

# DESANE

GROUP HOLDINGS LIMITED



Desane Group Holdings Limited  
ACN 003 184 932

## Rights Issue Offer Document

An offer to raise \$3,905,045 before costs by way of a non-renounceable pro rata offer of 1 New Share for every 10 Shares held at a price of \$1.05 per New Share

The Offer opens on Monday, 16 July 2018

**Valid acceptances must be received by 7.00pm on Tuesday, 31 July 2018**

The Offer is fully underwritten by Taylor Collison Limited ABN 53 008 172 450



**TAYLOR COLLISON**

Sharebrokers and Investment Advisers  
[www.taylorcollison.com.au](http://www.taylorcollison.com.au)

If you are an Eligible Shareholder, this important document requires your immediate attention. It should be read in its entirety. If, after reading this document you have any questions, either about the securities being offered under this document or any other matter, you should contact your stockbroker, solicitor, accountant or other professional adviser.

## IMPORTANT NOTICES

This Offer Document is dated 6 July 2018.

This Offer is being made without a prospectus in accordance with section 708AA of the Corporations Act. This Offer Document is not a prospectus or any other form of disclosure document regulated by the Corporations Act and has not been lodged with ASIC. Accordingly, this Offer Document does not contain all of the information which a prospective investor may require to make an investment decision and it does not contain all of the information which would otherwise be required by Australian law or any other law to be disclosed in a prospectus. The information in this Offer Document does not constitute a securities recommendation or financial product advice.

This Offer Document is important and should be read in its entirety before deciding to participate in the Offer. This Offer does not take into account, and this Offer Document has been prepared without taking into account, the investment objectives, financial or taxation situation or particular needs or circumstances of any Applicant.

Before applying for New Shares, each Applicant should consider whether such an investment, and the information contained in this Offer Document, is appropriate to their particular needs, considering their individual risk profile for speculative investments, investment objectives and individual financial circumstances. Each Applicant should consult their stockbroker, solicitor, accountant or other professional adviser without delay.

Neither Desane, nor any other person, guarantees the repayment of capital or the payment of income. Investors should note that the past Share price performance of Desane provides no guidance to its future Share price performance.

By returning an Acceptance Form you acknowledge that you have received and read this Offer Document, you have acted in accordance with the terms of the Offer detailed in this Offer Document and you agree to all of the terms and conditions as detailed in this Offer Document.

### Eligibility

Applications for Shares by Eligible Shareholders, may only be made on an original Acceptance Form as sent out with this Offer Document. The Acceptance Form sets out an Eligible Shareholder's right to participate in this Offer.

### Privacy

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth), the Corporations Act and certain rules such as the ASX Settlement Operating Rules.

Desane collects information about each Applicant provided on an Acceptance Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's shareholding in Desane.

By submitting an Acceptance Form, you will be providing personal information to Desane (directly or through the Share Registry). Desane collects, holds and will use that information to assess your Application. Desane collects your personal information to process and administer your Application and Shareholding in Desane and to provide related services to you. If you do not complete the Acceptance Form in full, Desane may reject your Application. Desane may disclose your personal

information for purposes related to your Application and shareholding, including to the Share Registry, Desane's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to the ASX and regulatory bodies. You can obtain access to personal information that Desane holds about you. To make a request for access to your personal information held by (or on behalf of) Desane, please contact Desane through the Share Registry.

### No overseas offering

This Offer Document and the accompanying Acceptance Form do not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. This Offer Document is intended to be distributed and made available only to existing Shareholders and is personal to each Shareholder to whom it has been delivered. In particular, this Offer Document does not constitute an offer to Ineligible Shareholders.

Having regard to the number of overseas Shareholders, the number and value of Shares to which those Shareholders would be entitled and the cost of complying with regulatory requirements in each relevant jurisdiction, it is not practicable for the Company to comply with the securities laws of overseas jurisdictions. Accordingly, the Offer is not being extended and Shares will not be issued to Shareholders with a registered address that is outside Australia or New Zealand.

You must also note that the distribution of this Offer Document in jurisdictions outside Australia may be restricted by law and therefore persons who come into possession of this Offer Document should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

### United States Shareholders

This Offer does not constitute an offer in the United States of America, nor does it constitute an offer to a person who is a US Person or someone who is acting on behalf of a US Person.

The New Shares have not been, and will not be, registered under the US Securities Act 1933 and may not be offered or sold in the United States of America, or to, or for the account or benefit of, US Persons (as defined in Rule 902 under the US Securities Act. These New Shares may only be resold or transferred if registered under the US Securities Act or pursuant to an exemption from registration under the US Securities Act and in compliance with state securities laws. The Company is under no obligation and has no intention to register the New Shares in the United States of America.

### New Zealand Shareholders

The New Shares are not being offered to the general public within New Zealand. The New Shares are being offered only to existing Shareholders with registered addresses in New Zealand in reliance on the transitional provisions of the *Financial Markets Conduct Act 2013* (New Zealand) and the *Securities Act (Overseas Companies) Exemption Notice 2013* (New Zealand).

This Offer Document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This Offer Document is not a product disclosure statement under New Zealand law and is not required to,

and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

#### **Nominees and custodians**

Shareholders resident in Australia and New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up an Entitlement under the Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Acceptance Form, will be deemed by Desane to constitute a representation that there has been no breach of those regulations.

#### **Taxation**

There may be tax implications associated with participating in the Offer and receiving New Shares. Section 6.1 provides limited information on the Australian Income tax, stamp duty and Goods and Services Tax implications of the Offer for Eligible Shareholders. This does not take account of the individual circumstances of particular Eligible Shareholders and does not constitute tax advice. Desane recommends that you consult your professional tax adviser in relation to the Offer.

#### **Definitions, currency and time**

Definitions of certain terms used in this Offer Document are contained in Section 7. A reference to currency is a reference to Australian dollars and a reference to time is a reference to Sydney time, unless otherwise indicated.

#### **Forward-looking statements**

This Offer Document contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions, that, as at the date of this Offer Document, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and the Company's management.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Offer Document will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or in the future to publish prospective financial information, regardless of whether new information, future events or any other factors affect the information contained in this Offer Document, except where required by law.

These forward-looking statements are subject to various risk factors that could cause actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 5 of this Offer Document.

