



Aerial Photo of 68-72 Lilyfield Road, ROZELLE

# HY17 Results Presentation

February 2017

**DESAN E**  
GROUP HOLDINGS LIMITED

**HY17 continues the platform set in FY16 with solid balance sheet position and continued dividend payout to shareholders**

NTA per share uplift

**9%** to 87¢

Cash & financial assets

of **\$17.5m**

Net assets increased

**12%** to \$32.4m

Interim dividend of

**2.25¢** per share

*All figures based on 31 December 2016 Half Year audited financial report.*





*Aerial Photo of Penrith area (Source - Colliers)*

# HY17 Financial Results



# Financial Highlights

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Operating Results	HY17
EBIT	\$3.8m
NPAT	\$2.4m
EPS	6.5¢

Balance Sheet	As at 31 Dec 2016	As at 31 Dec 2015
Cash and financial assets	\$17.5m	\$16.7m
Net cash/(debt) <sup>1</sup>	\$0.9m	\$0.1m
Net assets	\$32.4m	\$29.0m
NTA per share	87¢	80¢

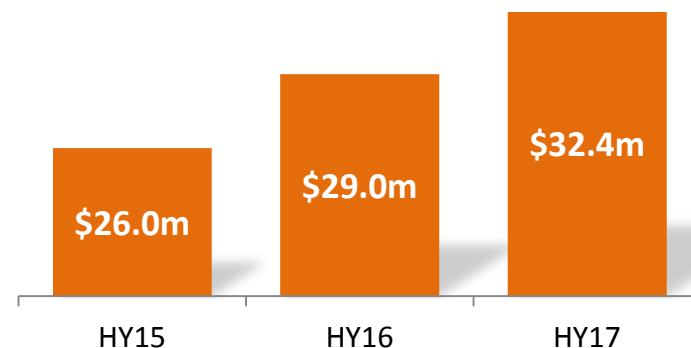
<sup>1</sup> Net cash/(debt) includes cash and financial assets held, less investment bank loans, plus other interest bearing liabilities.

# HY17 Balance Sheet Summary

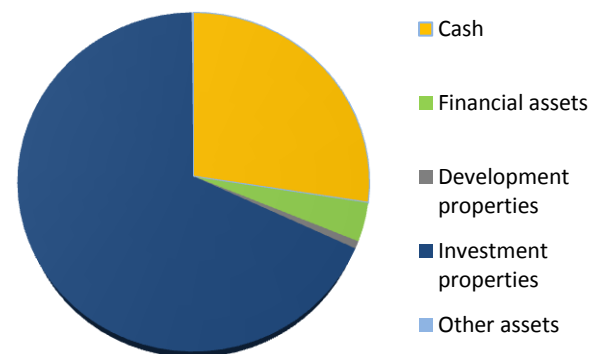
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	As at 31 Dec 2016	As at 31 Dec 2015
<b>Assets</b>		
Cash and financial assets	<b>\$17.5m</b>	\$16.7m
Development & investment properties	<b>\$38.5m</b>	\$35.1m
Other assets	<b>\$0.1m</b>	\$1.1m
<b>TOTAL ASSETS</b>	<b>\$56.1m</b>	\$52.9m
<b>Liabilities</b>		
Interest bearing loans	<b>\$16.6m</b>	\$16.6m
Deferred tax & other liabilities	<b>\$7.1m</b>	\$7.3m
<b>TOTAL LIABILITIES</b>	<b>\$23.7m</b>	\$23.9m
<b>NET ASSETS</b>	<b>\$32.4m</b>	\$29.0m
<b>NTA per share</b>	<b>87¢</b>	80¢

## NET ASSETS



## Asset Summary as at 31 December 2016



## *LVR below 45%*

Summary	As at 31 Dec 2016	As at 31 Dec 2015
Property investment bank loans	<b>\$16.6m</b>	\$16.6m
<b>LVR<sup>1</sup></b>	<b>43%</b>	48%
<b>Net Cash/(Debt)</b>	<b>\$0.9m</b>	\$0.1m
Property investment bank loan facility of \$16.6m extended to July 2019.		
1 Loan covenant requires 65% LVR.		

## Continued interim dividend payment to shareholders

	HY15	HY16	HY17
Interim Dividend	2.00¢	2.25¢	2.25¢
<i>Franking</i>	100%	100%	100%

### Interim Dividend

**2.25¢** per share

**Fully Franked**

Payable 22 March 2017





Artist perspective – Rozelle Bay Masterplan, including Desane's 68-72 Lilyfield Rd, Rozelle (Urbis Final Urban Design Report 2015)

# Developments

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## Development Update

In June 2015, Desane lodged with the NSW Department of Planning, a formal Masterplan and rezoning proposal to allow for a mixed use development comprising approximately 200 residential apartments, 2,000m<sup>2</sup> of retail, commercial and community floor space, as well as a child care centre.

The proposal is supported by a wider strategy for major renewal of lands in and around the site including the **Bays Precinct Urban Renewal Strategy**, the **Central Sydney Strategy's** desire for the Bays Precinct to be developed in the future and the **Metro West Rail Line** project which advocates for better public transport connections to the area.

In August 2016, Desane received notification from the Roads and Maritime Services ("RMS") of their intention to acquire the property for the purposes of the WestConnex M4-M5 link.

Formal discussions with the RMS have yet to commence.



The area circled is Desane's property within the proposed Masterplan of the area. The Masterplan and rezoning proposal lodged with the NSW DPE in 2015, identifies "mixed use residential village" as a suitable use for the site – Urbis Final Urban Design Report 2015

## Development project



Subject development property located at 91 Thornton Drive, Penrith  
(Source - Colliers)

Desane completed, in January 2017, the settlement for the purchase of a prime development site located in the centre of the western Sydney suburb of Penrith, for \$3.9m.

