

ASX release

25 August 2016

RMS AQUISITION PROPOSAL FOR DESANE'S ROZELLE PROPERTY

Desane Group Holdings Ltd wishes to provide an update on the Masterplan and Rezoning proposal lodged for the property located at 68-72 Lilyfield Road, Rozelle and a subsequent advice of the intention of acquisition of the property received by NSW Roads & Maritime Services ("RMS") for the WestConnex M4-M5 Link.

In 2012, the NSW Government's Bays Precinct Taskforce identified the Rozelle Rail Yards – a sub precinct in which the subject property is located, as an area that had the potential for urban renewal in the medium to long term.

The Plan identifies "mixed use residential village" as a suitable use for the sub precinct.



Figure 1 – Urbis Final Urban Design Report 2015

In 2013, Desane considered the opportunity to rezone its property for a mixed use purpose in order to improve the supply of commercial floor space and housing stock to meet Sydney's growing demand. In particular the location advantages of the property being close to community facilities such as schools, hospitals and a number of community centres, employment, infrastructure and public transport would meet the NSW government's objectives.

From 2013, Desane Group Holdings Limited, through its subsidiary Desane Properties Pty Ltd commenced a program of discussions and engagement with the NSW Department of Planning & Environment ("NSW DPE") and other key stakeholders with the view to rezone the 5,274m² property located at 68-72 Lilyfield Road, Rozelle in which residential development would be permitted with consent.

In June 2013 Desane engaged the services of planners MPA Architects, APP and Urbis to advise and review the permissible land use opportunities and planning controls for the property, with a view to achieving the site's highest and best use outcome.

In June 2015, Desane lodged a formal Masterplan and Rezoning plan with the NSW DPE with an amendment that would change the zoning of the subject site from "Ports and Employment" to a "B4 Mixed Use zone. The proposed redevelopment of the site included:

- Approximately 200 residential apartments
- 1,800m² of retail and commercial floor space
- 90 place child care centre; and
- 200m² of community floor space



Figure 2 – Artist perspective – view to the south – Urbis Final Urban Design Report 2015

The proposed urban design, social impact statement and concept massing options were created to address key questions raised in earlier meetings with the various stakeholders including:

1. Engaging a zoning that would provide for a wide range of uses, in particular broadening the range of employment generating uses and considering the potential for attracting creative industry
2. Emphasising a strong focus on creating a walkable, integrated and diverse community whilst also providing a reasonable apartment mix, adaptable housing to promote ageing in place and affordable housing options
3. Ensuring that the impacts of additional traffic flows onto Victoria Road and surrounding areas were minimised by working with local council on developing an integrated transport plan with the aim of reducing car reliance and promoting active walking and cycling paths and public transport use.

Subsequent to the lodgement of the Masterplan and Rezoning proposal, meetings were held between June 2015 and June 2016 with senior NSW DPE planning officials regarding processing and timing with a view to progressing the lodged formal masterplan proposal for the Rozelle site. The NSW DPE confirmed their support and momentum towards the completion of a successful rezoning of the site. Formal acknowledgement and comments of the planning proposal were subsequently received from the NSW DPE in June 2016.

On the 21st July 2016, The NSW State Government announced changes through the media to the WestConnex M4-M5 Link with a proposed new 1.1km tunnel under Victoria Road and a new motorway interchange at Rozelle, planned to allow motorists to connect to and from the new toll-road to the Anzac Bridge and Victoria Road to be built underground to allow surface parkland on top.



Figure 3 – an artist impression of the parkland planned to cover the existing Rozelle Rail Yards, under which a motorway interchange will be built. SMH July 21 2016

On the 11th August 2016, Desane received a letter from the NSW DPE advising that the advice from Westconnex and Transport for NSW would be required prior to any progress in considering Desane's planning proposal.

A meeting was arranged with RMS representatives in which they indicated their consideration to acquire the property for the purposes of the WestConnex M4-M5 link announced earlier would be formalised before the end of August 2016. As the subject property sits on the north eastern fringe of the proposed road infrastructure network, as seen in media releases, and given that vast areas of public land is available to the RMS in the immediate vicinity, Desane submitted a formal proposal that the RMS consider alternative options to avoid the outright acquisition of the property.

On the 24th August 2016, Desane received a formal property acquisition notice from RMS for the acquisition of 68-72 Lilyfield Road, ROZELLE. RMS has indicated that they propose to conclude the purchase of the property by October 2017.

Desane will seek advice with regards to its rights under the Land Acquisition (Just Terms Compensation) Act 1991 and will keep the market informed.

FOR FURTHER INFORMATION, PLEASE CONTACT:

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