



DESANE
GROUP HOLDINGS LIMITED

CELEBRATING
30 YEARS

ANNUAL
GENERAL
MEETING

3 November 2017



OUR HISTORY



THE START

AND NOW



CHAIRMAN'S ADDRESS

Professor John Sheehan AM

ORDINARY BUSINESS

AEX Index (Amsterdam)
412.14
-1.05 (-0.25%)
Day Low 410.52
Day High 412.72
52-Wk Low 379.51



Foreign Exchange Rates

AUD/USD
AUD/GBP
AUD/EUR
AUD/JPY
AUD/NZD
AUD/SGD
AUD/CNY
USD/JPY
USD/EUR
USD/GBP

	Bid	Ask
AUD/USD	0.9351	0.9355
AUD/GBP	0.5638	0.5642
AUD/EUR	0.7094	0.7098
AUD/JPY	96.9600	97.0100
AUD/NZD	1.1176	1.1184
AUD/SGD	1.1676	1.1682
AUD/CNY	5.7437	
USD/JPY	103.0	
USD/EUR		
USD/GBP		

ITEM 1

FINANCIAL STATEMENTS AND REPORTS

To receive and consider the financial statements of the company and consolidated group, for the year ended 30 June 2017, including the Directors' Report and Auditor's Report.

No voting is required for this item.



ITEM 2

ADOPTION OF REMUNERATION REPORT

Under the Corporations Act 2001, ASX listed companies are required to meet disclosure requirements in respect of Director and executive remuneration and to include a Remuneration Report in the Directors' Report to shareholders.

The Remuneration Report for the 12 months ended 30 June 2017 is included in the audited 2017 Annual Report.

	Number	% Proxies Received
For	10,760,851	62.2%
Open	6,534,575	37.8%
Against	4,526	0.0%
Abstain	4,659	0.0%

ITEM 3

RE-ELECTION OF JOHN SHEEHAN AS A NON-EXECUTIVE DIRECTOR

As stated in the notice of meeting, one director (other than the Managing Director) must retire at the Annual General Meeting and is eligible for re-election.

By rotation and in accordance with the Company's Constitution, John Sheehan offers himself for re-election as a non-executive director.

	Number	% Proxies Received
For	24,050,083	78.6%
Open	6,534,575	21.4%
Against	4,659	0.0%
Abstain	Nil	0.0%

