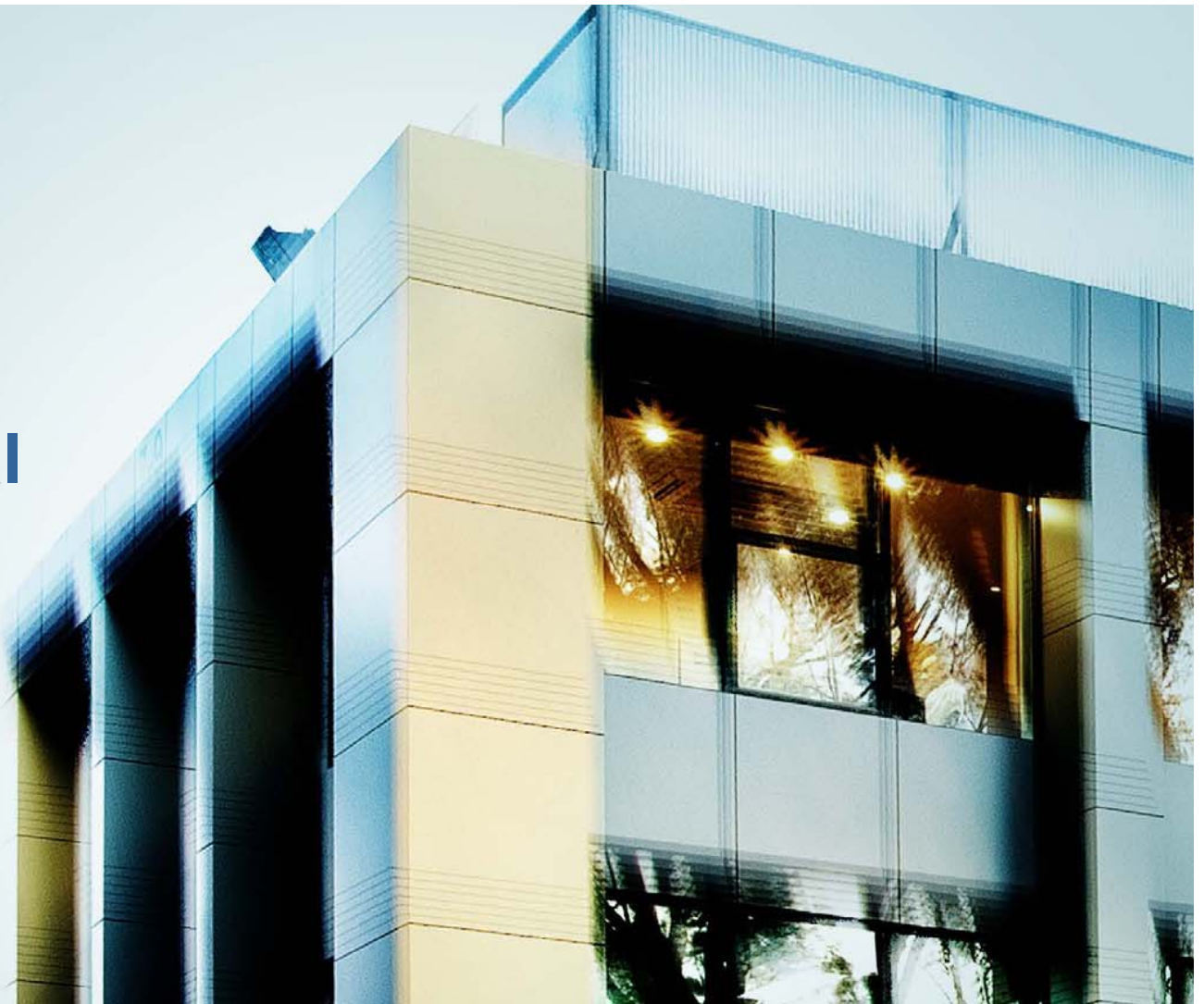




Annual General Meeting

4 November 2016



Chairman's Address

2

Prof. John Sheehan





Ordinary Business

Item 1

4

Financial Statements and Reports

To receive and consider the financial statements of the Company and the consolidated group, for the year ended 30 June 2016, including the Directors' Report and the Auditor's Report.

No voting is required for this item.



