

18 December 2007

The Manager Companies
Australian Stock Exchange (Sydney) Limited
20 Bridge Street
SYDNEY NSW 2000

A.B.N. 61 003 184 932

Dear Sir / Madam,

ANNOUNCEMENT

**Lane Cove Council Resolves to Exhibit
Rezoning of Burns Bay Road Site**

Desane Properties Pty Ltd, a controlled entity of Desane Group Holdings Limited, wishes to announce that Lane Cove Council, at their ordinary meeting held on Monday, 17 December 2007, resolved to place on public exhibition the Draft Local Environmental Plan 2007.

The Draft Local Environmental Plan 2007 contains the planned rezoning of Desane's 50% owned 12,000m² harbour front industrial property, located at Burns Bay Road in the inner northern Sydney suburb of Lane Cove.

Lane Cove Council's Draft Local Environmental Plan proposes to rezone the 12,000m² harbour front property from Industrial Special 4(c) to **High Density Residential R4**. The Draft Local Environmental Plan 2007 will be on exhibition for public comment until 29 February 2008. On the conclusion of the public exhibition, Lane Cove Council will make the final recommendation to the NSW Department of Planning to approve the proposed Draft Local Environmental Plan.

Desane Properties Pty Ltd intends to review the current value of this asset, with the view to bringing the asset value in line with the current market value.

The successful rezoning of the Burns Bay Road property could yield between **160 and 200 residential units**. Desane's current net tangible asset stands at **89 cents per share**. Once the rezoning is formalised, the Directors expect the Group's net tangible asset to **increase by approximately 30 cents per share**.

Yours faithfully,
DESANE GROUP HOLDINGS LIMITED



JOHN BARTHOLOMEW
Company Secretary

ABOUT DESANE:

Desane Group Holdings Limited is a significant Sydney based landlord. The areas we specialise in are property investment, property services and property management. Desane owns \$45 million of properties and other assets and manages a further \$17 million of industrial and commercial properties in the Sydney region. Our medium term objective is to increase our property holdings to \$100 million