#### **Entire agreement**

The terms contained in this Offer Document constitute the entire agreement between Desane and you as to the Offer and your participation in the Offer, to the exclusion of all prior representations, understandings and agreements between Desane and you.

#### **Governing law**

This Offer Document, the Offer and the contracts formed on acceptance of the Applications are governed by the law applicable in New South Wales, Australia. Each Applicant submits to the exclusive jurisdiction of the courts of New South Wales, Australia.

#### **Disclaimer**

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Offer Document. Any information or representation in connection with the Offer not contained in the Offer Document may not be relied upon as having been authorised by Desane or any of its officers.

#### **Questions**

Enquiries regarding acceptance of the Offer, other Shareholder related matters or the Company and its operations should be directed to the Company Secretary on +612 9555 9922 or by email to [jacksciara@desane.com.au](mailto:jacksciara@desane.com.au).

## INDICATIVE TIMETABLE

Event	Date
Announcement of the Offer	Friday, 6 July 2018
Lodgment of Appendix 3B, Offer Document and Cleansing Notice with ASX	Friday, 6 July 2018
Dispatch notices to Shareholders informing them of the Offer	Monday, 9 July 2018
Shares quoted on ex-Entitlement basis	Tuesday, 10 July 2018
Record Date for determining Entitlements	7.00pm, Wednesday, 11 July 2018
Offer opens – dispatch of Offer Document and Acceptance Form	Monday, 16 July 2018
Last date to extend the Closing Date	Thursday, 26 July 2018
Closing Date	7.00pm, Tuesday, 31 July 2018
New Shares quoted on deferred settlement basis	Wednesday, 1 August 2018
Company notifies the ASX of under-subscriptions	Friday 3 August 2018
Allotment and issue of New Shares	Tuesday, 7 August 2018
Trading of New Shares on ASX expected to commence	Wednesday, 8 August 2018
Dispatch of holding statements	Friday, 10 August 2018

Dates are indicative only and are subject to change. Desane reserves the right, subject to the Listing Rules, to amend this indicative Timetable. For example, Desane reserves the right to extend the Closing Date, accept late Applications under the Offer (either generally or in particular cases) and to vary the Offer without prior notice. Any extension of the Closing Date will have a consequential effect on the date for the issue of New Shares under the Offer. The last date to extend the Closing Date is Thursday, 26 July 2018. Desane will consult with the Underwriter in relation to any change to this indicative Timetable and any such change will require the consent of the Underwriter.

The Directors reserve the right not to proceed with the Offer at any time prior to allotment and issue of the New Shares. In that event, any payments received for Applications will be returned in full without interest.

## Chairman's Letter

6 July 2018

Dear Shareholder

As a valued Shareholder of Desane Group Holdings Limited (the **Company, Group**), I am pleased to offer you the opportunity to participate in a 1 for 10 fully underwritten, non-renounceable pro rata rights issue (the **Offer**) of new fully paid ordinary shares in the Company (**New Shares**), at an issue price of \$1.05 per New Share (**Offer Price**). The Company will raise approximately \$3.9 million before costs under the Offer.

New Shares issued under the Offer will be entitled to any final dividend to be paid in respect of the 2018 financial year, expected to be announced with the release of the Company's 2018 audited results in August 2018. The final dividend is expected to be 2.25 cents per Share fully franked (in the absence of unforeseen circumstances).

The Offer is fully underwritten by Taylor Collison Limited.

The funds raised under the Offer will be used to:

- replenish the cash used for the acquisition and development of the residential project at 159 Allen Street, Leichhardt (approximately \$2.65 million);
- provide working capital for planning of the residential / mixed use development project at 91 Thornton Drive, Penrith (approximately \$1.0 million); and
- pay the costs of the Offer (approx \$0.25 million).

Participation in the Offer will enable Eligible Shareholders on the Record Date of Wednesday, 11 July 2018 to acquire New Shares at the Offer Price of \$1.05 per New Share. This represents a discount of:

- 15.7% to the closing price of Company's shares on 5 July 2018 (being the last trading day prior to the announcement of the Offer), which was \$1.245
- 8.8% to the 30 day volume weighted average price of Desane Shares as at 5 July 2018, which was \$1.152; and
- 14.4% to the theoretical ex-rights price (TERP)<sup>1</sup> of \$ 1.227<sup>1</sup>.

The number of New Shares for which you are entitled to subscribe under the Offer is set out in your personalised Acceptance Form attached to this Offer Document.

Those directors and key management of the Company set out in the table in section 3.3 of this document, together with their associated entities have committed to take up their Entitlements in full. Their combined Entitlement represents 1,310,728 million Rights being 35% of the Offer. The Board considers this a strong endorsement of the Offer and demonstrates the directors' belief in the Company, its management and outlook.

As described in more detail in this Document, the Offer is non-renounceable and therefore there will be no trading of Rights. The Underwriter will subscribe, or procure subscribers, for any New Shares not taken up under the Offer.

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<sup>1</sup> The Theoretical Ex-Rights Price (**TERP**) is calculated by reference to Desane's closing price of \$1.245 per Share on 5 July 2018, being the last trading day prior to the announcement of the Offer. TERP is a theoretical calculation only and the actual price at which Desane Shares trade immediately after the ex-date of the Offer will depend on many factors and may not approximate TERP.

## Other information

This Offer Document includes:

- instructions on how to participate in the Offer;
- a personalised Acceptance Form which details your Entitlement; and
- instructions on how to take up all or part of your Entitlement via BPAY® or cheque.

The Offer closes at 7.00pm on Tuesday, 31 July 2018.

Please read in full the details on how to submit your Acceptance Form. For further information regarding this Offer, please call the Company Secretary on +612 9555 9922 during the Rights Offer period.

You should also consult your stockbroker, solicitor, accountant or other professional adviser if you have any questions regarding whether or not to participate in the Offer. In particular, you should read and carefully consider Section 5 of this Offer Document, which outlines some of the key risks associated with an investment in Desane.

On behalf of Desane's Board, I encourage you to consider this investment opportunity and thank you for your ongoing support.

Yours faithfully

A handwritten signature in black ink, appearing to read 'J. Sheehan', with a stylized flourish at the end.

Professor John Sheehan AM  
Chairman

## **1. Company Overview**

### **1.1 Overview of Desane**

Desane is a diversified property company based in Sydney NSW.