Item 2

5

Adoption of Remuneration Report

Under the *Corporations Act 2001*, ASX listed companies are required to meet disclosure requirements in respect of Director and executive remuneration and to include a Remuneration Report in the Directors' Report to shareholders

The Remuneration Report for the 12 months ended 30 June 2016 is included in the audited 2016 Annual Report.

Proxies Received

	Number	% Proxies Received
For	8,428,475	57.7%
Open	6,166,664	42.2%
Against	3,000	0.0%
Abstain	0	0.0%

Item 3

6

Re-election of Mr John Bartholomew



As stated in the Notice of Meeting, one director (other than the Managing Director) must retire at the Annual General Meeting and is eligible for re-election.

By rotation and in accordance with the Company's Constitution, Mr John Bartholomew offers himself for re-election.

Proxies Received

	Number	% Proxies Received
For	21,073,809	77.4%
Open	6,166,664	22.6%
Against	0	0.0%
Abstain	0	0.0%

Presentation & Company Highlights

Phil Montrone OAM

Managing Director



FY16 Snapshot

8

FY16 has set a strong platform for future earnings and shareholder returns

NTA per share uplift

12% to 83¢

EBIT increased

68% to \$7.9m

NPAT increased

104% to \$5.1m

EPS increased

100% to 13.73¢

Full year dividend

4.5¢ per share

Net cash/(debt)¹ of

\$0.6m

*All figures based on 30 June 2016
audited financial report.*

¹ Net cash/(debt) includes cash and financial assets held less investment and construction bank loans plus other interest bearing liabilities.

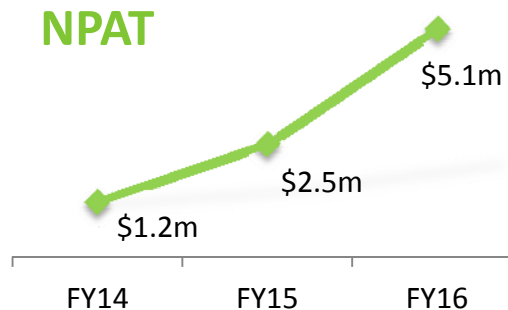
Consistent Strategy Delivers 3 Years' Performance

9

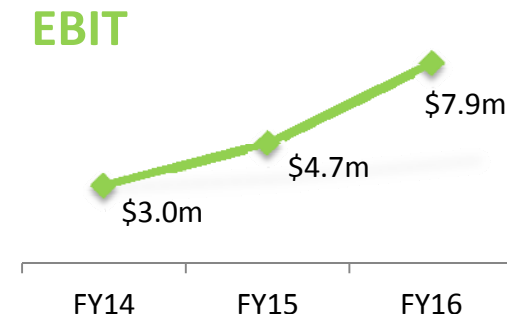
Over the past 3 years, Desane has **consistently delivered** its objectives:

- \$40m sale of the Burns Bay Road, Lane Cove investment
- Realisation of the Easton Rozelle development delivering **\$16m cash** as at 30 June 2016
- Rewarding shareholders with **\$8.8m in fully franked dividends** (total of 27.5¢ per share)
- Increase in NTA from \$25.5m (as at 30 June 2014) to \$30.6m (as at 30 June 2016)

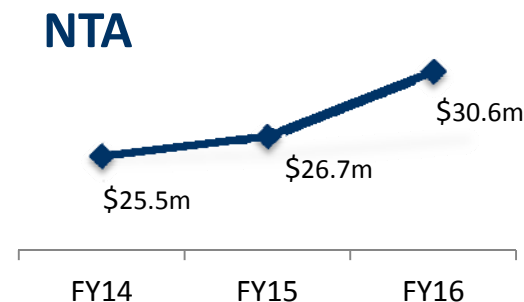
NPAT



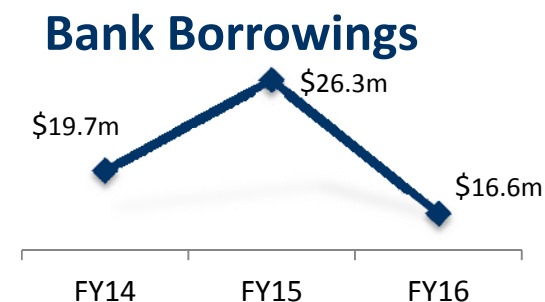
EBIT



NTA



Bank Borrowings



Capital Management Update

10

Working Capital

- \$17.2m cash & financial assets available for investment from Easton Rozelle realisation

