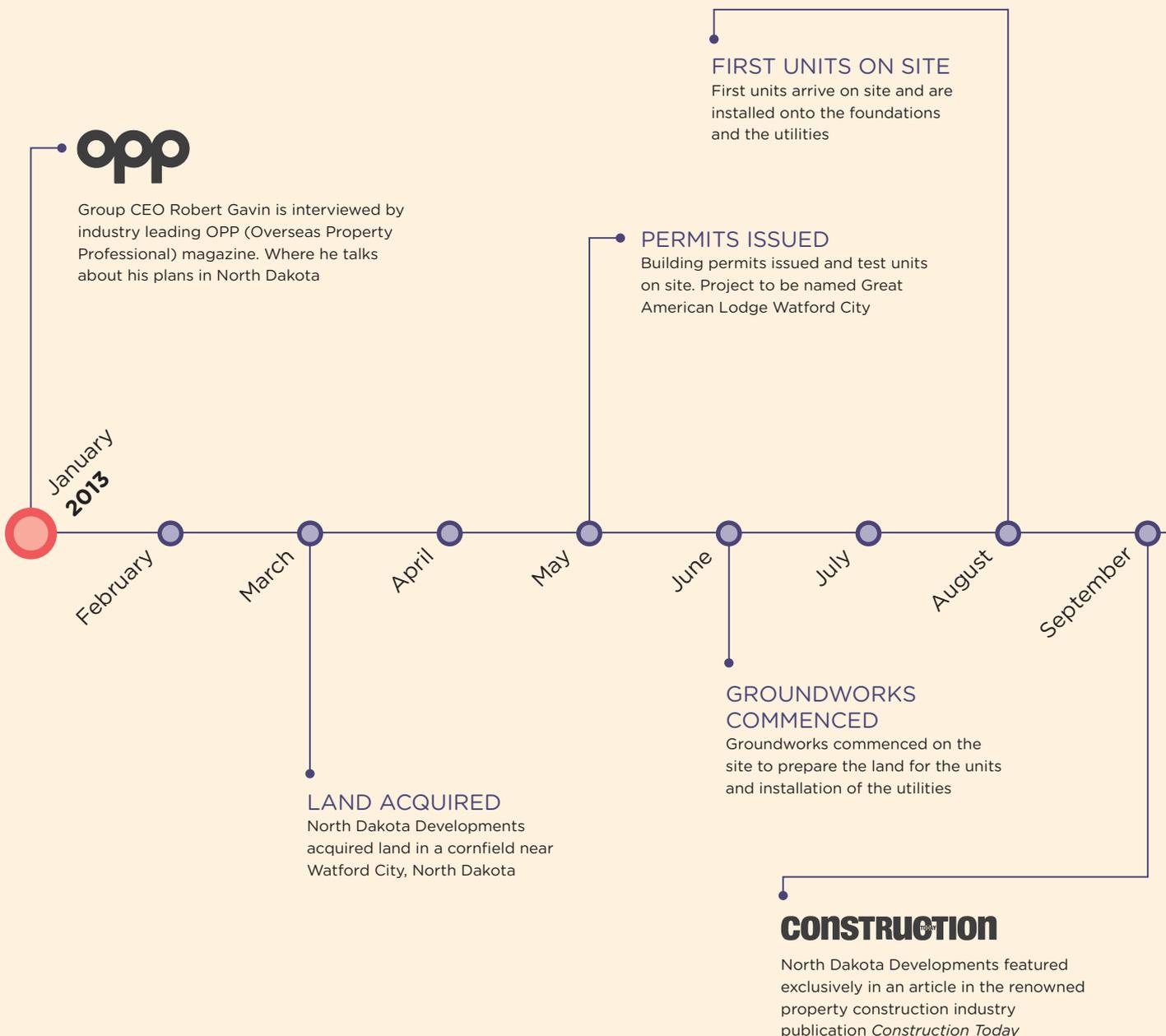


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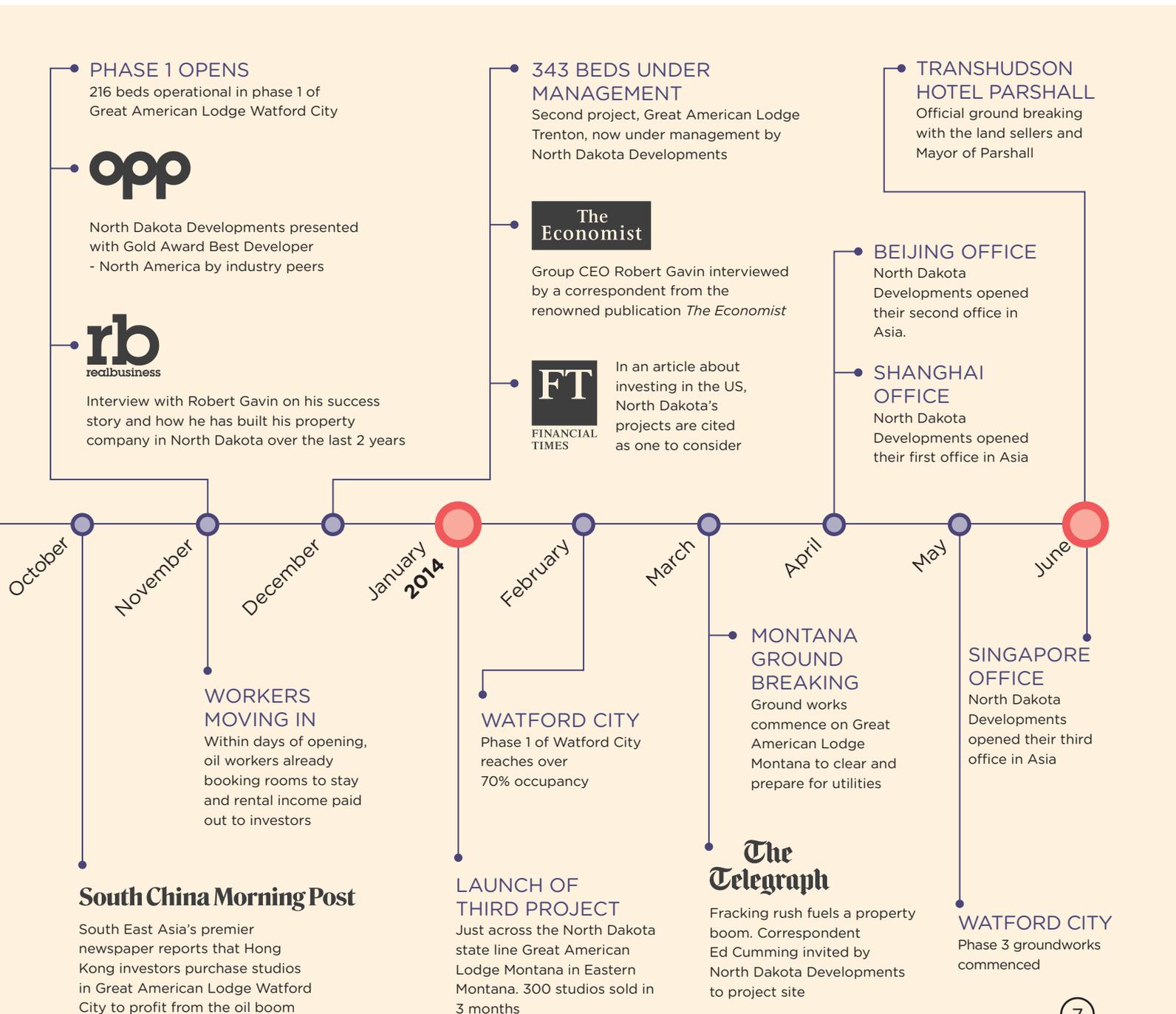
HISTORY

North Dakota Developments experienced significant success in 2013 which has continued into 2014. The developer has four Great American Lodge sites in total; Watford City, Watford East, Montana and Trenton. Great American Lodge Watford City started as a

highway fronting cornfield with no utilities. It was then turned into a fully serviced executive hotel development. To date, the total number of Great American Lodge rooms in operation is 775, with a further 940 rooms in the pipeline due to be operational in 2014.



In the summer of 2014, the developer decided to begin a fresh and exciting venture through a new project - multi-storey hotels. This project, named Transhudson Hotels, will see them provide the same high quality accommodation as seen in previous developments, now in a hotel setting.



The Bolkan Plaza

THE SITE

North Dakota Developments have acquired a 37-acre land site zoned for commercial development just north of Parshall in Mountrail County, North Dakota. Located in a busy area of oil activity, the Bolkan Plaza is perfectly situated to satisfy the huge demand for accommodation and facilities, in the core of the Bakken Formation where fracking first started in the region.

