

Dr D. Leitch.

Via Email

23 February 2021

Dear Donald

Mt Eagle Development Trust

As mentioned before we have entered into a Joint venture and signed a call option agreement over Lot 2 (reduced in size), Lot 12, Lot 13 and Lot 14. The trust owns Lot 2. The joint venture and Option agreement were for a period of 5 years expiring on 8th December 2021 and is about to be extended for a further 12 months. We have dropped the need for seniors living as it will be too hard and take too long to achieve. Thus the big windfall will probably not happen.. There are 1,826,000 units issued amongst 16 unitholders. There is not a majority of unitholders in number who wish to sell unless the option is exercised. Thus there is the possibility that you will continue as a unitholder if the option expires without being exercised.. I have a current valuation of the land at \$1,850,000 which is attached. The original agreement required a majority of unitholders.ie 9 to agree to sell & even before this transfer there is not a majority. Excluding Kindred entities as unitholders there are a further 10 unitholders with a total of \$625,000 of units issued. Two unitholders with a total of \$350,000 of units issued have their units for sale for \$1 each. My brother and I have agreed to buy these units failing any offers above \$1. Firstly I would like advice as to whether you wish to purchase them. If I do not hear from you within 14 days I will assume that is no.

The above is the major reason for this communication.

Proceeds of disbursement of sale proceeds from exercise of option if it gets exercised .

The contract price for each Lot of land has been set at 3 Million each. Lot 12, 13 and 14 are the same size and have great views north and over the Vintage golf course. It is approximately 40% of reduced lot 2, being the land east of the irrigation lines as per the map attached that has great views. Even though reduced lot 2 is 30% bigger, due to the lack views and the Western portion of Lot 2 being to the south of Lot 191, with this making up 60% of the reduced Lot 2 , it was decided to place a value also of 3 million.. Our JV partner thinks Lot 12 with the vineyard is the most valuable lot and essential to the sale. He also thinks Lot 13 is essential to the sale. As the attached shows Lot 2 is mainly for Seniors Adult Active Living with 3 of the 5 precincts on it. As we have taken this out of being a condition of sale, Lot 2 is no longer essential to the sale.. There are other relevant issues. Lot 12 is owned by Palmer Lane Investments P/L as trustee for the L& K unit trust. It also owns all the issued shares in Normand P/L trading as Littles Winery. It has \$4 million of tax losses! When u joined the Mt Eagle Unit Trust, L & K's \$1 units were worth 60c. The losses have been funded interest free so far with no remuneration to the Kindred's.

The minimum sale price in the JV is 16 million. If this is achieved, our joint venture partner will receive 3.5 million and landowners 12 million (4 lots times 3 million) and a nomination fee of 500K. This 3 million for tax purposes would be regarded as a capital receipt for Lot 12, 13 & 14 & probably Lot 2. Any proceeds above 16 million will be shared equally between our joint venture partners and Lochleven retirement unit trust as a nomination fee. The nomination fee basically deals with non-capital receipts..

The unitholders in Lochleven retirement unit trust have 25% of units issued at present for each of the 4 lots being sold.

There are complications in relation to Lot 2 in that only 54% of it is to be included in the option. The remainder which is below the minimum lot size according to our surveyors would be involved in a sub-division creating a lot that allows a stand alone dwelling to be constructed.. The current owners of Lot 2 would continue to own a portion of the new lot.. What we then do with this land if the JV is successful remains a question for the future .

None of this land is unaffected by the large electricity transmission lines, which according to a valuer I have used represents a third drop in value. In addition there is a drop in value due to damage to the view of the remaining Kindred land if the JV goes ahead If you stay in as a unitholder and the option is exercised over all 4 lots, the minimum you would receive based on the above is 1.65 a unit less relevant selling costs & u would still own a portion of the new lot after subdivision.

