

4 January 2010

A.B.N. 61 003 184 932

The Manager Companies
Australian Stock Exchange (Sydney) Limited
20 Bridge Street
SYDNEY NSW 2000

ANNOUNCEMENT

Desane Completes Property Sale

Desane Properties Pty Ltd, a controlled entity of Desane Group Holdings Limited, has completed the settlement of the sale of the industrial strata Unit 2 at the J.G. Evans Business Centre, located in the Sydney suburb of Lidcombe.

The proceeds from the sale of this property, together with other funds available to the Group since July 2009, have been partly utilised for the Group's working capital and **borrowings have also been reduced by \$1.6 million, equating to a 7.5% reduction in borrowings** as at 31 December 2009.



Contracts for the sale of Unit 3 at the J.G. Evans Business Centre were exchanged in December 2009 for the current book value of \$507,500. The completion of the sale of this property is expected in January 2010. The net proceeds from the sale of this property will also be used in part as working capital and in part as a further reduction of borrowings.

Desane expects the Group's borrowings reduction for the financial year 2010 to be in the vicinity of \$2.3 million.

As part of the Group's long term strategy, which commenced in January 2009, **Desane has now refinanced its borrowings on a long term basis at a current sub 6% overall interest rate.**

All of the Group's properties are fully occupied to long term national and international tenants. The sale of Units 2 and 3 at the J.G. Evans Business Centre **completes the Group's property sale and borrowings reduction programme six months ahead of schedule.** The Company is now ready to review suitable property acquisitions which correspond to Desane's existing tenants' and clients' requirements.

Yours faithfully,
DESANE GROUP HOLDINGS LIMITED

JOHN BARTHOLOMEW
Company Secretary

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 \$44.5 million of properties and other assets and manages a further \$18.8 million of industrial and commercial properties in the Sydney region. Our medium term objective is to continue to increase our property holdings.