Since listing on the ASX in 1987, Desane has undertaken a number of property development projects throughout the Sydney Metropolitan Area and in that time has also acquired a number of commercial properties which are held for investment purposes.

The Group continues to uphold its original vision, being the accumulation of property assets, increasing rental income from the assets it holds and to accelerate earnings through development and “value add” opportunities.

### **1.2 Desane property portfolio**

#### **159 Allen Street, LEICHHARDT**

In April 2018, the Company announced it had entered into a contract for the purchase of this prime inner west property. This 2,782m<sup>2</sup> property is located 5km from the Sydney CBD and is zoned R1 General Residential under the *Allen Street Leichhardt Master Plan* for approximately 50 residential apartments. The property is currently improved with an 8-metre high industrial warehouse and has a 42 metre street frontage to Allen Street. The purchase is expected to settle in October 2019.

#### **91 Thornton Drive, PENRITH**

The 1.2 hectare property purchased in January 2017 is currently zoned light industrial. Desane has instructed a firm of architects and planners to prepare a planning proposal for the rezoning of the property to residential/mixed use to allow for a medium density development. The property sits within the NSW Government’s wider Thornton Estate – an area expected to deliver approximately 2,000 new dwellings to the Penrith local government area in Sydney.

#### **7 Sirius Road, LANE COVE**

This 2,800m<sup>2</sup> commercial building is located within the Lane Cove West industrial precinct in Sydney. The property comprises a high tech office and warehouse with onsite parking for 38 cars. The property is fully leased.

#### **13 Sirius Road, LANE COVE**

This 2,200m<sup>2</sup> commercial building is located within the Lane Cove West industrial precinct in Sydney. The property comprises a high tech office and warehouse with basement car parking for 52 cars. The property is fully leased.

#### **68-72 Lilyfield Road, ROZELLE**

Desane owns 70% of this 5,274m<sup>2</sup> development site, which is located in the inner Sydney suburb of Rozelle. In June 2015, Desane lodged a planning proposal with the NSW Department of Planning to allow for a medium density mixed-use development incorporating approximately 200 residential apartments. Subsequent discussions with the Department of Planning confirmed that advice from Roads and Maritime Services (“RMS”) would be required prior to any progression of the proposal. In May 2017, RMS issued a Proposed Acquisition Notice (“PAN”) over the property. In August 2017, Desane commenced legal proceedings against the NSW Government and RMS for injunctive relief against the compulsory acquisition of the property pursuant to the PAN. In May 2018, the NSW Supreme Court made final orders on the matter including:

- a) A declaration that the PAN given to Desane by RMS dated 26 May 2017 was invalid and of no statutory effect;
- b) Within 14 days, RMS remove the land dealing registered on title of the property as a consequence of the PAN being invalid; and
- c) RMS pay Desane's legal costs together with interest on the amount of such costs.

RMS appealed against the judgement and final orders. The appeal hearing commenced on 28 June 2018 before Chief Justice Tom Bathurst, Chief Justice Julie Ward and Justice Anthony Payne. Closing arguments were made on 3 July 2018. Judgement in the matter has been reserved.

### **1.3 Outlook**

The Group remains confident of its strategy of regularly evaluating its development and investment projects and its ability to manage effectively the risks associated with the ongoing legal proceedings with the NSW Government and RMS. Directors believe that the Group's strategy to drive the underlying performance of the Company through strategic developments, investments, divestments and "value adding" will continue to generate increases in earnings and net tangible assets per Share.



## **2. DESCRIPTION OF THE OFFER**

### **2.1 Overview**

Desane is seeking to raise approximately \$3.9 million by way of a non-renounceable offer to Eligible Shareholders of 1 New Share for every 10 Shares held on the Record Date at a price of \$1.05 per New Share. The Offer is fully underwritten by Taylor Collison (see Section 6.2).

Fractional Entitlements will be rounded up to the nearest whole number of New Shares. An Acceptance Form setting out your Entitlement to New Shares accompanies this Offer Document. If you do not take up your Entitlement, your shareholding in Desane will be diluted.

Eligible Shareholders should be aware that an investment in Desane involves risks and Eligible Shareholders should consider the investment in the context of their individual risk profile, investment objectives and individual financial circumstances (see Section 5).

### **2.2 Size of the Offer**

Subject to rounding, 3,719,090 New Shares will be issued to raise approximately \$3.9 million before costs, resulting in a total of 40,909,990 Shares being on issue following the Offer.

### **2.3 No Rights trading**

The Offer is non-renounceable. There will be no trading of Rights on the ASX and Rights may not be sold, assigned or transferred to any other person.

### **2.4 Closing Date**

The Closing Date for acceptance of Entitlements is 7.00pm on Tuesday, 31 July 2018. Subject to the Listing Rules, Desane may vary this date without prior notice. In the absolute discretion of Desane, Applications completed incorrectly or received after 7.00pm on the Closing Date, may be rejected. Desane reserves the right not to proceed with the Offer at any time prior to allotment and issue of the New Shares.

### **2.5 Use of funds**

The funds raised under this Offer will be used to:

- replenish the cash used for the acquisition and development of the residential project at 159 Allen Street, Leichhardt (approximately \$2.65 million);
- provide working capital for planning of the residential / mixed use development project at 91 Thornton Drive, Penrith (approximately \$1.0 million); and
- pay the costs of the Offer (approx \$0.25 million).

### **2.6 Underwriting**

The Offer is fully underwritten by Taylor Collison. The terms of the Underwriting Agreement are set out in Section 6.2.

The Underwriter may appoint one or more sub-underwriters and will be solely responsible for their fees. Each sub-underwriter will not, by its sub-underwriting, increase its relevant interest in Shares to more than 19.9%. No Related Parties are sub-underwriting the Offer.

### **2.7 Your choices**

If you are an Eligible Shareholder, you may do any ONE of the following:

- take up your Entitlement in full (see Section 2.8);

- take up part of your Entitlement and allow the balance to lapse (see Section 2.9); or
- allow all of your Entitlement to lapse (see Section 2.10).

## 2.8 Taking up all of your Entitlement

If you wish to take up all of your Entitlement, you must complete the Acceptance Form in accordance with its instructions and attach your cheque, pay online at <https://desanerightsissue.thereachagency.com>, or arrange payment by BPAY®, for the amount indicated on the Acceptance Form. Note that payment must be received by 7.00pm on Tuesday, 31 July 2018. If not, your Acceptance Form will be disregarded and you will be deemed to have allowed your Entitlement to lapse.

