

ASX release

4 November 2015

2015 ANNUAL GENERAL MEETING CHAIRMAN'S ADDRESS

Good morning ladies and gentlemen,

My name is John Sheehan, Chairman of Desane Group Holdings Ltd. It is now 10:00 am and I welcome you to the Annual General Meeting of the Company.

Joining me today is

- Phil Montrone, our Managing Director;
- John Bartholomew, my fellow independent non-executive Director and Company Secretary;
and
- Jack Sciara our Chief Financial Officer.

I am pleased to say that in the past twelve months, Desane has delivered on the key objectives that it set out at the beginning of the 2015 financial year being:

1. The realisation of the Burns Bay Road investment; and
2. Rewarding shareholders with fully franked dividends;

In addition, the Group's balance sheet and cash flows have strengthened, placing Desane in a strong financial position moving into 2016.

In terms of results for the last financial year, Desane has:

- Increased its total revenue by 44% to \$6.2 million;
- Increased its Earnings Before Interest & Tax by 60% to \$4.7 million;
- Doubled its Net Profit After Tax to \$2.5 million;
- Increased its Total assets by 17% to \$61.0 million.

It will be recalled that Directors rewarded shareholders by paying overall 21 cents per share, fully franked, for the financial year ending 30 June 2015, including a Special Dividend in June of 15 cents per share. This special dividend was a direct result of the realisation of the Burns Bay Road investment. The partial underwriting of the Special Dividend, coupled with the introduction of the Dividend Reinvestment Plan, has allowed the Company flexibility in terms of diversifying the source of funding and its capital management strategies moving forward.

Desane also remains well positioned by having an increasingly valuable portfolio of investment properties, which are in strong demand for leasing, and for possible sale at some future juncture.

The Reserve Bank of Australia maintaining historically low official interest rates, together with the undersupply of housing in the Sydney metropolitan area, notwithstanding the uncertainty in the Eurozone and China, has clearly impacted upon the residential property market. This has contributed to Desane achieving record sales with the Easton Rozelle residential development.

Our above achievements reinforce to me, and I hope to all our shareholders, the Company's proven record of increasing shareholder value through its active management of the investment portfolio driving continued positive earnings together with a strong balance sheet. This will ensure Desane is able to continue to reward shareholders with increasing dividends in the future.

Owing to the positive financial results, the Directors have recommended a final dividend of 2 cents per share, fully franked, to be paid on the 26th of November 2015.

Part of the formal orders of business today will be the introduction and adoption of some additional resolutions. In part, these resolutions have come about as a result of the Company identifying its need to continue to achieve a high standard of corporate governance.

A recent example this year has been the adoption of the ASX Corporate Governance Council's principles and recommendations into the Company's Corporate Governance statement.

This has allowed the Company, in an evolving market place, to review its overall framework to ensure that its structure, practices and policies are effective and remain relevant.

One area identified through this process was the review of the size and structure of the Board to add value. You will note today that one of the additional resolutions is the election of Mr Rick Montrone to the Board, who brings a skill set and experience that we believe will best complement the current Board.

Another area identified in the corporate governance principles relates to our resolution that seeks shareholder approval to set the Non-Executive Directors' fee pool. We aim to provide the Board with headroom so that there is greater flexibility to increase the size and diversity of skills on the Board at some future point.

We believe the proposed annual maximum aggregate (total) of \$300,000 is prudent and will ensure that we continue to have a high performing and experienced board.

Lastly, since the Company's incorporation nearly thirty years ago, a number of reforms have been implemented in relation to legislation which governs the operation of companies. The Board considers that it is preferable in these circumstances to replace the existing Memorandum and Articles rather than to amend a multitude of specific provisions. This will be covered under Resolution 9.

In summing up I believe the 2016 financial year will be another year in which we will take advantage of market opportunities to grow and refine our operations.

I would like to thank all our shareholders for your ongoing support and welcome those shareholders who have recently joined the Company. The Board looks forward to a rewarding and fruitful association with all shareholders during the coming years.

John Sheehan
Chairman
Desane Group Holdings Limited
(02) 9555 9922