



DESANE
GROUP HOLDINGS LIMITED

Annual General Meeting

2012 Chairman's Highlights

Mr John Sheehan - Chairman

- ➡ The Group's FY 2012 profit before tax was \$1.3m (\$0.9m after tax)
- ➡ Included in the profit was an upward revaluation of \$0.7m in the Group's property assets
- ➡ The Group's total assets have increased by 2.4% and the total value of Group properties have increased by 3.6% in FY 2012
- ➡ Growth in profit and total assets has been achieved despite more uncertainty experienced in the Australian economy
- ➡ The Group's management lodged a Development Application for the 12,000m² high rise residentially zoned waterfront property at Burns Bay Road, Lane Cove in March 2012. Approval is anticipated in FY 2013
- ➡ The Board remains confident the Group's strategy will continue to result in solid asset growth in FY 2013
- ➡ Directors have therefore decided to recommend a 1 cent per share dividend (unfranked)

Shareholder Resolutions

TO LAY BEFORE THE 2012 ANNUAL GENERAL MEETING:

1. To adopt the financial and other reports
2. To declare a final dividend of 1 cent per share (unfranked)
3. To re-elect John Bartholomew as a Non-Executive Director
4. To approve directors' remuneration (non-binding resolution)

Annual General Meeting

Presentation & Company Highlights

9th November 2012

Mr Phil Montrone
Managing Director & CEO

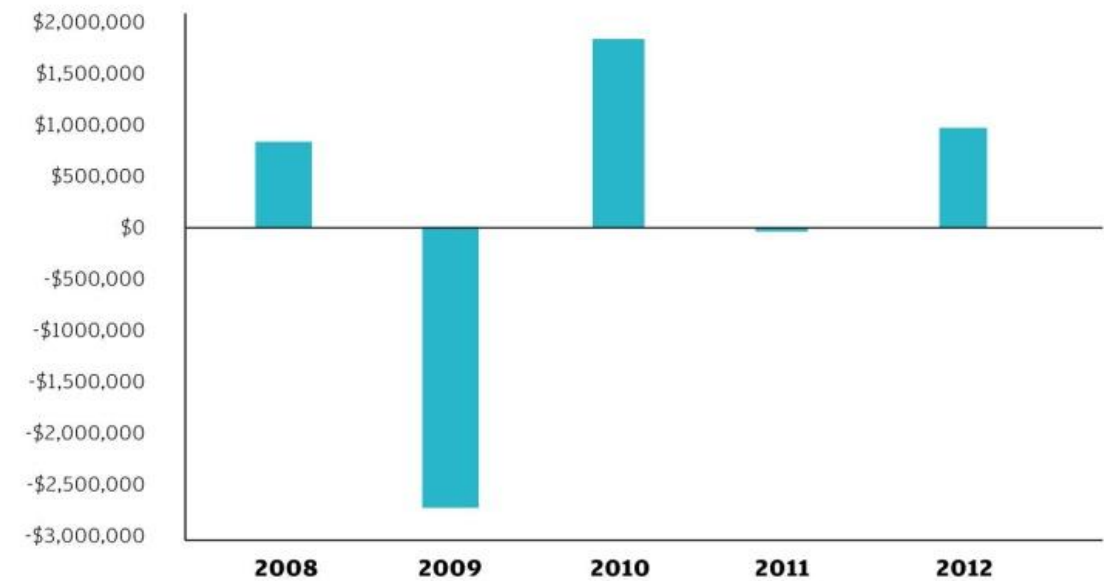
Group FY 2012 Highlights

➡ Net Profit before tax of \$1.3m (after tax \$0.9m)