Yours Sincerely



Peter Kindred

Wednesday, 16 September 2020

Peter Kindred
E.N. Kindred P/L & Palmerwinemakers P/L as trustee for the Mt Eagle Trust
Email: Peter@ksg.com.au

Dear Peter,

RE: **OPINION OF MARKET VALUE**
PROPERTY: **LOT 2 in DP 1044250 (APPROX 49.87 HECTARES), McDONALDS ROAD, POKOLBIN**

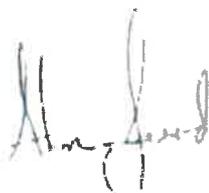
Thank you for the opportunity to offer my opinion of value for the abovementioned property.

With due consideration given to the recent property sales and current market influences, it is my opinion that if your property were offered for sale in its current condition, in the current market, it would achieve *in the vicinity of \$1,850,000*.

I have formed this opinion based on information supplied by yourself and without the benefit of searching the title or council records.

If I can assist you further at anytime, please do not hesitate to contact me directly on 0417 677 924 or my office on 4991 4000.

Kind regards,

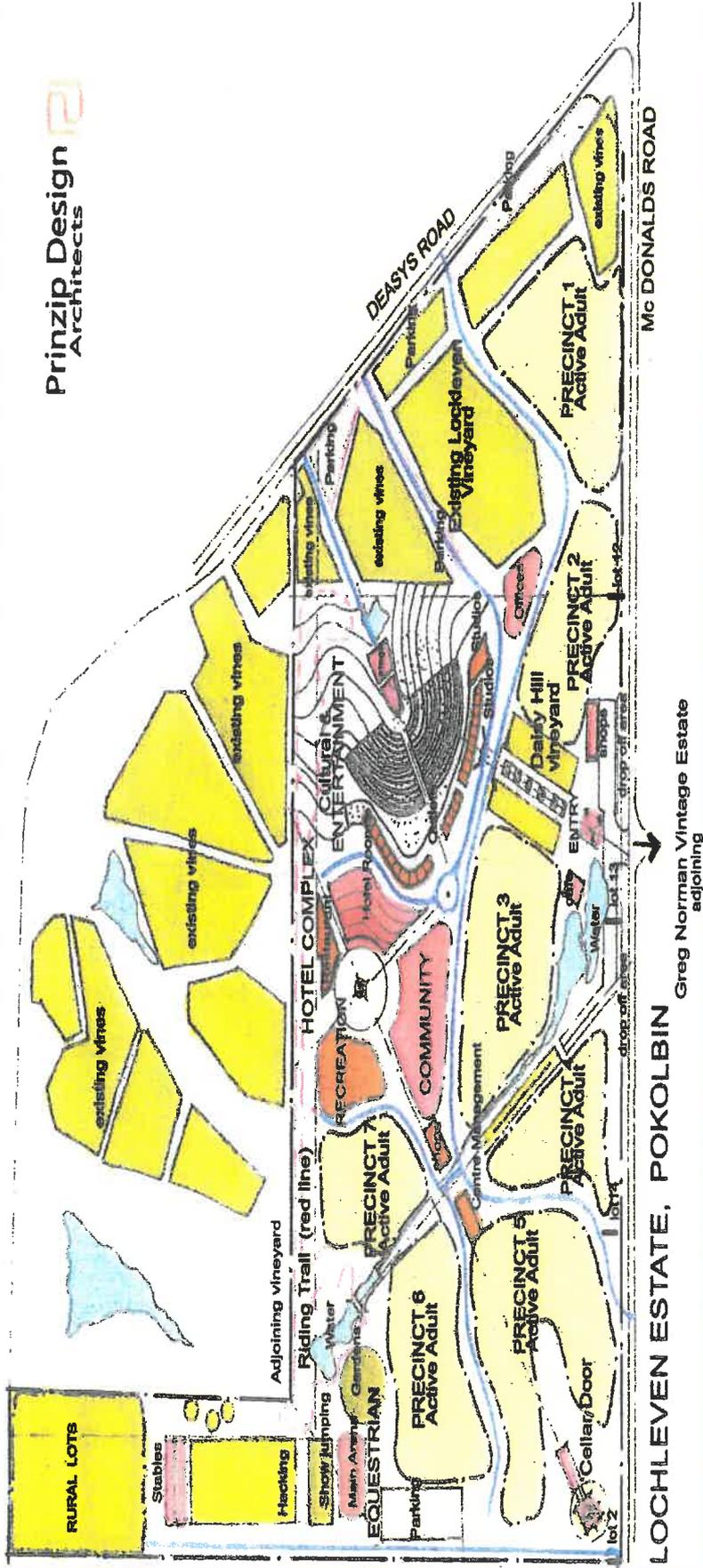


Alan Jurd
PRINCIPAL

NB This letter does not in any way constitute a valuation as it has not been provided by a Registered Valuer. It is an opinion of Market Value provided by Licensed Real Estate Agent.