The multitude of oil wells and rigs in the area, mixed with little amenities and no accommodation, has led to the Mayor of Parshall to support the creation of a mixed use commercial development. The key to success for a project of this nature, is the local support and development. This helps to understand the needs of the area and the limitations of the infrastructure and utilities.



This is where North Dakota Developments come in. Helping to develop the Bolkan Plaza will commence with a 408 suite hotel situated in the West of the site. The project will include:

- An RV (Recreational Vehicle) Park for 69 RVs with supporting amenities and security
- A truck plaza with parking for 90, plus a dedicated refuelling facility

- Approximately 6000 sq ft convenience store with car parking and up to six retail/restaurant buildings from 2000 to 8000 sq ft.

This project will bring a huge economic boost to an area that cannot yet fully take advantage of the sensational oil industry expansion right on its doorstep.



Transhudson Hotel

PARSHALL

With temperatures plummeting to as low as -50°C, some of the low grade “man-made” camps and tented areas pose very dangerous conditions for the workers. With demand outstripping the accommodation availability, some of them don’t have any other choice if they wish to achieve the rocketing salaries that come along with the profession.

The small percentage of Bakken workers lucky enough to have accommodation, are often living in substandard single rooms with shared basic facilities. Taking advantage of the ever growing demand, commanding extortionate rent is a common business practice surrounding the area for this calibre of room.

Looking to improve and expand on the options available to these cash rich workers, North Dakota Developments, and their management company, bring something original and refreshing to the market with their new project, Transhudson Hotel - Parshall.

Situated in Western North Dakota in Parshall City, Mountrail County; the new hotel development itself will sit on 6.2 acres of land within the Bolkan Plaza, consisting of three floors, hosting 396 suites plus 12 ADA (American Disability Act) compliant rooms.

Their aim with this project was to, once again, not only fulfil an obvious need for



accommodation in the area, but expand on that to provide somewhere where the workers actually want to, and enjoy, staying. This reinforces the 'home away from home' approach they carry throughout all of their developments.

Continuing with this approach to provide above and beyond, North Dakota Developments have carried over their ethos for building more than just a room. They achieve this by incorporating a fully equipped amenities building and housing a wide range of the following facilities:

- Entrance Lobby
- 400 Parking Spaces
- Seated Dining Facility for 160 guests
- Commercial Kitchen
- TV Lounge
- Games Area
- Laundry Service & Guest Laundry Facilities
- Fitness & Meeting Room
- Guest Lockers
- Elevators



The Suites

WHAT'S INCLUDED?

Delivering high standard accommodation, the suite poses 170 sq ft of spacious and quality lodgings, along with all the necessary furnishings to help make a 'home away from home' for the workers. All suites include the following:

- Double Bed with Storage Underneath
- En Suite Bathroom
- Quality Bed Linen, Mattress and Pillows
- Kitchenette Area
- Wash Basin
- Fridge Freezer
- Microwave
- Coffee Machine
- HVAC Unit
- Built-in Wardrobe
- Large Flat Screen Television
- Satellite Television
- Vinyl Flooring
- Work Desk with Chair



“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



Finance & Figures

	1 SUITE	5 SUITES	10 SUITES
Suite Price	\$104,950	\$524,750	\$1,049,500
First Buyers Discount	\$20,000	\$100,000	\$200,000
Bulk Purchase Discount	-	\$10,000	\$25,000
Investor Price	\$84,950	\$414,750	\$824,500
Booking Fee	\$2,950	\$11,300	\$19,500
Legal and Buying Costs	\$4,800	\$20,200	\$38,200
Assured Net Yield per year (before income tax)	16.47%	16.87%	16.97%
Fixed return per year for three years*	\$13,990	\$69,950	\$139,900
Total assured income over three years	\$41,970	\$209,850	\$419,700
Compulsory buyback after year three**	\$93,445	\$456,225	\$906,950
Net return over three years	59.41%	60.60%	60.90%
Net profit over three years***	\$50,465	\$251,325	\$502,150

*Assured - depending on choice of Management Company

**Contracted at 10% above the purchase price

***Before applicable income taxes

EXPLANATION OF INCOME FIGURES

In order to purchase a suite at Transhudson Hotel, Parshall, a booking fee is required to hold the unit. On payment of the purchase price, legal costs are also due to be paid into the escrow account. Once the hotel is operational in Summer 2015, providing you choose North Dakota Developments Property Management to lease your suite, a three year fixed income assurance is payable at 16.47% net per annum - this is backed up by North Dakota Developments. At the end of the third year after opening, it is compulsory that North Dakota Developments buy-back the suite at the price you paid for it plus 10%. They will sell the entire hotel to a fund, re-finance or continue to own the hotel for the income because

they see the long term value in such an income producing asset. They are able to undertake the compulsory buyback due to the large asset base of the group of companies and in particular the asset value of the master plan on which the hotel sits.