Borrowings

- Repayment of \$11.7m of Group borrowings in FY16
- \$16.6m bank borrowing locked away to 2019 @ 3.8%pa
- Net cash vs borrowings¹ of \$0.6m in FY16

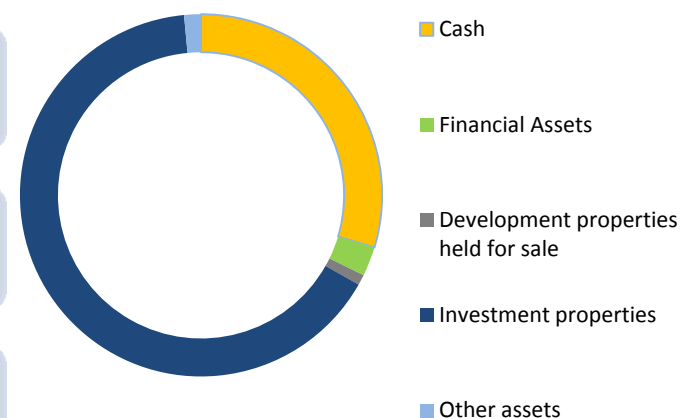
Dividend

- Scope to pay fully franked dividends in FY17

CAPEX

- Low CAPEX across all investment properties

Asset Summary as at 30 June 2016



¹ Net cash vs borrowings includes cash and financial assets held, less investment plus other interest bearing liabilities.

Increased Ordinary Dividend Payment

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	FY16	FY15	FY14
Interim Dividend	2.25c	2.00c	2.00c
Special Dividend	-	15.00c	-
Final Dividend	2.25c ¹	2.00c	2.00c
Total Dividend	4.50c	19.00c	4.00c
<i>Franking</i>	100%	100%	100%

¹ FY16 final dividend paid on 7 October 2016.

Full Year Dividend

4.5c per share

\$8.8m of fully franked
dividends paid to shareholders
over the past 3 years

Property Investment Portfolio Improvement

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- ✓ **Portfolio well positioned to ensure income and capital values continue to grow**
- ✓ **Portfolio book value increased by 6.4% to \$34.8m**
- ✓ **Approximately 32% of rental revenue derived from tenants in the growing healthcare industry**

Portfolio Summary	FY16
Portfolio value	\$34.8m
Net rental income increase	4.50%
WACR	6.95%
WALE	3.0 ¹

¹ WALE average by income and years as at 30 June 2016

Portfolio Details

13



7 Sirius Rd, Lane Cove NSW

- Ownership – 100%
- Cap Rate – 7.00%
- NLA – 2,778m²
- Occupancy – 100%
- WALE – 4.3 years

Portfolio Details

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13 Sirius Rd, Lane Cove NSW

- Ownership – 100%
- Cap Rate – 7.20%
- NLA – 2,181m²
- Occupancy – 100%
- WALE – 2.8 years

Portfolio Details

15



7-9 Orion Rd, Lane Cove NSW

- Ownership – 100%
- Cap Rate – 7.25%
- NLA – 5,766m²
- Occupancy – 100%
- WALE – 3.1 years

Portfolio Details

16



68-72 Lilyfield Rd, Rozelle NSW

- Ownership – 70%
- Cap Rate – 6.50%
- NLA – 5,494m²
- Occupancy – 100%*
- WALE – 0.6 years

** As at 30 June 2016*

DESANE
GROUP HOLDINGS LIMITED

Developments

17



EASTON ROZELLE

FY16

- Completion and realisation of **\$28.4m** sales revenue from **Easton Rozelle**
- An additional \$0.6m revenue to be realised in FY17
- Construction loan facility repaid in full
- The realisation of this project has generated **significant cash returns** supporting Desane's position as an "**add value**" property developer and owner

Rozelle Property Update

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Rozelle Property Update

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2012

NSW Government & Urban Growth's Bays Precinct Task Force identified the Rozelle Rail Yards, an area in which Desane's Rozelle property is located, as an area for urban renewal in the medium to long term.