CONCEPT PROPOSAL

Prinzip Design Architects

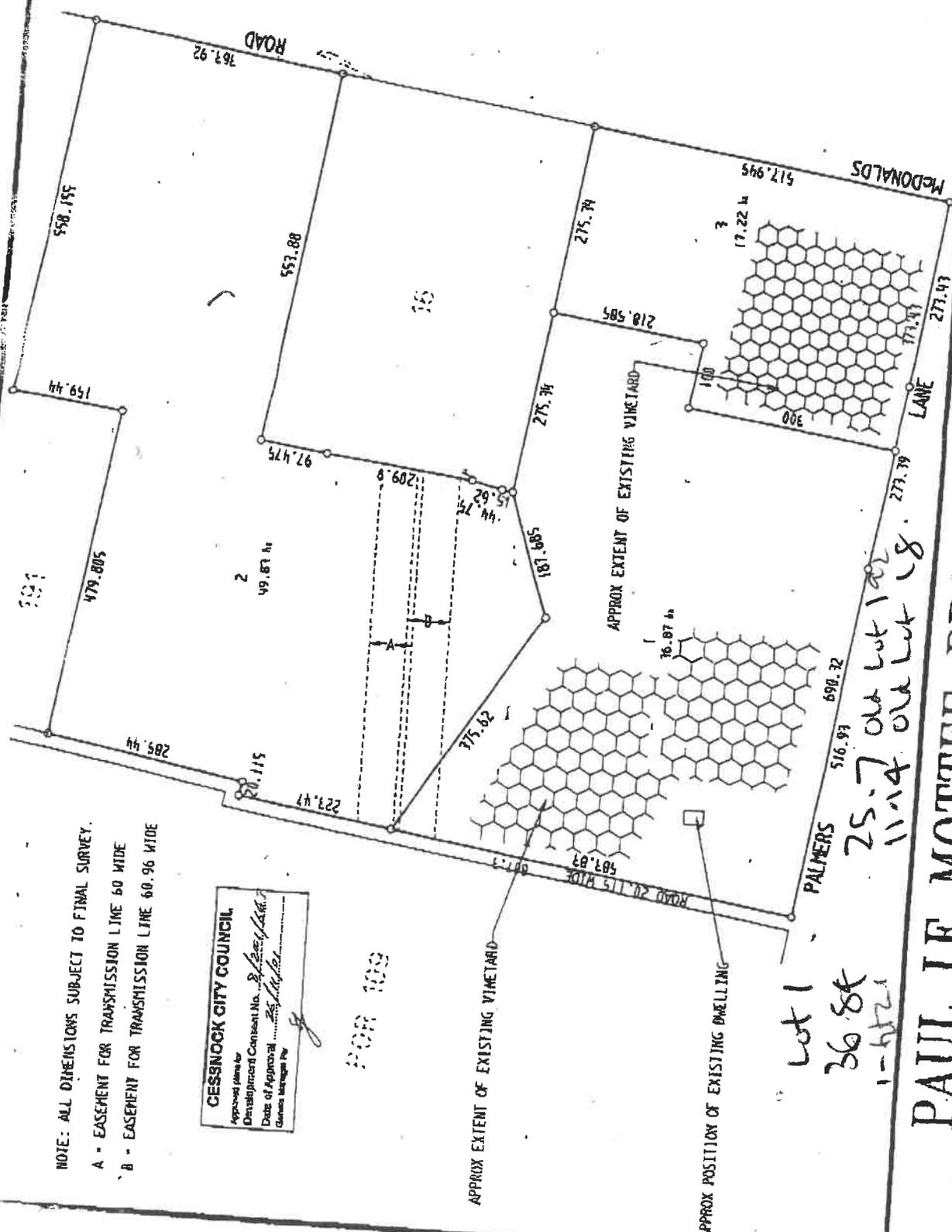


- A LIFESTYLE, ACTIVE ADULT COMMUNITY * VILLAGE SHOPPING AREAS
- * COMMUNITY FOCUS AREA * RURAL RESIDENTIAL LOTS * TOURIST ACCOMMODATION
- * INTERNATIONAL HOTEL * INTERNATIONAL EQUESTRIAN COMPLEX
- * AMPHITHEATRE AND EDUCATIONAL STUDIOS * SUBSTANTIAL PARKING FOR EVENTS

NOTE: ALL DIMENSIONS SUBJECT TO FINAL SURVEY.
 A - EASEMENT FOR TRANSMISSION LINE 60 WIDE
 B - EASEMENT FOR TRANSMISSION LINE 60.96 WIDE

CESSNOCK CITY COUNCIL
 Approved (Name for Development Consent) No. 2/2009/144
 Date of Approval 25/10/09
 Planning Manager P. J. [Signature]

FOR 109



LO) OF 15) STREET No. LOCALITY LGA

TECHNICAL D.
 RR 1:6000
 DATUM
 CONT INT
 COORDS SYS MGA
 DRAWN PLF
 CHECKED
 DATE 22/10/01
 SHEET No. 1
 No. OF SHEETS 1
 REF 2061

CLIENT PALMER WINE MAKERS
 OWNER PALMER WINE MAKERS

PLAN TITLE
 OF PROPOSED BOUNDARY ADJUSTMENT

HUNTER STREET RAYFORD TERRACE, 25
 MOBILE 049 274 952 FAX 1987 2699

PAUL LE MOTTEE PROJECT MANAGEMENT
 With Consultants In SURVEYING CIVIL ENGINEERING TOWN PLANNING