## 2.9 Taking up part of the Entitlement and allowing the balance to lapse

If you wish to take up part only of your Entitlement and allow the balance to lapse, you must complete the Acceptance Form by indicating the number of New Shares you wish to accept and attach your cheque, online at <https://desanerightsissue.thereachagency.com>, or arrange payment by BPAY®, for the amount payable for the New Shares you wish to accept. Note that payment must be received by 7.00pm on Tuesday, 31 July 2018. If not, your Acceptance Form will be disregarded and you will be deemed to have allowed your Entitlement to lapse.

The Application Amount for taking up part of your Entitlement is calculated as follows:

$$\text{Application Amount} = \text{Number of New Shares applied for} \times \$1.05$$

The balance of your Entitlement not taken up will lapse. By allowing your Entitlement or portion thereof to lapse, any New Shares in respect of the lapsed portion to which you would otherwise have been entitled under the Offer will be acquired by the Underwriter or by parties procured by the Underwriter. In that event, your percentage shareholding in Desane will be diluted.

## 2.10 Allow all of the Entitlement to lapse

If you do not wish to accept any part of your Entitlement, you need not take any further action and your Entitlement will lapse. By not taking any action and not taking up your Entitlement, any New Shares to which you would otherwise have been entitled under the Offer will be acquired by the Underwriter or by parties procured by the Underwriter. In that event, your percentage shareholding in Desane will be diluted.

## 2.11 Payment

### • by cheque/bank draft

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "Desane Group Holdings Limited – Rights Issue" and crossed "Non-Negotiable". Payment will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques received may not be re-presented and may result in your Application being rejected. Cash payments are not acceptable. No receipts will be issued.

Your completed Acceptance Form and cheque must reach the Share Registry at the address set out in the Acceptance Form by no later than 7.00pm on the Closing Date (Tuesday, 31 July 2018).

### • by BPAY®

For payment by BPAY®, please follow the Instructions on the Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions.

Please note, if you elect to pay by BPAY®:

- (a) you do not need to submit the Acceptance Form but by making the payment you are taken to have made the declarations, representations and warranties referred to on that Acceptance Form; and
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your Application monies.

***It is your responsibility to ensure that your BPAY® payment is received by the Share Registry by no later than 2:00pm on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment.***

## **2.12 Acceptance Form is binding**

Returning a completed Acceptance Form or paying any Application monies by BPAY® will be taken to constitute a representation by you that:

- (a) you have received a copy of this Offer Document and the accompanying Acceptance Form, and read them both in their entirety, fully understood them and agreed to their terms;
- (b) you acknowledge that once the Acceptance Form is returned together with the your cheque, online payment or a BPAY® payment instruction is given in relation to any Application monies, the Application may not be varied or withdrawn except as required by law; and
- (c) you agree to apply for and be issued up to the number of New Shares specified in your Acceptance Form or for which you have submitted an online payment or payment via BPAY at \$1.05 per New Share.

If the Acceptance Form is not completed correctly, the Board in its absolute discretion may (but is not obliged to) still treat it as a valid Application for New Shares. The Board's decision whether to treat an Acceptance Form as valid and how to construe, amend or complete the Acceptance Form is final.

## **2.13 Brokerage and stamp duty**

No brokerage or stamp duty is payable by you to accept your Entitlement.

## **2.14 Taxation**

You should be aware there may be taxation implications associated with participating in the Offer and receiving New Shares. The Directors do not consider it appropriate to give advice regarding the taxation consequences of subscribing for New Shares under this Offer Document or the subsequent disposal of any New Shares allotted and issued under this Offer Document. Desane, its advisers and officers do not accept any responsibility or liability for any taxation consequences to Shareholders.

The Directors recommend that all Eligible Shareholders consult their own professional tax advisers in connection with this Offer.

### 3. CAPITAL STRUCTURE AND EFFECT OF THE OFFER

#### 3.1 Capital structure

Assuming all Entitlements are accepted, the effect of the Offer on the capital structure of the Company is set out below.

Shares	Number
Shares currently on issue	37,190,900
New Shares offered pursuant to this Offer <sup>(1)</sup>	3,719,090
<b>Total Shares on issue after completion of this Offer<sup>(1)</sup></b>	<b>40,909,990</b>

(1) Subject to rounding.

#### 3.2 Underwriting

The Offer is fully underwritten by Taylor Collison.

The Company has entered into the Underwriting Agreement with the Underwriter, the material terms of which are summarised in Section 6.2.

#### 3.3 Directors' interests and participation

Each Director's relevant interest in the Shares of the Company at the date of this Offer Document and their Entitlement is set out in the table below.

Director	Shares	Voting power (%)	Entitlement (Shares)	Entitlement (\$)
John Sheehan	135,213	0.36	13,522	14,198
Phil Montrone	12,910,618	34.71	1,291,062	1,355,615
Rick Montrone	124,131	0.33	12,414	13,035
John Bartholomew	630,856	1.70	63,086	66,240

The following Directors and key management personnel have demonstrated their support for the Offer by providing to the Company a written undertaking to participate in the Offer as per the table below.

Director and Key Management Personnel	Entitlement (Shares)	Entitlement (\$)	Shares owned after the Offer	Voting power after the Offer (%)
John Sheehan	13,522	14,198	148,735	0.36
Phil Montrone	1,262,502	1,325,627	14,173,120	34.64
Rick Montrone	12,414	13,035	136,545	0.33
Jack Sciara	22,290	23,405	245,190	0.60

### 3.4 Effect of the issue of New Shares on control and voting power in the Company

The Company's substantial Shareholders (as at 4 July 2018) and their voting power prior to the Offer are set out in the table below.

Substantial Holder	Shares	Voting Power (%)
Cupara Pty Ltd <sup>(1)</sup>	10,246,252	27.55
Greig & Harrison Pty Ltd	5,480,418	14.74
Phoenix Portfolios Pty Ltd	4,824,261	12.97
Montevans Pty Ltd <sup>(2)</sup>	2,378,762	6.40

<sup>1</sup>Cupara Pty Limited has provided to the Company a written undertaking to participate in the Offer to the full extent of its Entitlement being 1,024,626 New Shares at a total cost of \$1,075,857.30.