2013

Desane considered the opportunity to rezone the property for mixed use purposes and commenced discussions & engagement with the NSW DPE* with the view to rezone the property in which residential development would be permitted with consent.

2015

Desane **lodged** a formal Masterplan & Rezoning proposal with NSW DPE* that would amend the zoning of its Rozelle property to a "B4 Mixed Use" zone, including:

- Approx 200 residential apartments
- 2,000m² retail, commercial & community floorspace
- 90 place childcare centre



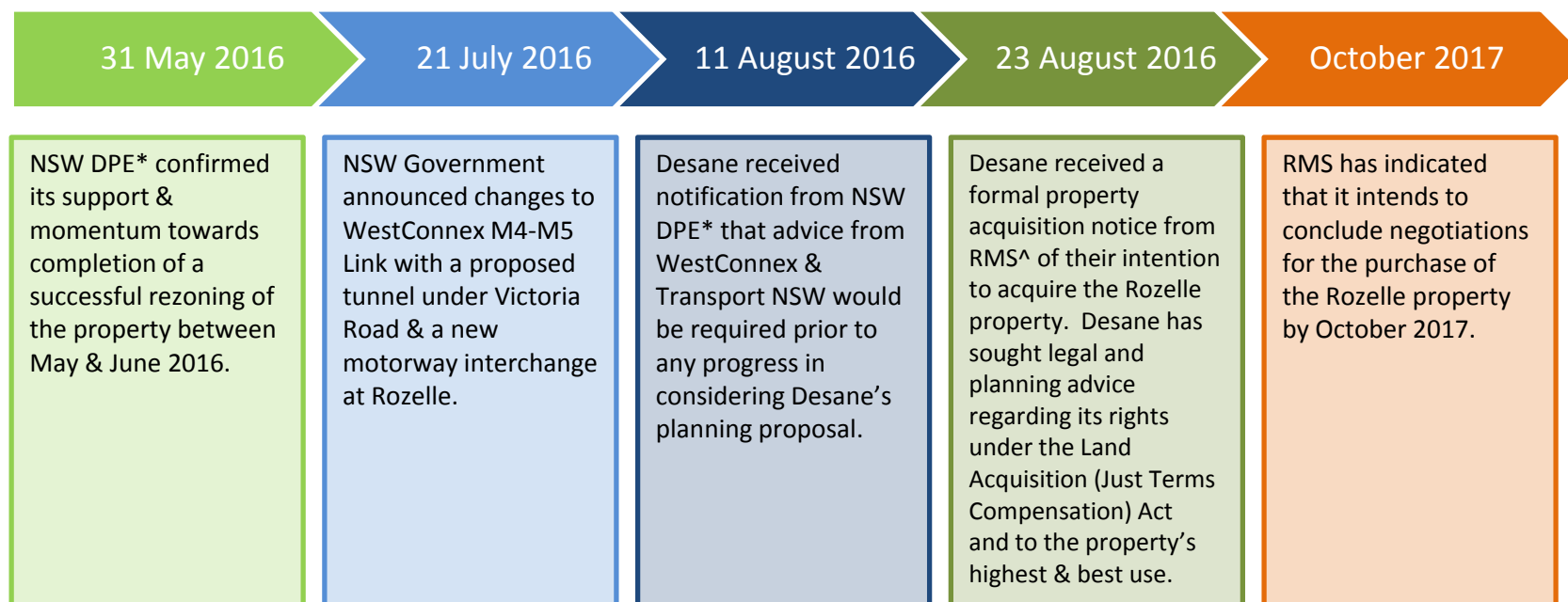
Artist perspective – Urbis Final Urban Design Report 2015 (Desane's Rozelle property circled in red)

* NSW Department of Planning & Environment

DESANE
GROUP HOLDINGS LIMITED

Rozelle Property Update

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* NSW Department of Planning & Environment

^Roads & Maritime Services

Note: Please refer to ASX announcement of 25 August 2016 for more information

Rozelle Property Update

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The Plan identifies “mixed use residential village” as a suitable use for the sub precinct – Urbis Final Urban Design Report 2015 (Desane’s Rozelle property bordered in red)



Desane's Property

Artist impression of the parkland planned to cover the existing Rozelle Rail Yards, under which a motorway interchange will be built. SMH 21 July 2016.