 PHONE 4987 1748

Lot 1
 36.84
 1-4721
 25.7 out Lot 102
 11.14 out Lot 18

NOTE: THIS PLAN IS PRINTED FOR CLARITY OF DISPLAY. DATA SUCH AS SPOT HEIGHTS, MAJOR CONTOURS, DESCRIPTIONS OF FEATURES & OTHER DETAILS ARE TURNED OFF FOR PRINTING. ANYONE ENDEAVORING TO WORK ON THE SITE OR WITH THE PLAN SHOULD OBTAIN AN ELECTRONIC COPY OF THE PLAN TO GAIN FULL ACCESS TO THE DATA & ENSURE NO BREACH OF COPYRIGHT OCCURS.

LEGEND

- TREE
- VEGETATION
- HEAD WALL
- FENCE LINE
- GATE
- OVERHEAD POWER LINE
- TOP OF BATTER
- TDE OF BATTER
- CENTRELINE OF ROAD FORMATION

- 1. EASEMENT FOR WATER SUPPLY - 100' WIDE
- 2. EASEMENT FOR WATER SUPPLY - 100' WIDE
- 3. EASEMENT FOR WATER SUPPLY - 100' WIDE
- 4. EASEMENT FOR WATER SUPPLY - 100' WIDE
- 5. EASEMENT FOR WATER SUPPLY - 100' WIDE



No views of golf course or Lochteven vineyard
 87.51 Ha. (216.24 ACRES)

NOTES:

- The client has accepted the proposed subdivision and is responsible for obtaining all necessary approvals.
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