

4 October 2012

The Manager Companies
Australian Securities Exchange (Sydney) Limited
Level 5
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam,

Notice of Annual General Meeting, Proxy Form & Report to Shareholders

Please note that the following documents are being sent to shareholders:

- Letter to shareholders;
- Notice of Annual General Meeting;
- Proxy Form; and
- Report to Shareholders.

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 has \$45 million of assets and manages a further \$21.5 million of industrial and commercial properties in the Sydney region. Our medium term objective is to continue to grow the Group's property assets.

4 October 2012

Dear Shareholder

Notice of Annual General Meeting & Proxy Form

Please find enclosed Desane's Notice of Annual General Meeting, Proxy Form and report to shareholders.

The Annual General Meeting will be held at the [Staging Connections Theatre Room](#) at [68-72 Lilyfield Road, Rozelle NSW](#) on [Friday, 9 November 2012 at 10.00 am](#). There is ample street parking and a bus stop across the road from the meeting address.

Shareholders who have requested the printed 2012 Annual Report will receive the report under separate cover.

The Directors wish to thank you for your continuing support of Desane and look forward to meeting you at the Annual General Meeting.

Yours faithfully,
DESANE GROUP HOLDINGS LIMITED



JOHN BARTHOLOMEW
Company Secretary

Notice of Annual General Meeting

A.B.N. 61 003 184 932

NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING of Desane Group Holdings Limited will be held at the Staging Connections Theatre Room, at 68-72 Lilyfield Road, Rozelle NSW at 10.00 am on Friday, 9 November 2012.

ITEMS OF BUSINESS

1. To receive, consider and adopt the financial report of the company and the consolidated group, for the year ended 30 June 2012 and the reports by the directors and auditors thereon.

ORDINARY RESOLUTIONS

2. To declare a final dividend of 1 cent per share (unfranked) as recommended by Directors.
3. To re-elect a director, Mr John Bartholomew, who is retiring from office by rotation in accordance with the provision of the Constitution and, being eligible, offers himself for re-election.

Information about Mr Bartholomew is set out in the 2012 Annual Report.

4. To receive, consider, and pass as an ordinary resolution the remuneration report of the company and of the consolidated group for the year ended 30 June 2012 and that:
 - The non executive chairman's remuneration for 2012/2013 remains at \$50,000 per annum.
 - The non executive director's remuneration for 2012/2013 remains at \$37,000 per annum.

Note: In accordance with s250R(3) of the *Corporations Act 2001*, the vote on the resolution is only advisory and will not bind the Directors of Desane Group Holdings Limited.

Voting exclusion

A vote must not be cast (in any capacity) on Item 4 by or on behalf of a member of the Company's key management personnel (including the Directors), details of whose remuneration are included in the Remuneration Report (KMP), and their closely related parties, whether as a shareholder or as a proxy. However, a vote may be cast on Item 4 by a KMP, or a closely related party of a KMP, if:

- a. the vote is cast as a proxy;
- b. the appointment is in writing and specifies how the proxy is to vote on Item 4; and
- c. the vote is not cast on behalf of a KMP or a closely related party of a KMP.

If you have appointed the Chairman of the meeting as your proxy and you do not mark either "For", "Against" or "Abstain" on the proxy form, you expressly authorise the Chairman to exercise any proxies held by him. The Chairman intends to vote any undirected proxies in favour of Item 4 (Remuneration Report).

5. General: To transact any business which may be lawfully brought forward.

By Order of the Board,



J W Bartholomew
Company Secretary
21 August 2012

Voting

Individual members who are registered securityholders of the company as at 6.00 pm on Wednesday, 7 November 2012 will be entitled to vote in person or by proxy. Each registered securityholder has one vote by either a show of hands or a poll.

Proxies

A member entitled to attend and vote is entitled to appoint a proxy to attend and vote in their stead. That person need not be a member of the company, but should be a natural person over the age of 18 years. Forms must be lodged at the registered office of the company no later than 10.00 am, Wednesday, 7 November 2012.

All Correspondence to:

Desane Group Holdings Limited
PO Box 331
LEICHHARDT NSW 2040 Australia
Enquiries 61 2 9569 0344
Facsimile 61 2 9550 9363
Email info@desane.com.au

☐ **CHANGE OF ADDRESS.** If incorrect, mark this box and make the correction in the space below. Securityholders sponsored by a broker (securityholder number commences with "X") should advise your broker of any changes.

