

# ASX and Media release

5 September 2017

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## CHAIRMAN'S LETTER TO THE PREMIER OF NSW RE PROPOSED ACQUISITION BY RMS

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Desane Properties Pty Ltd, a controlled entity of Desane Group Holdings Limited (ASX: DGH), wishes to provide a market update regarding the compulsory acquisition by the Roads & Maritime Services ("**RMS**") for Sydney Motorway Corporation ("**SMC**") of its 5,274m<sup>2</sup> property located at 68-72 Lilyfield Road, Rozelle.

On Tuesday, 5 September 2017, the Chairman of Desane Group Holdings Limited, Professor John Sheehan, wrote to the Premier of NSW regarding an alternative to the proposed acquisition by RMS of the property, for Stage Three of the M4-M5 Link of the WestConnex Motorway. A copy of the letter is attached.

FOR FURTHER INFORMATION, PLEASE CONTACT:

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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.*

5 September 2017

The Hon. Gladys Berejiklian MP  
Premier of NSW  
CC: Brad Burden, Director Government and Stakeholder Affairs  
GPO Box 5341  
SYDNEY NSW 2001

Dear Premier,

**RE: PROPOSED WHOLE ACQUISITION OF 68-72 LILYFIELD ROAD, ROZELLE FROM DESANE PROPERTIES PTY LTD FOR PROPOSED WESTCONNEX MOTORWAY – STAGE THREE – M4-M5 LINK.**

Desane Group Holdings Limited, an ASX listed entity, through its subsidiary Desane Properties Pty Ltd, is the owner of the property at **68-72 Lilyfield Road, Rozelle** ("Property") (**Annexure A**). The Property has been earmarked for acquisition for the purposes of the proposed WestConnex M4-M5 Link ("M4-M5 Link").

I am writing to request an urgent meeting with you as Premier of NSW to discuss our proposed alternative to acquisition of the Property, particularly in light of the recently published "Environmental Impact Statement" dated August 2017 ("EIS").

Our Company's experts have reviewed the EIS and have concluded that the stated need of Westconnex is to acquire our Property for "Light Vehicle Parking" for construction staff (**Annexure B**). The area appears later to be landscaped (**Annexure C**). We humbly assert that the total acquisition of our Property for multiples of millions of dollars is an incredibly wasteful way to achieve this purpose, and comes at a significant opportunity cost to our Company, its shareholders and the NSW taxpayer.

There is a view that the Government has performed poorly in the area of compulsory acquisitions. Our Property therefore presents your Government with an opportunity to "**get it right**", curtail runaway Project costs and end any potential delay associated with private properties in this corridor. We believe it is incumbent upon your Government to seriously consider an alternative to acquisition of the Property including those alternatives identified within the EIS.

*Significant development potential of the Property*

Desane acquired the 5,200m<sup>2</sup> Property on Lilyfield Road in 1997. We developed the Property into a major high tech multimedia centre and for nearly twenty years it was the home of major media company Staging Connections as well as a number of other major media, film and technology companies. Desane also uses part of the Property as its corporate head office.

In June 2015, Desane lodged a planning proposal with the NSW Department of Planning & Environment ("DPE") to rezone the Property to *Mixed Use Residential/Commercial* from its existing Ports & Employment zoning. The planning proposal was being progressed by the DPE at the time of the proposed acquisition by the Roads & Maritime Services (RMS).

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Our Property is one of four (4) privately owned properties along Lilyfield Road identified for acquisition. It is in a premium location fragmented away from the Rozelle Rail Yards. It is located in extremely close proximity to the CBD, and forms part of the newly established State Significant Precinct the **Bays Precinct** – an area identified by your Government as a Priority Growth Area for the urban renewal of land. It also sits approximately 450metres from the proposed future Sydney Metro West White Bay Train Station.

*Alternative to acquisition of the Property*

There are a number of viable alternatives to acquisition of private properties referenced throughout the EIS (**Annexure D**) which should be considered favourably by your Government and we would like to discuss with you as a matter of urgency such alternatives for our Company's Property. The EIS for the M4-M5 Link is currently on exhibition and, as such there is an opportunity for such alternatives to be meaningfully explored, with no impact to the overall WestConnex program.

As a publicly listed company, Desane wishes to avoid the need for costly litigation with the NSW Government. Despite the commencement of legal proceedings, we are willing to discuss a mutually appropriate alternative to acquisition, for the use of the Property by Westconnex on a temporary basis during construction of the M4-M5 Link.

