

ASX and Media release

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DESANE CHAIRMAN & CEO GAIN ACCESS TO DISCLOSURE DOCUMENTS & TEST OVER PRIVILEGE

Desane Properties Pty Limited, a controlled entity of Desane Group Holdings Limited (“Desane”) (ASX: DGH), is pleased to update the market on the proposed compulsory acquisition of its 5,274m² property located at 68-72 Lilyfield Road, Rozelle (“the Rozelle property”) by the Roads and Maritime Services (“RMS”) for the Sydney Motorway Corporation Pty Limited (“SMC”).

On Thursday, 14 December 2017, Desane’s legal team lodged an urgent application with the Supreme Court of NSW to gain access to discoverable documents currently being denied it by the NSW Government as part of the terms of orders and undertakings on discovery made by the Court on 15 September 2017.

Shortly before the Court hearing, the NSW Government agreed to grant access only to those documents identified as being commercial in confidence to both the Chairman and the CEO of Desane, subject to a confidentiality undertaking which was agreed to by Desane.

In relation to the release of commercial in confidence documents to the Desane management team, the Chairman of Desane, Professor John Sheehan AM said, “I am pleased that common sense has prevailed and that the NSW Government has allowed me and our Company’s CEO to review the documents ahead of mediation.”

However, approximately 900 documents identified as discoverable in this matter continue to be denied to Desane and its legal team. The NSW Government claims these identified documents are subject to privilege on the basis of “public interest immunity”. The claim of immunity being made by the Government is currently unsubstantiated but largely on the basis that disclosure of these documents to Desane and its legal team would prejudice the proper functioning of the Government of the State of NSW.

Desane and its legal team strongly disagree with the unsubstantiated “blanket” claim of public interest privilege over the balance of the documents. It argued that the denial of these documents by the NSW Government is contrary of the discovery orders made by the Court in September.

As a result of Thursday's Court action by Desane, the approximately 900 documents subject to a claim of Government privilege will be tested before the Honourable Justice Stephen Robb QC in the NSW Supreme Court on Tuesday, 16 January 2018.

"Desane believes the 900 documents subject to a claim of privilege is an extraordinary large number of documents created for the acquisition of a single property" Professor Sheehan said.

"What defies logic is that the Government claims that the release of any of these documents would prejudice the proper functioning of the State of NSW. This claim will be tested in Court in January 2018, however we believe the release of these documents could easily be managed subject to confidentiality undertakings agreed to previously with Desane".

"It is unfortunate that the Premier of NSW, Gladys Berejiklian, said she didn't have time to meet with me, on behalf of our shareholders, following my very public letter to her office in September 2017 lamenting our Company's dealings with the "mean" and "tricky" RMS staff who work for her in land acquisitions, whilst offering her Government a very sensible commercial alternative to the current legal impasse" Professor Sheehan added.

"I understand the Premier is quoted directly in this weekend's Fairfax media as saying that *"governments don't always get it right. I'm always happy to listen, always happy to consider what the community wants"*. I ask the Premier to consider mediation as an opportunity to get this decision right."

Professor Sheehan went on to add that in an interview published by the Australian Financial Review in September 2016 regarding Stage 3 of the Rozelle Rail Yards proposed interchange, the CEO of the SMC, Dennis Cliche, is quoted as saying *"the route isn't final" and "It's a fool who has their head in the sand and does not change scope when they realised they can do something better."*

The NSW Government, RMS and the SMC have previously agreed to attend mediation with Desane before the Honourable Michael Hudson McHugh AC QC, scheduled for Wednesday, 20 December 2017, as announced to the market on 12 December 2017.

Professor Sheehan concluded by saying "I am hopeful that mediation to be held on Wednesday, 20 December 2017, before Justice McHugh will allow for common sense to prevail and result in a satisfactory resolution of this matter".



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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.