Our Ref: PR:SS:106353
Your Ref:

27 August 2024

Mr Allan Holtdreter and Mrs Michelle Holtdreter
3 & 3A Church Street
NELSON BAY NSW 2315

By email: aholtfreter@indracompany.com

Dear Mr and Mrs Holtdreter,

LOTS 3 AND 3 & 3A CHURCH STREET, NELSON BAY NSW 2315

We act on behalf of Fortitude Development Group Pty Ltd As trustee for the Fortitude Development Trust.

1. As Roberto Giammaria discussed with you on 9 August 2024:

   (a) our client is the developer of the properties located at 42 Donald Street, Nelson Bay, 5 Church Street, Nelson Bay and 7 Church Street, Nelson Bay (**Development Site**);

   (b) your property located at lots 3 and 3 & 3A Church Street, Nelson Bay, NSW 2315 (**Properties**) neighbours the development site.

   (c) the development will consist of eight stories of approximately 54 residential units along with commercial office spaces. **Attached** is the development concept outlining the proposed development for your perusal;

   (d) the development plans and the fact that the plans have undergone 15 design interactions to the minimise the impact of the build; and

   (e) the building will overshadow your property.

2. Given the above and as part of our client's development approval our client proposes two potential options for your consideration:

   (a) **Cash Offer**: Our client is prepared to offer to purchase both of your Properties for $1,000,000. Terms of the sale will be standard terms for the sale of residential premises and our client is open to discussing a mutually agreeable settlement date of at least 30 days; or

   (b) **Unit Exchange**: Alternatively, our client is willing to offer you a unit in the completed development in exchange for a transfer of the Properties to our client. The unit offered would be equivalent in value to $1,000,000 less the costs of stamp duty and the related transfer. Settlement of the exchange would occur within 30 days of the development being completed.

   The offers above are open for acceptance until **5:00pm 2 September 2024**.

3. The above offers and the developers valuation of the properties of $1,000,000 has been made following our Client:

   (a) obtaining an independent land valuation carried on Lot 3 & 3a from JLL noting this valuation whilst specifying a value of $1,750,000.00:

(i) was a desktop valuation utilising a direct comparison approach which did not involve a physical inspection of your property; and

(ii) does not take into account development costs, developer feasibility, infrastructure costs, development timing, planning designations, the developer’s profit margins or a residual cash flow analysis.

(b) considering multiple scenarios and the feasibility of the development to determine the best offer which could be made to you. As discussed with you, our client has already reached max capacity with those lots comprising the Development Site. Even where you decide to sell, the Properties won’t materially add value to the development given our client would not have the capacity to increase the density / capacity of the proposed development to take advantage of the increased land area;

(c) reversing its feasibility studies to take into account the development costs, infrastructure costs, development timing, planning designations and developer margins in order to determine the maximum offer amount.

If you would like to discuss the above proposals, please feel free to contact me using my contacts below.

Yours Sincerely

Rostron Carlyle Rojas Lawyers

Per: Rostron Carlyle Rojas

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