The Board of our Company is of the view that such alternative temporary uses could include a lease or licence over the Property for a period acceptable to the Government and our Company.

Premier – as an aside, I ask that you or your office consider responding to this letter directly. I have previously described the bureaucrats within the RMS as “mean” and “tricky” in their dealings with our Company to date including answering the question of the alternative to acquisition which we have put directly to them.

As the former Premier Mike Baird agreed - the culture of employees involved in the acquisition of land needs to change.

I would be pleased for the opportunity to meet with you or your office on behalf of our Company's shareholders, as soon as possible, to discuss our concerns and agree on a mutually appropriate alternative to the acquisition of our Property.

Yours faithfully,  
**DESANE GROUP HOLDINGS LIMITED**



**PROFESSOR JOHN SHEEHAN AM**  
**CHAIRMAN**







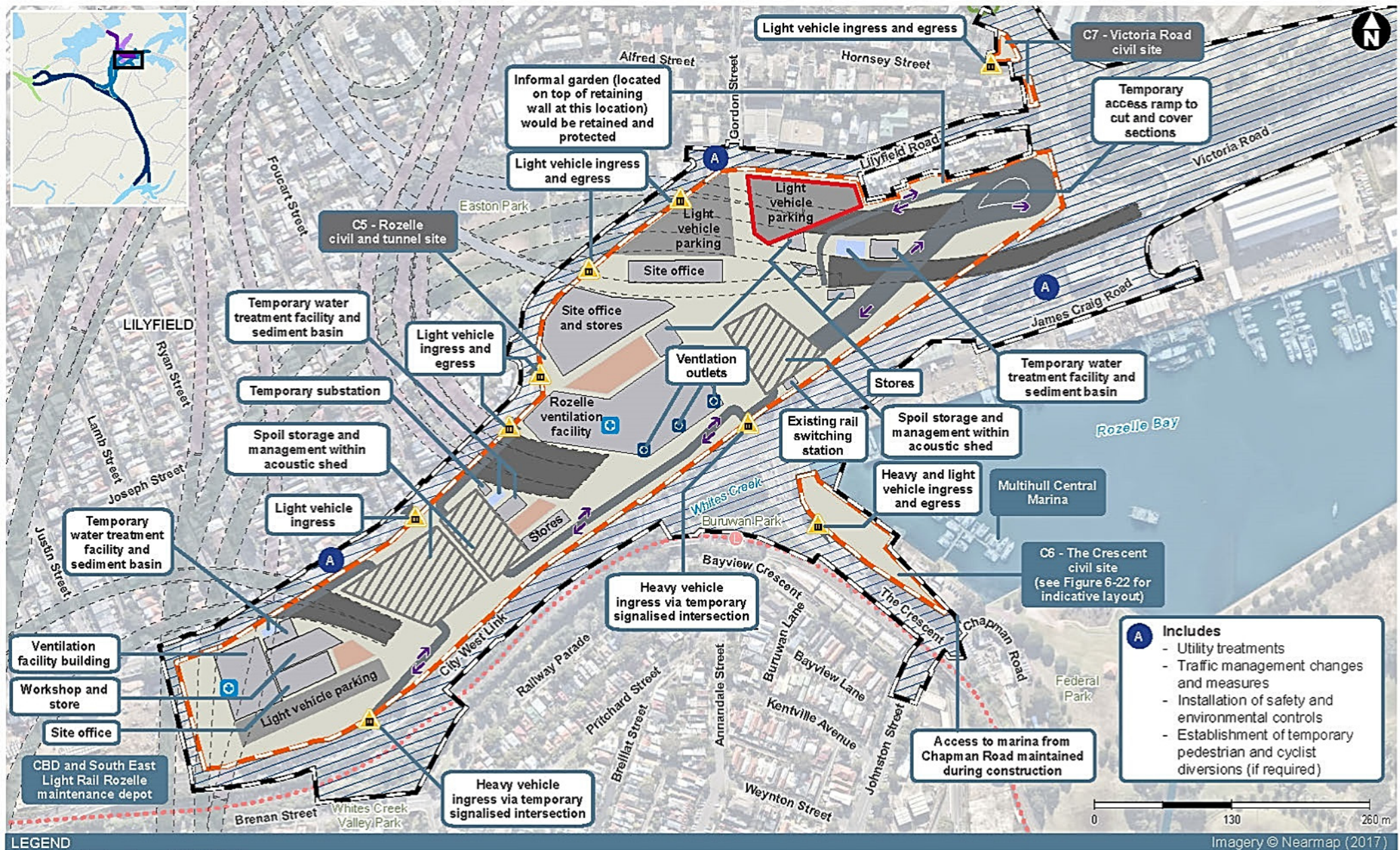


Figure 6-21 Indicative Rozelle civil and tunnel site (C5) and Victoria Road civil site (C7) layout