Medium term outlook

- ❖ The Group will continue to operate in a “lower for longer” economic environment for the foreseeable future
- ❖ Existing corporate structure will ensure a business model with transparent revenue streams
- ❖ **3.5% annualised net rental growth** anticipated for existing **Lane Cove investment properties**
- ❖ Existing Lane Cove investment properties are projected to generate **approx. \$5.1m net rental revenue over the next 3 years**

Property Investment Program 2017 +

Strong focus on property acquisitions **where they will meaningfully enhance scale and shareholder returns**

2017

- As property acquisition opportunities arise, the Group is targeting the acquisition of up to \$30m of property assets with a disciplined gearing level of no more than 50%
- The additional revenue streams from the acquisitions are expected to deliver consistent growth in earnings and dividends over the medium to long term

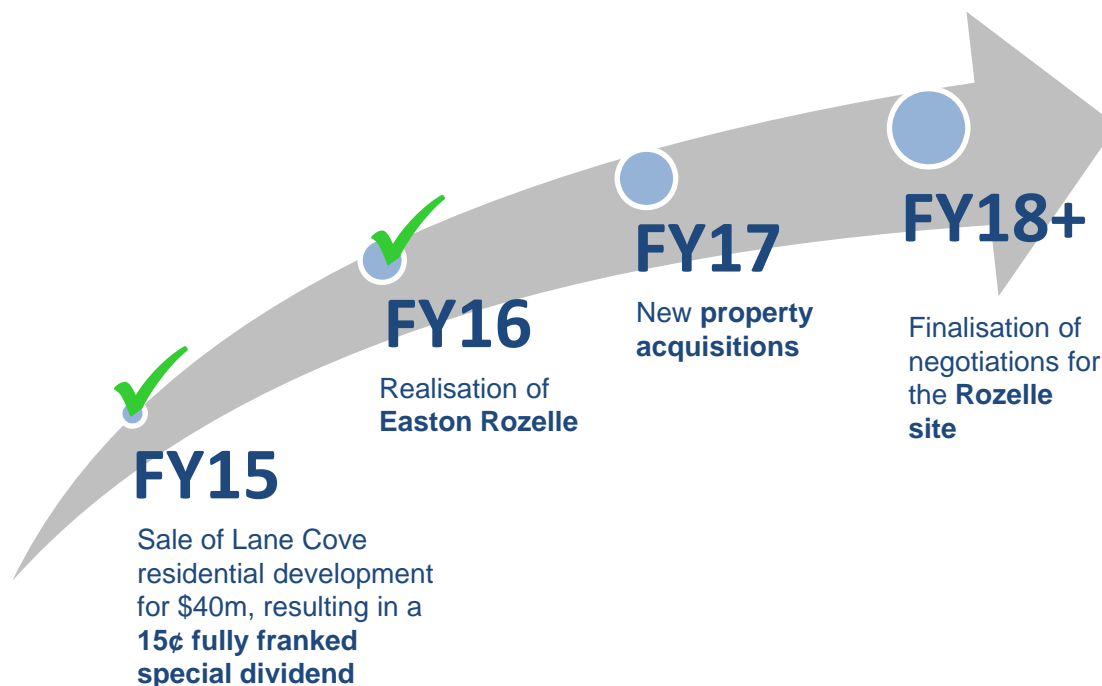
2018

- The Group anticipates finalisation of negotiations for the Rozelle site
- The funds realised from the sale of the Rozelle site will be applied to acquiring further development and/or investment properties in the Sydney metropolitan area

Key Focus for FY17 and FY18+

24

- Increase NTA and reward shareholders with continued **fully franked dividends**
- Pursue new commercial, industrial and residential opportunities in metropolitan Sydney
- Ensure maximum value is achieved on negotiations in the sale for the Rozelle site
- Maintain gearing discipline
- Manage existing lease and tenancy profile with a view to **“add value”** where appropriate



An aerial photograph of a city, likely San Francisco, with a blue color overlay. The image shows a mix of urban development, including buildings, roads, and green spaces. The word "Questions" is written in a large, white, sans-serif font across the center of the image.

Questions

Disclaimer

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