The hotel is projected to achieve between \$100 and \$233 per night throughout the year once established (a few months after opening) and will result in average stabilized nightly rates of \$160 per night. This will allow the developer and the management company plenty of security to back up the fixed annual returns.



PURCHASE PROCESS

- 1 Contact us to obtain a booking form. Complete the form and pay the booking fee.
- 2 Your legal pack will be sent within one week of receipt of the booking fee and relevant paperwork.
- 3 Upon signing the relevant documents, the balance of the purchase price* (plus purchasing costs) is paid into a US escrow account.

FUND RELEASE

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

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

**All modular units will be constructed and shipped to site before all suites are sold.

Independent Marketing Analysis Report

AN OVERVIEW

North Dakota Developments commissioned an independent consultancy firm to undertake a market analysis of the Bakken region and Mountrail County. This analysis outlines the supply of work force housing in Mountrail County and provides market recommendations. This extensive work substantiates the foundations upon which this property investment is based, including:

- Massive supply and demand imbalance
- High occupancy rates
- Strong and sustained demand growth
- Competitive prices per night
- Quality, fully serviced workforce accommodation

High yields are achievable by the unique economic and social conditions prevalent in North Dakota.

The analysis undertaken by the independent consultancy looked at macro and micro economic impacts, as well as comparable, such as temporary accommodation of various standards in the county, hotel and recreational vehicle (RV) parks.

NORTH DAKOTA'S OIL INDUSTRY

The key socio-economic points conveyed through the market analysis include:

- North Dakota is the 2nd largest oil producer in the US, behind only Texas
- Oil production in the state accounts for nearly 11% of the total US crude oil/condensate production
- The oil and gas industry in North Dakota increased sevenfold by \$30 billion from 2005 to 2012
- According to an Oil and Gas Journal article published in January 2014, the US portion of the Bakken formation has produced (cumulatively) approximately 3.6 billion barrels of oil
- In 2012, 2,552 well permits were issued in North Dakota. Through the first eleven months of 2013, the state had issued an additional 2,439 permits
- There are close to an estimated 900 oil service companies in North Dakota to date

PARSHALL, MOUNTRAIL COUNTY

Situated in the West of North Dakota, Mountrail County is in the center of the drilling activity in the North Dakota segment of the Bakken Formation. The market analysis report provides some very clear conclusions, including the following:

- Within the County, which lies within the Bakken Formation, there were 1,810 wells producing an average of 231,622 barrels per day for a total of 7,180,287 barrels in November 2013
- As of March 2014, Mountrail County was home to 20% of all the rigs in North Dakota, making it the second highest in the state alongside Williams County
- Total employment grew from 3,354 in 1970 to an estimated 7,991 in 2013 – an annual average of 108 jobs. Over the last decade, Mountrail County added 455 jobs on an annual basis, and the number of jobs added annually increased dramatically between 2010 and 2013, with an average annual increase of 882 new jobs
- Between 2008 and 2013, employment increased by 16.5% in the county. The main contributor to this was the growth in the “Mining” sector, which encompasses energy and oil related industries
- Projected employment growth predicts a year-end gain of 1,044 jobs in 2014 and over 1,097 jobs in 2015. Over the next decade, the total employment average is predicted to increase to 1,022 jobs annually, approximately 7.9% over the next decade
- The average oil field worker is currently earning \$50.96 per hour, which is much higher than the overall state hourly average rate of \$23.03. It is also significantly higher than the Mountrail County overall average of \$26.70 per hour
- There are currently a total of 733 total workforce housing beds in the county

ROOM RATES AND OCCUPANCY

Overall, workforce housing operators are averaging rental rates between \$136 and \$159 per night in the Mountrail County environs. These facilities have an average occupancy of 89%.

The analysis report concluded the following in regards to room rates and occupancy rates of temporary housing in the Mountrail County:

Projections are that there will be demand for 856 workforce housing beds in 2014 and approximately 140 new workforce housing beds per year in the Parshall environs over the next decade. Of this annual demand, the opinion is that the subject site could capture 342 beds in 2014 and approximately 50 new beds per year thereafter over the next decade.

