



DESANE
GROUP HOLDINGS LIMITED

Annual General Meeting

4 November 2015

Chairman's Address



Professor John Sheehan

Ordinary Business & Voting

Resolution 1

Adoption of Financial Statements

To receive and adopt the audited financial statements of Desane Group Holdings Limited (“Desane”) for the year ended 30 June 2015 and the Directors’ and Auditor’s report thereon.

Resolution 2

Approval 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 2015 is included in the audited 2015 Annual Report.

Proxies Received

	Number	% Proxies Received
For	18,451,243	88.45%
Open	2,399,928	11.50%
Against	-	0%
Abstain	9,861	0.05%

Resolution 3

Re-election of Prof. John Sheehan



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 Memorandum and Articles, John offers himself for re-election.

Proxies Received

	Number	% Proxies Received
For	18,872,764	88.02%
Open	2,563,346	11.96%
Against	-	0%
Abstain	4,861	0.02%

Resolution 4

Election of Mr Rick Montrone



As stated in the Notice of Meeting, Rick offers himself for election to the Board of Desane, in accordance with the Company's Memorandum and Articles.

Rick has tabled his consent to act as a director and offers himself for election today.

Proxies Received

	Number	% Proxies Received
For	6,573,834	72.99%
Open	2,427,621	26.95%
Against	-	0%
Abstain	4,861	0.05%

Resolution 5

Declaration of a Dividend

As stated in the Notice of Meeting, the Directors have recommended a final dividend of **2 cents per share, fully franked**, to be paid on 26 November 2015, to shareholders registered at 5.00 pm on 12 November 2015.

Proxies Received

	Number	% Proxies Received
For	18,877,625	88.04%
Open	2,563,346	11.96%
Against	-	0%
Abstain	-	0%

Resolutions 6 & 7

Remuneration of Non-Executive Chairman & Non-Executive Director

As stated in the Notice of Meeting, the remuneration of Directors shall not be increased without the prior approval of the Company in an Annual General Meeting.

Resolutions 6 and 7 seek shareholder approval to increase the remuneration of:

- The Non-Executive Chairman by \$8,600 to a maximum sum of \$63,600 per annum; and
- The Non-Executive Director by \$6,200 to a maximum sum of \$46,200 per annum.

The Remuneration Committee noted that the remuneration of the Chairman and the Non-Executive Director should reflect current market conditions.

Proxies Received

	<i>Resolution 6 Number</i>	<i>% Proxies Recieved</i>	<i>Resolution 7 Number</i>	<i>% Proxies Recieved</i>
For	18,859,547	87.96%	18,443,026	88.41%
Open	2,563,346	11.96%	2,399,928	11.50%
Against	-	0%	-	0%
Abstain	18,078	0.08%	18,078	0.09%

Resolution 8

Maximum Aggregate (Total) Annual Remuneration for all Non-Executive Directors

As stated in the Notice of Meeting, under the existing Company's Memorandum and Articles, there is no maximum aggregate (total) annual remuneration for all non-executive directors specified.

The proposed new Constitution to be adopted pursuant to Resolution 9, specifies that the maximum aggregate (total) annual remuneration for non-executive directors is \$300,000.

The reasons for Resolution 8 are:

- The maximum aggregate (total) annual remuneration has not been set previously as it was not included in the existing Company's Memorandum and Articles;

- The amount specified will provide headroom and flexibility to increase the size of the Board, if and when appropriate; and
- The amount specified allows for some future increases in fees to maintain market competitiveness.

Disclosure of directors' remuneration will continue to be made to shareholders in each Annual Report, in accordance with applicable legal and ASX requirements.

Proxies Received

	Number	% Proxies Received
For	18,443,026	88.41%
Open	2,399,928	11.50%
Against	-	0%
Abstain	18,078	0.09%

Resolution 9

Adoption of Constitution

As stated in the Notice of Meeting, the Company's 1986 Constitution must evolve in line with the current regulatory environment in which it operates.

Since the Company's existing Memorandum and Articles were adopted in 1986, a number of reforms have been undertaken in relation to corporate legislation.

The Directors consider that it is preferable, in these circumstances, to replace the existing Memorandum and Articles, rather than to amend a multitude of specific provisions.

