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## 2023 ANNUAL GENERAL MEETING – CHAIRMAN'S ADDRESS

### Prof. John Sheehan AM:

I can report to shareholders that the Group's earnings before interest and tax, for the financial year ending 30 June 2023, was **\$2.6m** and the Group's total assets are **\$98.8m**. The Group's **net tangible assets (NTA) now stand at \$1.58 per security**, an increase of 2% over the previous corresponding year.



Given that the consequences of COVID-19 appear to be ameliorating from a health standpoint, nevertheless, it is clear that the financial consequences are now working through the broader Australian economy. In this environment, the Group has pleasingly achieved a healthy financial result, notably with further asset revaluations. The continuing focus of the Group on maintaining its substantial cash reserves and prudent management of existing property assets has resulted in a continuing strength of the overall Group. I am pleased to note that the current cash and financial assets stand at a **significant \$13.6m**, enabling the Group to accommodate opportunities over the next financial year as they doubtless arise.

As mentioned in my report last year, the Group's traditional base of industrial and logistic property assets continue to perform well, influenced no doubt to a significant degree by a change in employment patterns. With unemployment standing at historical lows, notwithstanding the increasing cost of household debt, I would be remiss not to record that the Group's industrial and logistic property assets have benefitted from these changes in employment generally. It appears that where possible, significant numbers of the workforce are preferring to work from home at least for some days each week, with the result that home deliveries have grown significantly. Obviously, logistics have benefitted greatly from this change in employment patterns and hence it is clear that property assets focussed on this sector have been increasingly sought after. This is particularly evident in the growing revenue streams from the Group's property assets, which focus on such areas whilst also providing a continuing capital growth in the medium term at the very least. As stated earlier, this is notable in the increase in the **Group's total assets to \$98.8m**.

Also mentioned in my report last year, the resilient Australian economic growth continues to evidence strong domestic expenditure notwithstanding rising energy costs. The high level of participation in the workforce suggests that the economy is indeed more robust than many commentators suggested. The increases in the official interest rate by the Reserve Bank has been clearly focused on ensuring inflation returns to accepted targets, but at the same time with increased immigration there are clear signals that the overall economy will continue to grow in the medium term. Notwithstanding, the cost of building materials and construction labour continues to move towards a more stable position, with anticipated increases in such cost bases reducing in the next financial year. These costs have been at the forefront of your Board's considerations when committing to making decisions regarding the commencement of construction of development projects.

Hence, the Board and the Group management actively monitor these cost bases, recognising that a significant amount of building material is sourced from overseas and are vulnerable to currency fluctuations. The value of the Australian dollar continues to move within a range which is admittedly currently quite narrow, but also with a risk potential which sometimes unexpectedly widens. This is the question that prudent decision making when committing to the construction of development projects must answer. I am pleased that we have such depth of experience and knowledge clearly available to the Board through the skills of our senior management.

Your Company has continued to maintain its profitability due to the quality of its senior management and the invaluable contribution of its current Board members.

Your Board remains confident the current 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](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.*