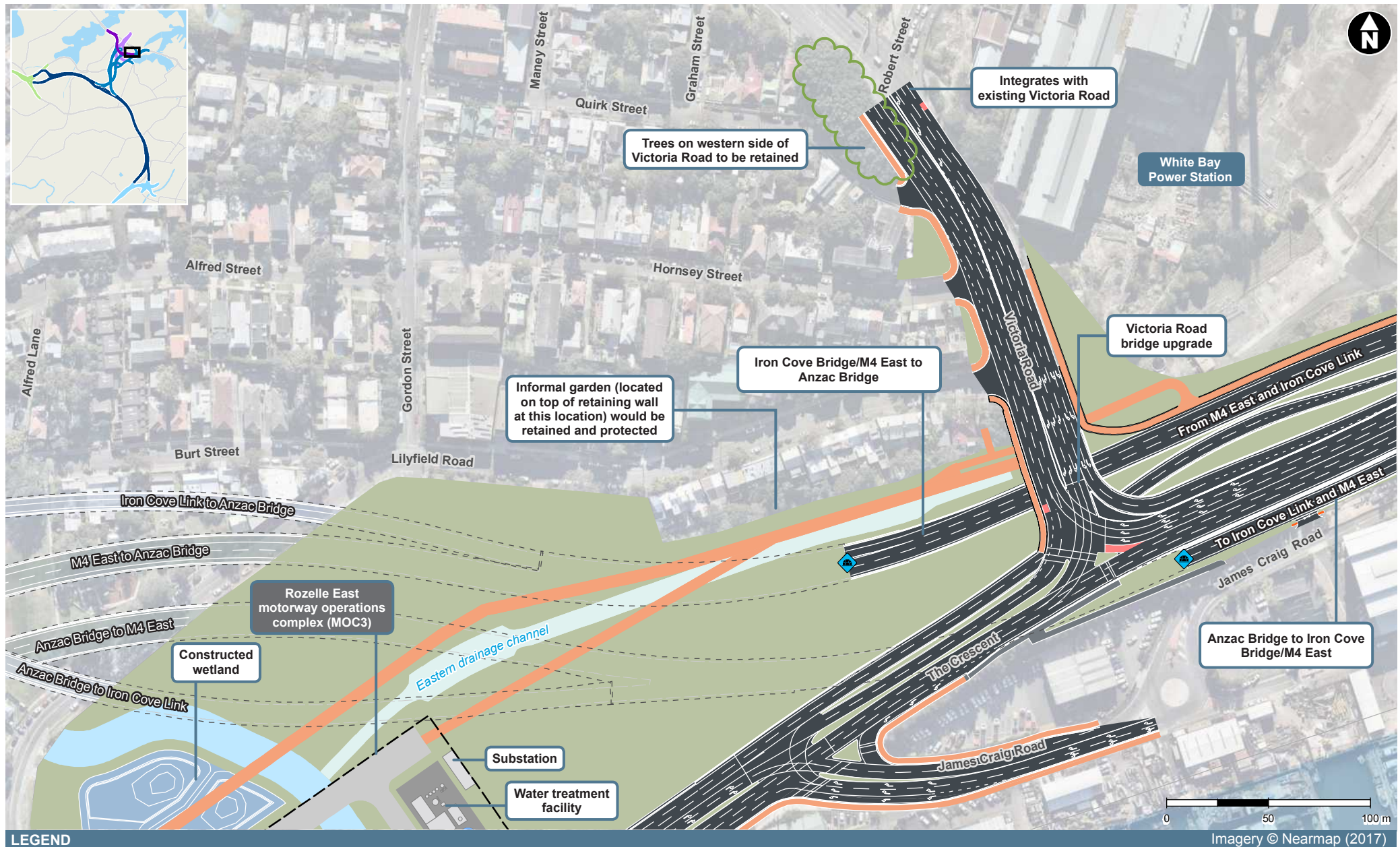


Figure 5-27 Rozelle interchange surface works overview - Map 3

### 5.10.2 Water

The project would require around four megalitres of water per annum for operations purposes. This would include water for maintenance activities, fire testing and for domestic purposes at each of the four motorway operations complexes.