Proxies Received

	Number	% Proxies Received
For	18,877,625	88.04%
Open	2,563,346	11.96%
Against	-	0%
Abstain	-	0%



Presentation & Company Highlights

Phil Montrone OAM
Managing Director



FY15 Year in Review

**Total revenue up 44% to
\$6.2 million**

**EBIT increased to
\$4.7 million**

**NPAT doubled to
\$2.5 million**

**EPS¹ increased to
6.9 cents**

Total assets up 17% to
\$61.0 million

Net cash flow of \$4.7 million

Interest cover ratio² at
6.0 times

Gearing² at 49%, with short term
target in the 30% - 40% range

1. Diluted EPS based on total shares on issue as at 30 June 2015
2. Finance loan covenants require 1.5 x ICR and 65% LVR

FY15 Special Dividend + DRP



Summary

ASX Code	DGH
Market Cap	↑ 8.2% to \$26.5m
Shares on Issue	↑ 6.0m to 36.2m
DRP VWAP	\$0.81
DRP Issue price	\$0.75

DRP ISSUE PRICE DISCOUNTED 8.0% TO VWAP

- Increase in shareholder numbers
- Increase in trading volumes
- Improved liquidity

Capital Management Update

WORKING CAPITAL

- Significant funds retained after the special dividend
- \$14.0m-\$15.0m cash available for investment from Easton Rozelle

CAPEX

- Low CAPEX for all investment properties

DEBT

- Gearing target in the 30% - 40% range

DIVIDEND

- Scope to pay fully franked dividends in FY16

An aerial photograph of a city waterfront, likely Vancouver, showing a mix of residential, commercial, and industrial areas. In the foreground, two large industrial-style buildings with flat roofs are highlighted with orange outlines. To the right, a busy multi-lane highway runs parallel to the water. In the background, a dense urban skyline is visible across the water, featuring numerous high-rise buildings and a prominent tower. The sky is clear and blue.

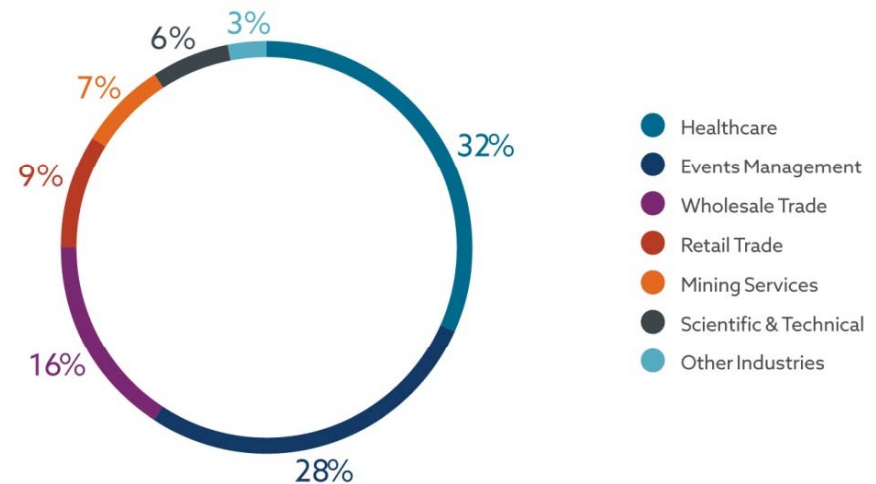
Property Portfolio Update

Quality Property Investment Portfolio

- 4 investment properties with a targeted approach towards health & medical related tenants
- Pre-tax yield¹ of 10%
- WALE 3.0 years
- Occupancy 100%

While the existing investment properties are solid, additional scale would “boost returns”

Tenancy Diversification by Industry



1. Pre-tax yield is calculated as $[NPBT / (\text{property value less investment loan})]$



7 Sirius Road, Lane Cove

- WALE 5.4 years
- Occupancy 100%
- 8.1% revaluation uplift
- Year on year NOI up 4%
- Low CAPEX & OPEX FY16

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13 Sirius Road, Lane Cove

- WALE 4.0 years
- Occupancy 100%
- 12.2% revaluation uplift
- Year on year NOI up 5%
- Low CAPEX & OPEX FY16

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7-9 Orion Road, Lane Cove

- WALE 4.0 years
- Occupancy 100%
- Year on year NOI up 7%
- Low CAPEX & OPEX FY16

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68-72 Lilyfield Road, Rozelle