<sup>2</sup>Montevans Pty Limited has provided to the Company a written undertaking to participate in the Offer to the full extent of its Entitlement being 237,877 New Shares at a total cost of \$249,770.85.

The potential effect that the issue of the New Shares under the Offer will have on the control of the Company is as follows:

- (a) if all Eligible Shareholders take up their Entitlements under the Offer, the issue of New Shares under the Offer will have no effect on the control of the Company and all Shareholders will hold the same percentage interest in the Company, subject only to changes resulting from Ineligible Shareholders being unable to participate in the Offer;
- (b) Eligible Shareholders who do not subscribe for their full Entitlement of Shares under the Offer and Ineligible Shareholders unable to participate in the Offer will be diluted relative to those Shareholders who subscribe for some or all of their Entitlement; and
- (c) The Underwriter will subscribe, or procure subscribers, for any New Shares not taken up under the Offer. The Underwriter is not a related party of the Company for the purpose of the Corporations Act. Any Shares issued to the Underwriter pursuant to the Underwriting Agreement will increase the Underwriter's voting power in the Company.

### 3.5 Market price of Shares

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of release of this Offer Document, and the respective dates of those sales were:

	(\$)	Date
Highest	1.245	3 July 2018
Lowest	1.06	20 April 2018
Last	1.245	3 July 2018

### 3.6 Pro Forma Consolidated Statement of Financial Position

The Consolidated Statement of Financial Position as at 31 December 2017 shown below is based on the audit reviewed interim financial report for the half year ended 31 December 2017 and adjusted to reflect the financial effect of the following transactions on completion of the Offer:

- (a) The issue of 3,719,090 Shares at an issue price of \$1.05 under the Offer;
- (b) Net proceeds of the Offer being approximately \$3.7 million (after costs).

Detailed information regarding Desane's current operational performance and consolidated statement of financial position will be provided to the market with the release of the Group's audited financial results for the year ended 30 June 2018 on or before 25 August 2018.

Subject to finalisation and completion of the audit of the 2018 financial results, Desane expects to report Earnings Before Interest & Tax (EBIT) in the range of \$1.7 million to \$1.8 million in respect of the 12 months ended 30 June 2018 and reflect the orders made by the NSW Supreme Court in May 2018.

	<b>Audited (Consolidated) 31 December 2017</b>	<b>Proforma Adjustments</b>	<b>Proforma (Consolidated) Post Offer Completion</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Current assets</b>			
Cash and cash equivalents	12,248	3,700	15,498
Trade and other receivables	139		139
Other current assets	223		223
Other financial assets	2,201		2,201
Development property reclassified as current	12,846		12,846
<b>Total Current assets</b>	<b>27,657</b>	<b>3,700</b>	<b>31,357</b>
<b>Non-current assets</b>			
Trade and other receivables	2		2
Investment properties	19,344		19,344
Property Plant and equipment	30		30
Rental incentives	-		-
<b>Total Non-current assets</b>	<b>19,376</b>		<b>19,376</b>
<b>Total Assets</b>	<b>47,033</b>	<b>3,700</b>	<b>50,733</b>
<b>Current liabilities</b>			
Trade and other payables	708		708
Borrowings	5,250		5,250
Provisions	893		893
<b>Total Current liabilities</b>	<b>6,851</b>		<b>6,851</b>
<b>Non-current liabilities</b>			
Trade and other payables	18		18
Borrowings	5,900		5,900
Deferred tax liability	3,858		3,858
Provisions	32		32
<b>Total Non-current liabilities</b>	<b>9,808</b>		<b>9,808</b>
<b>Total Liabilities</b>	<b>16,659</b>		<b>16,659</b>
<b>Net Assets</b>	<b>30,374</b>	<b>3,700</b>	<b>34,074</b>

### **3.7 Enquiries concerning the Offer Document**

Enquiries regarding Shareholder related matters should be directed to the Company's Share Registry, Computershare on +61 1300 556 161.

Enquiries regarding acceptance of the Offer or the Company and its operations should be directed to the Company Secretary on +612 9555 9922 or by email to [jacksciara@desane.com.au](mailto:jacksciara@desane.com.au).

## **4. ASX QUOTATION, AND ALLOTMENT OF NEW SHARES AND DISCLOSURE**

### **4.1 ASX quotation**

Desane has made an application to ASX for the New Shares to be officially quoted on the ASX. If permission is not granted for quotation of the New Shares on the ASX, then no allotment and issue of any New Shares will take place and any Application monies (without interest) will be returned in full to Applicants.

Grant by ASX of official quotation is not an endorsement or indication either of the merits of the Company or the New Shares offered for subscription.

Subject to ASX approval, trading of the New Shares will occur on or about the date specified in the Timetable.

### **4.2 Allotment and dispatch of holding statements**

Subject to the New Shares being granted quotation on the ASX, the New Shares will be allotted and issued and holding statements dispatched in accordance with the Timetable. It is expected that allotment and issue of New Shares will take place on or about Tuesday, 7 August 2018 and that dispatch of holding statements will take place on or about Friday, 10 August 2018.

Application monies received from Applicants will be held in trust by Desane until allotment and issue of the New Shares. Desane will be entitled to retain any interest paid on the monies so held, even if this Offer does not proceed.

It is the responsibility of Applicants to verify the number of New Shares allotted and issued to them prior to trading in the New Shares. The sale by an Applicant of New Shares prior to receiving their holding statement is at the Applicant's own risk.

### **4.3 CHESS**

Desane participates in CHESS. Under CHESS, Desane does not issue certificates to Shareholders but will instead provide Shareholders with a statement of their holdings in Desane. If you are broker sponsored, ASTC will send you a CHESS statement. The CHESS statement will set out the number of New Shares issued to you under the Offer Document and give details of your holder identification number, in the case of a holding on the CHESS sub-register and the terms and conditions applicable to the New Shares.

If you are registered in the issuer sponsored sub-register, your statement will be dispatched by the Share Registry and will contain the number of New Shares issued under the Offer Document and your security holder reference number.

A CHESS statement or issuer sponsored statement is routinely sent to Shareholders by Desane's Share Registry at the end of any calendar month during which the balance of their holding changes. Shareholders may request a statement at any other time, however, a charge may be incurred for additional statements.