Where water quality requirements are met, treated tunnel water would be used to minimise the need to consume potable water. This may include use of treated tunnel water for landscaping management.

Water for use inside the buildings within the motorway operations complexes would be supplied via a connection to the Sydney Water mains feed. Fire water would be stored within tanks at the Rozelle West motorway operations complex (MOC2), and within tanks at the Parramatta Road ventilation facility at Haberfield and at the St Peters interchange, which will be built by the M4 East and New M5 projects respectively. Fire water storage tanks would be sized to provide 100 per cent of the maximum design water flow requirements for up to two hours, and would be fed via connection to the Sydney Water mains feed.

The tunnel deluge and fire suppression system, including number, location and capacity of water storage facilities, would be designed and sized to meet the requirements of FRNSW.

### 5.10.3 Wastewater/sewer

The tunnels and entry and exit ramps would be subject to groundwater and road runoff ingress. Wastewater captured within the tunnels would also include stormwater entering the tunnels via the portals, deluge water, washdown water and hydrant water. Tunnel wastewater treatment is described in **section 5.9**.

The five motorway operations complexes would be connected to Sydney Water's wastewater system for domestic purposes.

## 5.11 Property access and acquisition

Where land required for the construction and operation of the project is not currently owned by the NSW Government, discussions are being held with the affected property owners concerning the purchase, lease or licence of the land. As at August 2017, the project would require 51 surface property acquisitions. These property acquisitions are summarised in **Table 5-12**. Further detail is provided in **Chapter 12** (Land use and property). Roads and Maritime would also be required to manage a number of leases on land subject to acquisition.

**Table 5-12 Indicative property acquisition requirement for the project**

Location	Land use (type)	No. of total acquisitions <sup>1</sup>
Wattle Street interchange surface works	Acquisitions were carried out at this location as part of the M4 East project	None <sup>2</sup>
Parramatta Road West and East civil and tunnel sites	Mixed use	1
Darley Road surface works	Commercial	1
Rozelle surface works	Commercial/industrial	4
Iron Cove Link surface works	Residential	26
	Commercial/industrial	10
Pymont Bridge Road tunnel site	Commercial/industrial	9
St Peters interchange surface works	Acquisitions were carried out at this location as part of the New M5 project	None <sup>3</sup>

Notes:

<sup>1</sup> Multiple strata titles may exist within each parent lot to be acquired.

<sup>2</sup> Refer to the M4 East EIS (September 2015) for acquisitions that occurred at this location.

<sup>3</sup> Refer to the New M5 EIS (November 2015) for acquisitions that occurred at this location.

All compulsory acquisition required for the project would be carried out in accordance with the *Land Acquisition (Just Terms Compensation) Act 1991* (NSW), the *Land Acquisition Information Guide* (NSW Government 2014b) and the land acquisition reforms announced by the NSW Government in 2016 (NSW Government 2016b), which can be viewed online at:

[https://www.finance.nsw.gov.au/sites/default/files/NSW\\_Government\\_Response.pdf](https://www.finance.nsw.gov.au/sites/default/files/NSW_Government_Response.pdf)

Relocation and some other categories of expenses would be claimable under this Act and related policies.

The project would also use government owned land. Roads and Maritime would enter into agreements with the relevant government departments regarding the temporary or permanent use of this land – including acquisition or lease arrangements. Where government owned land is required temporarily, this would generally be established through a lease or a Memorandum of Understanding.

Access to properties not acquired, leased or otherwise occupied for project purposes would generally be maintained at all times during construction and operation. Where temporary impacts on existing property access are unavoidable as a result of construction activities (eg footpath and pavement works), consultation would be carried out with the landowner and/or tenant to provide equivalent standards of access. Short-term changes to access during construction are described further in **Chapter 6** (Construction work).

Indirect, permanent changes to access resulting from road closures and/ or modifications are discussed in the following section. The traffic and transport impacts from these changes are described in **Chapter 8** (Traffic and transport). Impacts on pedestrian and cyclist access and indirect impacts on property access are described in **Chapter 12** (Land use and property).