

**ASX release**

ABN/ 61 003 184 932  
ASX CODE/ DGH

**31 October 2019**

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## **2019 ANNUAL GENERAL MEETING – CHAIRMAN’S ADDRESS**

Good morning ladies and gentlemen,

I’m delighted to join you as Chairman of Desane Group Holdings Limited for the 2019 Annual General Meeting.

Joining me today is:

- Mr Phil Montrone OAM, Managing Director;
- Mr Peter Krejci, independent non-executive Director;
- Mr Rick Montrone, Director and Head of Property; and
- Mr Jack Sciara, Chief Financial Officer and Company Secretary.

I can report to shareholders that the Group’s earnings before interest and tax, for the financial year ending 30 June 2019, was **\$39.2m** and the Group’s net assets are **\$91.9m**. The Group’s **net tangible assets (NTA) now stand at \$1.43 per security** accounting for the proposed dividend payment.

In October 2019, the Board resolved to declare an increased final dividend of **3 cents** per security, partially franked. The total dividend for FY19 stands at 5.25 cents per security.

Maintenance of the Group’s continuing strong financial results was achieved notwithstanding a year of significant uncertainty surrounding the proposed compulsory acquisition of our flagship property at 68-72 Lilyfield Road, Rozelle.

The resolution of this matter resulted in the sale of the property for \$78m plus GST in November 2018.

During the course of the financial year, management has been active in progressing the Company’s property projects, which includes 91 Thornton Drive, Penrith and 159 Allen Street, Leichhardt. I believe that the undersupply of new housing, as well as building approvals for development in locations close to public transport, as well as city centres, will strengthen the underlying values of these properties over the medium term.

In addition, the Group's management continues to be active in canvassing the acquisition of properties for investment and or redevelopment in a number of strategic locations in the Sydney metropolitan area.

As mentioned in my report last year, increasingly fragile international relations, notably between the USA and China, coupled with the prospect of Brexit with the United Kingdom leaving the European Community (EU), has continued to reinforce perceptions of the robustness of the Australian property market. Indeed, overseas investors in both domestic equities and local property continue to regard Australia as a safe haven for their funds.

The recent reduction in official interest rates by the Reserve Bank of Australia has highlighted for many commentators, the concomitant inversion of benchmark bond yields, in both Australia and overseas. Paradoxically, the reduction in official interest rates and the yield curve inversion has resulted in a focus on direct investment in primary Australian property markets, with their significantly higher returns and arguably less risk.

Finally, I can report to shareholders that this annual report is the 32nd such report of Desane Group Holdings Limited. Your Company has continued to prosper due to the superb quality of its senior management and the invaluable contribution of its past and present Board. Importantly, I need to record my appreciation, on behalf of both the Board and Desane staff, of the long service by Mr John Bartholomew to the Group, firstly as Company Secretary (1989-2016) and subsequently as a Director (2010-2019) of Desane Group Holdings Limited. John's careful assessment of financial matters over a long period of time was a crucial underpinning of the Group's success, and I wish him well in his well-deserved retirement.

The search to replace John Bartholomew and his special skills has resulted in the appointment of Mr Peter Krejci, who joined the Board on 8 July 2019. Peter has a range of financial and corporate expertise which will add to the already significant experience of current Directors, sharing strong and aligned values. I welcome Peter as he joins the Board in the new financial year.

Your Board remains confident the current strategies will continue to result in asset growth and consistent earnings in future years for shareholders. I congratulate both the Group Executives and the employees of Desane Group Holdings Limited for the solid and as always, prudent management of the Group.

Finally, I would like to welcome those shareholders who have recently joined the Company. The Board looks forward to a rewarding and fruitful association with those new shareholders during the coming years.

**For further information, please visit [www.desane.com.au](http://www.desane.com.au) or please contact:**

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**ABOUT DESANE:**

*Desane Group Holdings Limited is a leading property investment and development company, based in Sydney, Australia. Integrity, work ethic and a commitment to excellence underpins the basis of Desane's long term vision of ensuring maximum value for its shareholders.*