### **4.4 Rights attaching to New Shares**

New Shares allotted and issued pursuant to the Offer Document will rank equally in all respects with existing Shares from the date of allotment and issue. All New Shares will be entitled to any final dividend to be paid in respect of the 2018 financial year and which is expected to be announced with the release of the Company's 2018 audited results in August 2018. The final dividend is expected to be 2.25 cents per Share fully franked (in the absence of unforeseen circumstances).



#### **4.5 Continuous disclosure and reporting obligations**

Desane is a "disclosing entity" (as defined in the Corporations Act) and is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules. These obligations require Desane to notify ASX of information about specific events and matters as they arise for the purpose of ASX making the information available to the securities market conducted by ASX. In particular, Desane has an obligation under the Listing Rules (subject to certain limited exceptions), to notify ASX once it is, or becomes aware of information concerning Desane which a reasonable person would expect to have a material effect on the price or value of Desane's Shares. ASX maintains records of company announcements for all companies listed on the ASX. The announcements of Desane are available for inspection at ASX and may be viewed on the ASX website at [www.asx.com.au](http://www.asx.com.au) (ASX code: DGH).

Desane is also required to prepare and lodge with ASIC yearly and half-yearly financial statements accompanied by a Directors' statement and report, and an audit review or report. Copies of documents lodged with ASIC in relation to Desane may be obtained from, or inspected at, an office of ASIC.

This Offer Document is intended to be read in conjunction with the publicly available information in relation to the Company, which has been notified to ASX. This Offer Document does not include all information that would be included in a disclosure document or which investors ought to have regard to in deciding whether to subscribe for shares under this Offer. Shareholders should therefore have regard to all information publicly available in relation to the Company before making a decision whether or not to take up any part of their Entitlement.

#### **4.6 Cleansing Notice**

This Offer Document is issued pursuant to section 708AA of the Corporations Act as an offer document for the offer of securities for issue, under a rights issue, without disclosure to investors under Part 6D.2 of the Corporations Act. Pursuant to the conditions imposed on Desane by section 708AA of the Corporations Act for the making of a rights issue without disclosure to investors, Desane provided the ASX with a cleansing notice that complied with the requirements of section 708AA(7) on 6 July 2018, prior to dispatch of this Offer Document. In addition to certain minor and technical matters that notice was required to:

- (a) set out any information that had been excluded from a continuous disclosure notice in accordance with the Listing Rules and that investors and their professional advisers would reasonably require, and would reasonably expect to find in a disclosure document, for the purpose of making an informed assessment of:
  - (i) the assets and liabilities, financial position and performance, profits and losses and prospects of Desane; or
  - (ii) the rights and liabilities attaching to the New Shares; and
- (b) state the potential effect of the issue of the New Shares on control of Desane and the consequences of that effect.

## **5. RISKS**

### **5.1 Introduction**

The investment in New Shares offered under this Offer Document should be considered speculative because of the nature of the Company's business.

There are numerous risk factors associated with the Company's business and the industries and sectors in which it operates. The potential effect of these risk factors either individually, or in combination, may have an adverse effect on the future financial and operating performance of the Company, its financial position and prospects. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of the Company and cannot be mitigated. Accordingly, an investment in the Company carries no guarantee with respect to the payment of dividends, return of capital or the price at which securities will trade.

The following is a summary of the main material risks to be considered before making any further investment in Desane. However, this summary is not exhaustive and potential investors should read, examine and consider carefully the contents of this Offer Document in its entirety. The Offer Document must also be read in conjunction with other publicly available information in relation to the Company.

Shareholders should consult their tax, accounting, legal and other professional advisers before deciding whether to apply for Shares pursuant to this Offer Document.

### **5.2 Key business risks**

The risks set out below highlight some of the key risks that could affect the Company's business. It is not exhaustive of all risks involved in an investment in Desane.

#### **(a) Regulatory risk**

Development projects are subject to regulatory assessments and approval and therefore there may be risks in the planning process, which are outside the control of the Company.

#### **(b) Market risk**

There is the risk of a downturn in the property market, which could negatively impact the Company and its earnings.

#### **(c) Key personnel**

The Directors' and senior managers' abilities to manage successfully the Company's performance and business opportunities will directly affect the success of the Company. The Company may be adversely affected if any of the Directors or senior management leave the Company. The Company may not be able to replace its Directors or key employees with persons of equivalent expertise and experience within a reasonable period of time or at all and the Company may incur additional expenses to recruit, train and retain personnel. Loss of such personnel may also have an adverse effect on the performance of the Company pending replacements being identified and retained by or appointed to the Board of the Company.

#### **(d) Property values**

There is a risk that the value of Desane's property portfolio or individual assets in the portfolio may fall due to unforeseen changes in the property market in general or where the property is located.

(e) **Operational risk**

The Company's activities are subject to numerous operational risks including:

There is a risk that the Company may not be able to negotiate suitable lease extensions with existing tenants or replace outgoing tenants with new tenants on the same terms or be able to find new tenants to take over vacancies that may arise in the future with respect to the Company's property portfolio. The occurrence of any one or a combination of these events may have a material adverse effect on the Company's performance and the value of its assets.

(f) **Legal proceeding risks**

In August 2017, the Company announced the commencement of legal proceedings against the NSW Government and RMS to prevent the compulsory acquisition of the Rozelle property. In May 2018, the NSW Supreme Court ruled in favour of Desane and set aside the Proposed Acquisition Notice served on the Company. As set out above, RMS has appealed the judgement to the NSW Court of Appeal.

There is accordingly a risk that the NSW Court of Appeal may set aside the judgement and the orders made in favour of Desane by the NSW Supreme Court. In that event, and in consultation with its professional advisers, Desane will take such further action it considers to be in the best interests of shareholders.

### 5.3 **General investment risks**

The risks set out below together with other general risks not specifically referred to are applicable to all investments in listed securities and may affect the future value of the Shares.

(a) **Interest rates**

Adverse fluctuations in interest rates, to the extent that they are not anticipated may adversely impact the value of the Company's investment properties and the Company's financial performance.

(b) **Additional requirements for capital**

The Company estimates that the funds raised under the Offer will be sufficient to meet the current proposed objectives of the Company. Additional funding may be required, in the event future costs exceed the Company's estimates, to implement effectively its business and operational plans, to take advantage of opportunities for property acquisitions or other business opportunities and to meet any unanticipated liabilities or expenses which the Company may incur.

