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2021 ANNUAL GENERAL MEETING – CHAIRMAN'S ADDRESS

I can report to shareholders that the Group's earnings before interest and tax, for the financial year ending 30 June 2021, was **\$2.7m** and the Group's total assets are **\$87.7m**. The Group's **net tangible assets (NTA) now stand at \$1.44 per security** accounting for the final dividend payment.

The Board declared, and on Monday this week, paid a final dividend of **2.25 cents** per security, unfranked. This brings the total dividend for FY21 to 4.5 cents per security.

Notwithstanding the continuing uncertainty from COVID-19, the Group has been minimally affected, with a pleasing increase in operational revenue of 14%, driven by rising rental income year-on-year, with steady operational costs. In this environment the Group has maintained continuing robust financial results, whilst at the same time ensured that the current cash and financial assets stand at a healthy \$13.2m. As mentioned in my report last year, these reserves have continued to place the Group in a position to take advantage of opportunities over the next financial year.

Indeed, such opportunities have arisen with the Group securing a prudent residential pipeline of three significant sites across the inner western Sydney suburb of Leichhardt. Opportunities created by COVID-19 have highlighted the benefit of inner suburbs having the benefit of easy access to the CBD. Of the three properties, one is located near the Hawthorne Light Rail Station, and the remaining two properties are close to the Leichhardt North Light Rail Station and express bus services to the CBD.

The Group's traditional base of industrial and logistic property assets have continued to perform well and are clearly positioned in a property investment sector which has been increasingly sought after. The recent planning approval obtained from Brisbane City Council to expand the Wacol logistics centre by a further 3,250m² of net lettable high clearance floor space is further evidence of the Group's continuing objective to expand such assets across the eastern seaboard of Australia. Such industrial and logistic assets continue to grow as a reliable source of income for Desane.

The Group has further added to the development pipeline through the acquisition, as mentioned in my report last year, of 1.2ha on Thornton Drive, Penrith, which is well positioned to take advantage of the Western Sydney Airport now under construction. This area of Sydney is increasingly being recognised as the northern administrative and logistic gateway to the new airport.

As mentioned in my report last year, the continuing deterioration of the relationship between the USA and China has paradoxically reinforced investor perceptions that the Australian economy has an underlying robustness in such parlous times. Whilst the international environment is clearly more fluid, nevertheless over the past 12 months, Australian domestic equities and industrial and logistic properties, as an investment vehicle, have been and remain well-regarded by local and overseas investors.

The Reserve Bank of Australia has continued to maintain historically low official interest rates, with benchmark Australian Government bond yields being sought after, arguably due to their less risk and heightened investment security. Current restrictions on overseas and now even interstate travel have revealed that household savings have risen, with a concomitant uplift in household consumption, replacing domestic and international travel expenditure. It is apparent the availability of domestic savings has flowed through to domestic equities and property as investment opportunities.

Finally, I can report to shareholders that this annual report is the 34th such report of Desane Group Holdings Limited. Your Company has continued to maintain its profitability due to the quality of its senior management and the invaluable contribution of its current Board.

Your Board remains confident the current prudent strategies of investment and cash retention will continue to result in responsible asset growth and further earnings 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 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.