CONCLUSION

The independent consultancy concluded that:

“The development should contain approximately 300-bed workforce housing at the subject location in Parshall. Based on demand projections moving forward, North Dakota Developments should develop an additional 100 to 150 beds as a second phase after year three. We recommend that the workforce housing rooms be approximately 180 square feet, with nightly rates ranging between \$100 and \$233 per night (based on monthly rental), with meals included. This results in

average stabilized nightly rental rates (with food) of between \$155 and \$160 per night. In terms of amenities, it is of the opinion that the workforce housing development would be most competitive in the market if it offered on-site laundry facilities, a dining room with 24-hour access, a recreation room, internet, television, a meal plan and the option for sack lunches. The opinion is that a development at the subject parcels could obtain a stabilized occupancy of 90%, which is in line with the average for other similar product in the county.”

FAQ's

WHAT AM I ACTUALLY PURCHASING?

Investors are purchasing a fully furnished suite situated within a 408 room hotel. The suite comes with a title deed registered with Parshall County, North Dakota and the hotel is part of a condominium association. This modular type of accommodation conforms to all International Building Code regulations (2009 IBC), National Electrical Code (2011 NEC), International Energy Conservation Code (2009 IECC), 2009 Mechanical Code, 2009 Fuel/Gas Code and Uniform Plumbing Code (2009 UPC) so that the suites can withstand all the climate conditions likely to occur in North Dakota.

WHO IS THE DEVELOPER?

North Dakota Developments, an award winning developer active in the Bakken Region for two years and featured in global media such as the *Financial Times* and the renowned publication *The Economist*. They have offices in North Dakota (USA), Milton Keynes (UK), and Singapore, Shanghai & Beijing (China).

IS PERMISSION NEEDED TO BUILD TRANSHUDSON HOTEL PARSHALL?

Yes, the required planning permission is in place including the permits to commence groundwork. The mayor of the city of Parshall is firmly behind the project and has formally endorsed the go ahead on the planning permission. He attended a ground-breaking ceremony on June 20th 2014 with the NDD Group COO Danny Hogan and the land seller, Larry Rotate.

WILL THERE BE ANY PROBLEMS WITH ENSURING THAT THE SUITES ARE CONNECTED TO THE FULL RANGE OF UTILITIES?

No. They are being fully integrated with all utilities such as electricity, water, sewage and internet.

WHO IS RESPONSIBLE FOR MANAGING THE SUITES AND PAYING THE RENTAL INCOME?

You can choose your own full service hotel management company or one from a list provided. However, the company chosen will need to handle all of the day to day running and management of your suite as a full service hotel package. The list does include a company associated to the development company, which we recommend.

WHAT CURRENCY DO I PURCHASE IN?

All purchases are in US dollars and payable to an escrow account handled by a US attorney.

CAN I PURCHASE WITH FINANCE?

No. Investment purchases of suites are strictly by cash only.

HOW DO WORKERS' PAY FOR THEIR ROOMS?

In most cases the oil companies provide housing and accommodation allowances for their workers. 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?

The management company chosen by you. The hotel management company associated with the developer leases the suite and they pay for the upkeep and maintenance costs, condominium association fees, utilities and property tax; all of which are absorbed prior to paying the fixed income.

DOES THE DEVELOPER HAVE ANY COMPETITION IN THE AREA FOR THESE TYPES OF BUILDINGS?

There is currently little/no competition in the area. Traditional 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 build the hotel reduces overheads and, importantly, build time.

IS THERE A RESERVATION FEE?

No. As an official approved affiliate for the developer, we have negotiated that the booking fee paid to the developer is enough to reserve the unit being purchased until the contract has been signed and payment is made to the escrow account. The booking fee for one suite is \$2,950 and larger purchasers are rewarded with discounts for multiple purchases.

WHAT FURTHER COSTS ARE INVOLVED WITH PURCHASING?

Legal and buying costs are \$4,800 and the booking fee of \$2,950 are applicable to all rooms. Multiple purchases will have discounts applied to both of these costs.

WILL I NEED A USA LAWYER/ATTORNEY?

Pearce & Durick have been appointed as the attorney to handle the escrow account on behalf of the developer. They review all legal documentation relating to this investment, handle the closing of the purchase for both buyer and seller and the registering of the title deed.

CAN YOU RECOMMEND A HOTEL MANAGEMENT COMPANY?

Yes. We would be pleased to send you information on this. For full details use the contact information overleaf and our team will be happy to assist you.

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. Contracts are then normally issued within 72 hours.





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TRANSHUDSON

The rest you deserve

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