- Lease renegotiations commenced with major tenant
- 12.7% revaluation uplift
- Year on year NOI up 4%
- Low CAPEX & OPEX FY16

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Development Properties



EASTON
ROZELLE





Sold Out

- Contracts exchanged for 100% of the residential apartments at Easton Rozelle
- The realisation of this project will generate significant returns and further support Desane's increasing profile as an "add value" property developer

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Transformation Plan for The Bays Precinct

1

Build on the unique history of The Bays Precinct

2

Unlock public access to the Harbour's edge and waterways along the entire coastline

3

Prioritise major projects and define the staging for integrated development and land use

4

Generate optimal housing supply outcomes based on a model of diverse housing options

The site at **68-72 Lilyfield Road Rozelle**, is part of Urban Growth's **Bays Precinct Urban Renewal Concept Plan**

The Plan identifies “mixed use residential village” as a suitable use for the sub-precinct of the Rozelle Rail Yards



Concept Planning Rozelle

Desane's planning proposal seeks to rezone the site for mixed use purposes and to improve the supply of commercial floor space and residential housing to meet Sydney's growing demand

The proposed redevelopment of the site includes:

- **approximately 200 residential apartments;**
- **1,800 sqm of retail and commercial floor space;**
- **90 place child care centre; and**
- **200 sqm of community floor space**

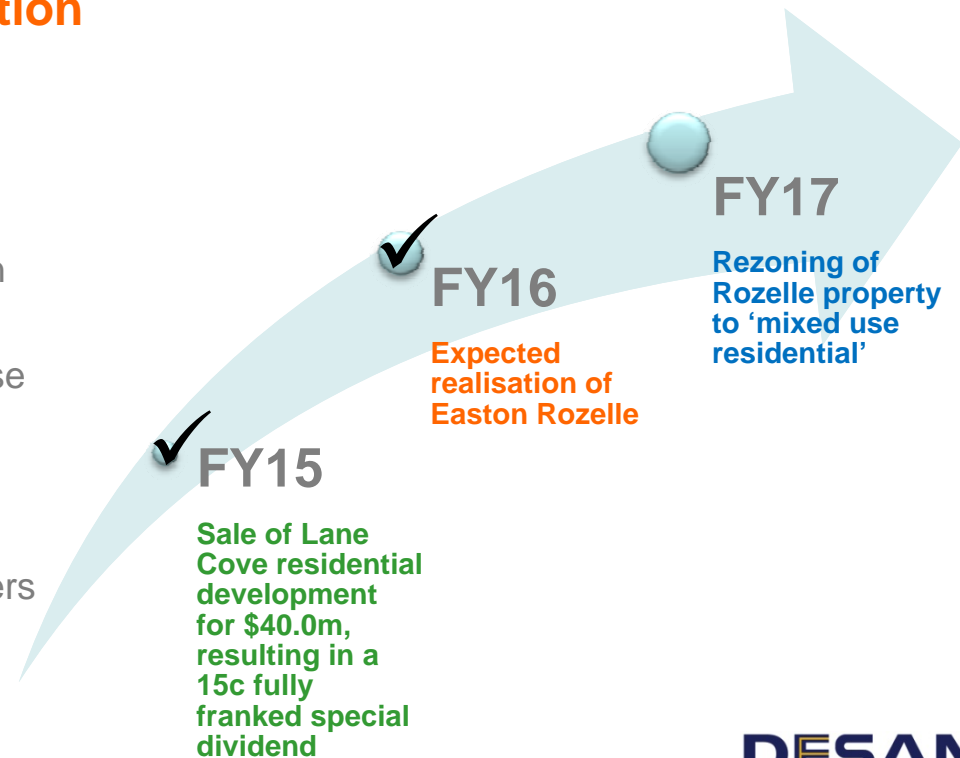
The future development of the site would support the strategic direction of The Bays Precinct Urban Renewal Program, and also provide a much needed boost in housing supply to assist the area achieve its housing targets for a growing population

Desane forecasts strong results in FY16, on the back of operational growth and development realisation

Outlook & Guidance

Key objectives:

- ☐ Reduction of Group debt to 40%
- ☐ Acquire 10,000m² of industrial property in Sydney
- ☐ Rezone the Rozelle property to 'mixed use residential'
- ☐ Active asset management of existing industrial property portfolio
- ☐ Increase the NTA and reward shareholders with fully franked dividends





Questions

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