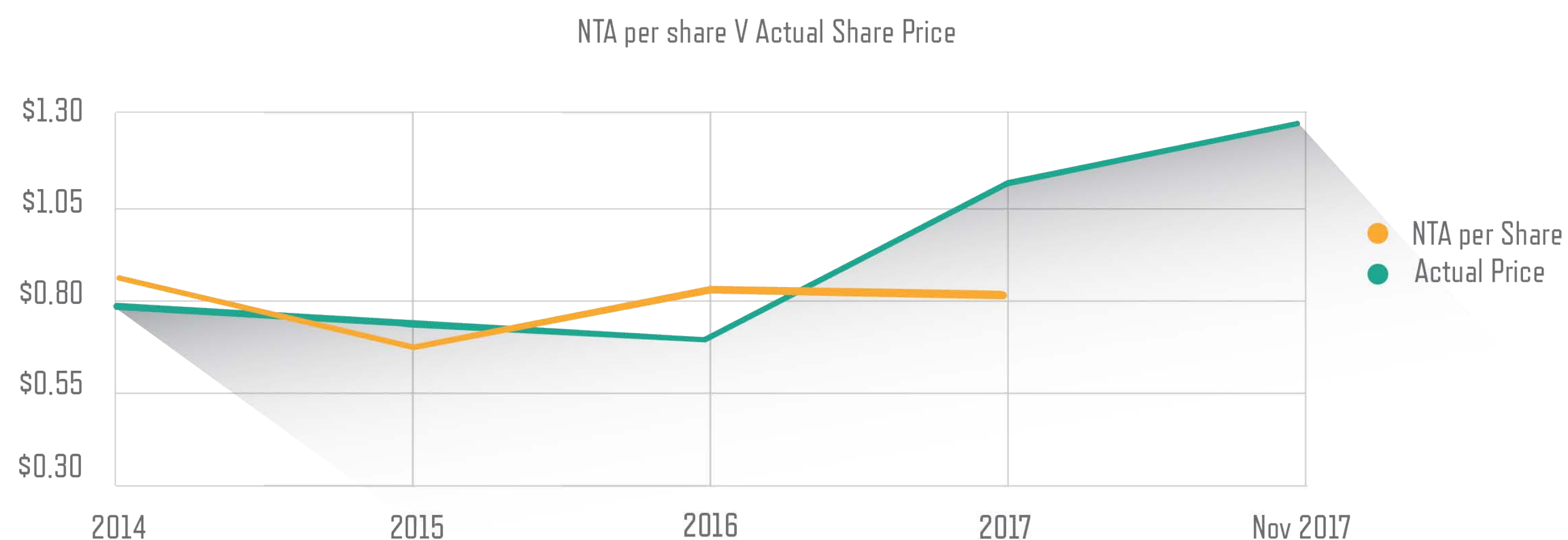


PRESENTATION & COMPANY HIGHLIGHTS

Phil Montrone OAM
Managing Director

FY17 SNAPSHOT

FY17 DELIVERS CONTINUED FINANCIAL PERFORMANCE & SHAREHOLDER RETURNS



EBIT
\$7.9m

NPAT
\$5.1m

Full Year Dividend
14.5¢
per share*

EPS
13.6¢

CAPITAL MANAGEMENT

WORKING CAPITAL

- \$11.7m cash & financial assets available for investment as at 30 June 2017
- Working capital further boosted by \$12.3m following sale of 7-9 Orion Road, LANE COVE on 31 July 2017