All Correspondence to:
Desane Group Holdings Limited
PO Box 331
LEICHHARDT NSW 2040 Australia
Enquiries 61 2 9569 0344
Facsimile 61 2 9550 9363
Email info@desane.com.au
Website www.desane.com.au

SECURITYHOLDER NUMBER: XXXXXXXXXXXX

Proxy Form

Please mark ☒ to indicate your directions

STEP 1

Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Desane Group Holdings Limited hereby appoint:

☐ the Chairman of the meeting **OR**

◆ **PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Desane Group Holdings Limited to be held at the Stating Connections Theatre Room, 68-72 Lilyfield Road, Rozelle, NSW, on Friday, 9 November 2012 at 10.00 am and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Item 4 Remuneration Report (except where I/we have indicated a different voting intention below) even though Item 4 Remuneration Report is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Item 4 Remuneration Report by marking the appropriate box in step 2 below.

STEP 2

Items of Business

◆ **PLEASE NOTE:** If you mark the Abstain box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

ORDINARY BUSINESS

| | For | Against | Abstain |
|--|--------------------------|--------------------------|--------------------------|
| Item 1 To adopt the financial and other reports | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Item 2 To declare a final dividend | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Item 3 To re-elect John Bartholomew as a director | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Item 4 Remuneration Report | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

The Chairman of the Meeting intends to vote all available proxies in favour of each item of business.

SIGN

Signature of Securityholder(s)

This section MUST be completed.

Individual or Securityholder 1

Sole Director & Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name

Contact Daytime Telephone

Date

How to complete the Proxy Form

HOW TO VOTE ON ITEMS OF BUSINESS

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box, your proxy may vote as they choose. If you mark more than one box on an item, your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy, write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: Please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

ATTENDING THE MEETING

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate **"Certificate of Appointment of Corporate Representative"** prior to admission. A form of the certificate may be obtained from Desane Group Holdings Limited.

LODGEMENT OF A PROXY

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below **no later than 10.00 am, Wednesday, 7 November 2012**. Any Proxy Form received after that time will not be valid for the scheduled meeting.

DOCUMENTS MAY BE LODGED AS FOLLOWS:

| | |
|---------------|--|
| In person to: | Desane Group Holdings Limited, Level 1, 89 Moore Street, Leichhardt NSW 2040 Australia |
| By mail to: | Desane Group Holdings Limited, PO Box 331, Leichhardt NSW 2040 Australia |
| By email to: | info@desane.com.au |
| By fax to: | 61 2 9550 9363 |

4 October 2012

A.B.N. 61 003 184 932

DESANE GROUP HOLDINGS LIMITED
30 June 2012 Financial Year Report to Shareholders

Dear Shareholder,

I am pleased to provide you an operational review of the Company's 30 June 2012 financial result, together with the Company's concise property portfolio review. Desane's full Annual Report for 2012 can be viewed and downloaded by visiting our Company's website at www.desane.com.au.

Also, please find enclosed a Notice of Annual General Meeting and a proxy form. The Directors look forward to reporting to shareholders at this year's annual general meeting on Desane's progress over the last 12 months. We look forward to seeing you at the Annual General Meeting. **If you are unable to attend the meeting, you are encouraged to fill out and return your proxy form.**

OPERATING RESULT

Desane Group Holdings Limited ("**Desane**", "**the Company**" or "**the Group**"), wishes to report an after tax profit of \$937,381 for the financial year ended 30 June 2012. The accounts were prepared in accordance with applicable Australian Accounting Standards.

When viewed against a background of continuing difficult trading conditions for property companies in Australia, Desane has performed well.

KEY OPERATIONAL HIGHLIGHTS

- The Group has achieved **100% occupancy** for all the properties it owns and manages;
- The Group has total assets of **\$45 million**;
- The Group manages an additional **\$21.5 million** of other property assets;
- The Group's net tangible assets is **81 cents per share**.

NET TANGIBLE ASSETS

As at 30 June 2012, the Group's net tangible assets is **81 cents per share** after accounting for the Group's property investment revaluations. The Group has 30,199,465 shares on issue.

DIVIDEND

The Board of Directors has resolved to recommend to shareholders a **final dividend of 1 cent per share unfranked** for the 2012 financial year.