The Company may seek to raise further funds through equity or debt financing, joint ventures or other means. Failure to obtain sufficient financing for the Company's activities and future projects may result in delay and indefinite postponement of its development programmes. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company and might involve substantial dilution to Shareholders.

(c) **General economic conditions**

Economic conditions, both domestic and global, may affect the performance of the Company. Factors such as fluctuations in property values, currencies, commodity prices, inflation, interest rates, supply and demand and industrial disruption may have an impact on operating costs, returns and share market prices. The Company's future revenues and Share price can be affected by these factors, all of which are beyond the control of the Company and its Directors.

(d) **Equity market conditions**

Securities listed on the stock market can experience extreme price and volume fluctuations that are often unrelated to the operating performances of listed companies. The market price of Shares may fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general.

General factors that may affect the market price of Shares include economic conditions in both Australia and internationally (particularly Australian, US and Chinese economic conditions), investor sentiment, local and international share market conditions, changes in interest rates and the rate of inflation, variations in commodity prices, the global security situation and the possibility of terrorist disturbances, changes to government regulation, policy or legislation, changes which may occur to the taxation of companies as a result of changes in Australian and foreign taxation laws, changes to the system of dividend imputation in Australia and changes in exchange rates.

**5.4 Investment speculative**

The above list of risk factors is not exhaustive of the risks faced by the Company or by investors in the Company. Other factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the New Shares offered under this Offer Document. Therefore, the New Shares to be issued pursuant to this Offer Document carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities.

Potential investors should consider that an investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for securities pursuant to this Offer Document.

## 6. GENERAL

### 6.1 Taxation

#### (a) Income tax

There may be tax implications associated with participating in the Offer and receiving New Shares. The Directors recommend that all Eligible Shareholders consult their professional tax advisers before taking any steps in relation to this Offer.

#### (b) Stamp duty

Stamp Duty will not be payable on taking up any New Shares under your Entitlement.

#### (c) GST

Goods and services tax (GST) will not be payable in respect of amounts subscribed. Subject to certain requirements, there may be a restriction on the entitlement of Eligible Shareholders to claim an input tax credit for any GST incurred on costs associated with the acquisition of New Shares.

### 6.2 Underwriting

The terms of the Underwriting Agreement are customary for the size of, and risk associated with, the Offer. The following is a summary of the key provisions of the Underwriting Agreement.

- **(Fees and expenses)** The Company must pay the Underwriter a management fee of 2% (excluding GST) of the gross amount raised under the Offer and an underwriting fee of 3% (excluding GST) of the gross amount raised under the Offer. The Company must also reimburse the Underwriter's reasonable costs and expenses incurred in respect of the Offer (up to \$25,000 including but not limited to the Underwriter's disbursements (including legal fees) and all marketing and promotional expenditure related to the Offer (subject to the Company's prior approval of any legal costs and expenses greater than \$2,000).
- **(Conditions precedent)** The obligations of the Underwriter under the Underwriting Agreement are conditional on the occurrence of certain events, including but not limited to the lodgment of this Offer Document with ASX.
- **(Warranties and undertakings)** Customary warranties and undertakings are given by the Company in relation to matters such as the power to enter into the Underwriting Agreement, corporate authority and approvals and the Company's compliance with the Corporations Act and Listing Rules in relation to the Offer.
- **(Indemnity)** The Company agrees to indemnify the Underwriter (including its directors, officers, employees, agents) from any prosecutions, losses (excluding consequential and indirect losses), penalties, actions, suits, claims, costs (including reasonable legal costs) demands and proceedings arising from the Company's breach of any Listing Rules requirement relating to this Offer document or any statement, misstatement, misrepresentation, non-disclosure, inaccuracy in or omission from this Offer Document or any document accompanying this Offer Document or a breach by the Company of its obligations under the Underwriting Agreement. The Company further agrees to indemnify the Underwriter and its related body corporates for all reasonable costs and expenses (including legal expenses and disbursements) in connection with investigating, preparing or defending any claim or potential claim relating to this Offer document, the issue or the Offer of any investigations, enquiries or legal proceedings by ASIC, ASX or others in relation to them. The indemnity will not apply to liabilities resulting from the fraud, default or gross negligence of the party claiming the indemnity or that are in excess of the gross amount raised under the Offer.

- **(Sub Underwriting)** The Underwriter may appoint one or more sub-underwriters. The Underwriter is responsible for fees payable to sub-underwriters.
- **(Termination events)** The Underwriter may, at any time by notice given to the Company, immediately terminate the Underwriting Agreement on the occurrence of certain events, including but not limited to the following events:
  - The Company fails to lodge this Offer Document with ASX on the lodgment date specified in the Timetable or otherwise agreed by the parties or required to satisfy an ASIC or ASX requirement;
  - ASX listing approval has not been granted by the Shortfall Notice Deadline Date (as defined in the Underwriting Agreement) or, having been granted, is subsequently withdrawn, irrevocably withheld or materially qualified;
  - The Company fails to lodge a corrective document with ASX in a form acceptable to the Underwriter, or if it transpires that that this Offer document does not contain all information required under the Corporations Act or that is misleading or deceptive and this could have a Material Adverse Effect (as defined in the Underwriting Agreement) on the issue of shares under the Offer, their price or the Company;
  - The Company is prevented from allotting the Underwritten Shares (as defined in the Underwriting Agreement) within the time required by the Underwriting Agreement, the Listing Rules any statute or regulation or any competent court order, ASIC or ASX;
  - An application is made by ASIC for an order under section 1324B or any other provision of the Corporations Act in relation to the Offer which is not dismissed or withdrawn within three business days of the Closing Date of the Offer (being 7.00pm, Tuesday, 31 July 2018);
  - The All Ordinaries Index falls at any time by more than 10% from its level at the close of trading on the day of execution of the Underwriting Agreement;
  - The Company withdraws the Offer;
  - The occurrence of any of the following events which are not rectified by the Company within seven days or written notice of rectification where this could have a Material Adverse Effect (as defined in the Underwriting Agreement) on the issue of shares under the Offer, their price or the Company:
    - (i) default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking;
    - (ii) any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect in any material respect;
    - (iii) a contravention by the Company of any material provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
    - (iv) an event occurs which gives rise to a Material Adverse Effect (as defined in the Underwriting Agreement) after the date of the Underwriting Agreement in relation to the assets, liabilities, financial position, trading results, profits, losses, prospects, business or operations of the Company;
    - (v) any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the affairs of

the Company is or becomes misleading or deceptive or likely to mislead or deceive in any material respect;

