

ASX and Media release

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DESANE WINS LEGAL ROUND IN THE NSW SUPREME COURT

Desane Properties Pty Ltd, a controlled entity of Desane Group Holdings Limited (**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, by the Roads & Maritime Services ("**RMS**") for the Sydney Motorway Corporation Pty Limited ("**SMC**").

In the Supreme Court of NSW on Friday, 6 October 2017, Justice Michael Ball heard separate applications brought by the State of NSW and SMC to vary earlier orders made by the Court requiring the State of NSW, the RMS and SMC to give disclosure to Desane of various documents. These include documents concerning the contemplated uses (if any) of Desane's property in connection with Stage 3 of the WestConnex project and after completion of Stage 3 of the project, as well as the structure of the proposed sale of 51% of the shares in SMC, the company delivering WestConnex.

The State of NSW and SMC had applied for an extension of time to provide Desane with the agreed documents, and applied for a separate order setting aside part of the previous orders made on 15 September 2017, by His Honour Hammerschlag J, requiring them to give Desane documents concerning the proposed sale of the shares in SMC. Whilst Desane agreed to the extension of time being granted, Desane opposed the balance of the application. His Honour Ball J rejected the application made by the State of NSW and SMC to set aside part of the previous orders made. As the application was unsuccessful, the Court ordered that the State of NSW and SMC pay the legal costs incurred by Desane in defending the application.

Following Friday's hearing, today the Court made new orders for the case management of the Supreme Court proceedings, including an order that the matter now be heard on **26 February 2018**, not 20 November 2017, as originally ordered. The RMS has also extended its undertaking not to acquire Desane's property until the earlier of the giving of judgement in the Supreme Court proceedings, or the **23 March 2018**, being almost seven (7) months later than the time it had said it had to "*urgently*" acquire Desane's property.

Desane’s Chairman, Professor John Sheehan, said “the latest Court ruling again reinforces the need for the NSW Government and its agencies to consider an alternative option to the compulsory acquisition of Desane’s Rozelle property.”

“It is reasonable for our Company’s shareholders and the general public to question why the NSW Government, the Roads & Maritime Services and Sydney Motorway Corporation continue to waste an enormous amount of taxpayers’ money with unnecessary legal action, when the latest stated use for the property, as per their own published documents indicate that our property will not be required as part of the WestConnex road structure.”

“I call on the Minister for WestConnex, Stuart Ayres and the Chief Executive Officer of the RMS, Ken Kanofski, to intervene and convene a meeting with Desane, where we can discuss the opportunity of leasing our property to RMS for an acceptable period of time to facilitate construction of the nearby Rozelle interchange, if that is what the property is required for.”



The M4-M5 Link Concept Design, released by WestConnex in May 2017, shows green space where Desane’s property now exists.



Desane's property – 68-72 Lilyfield Road, Rozelle.

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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.