

ASX release

4 November 2015

2015 ANNUAL GENERAL MEETING MANAGING DIRECTOR'S ADDRESS

Good morning ladies and gentlemen,

I am pleased to present to you today, the Group's financial performance for the financial year 2015. On the 7th November last year, during the course of the 2014 Annual General Meeting, I announced to shareholders that the \$40 million sale of the Burns Bay Road high rise residential development had been completed and that our Company's 50% share of the investment was in the bank.

Today, I would like to inform you that we have sold 100% of the Easton Rozelle residential development and that subject to the registration of the Strata Plan, Desane will settle the sale of the 32 apartments by Christmas 2015. The settlement of these sales will result in our Group's debt reduction by approximately \$12 million and provide Desane with approximately \$14 million of free cash which will enable our Group to proceed to acquire further investment properties in order to add scale to our Group's long term industrial investment property portfolio.

During the 2015 financial year, Desane's shareholders were rewarded by the distribution of 21 cents fully franked dividends. Mindful of the substantial franking credits residing in the Group's balance sheet, Desane's shareholders can look forward to again being rewarded with fully franked dividend distributions during the 2016 financial year.

Your management team is working towards five key medium term objectives:

1. A reduction of the overall Group debt, from the current 49% to 40%;
2. The acquisition of approximately 10,000m² of industrial property in the Sydney metropolitan area, to satisfy our existing and new clients' requirements;
3. The rezoning to 'mixed use residential' of the 5,500m² property located at 68-72 Lilyfield Road, Rozelle.
4. An active asset management of the existing industrial property portfolio.
5. Achieving our four stated objectives, should result in achieving our fifth objective, of increasing the Net Tangible Assets per share and rewarding shareholders by increasing fully franked dividends over the next two to three years.

Desane's management's extensive experience in achieving past stated objectives are well documented. This, together with the ability of having a lower overall debt and a substantial amount of free cash in the Group's balance sheet, should ensure that our Group's stated objectives outlined to you today, should be achievable for the benefit of all shareholders.

I will now present to you, the highlights of the Group's 2015 financial result.

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