- (vi) there is introduced into the Parliament of Australia any new Act or the Reserve Bank of Australia or any Commonwealth authority adopts any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy that has not been previously been publicly disclosed;
- (vii) the Company suspends payment of its debts generally for more than 30 days;
- (viii) an Event of Insolvency (as defined in the Underwriting Agreement) occurs in respect of the Company;
- (ix) a judgment in an amount exceeding \$100,000 is obtained against the Company and is not set aside or satisfied within seven days;
- (x) litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced against the Company;
- (xi) there is a change in executive Directors of the Board of the Company initiated by the Company before the issue of the New Shares without the prior written consent of the Underwriter, which consent will not be unreasonably withheld or delayed;
- (xii) a Director of the Company is charged with an indictable offence;
- (xiii) a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to the Company;
- (xiv) there is a delay in any specified date in the Timetable which is greater than five business days, without the prior written consent of the Underwriter, which consent will not be unreasonably withheld or delayed;
- (xv) a Force Majeure (as defined in the Underwriting Agreement) affecting the Company's business or any obligation under the Underwriting Agreement lasting in excess of seven business days occurs;
- (xvi) the Company passes or takes any steps to pass a resolution under section 257A or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter, which consent will not be unreasonably withheld or delayed;
- (xvii) the Company alters its capital structure in any manner not contemplated by the Key Documents (as defined in the Underwriting Agreement) or agreed to by the Underwriter;
- (xviii) any person is appointed under any legislation in respect of companies to investigate the affairs of the Company;
- (xix) hostilities not presently existing commence (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United States of America, the United Kingdom any member state of the European Union, Japan, Russia, Democratic People's Republic of Korea

(North Korea) or the Peoples Republic of China, or a terrorist act is perpetrated on any of those countries or any diplomatic or political establishment of any of those countries elsewhere in the world, or a national emergency is declared by any of those countries;

- (xx) there occurs any material adverse change or material adverse disruption to the political or economic conditions of financial markets in Australia, the United Kingdom, the United States of America or the international financial markets or any change or development involving a prospective change in national or international political, financial or economic conditions; and



## 7. DEFINITIONS

These definitions are provided to assist persons in understanding some of the expressions used in this Offer Document.

**Acceptance Form** means the Entitlement and Acceptance Form accompanying this Offer Document.

**Applicant** means a person who has applied to subscribe for New Shares by submitting an Acceptance Form.

**Application** means the lodgment of an Acceptance Form with the Share Registry together with the relevant Application Amount.

**Application Amount** means the total amount payable by Eligible Shareholders for accepting part or all of their Entitlement.

**ASIC** means the Australian Securities and Investments Commission.

**ASTC** means ASX Settlement and Transfer Corporation Pty Limited (ACN 008 504 532).

**ASTC Settlement Rules** means the operating rules of ASTC.

**ASX** means the ASX Limited (ACN 008 624 691) or where the context requires, the securities exchange operated by ASX.

**Board** means the Directors of Desane.

**CHESS** means the clearing house electronic sub-register system operated by ASTC, a wholly-owned subsidiary of the ASX, in accordance with the Listing Rules and the ASTC Settlement Rules.

**Cleansing Notice** means the notice required by section 708AA(2)(f) of the Corporations Act and lodged with the ASX on 6 July 2018.

**Closing Date** means 7.00pm on Tuesday, 31 July 2018.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Desane** and **Company** means Desane Group Holdings Ltd ACN 003 184 932 and where the context requires, each of its subsidiaries.

**Directors** means the directors of Desane.

**Eligible Shareholder** means a Shareholder whose details appear on the Company's register of Shareholders as at the Record Date and whose registered address is in Australia or New Zealand.

**Entitlement** means an Eligible Shareholder's entitlement to subscribe for New Shares pursuant to the Offer as set out in the Acceptance Form.

**Ineligible Shareholder** means a Shareholder who is not an Eligible Shareholder.

**Listing Rules** means the official listing rules of the ASX.

**New Shares** means Shares to be allotted and issued under the Offer.

**NTA** means net tangible asset value.

**Offer** means a pro rata non-renounceable offer to Eligible Shareholders to subscribe for 1 New Share for every 10 Shares held to raise approximately \$3.9 million at an offer price of \$1.05 per New Share.

**Offer Document** means this document.

**Record Date** means 7.00pm on Wednesday, 11 July 2018.

**Related Party** has the meaning ascribed to it in the Corporations Act.

**Rights** means the rights to subscribe for New Shares pursuant to this Offer Document.

**Section** means a section of this Offer Document.

**Shareholder** means a holder of Shares.

**Shares** means fully paid ordinary shares in the capital of Desane.

**Taylor Collison** means Taylor Collison Limited (ABN 53 008 172 450).

**Timetable** means the indicative timetable set out in this Offer Document.

**Underwriting Agreement** means the underwriting agreement entered into between Desane and the Underwriter dated on or about 6 July 2018.

**Underwriter** means Taylor Collison.

**US Person** means a person who receives the Offer when they are located in the United States of America.

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## CORPORATE DIRECTORY

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### Directors

Prof. John Sheehan AM  
*Non-Executive Chairman*

Mr Phil Montrone OAM  
*Managing Director & CEO*

Mr. Rick Montrone  
*Executive Director & Head of Property*

Mr. John Bartholomew  
*Non-Executive Director*

### Company Secretary & CFO

Mr. Jack Sciara

### Registered Office

68 – 72 Lilyfield Road  
Rozelle NSW 2039  
Telephone: (02) 9555 9922  
[www.desane.com.au](http://www.desane.com.au)

### Solicitors to the Offer

Kemp Strang Lawyers  
Level 17, 175 Pitt Street  
Sydney NSW 2000  
Telephone: (02) 9225 2500

### Share Registry

Computershare Investor Services Pty Ltd  
GPO Box 1903  
Adelaide SA 5001  
Telephone: 1300 556 161

### Lead Manager and Underwriter

Taylor Collison Limited  
Level 10, 167 Macquarie Street  
Sydney NSW 2000  
Telephone: (02) 9377 1555