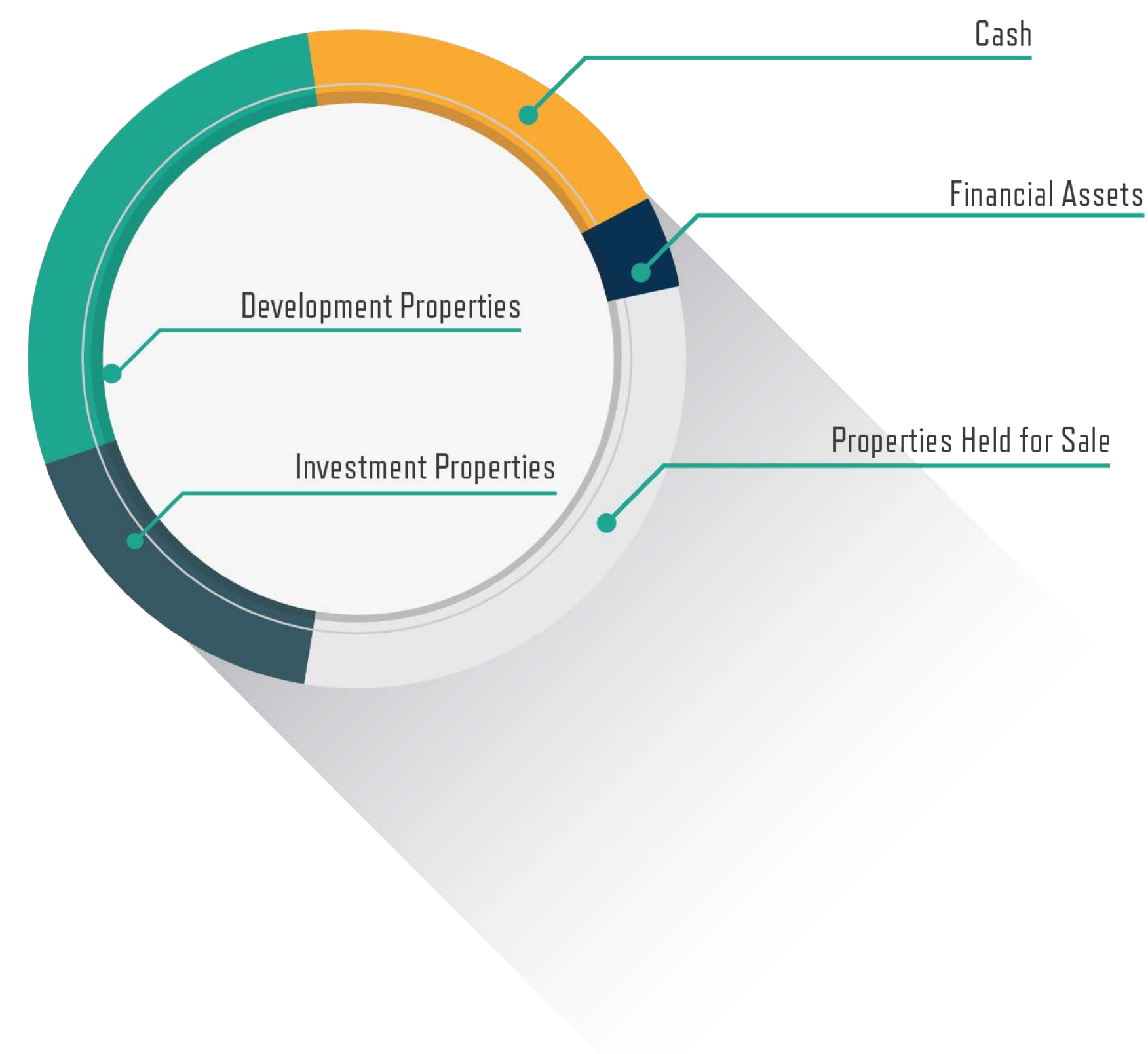
DEBT

- Existing bank borrowing locked away to 2019 @ 3.8%pa
- Group debt reduced by 32% to \$11.1m following sale of 7-9 Orion Road, LANE COVE on 31 July 2017

DIVIDEND

- Total of 14.5c fully franked dividends paid for FY17
- Scope to pay fully franked dividends in FY18

ASSET SUMMARY AS AT 30 JUNE 2017



CONTINUED DIVIDEND PAYOUT

	FY17	FY16	FY15
Interim Dividend	2.25¢	2.25¢	2.00¢
Special Dividend	10.00¢	-	15.00¢
Final Dividend	2.25¢ ¹	2.25¢	2.00¢
Total Dividend	14.50¢	4.50¢	19.00¢
Franking	100%	100%	100%

¹ FY17 final dividend paid on 6 October 2017.

FULL YEAR DIVIDEND

14.5c PER SHARE

\$12.9m

of fully franked dividends paid to
shareholders over the past 3 years

PROPERTY DETAILS



7-9 ORION ROAD, LANE COVE

The property sold for \$18.2m, with settlement completed on 31 July 2017. The sale price reflects a 5.5% yield on a fully leased basis.



7 SIRIUS ROAD, LANE COVE

Valuation Summary

Ownership Interest	100%
Title	Freehold
Current Book Value (\$)	6.8m

Property Summary

Net Letterable Area (m2)	2,778
Occupancy (%)	100.0
WALE (yrs)	3.4



13 SIRIUS ROAD, LANE COVE

Valuation Summary

Ownership Interest	100%
Title	Freehold
Current Book Value (\$)	5.3m

Property Summary

Net Letterable Area (m2)	2,181
Occupancy (%)	100.0
WALE (yrs)	2.0

THORNTON

Desane has engaged the services of leading urban design and planning firms, Architectus and Urbis, to prepare a Planning Proposal for the re-zoning of its 1.2ha property at Thornton Drive, Penrith.

- Initial discussions with Council have been positive
- Planning Proposal expected to be lodged in early 2018
- Site could yield a mixed use development incorporating 1,800m² of commercial and approximately 250+ apartments

The Planning Proposal is expected to be in line with other mixed use developments already underway in the Thornton Precinct, including the proposed “Thornton Central”, “Sheffield” and “Signature Tower” projects currently underway, located only 300 meters from the Desane property.





