

29 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 Acquires Third Property in Lane Cove West Industrial Precinct

Following the completion of a due diligence, Desane Properties Pty Ltd, a controlled entity of Desane Group Holdings Limited, is announcing that it has entered into a binding contract to purchase a **2,700m² industrial and commercial property**, located in the Lane Cove West industrial precinct. The property comprises 460m² of office, 2,240m² of high clearance warehouse and 38 parking spaces.

Desane has purchased the property from the Roads & Traffic Authority of NSW for the sum of \$2,950,000. The contracts have been exchanged and settlement is scheduled to be completed on or before January 2011.



*Highlighted: Desane's Lane Cove West industrial properties.
Top left: The newly acquired industrial property.*

As part of the purchase agreement, Desane has been granted access to the property for the purpose of undertaking repair, maintenance and remedial work to bring the property to occupational standard. Desane has also entered into an agreement to lease the property to a major Australian company to occupy the entire property. The lease agreement is for a period of **six years plus a five year option**.

When the property purchase is completed and the lease commences, the **net return is expected to be in excess of 10.5% on funds employed to purchase and upgrade the property**.

The purchase of this property is a continuation of Desane's stated objective of growing its industrial and commercial property assets. This is the third property Desane has purchased in recent years in the Lane Cove West industrial precinct. The other two properties are located within 100 metres of this acquisition.

All the properties owned and or managed by Desane are fully occupied to quality long term national and international tenants.

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.