The 11,200m<sup>2</sup> light industrial zoned site is located within 400 metres of Penrith Railway Station, 600 metres of Westfield Penrith Shopping Centre, the Penrith CBD and with easy access to the M4, M7, Penrith Nepean Hospital and the planned Badgerys Creek airport.

The property offers direct exposure to the new master planned residential project currently being completed at Thornton, which provides for over 1,000 new dwellings including 15,000m<sup>2</sup> of retail, commercial and bulky goods floor space. Major companies neighbouring the acquired property include McDonalds, Subway, Bunnings and Kennards Storage.

Desane has employed its team of consultants to prepare a planning proposal for the development of this site which will yield the highest and best outcome on its future use.



## Easton Rozelle development



In November 2015, Desane realised its mixed use development comprising 32 residential apartments and 3 commercial suites.

The one remaining commercial suite was realised in HY17 completing the Easton Rozelle development project.



Photo of 13 Sirius Road, LANECOVE

# Investments



## Growth in Property Value

- ✓ Total portfolio book value increased by 10% to \$38.1m from 30 June 2016
- ✓ Lane Cove properties led the growth and are well positioned to ensure income and capital values continue to grow

Portfolio Summary	HY17
Portfolio value	\$38.1m
Annualised rental growth	3.5% - 4.0%
WACR	6.75%
WALE	3.0 <sup>1</sup>

<sup>1</sup> WALE average by income and years as at 31 December 2016



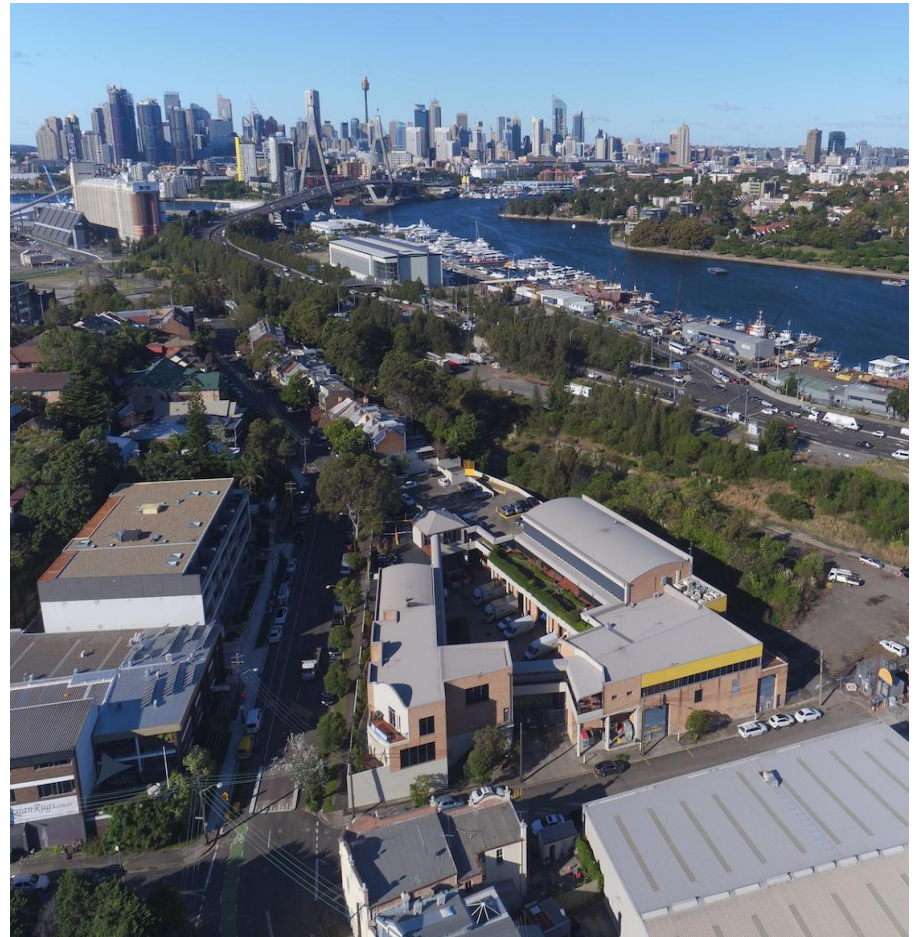
Outlook

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## Medium term outlook

- Preparation of development and subdivision plans for Penrith site
- Reposition and maximise the existing three (3) Lane Cove assets, with lease renewals and capital growth set to continue
- Capitalise on the anticipated continued low interest rate environment
- Concentrate next round of acquisitions on a diversity of property assets within areas identified as priority precincts within Sydney's outer and western suburbs



# The Desane Property Team

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**Prof. John Sheehan**  
*Chairman*

John is a practising Chartered Town Planner and Registered Valuer and specialises in compulsory acquisition compensation advice, assessment and expert evidence.

John was previously an Acting Commissioner with the Land & Environment Court of NSW.



**Phil Montrone OAM**  
*Managing Director*

Phil has served as Managing Director since Desane's incorporation and has over 30 years' experience in asset management and property acquisitions.

Phil is currently serving as an Advisory Board Member of Multicultural NSW, as a Board Member of the Geographical Names Board of NSW and Chairman of Multicultural NSW East Sydney Regional Advisory Council.



**Rick Montrone**  
*Director – Head of Property*



**Jack Sciara**  
*Chief Financial Officer & Company Secretary*



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