

ASX and Media release

13 July 2016

LILYFIELD ROAD, ROZELLE – LEASING UPDATE

Desane Properties Pty Ltd, a subsidiary of Desane Group Holdings Limited, wishes to announce that one of the Company's tenants, Staging Connections Pty Ltd, will not be renewing its existing lease for the premises at Lilyfield Road, Rozelle, as of 1 September 2016. This decision presents Desane an opportunity to rerate upwards the rent per square metre for the office and warehouse facility.

In view of this advice, Desane has formalised the joint appointment of CBRE and Jones Lang LaSalle, to market for lease the 3,900m² high grade office and warehouse facilities being vacated. The appointed agents are reporting strong interest for the premises, given its proximity to Sydney's CBD, Barangaroo and Darling Harbour's international exhibition and entertainment precincts.

The existing design of the A-grade office and warehouse facilities can accommodate a single tenant or be easily subdivided, into smaller areas to accommodate new tenants' space requirements. To this effect, **700m² of warehouse has already been leased, at an average rate of \$180 per square metre**, with no rental incentives provided by Desane. Lease commencement for the new leases is 1 September 2016. Desane is also negotiating an additional leasing of 2,000m² of space to a large award winning lighting, production and audio visual design company.

On 29 June 2016, Desane announced a 3-year extension for all its bank loan facilities with the Commonwealth Bank, including the loan facility relating to the Lilyfield Road, Rozelle property, at a rate of 3.8% pa. Desane continues to actively manage its capital on this property with LVR at approximately 43%.

On 12 July 2016, Desane also announced that an independent valuation of all its property assets, including the Lilyfield Road, Rozelle property, had been provided by JLL Valuations & Advisory. The updated valuations resulted in a **net valuation uplift of \$2.1M or approximately 6.4%. Desane believes there will be further significant valuation uplift for the Lilyfield Road, Rozelle asset** in future years, as it continues to focus on new lease agreements, rent diversification, income growth from its active asset management and the Masterplan rezoning of this property.

Images: 68-72 Lilyfield Road, Rozelle



FOR FURTHER INFORMATION, PLEASE CONTACT:

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ABOUT DESANE:

*Desane Group Holdings Limited is a significant Sydney based landlord. The areas we specialise in are property investment, property services and property management. Desane owns **\$52.9 million** of properties and other **cash** assets and manages a further **\$5.2 million** of industrial and commercial properties in the Sydney region. For more information, please visit our website at www.desane.com.au.*