ROZELLE

CURRENT LEGAL STATUS

In August 2017, Desane commenced proceedings in the Supreme Court of NSW to seek an injunction on the Proposed Acquisition Notice (PAN) issued by the Roads & Maritime Services (RMS) in May 2017 for the property

Desane's legal right to the property would have transferred to a right for compensation on 15 September 2017 had we not taken this action

Desane claims that the PAN is invalid and the defendants, including the RMS, Sydney Motorway Corporation (SMC) & the NSW Government be restrained from acting on the Notice on the basis that it is unlawful

Desane is being represented by Hon Ron Merkel QC and by leading litigation lawyers Levitt Robinson in the proceedings

The matter has been held over until 26 February 2018 for a four (4) day hearing in the Commercial List of the NSW Supreme Court

The Court has ordered that Desane be given access to discover:

» All documents in the possession of the NSW Government, including various Ministers & their Offices

» All documents held by RMS & SMC relating to the acquisition & (potential) use of the Rozelle property and or the Rozelle Rail Yards as part of the WestConnex M4-M5 Link Project

ROZELLE

DEVELOPMENT POTENTIAL



In mid 2012, Desane identified that the property was reaching the end of its economic life cycle and required rezoning and re-development

In June 2015, a Planning Proposal (PP) was lodged with the NSW Department of Planning following 12 months of stakeholder engagement

The 2015 PP was for a mixed use residential / commercial development, commensurate with plans currently underway in the **Bays Precinct Urban Transformation (BPUTP)**

The BPUTP is a whole of Government response to urban revitalisation of the Bays Precinct being led by Urban Growth NSW and includes current plans to rezone and revitalise the White Bay Power Station, the Sydney Fish Markets and the Rozelle Rail Yards

Recent announcements by the NSW Government regarding infrastructure projects, planned urban revitalisation corridors, growth areas, and priority precincts confirm the development potential of the Rozelle site

The Desane PP is a live proposal and is consistent with NSW Government planning policy which continues to point towards increased densification and rezoning of infill suburbs

ROZELLE

DEVELOPMENT POTENTIAL

- ✓ Masterplan density of 3.6:1 FSR with part 4, 10 and 12 storeys was considered an appropriate immediate contextual fit by Desane planners and urban designers in line with similar PPs lodged by neighbours along Lilyfield Road and within the city fringe
- ✓ Resulted in a mixed use project incorporating over 200+ apartments, a component of affordable housing, as well as 1,800m² of retail and commercial use to meet NSW District Plans for housing & employment retainment in the Inner West LGA
- ✓ Exceeds SEPP 65 and ADG compliance
- ✓ Excellent view corridors over Rozelle Bay and the Sydney CBD
- ✓ CBRE Residential Projects & Savills Retail estimate that the mixed use development could gross approximately **\$330 million¹** in sales revenue



¹ Based on projected sales revenue for the development as at 30.06.17 with DA approval

ROZELLE

ALTERNATIVES TO ACQUISITION

The NSW Government & RMS have failed to provide any information on the genuine need for the Rozelle property

The EIS confirms the property would be demolished to provide temporary staff car parking and later turned into “passive landscaping”

Given this perceived mis-use of tax payer money, Desane continues to keep the dialogue open with the NSW Government on an alternative ‘win / win’ outcome to outright acquisition

The EIS confirms that a lease is the preferred outcome over acquisition where land required for the project is not currently owned by the NSW Government

There are a number of recent precedents – eg RMS took a lease over a similar site in Ashfield (currently owned by Woolworths) for the WestConnex M4 East Project



Desane believes a lease is a politically and financially sensible solution to the current legal impasse

ROZELLE

JTC CLAIM

- > As a result of the PAN being issued, Desane was legally required to lodge a Section 39 Claim for Compensation with RMS to preserve its right to compensation under the JTC Act
- > Should Desane's NSW Supreme Court legal claim and or subsequent appeals fail, its right to the property will transfer to a compensable right under the Act
- > Desane has separately engaged the services of various expert planners, urban designers, environmental specialists, consultants, valuers, quantity surveyors and legal team to quantify its claim for compensation (if required)

Current status of the competing Desane claim & RMS offer:

Land Acquisition (Just Terms Compensation) Act 1991

Section 39

Claim for Compensation

Heads of Compensation	Desane	RMS Offer
a. Market Value of Land	\$103.0m	\$18.4m
b. Special Value	N/A	N/A
c. Severance Loss	N/A	N/A
d. Disturbance Loss	TBA ii	\$1.2m i
Total Compensation ii	\$103.0m	\$19.6m

i. Includes Desane disturbance claim

ii. Desane claim to be advised when finalised

QUESTIONS

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