

ASX and Media release

18 February 2015

HALF YEAR RESULTS TO 31 DECEMBER 2014

The Board of Desane Group Holdings Limited today announced the half year results for the six months ended 31 December 2014.

The Group's six months operational results, when compared to the previous corresponding period, can be summarised as follows:

- The total assets **increased by 14%** to \$54.5 million
- Earnings per share (EPS) **increased by 121% to 3.79 cents** from 1.71 cents
- Total revenue **increased by 32%** to \$2.5 million
- Net profit after tax (NPAT) **increased by 121%** to \$1.14 million
- Earnings before interest and tax (EBIT) **increased by 70%** to \$1.98 million
- Rental income **increased by 28%** to \$1.12 million

Dividend

The Directors have recommended a **fully franked interim dividend of 2 cents per share**. The record date for the interim dividend will be 17 March 2015, with the payment date being 31 March 2015.

Appendix 4D

The interim financial report for the year ended 31 December 2014 has been released today. This report is provided to the Australian Securities Exchange Limited (ASX) under ASX Listing Rule 4.2A.

The financial data prepared by the Company upon which the attached report is based are drawn up in accordance with applicable Accounting Standards AASB134 Interim Financial Reporting and the Corporations Regulations 2001.

Operations

For the six months ended 31 December 2014, the Group's operations **achieved all** of the Company's stated objectives previously outlined to the market, namely, the sale of the Lane Cove high-rise residential development, the commencement of the \$27 million medium density Easton Rozelle residential project. The Group also completed the refinancing all of its current bank loans to long term, at an **average interest rate of 4.9% pa**. These achievements reflect the quality of the Group's management team and the strength of our Company's relationships with clients and business enterprises it transacts with.

Over the past six months, Desane has successfully focussed on increasing its property asset value by redeveloping some of its industrial and commercial properties to residential. The Group continues to be a significant Sydney based **commercial and industrial property landlord** and will continue to increase its property holdings as opportunities arise. The Group has increased its total assets by 14% over the corresponding period, to **\$54.5 million** and it manages an additional \$4.6 million of industrial properties located in the Sydney metropolitan area.

The completion and settlement of the Easton Rozelle residential apartments is expected to occur in the third quarter of 2015. **The Directors expect that the profit derived from the sale of the Easton Rozelle residential apartments will be brought to account in the 2016 and 2017 financial years.**

All properties owned and managed by the Group are **100% leased** to long term quality national and international tenants. Desane has retained the property management rights in the properties it owns in joint venture with other corporations. The property management division is continuing to perform well.

Outlook

It is Desane's Directors' view that the Australian commercial and industrial property market is expected to improve significantly over the next three years, both in tenant occupancy requirements, rental returns and yield compression. It is anticipated that there will be a tightening of vacancy rates and a shortage of industrial property availability in proximity of the Sydney CBD.

Desane's existing industrial and commercial property portfolio is under continual review, in order that the Company and its shareholders benefit from the strengthening residential market conditions prevailing in Sydney. Where appropriate, Desane will seek the rezoning, to residential, for some of its strategically well placed properties, in order to take advantage of the changing market conditions. Desane will continue to closely monitor the Australian industrial, commercial and residential property market, to take advantage of future investment opportunities.

FOR FURTHER INFORMATION, PLEASE CONTACT:

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