PROPERTY PORTFOLIO

This financial year, the property investment division has achieved significant results in its property consolidation and upgrading program of its Sydney based property assets. During the course of the financial year, Desane invested over \$700,000 in upgrading its existing property assets. The combination of the upgrading expenditure and knowledge of the property market by Desane's property management team has ensured that the Group's properties continue to be **100% leased on a long term basis** to national and international tenants.

i. LANE COVE (318-332 Burns Bay Road)

A formal Development Application has been lodged with the relevant local government authority for the proposed high rise residential development located on the Sydney Harbour shore of Burns Bay. The Development Application comprises of 5 high rise buildings, for a total of approximately



25,000m² of residential floorspace. The proposed development has been designed to take advantage of the **sweeping Sydney Harbour and Lane Cove River views**. Taking into consideration local government planning requirements, Desane expects to obtain planning approval for this proposal during the course of this financial year. Desane has a **50% interest** in this property.

ii. LANE COVE (7-9 Orion Road)

This **8,000m² five unit industrial complex** is occupied by five large Australian and international corporations, all with **long term** leases. This property is performing well and will continue to show significant rental increases and profit returns to the Company in future years.



iii. LANE COVE (13 Sirius Road)

This **2,400m² high-tech property** is leased to two major Australian corporations on a long term basis. The building comprises of a two-level commercial/industrial property with 50 basement security parking spaces. The continuing ownership of this property by Desane will show rental and capital increases for Desane's property asset portfolio in future years.



iv. LANE COVE (7 Sirius Road)

This **2,800m² commercial/industrial property** is leased on a long-term basis to a major tenant. The property is located within 100 metres of the two other commercial industrial properties owned by Desane. The property comprises approximately 460m² of office and 2,240m² of high clearance warehouse, with 38 on-site car parking spaces. The continuing ownership of this property by Desane will show rental and capital increases for Desane's property asset portfolio in future years.



v. ROZELLE (68-72 Lilyfield Road Multimedia Centre)

This prime commercial and industrial property, located in the Sydney suburb of Rozelle is fully leased on a long term basis to two blue chip national tenants. Due to the increased demand for this type of property, in close proximity of Sydney's CBD, Desane is in the process of undertaking a due diligence with a view to creating additional leasable floorspace. Desane has a **70% interest** in this property. The property is located in close proximity to the Anzac Bridge and the Sydney Cross City Tunnel, linking the eastern suburbs to the inner western Sydney suburbs.



vi. ROZELLE BAY COMMERCIAL CENTRE (47-51 Lilyfield Road)



Desane has obtained planning approval from the relevant local government authority to construct a **four storey 4,200m² commercial building**, with 62 basement security car parking spaces. Desane has commenced negotiations with a major national company who has expressed an interest in pre-committing to lease the building. The existing building is leased on a short-term basis. The property is located across the road from Desane's 70% owned Multimedia Centre, 3 kilometres from the Sydney CBD, being at the western exit of the Anzac Bridge and 100 metres from Victoria Road's major bus routes to the Sydney Central Business District.

PROPERTY MANAGEMENT

Desane continues to be a significant Sydney based **commercial and industrial property owner** and plans to continue to increase its property investment holdings as market opportunities arise. The Company currently has over **\$45 million** of properties and other assets and it manages an additional **\$21.5 million** of commercial and industrial properties located in the Sydney metropolitan area.

The Company has retained the property management rights in the properties it owns in joint venture with other corporations. The property management division is continuing to perform well.

The following companies are the medium to long term tenants of the properties owned and/or managed by the Group: ***Staging Connections, Arrow Scientific; The Wool Exchange; Sagem Australasia; Chamberlain Australia; Pentel; JAV IT Group; Luxury Beverages; Eupharma; Prime Bioseparation; Phebra; ServicePoint Australia; Optimed; Sydney Coach Charter; TMS Group; Halley & Mellows; Kindercise Gym; Vino Plus; and Premier Products.***

FUTURE PROSPECTS

Desane's existing industrial and commercial property portfolio is strategically well placed to take advantage of changing market conditions. Independent property market indicators are forecasting a more stable market environment in future years than that experienced over the past years for commercial and industrial properties located in the Sydney region.

Desane will continue to closely monitor the Australian property market in order to take advantage of future investment opportunities. It is intended that the Group will not only deal directly in properties but will also continue to be involved in joint venture projects with local and overseas corporations and institutions and may acquire equity in established enterprises which are considered to be of sound potential.

The Company has not engaged in any speculative investment and has not engaged in any activities outside its expertise of property investment and property services and continues to develop its skills and systems to meet its long-term objectives.

The Board looks forward to a successful and rewarding year for Desane's shareholders in the 2013 financial year.

Yours faithfully,
DESANE GROUP HOLDINGS LIMITED



JOHN BARTHOLOMEW
Company Secretary