

ASX release

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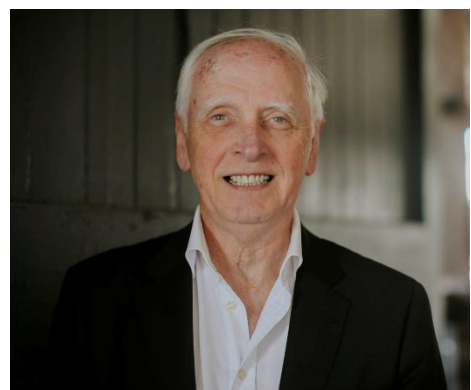
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2024 ANNUAL GENERAL MEETING – CHAIRMAN'S ADDRESS

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 2024, was **\$3.1m** and the Group's total assets are now **\$101.7m**. The Group's **net tangible assets (NTA)** now stand at **\$1.62 per security**, an increase of 3% over the previous corresponding year.



The Group has pleasingly achieved a sound financial result, again notably, with further asset revaluations.

The continuing focus of the Group on maintaining its significant cash reserves and ongoing prudent management of existing property assets has resulted in the financial soundness of the overall Group. The current cash and financial assets stand at a significant \$9.3m, enabling the Group to accommodate opportunities during the financial year and over the next financial year as they arise.

As mentioned in my report last year, the Group's traditional base of industrial and logistic properties continue to perform well, doubtless still influenced by changing employment patterns. Unemployment still remains at historic lows, and coupled with increasing job creation over the past twelve months, I must recognise that long term investment in industrial and logistic properties has benefitted from these previously mentioned employment patterns. Contrary to media speculation, significant numbers of the workforce still continue to prefer working from home for some days each week, with the result that suburban and even regional based services have increased remarkably. Obviously, investment in logistics properties has benefitted from such substantive changes in delivery and purchasing formats, and well-located properties anchored in this sector have been increasingly sought after. This is particularly evident in the continuing increase in overall cash flow from the Group's leased properties, some of which focus on the sector whilst also providing a robust and steadily rising capital value. As I mentioned earlier, this increase in capital value is notable with the **Group's total assets rising to \$101.7m**.

Also mentioned in my report last year, the resilient Australian economy continues to demonstrate strong domestic expenditure notwithstanding concerns over inflation. Robust workforce participation provides guidance the Australian economy is actually healthier and probably more vigorous than even the Reserve Bank anticipated, and hence the Bank's concern with inflation expectations. The current elevated official cash rate of 4.35% determined by the Reserve Bank, suggests the probability of this rate remaining unchanged or even rising in the medium term is more likely than a reduction which some commentators have urged.

Comfortingly for the Group, the cost of construction continues to move (although slowly) towards a more stable setting due primarily to rising contract competition, notwithstanding the continuing impact of risk adverse financing on even noteworthy construction contractors. Hence, the cost of construction remains at the forefront of your Board's considerations when making material decisions regarding the planning for, or commencement of, development projects. Unsurprisingly, the Board and the Group management continue to actively monitor such costs, recognising that prudent decision making when committing to construction of any development project is pivotal to successful investment overall. As stated in my report last year, I remain 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 input of its senior management and the invaluable contribution of its Board members. Both the Board and the senior management of the Group recognise that mindful measured decision making in an increasingly capricious economic environment in the next financial year will continue to ensure the profitability of the Company. Such an approach has served the shareholders well in the past and will continue to be the touchstone which distinguishes Desane Group Holdings Limited.

Your Board remains confident the current medium-term strategies of investment and cash shepherding will continue to result in ongoing Group asset growth and further earnings for shareholders. I congratulate both the team comprising the Group executives and the dedicated employees of Desane Group Holdings Limited for their professional management of the Group.

Finally, I would like to welcome those shareholders who have recently joined the Company. I and the Board look 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.