

ASX and Media release

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COURT EXTENDS ROZELLE COMPULSORY ACQUISITION INJUNCTION

Desane Properties Pty Limited, a controlled entity of Desane Group Holdings Limited (“Desane”) (ASX: DGH), wishes to provide an update to the market on the Supreme Court legal matter regarding the compulsory acquisition of its 5,274m² property located at 68-72 Lilyfield Road, Rozelle, by the Roads and Maritime Services (“RMS”).

On 26 February 2018, Desane’s challenge to the compulsory acquisition by the NSW Government of the Company’s flagship property, located at Rozelle, commenced in the Supreme Court of NSW. The trial was heard over nine (9) days, concluding on Thursday, 8 March 2018, before his Honour Hammerschlag J.

Desane and RMS have today agreed to undertakings which will ensure that the RMS will not act upon its Proposed Acquisition Notice (“PAN”) until seven (7) days after the delivery of Judgement in these proceedings. It is expected that Judgement in these proceedings will be delivered by **mid to late April 2018**.

During the nine-day trial, the Court heard evidence and submissions outlining the basis of Desane’s claim against the NSW Government, including that:

- The PAN issued by the RMS did not conform with the form approved by the Minister;
- The PAN was insufficient and lacked a requisite statement of purpose required to inform Desane that the power of acquisition was being lawfully exercised by RMS;
- The PAN was served prematurely based on the conditionality of the Westconnex Stage 3 Project (that is, an absence of planning approval and lack of a successful design and construct tenderer); and
- RMS was not acquiring the land for an authorised purpose as identified under the Roads Act 1993 but for an improper purpose that included the NSW Government’s commitment for use of the Property as part of its “up to 10 hectare” commitment to parkland and open space.

Desane claims that by reasons of the above, the PAN should be declared invalid and the RMS should be restrained from proceeding with the compulsory acquisition of the Property.

During the trial, Desane did not press and eventually settled its accessorial liability claims against both the State of NSW (“NSW”) and the Sydney Motorway Corporation (“SMC”) resulting in an outcome where each party beared its own legal costs in the proceedings.

His Honour and the Court also undertook a visit to the Property and its surrounds, on the basis of the significant assistance such a visit would give to the Court.

Desane Chairman, Professor John Sheehan AM said, “After a nine-day Supreme Court trial, we are still no closer to understanding the true reason the NSW Government wants our Rozelle property”.

Professor Sheehan concluded by saying, “the NSW Government and RMS should take the opportunity to engage with our Company on proposed sensible alternatives, so that Desane can “get on with the business” of creating value for its investors as well as its mum and dad shareholders”.

Desane will continue to keep the market informed.



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ABOUT DESANE:

*Desane Group Holdings Limited is a property investment and development business based in Sydney, with expertise in property acquisitions, investment, management, leasing, sales and development of industrial, commercial and residential properties. Desane has a disciplined “**add value**” property acquisition approach, which will deliver maximum shareholder value in the medium to long term.*