➡ Increase in net rental income of 3.5% to \$2.3m

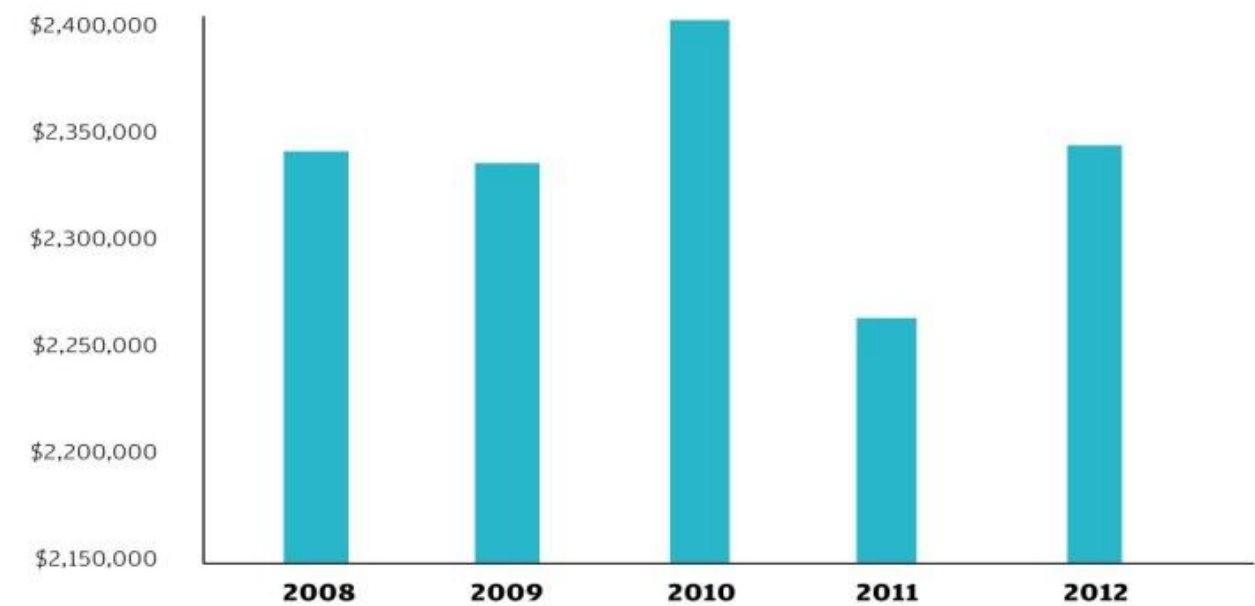
Five Years' Net Profit

Five Year's Profit



Net Rental Income

Rental Income

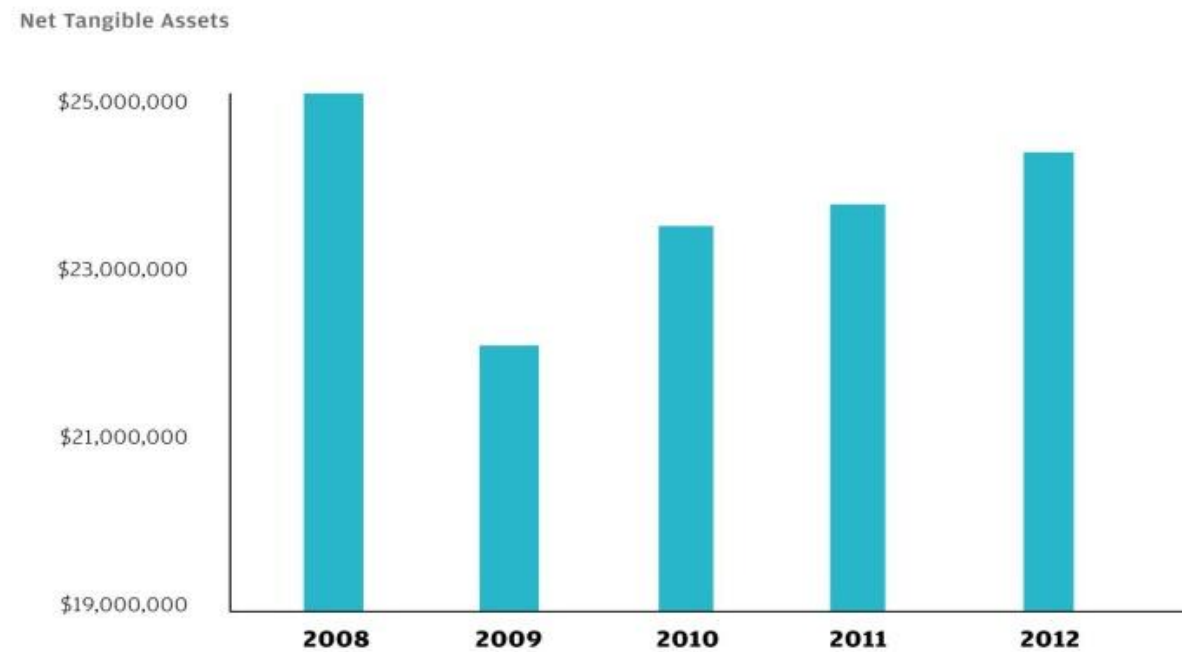


Notes: 1. Includes 70% interest of 68-72 Lilyfield Rd Rozell 2. Does not include 50% interest in 318-332 Burns Bay Rd Lane Cove

Group FY 2012 Highlights

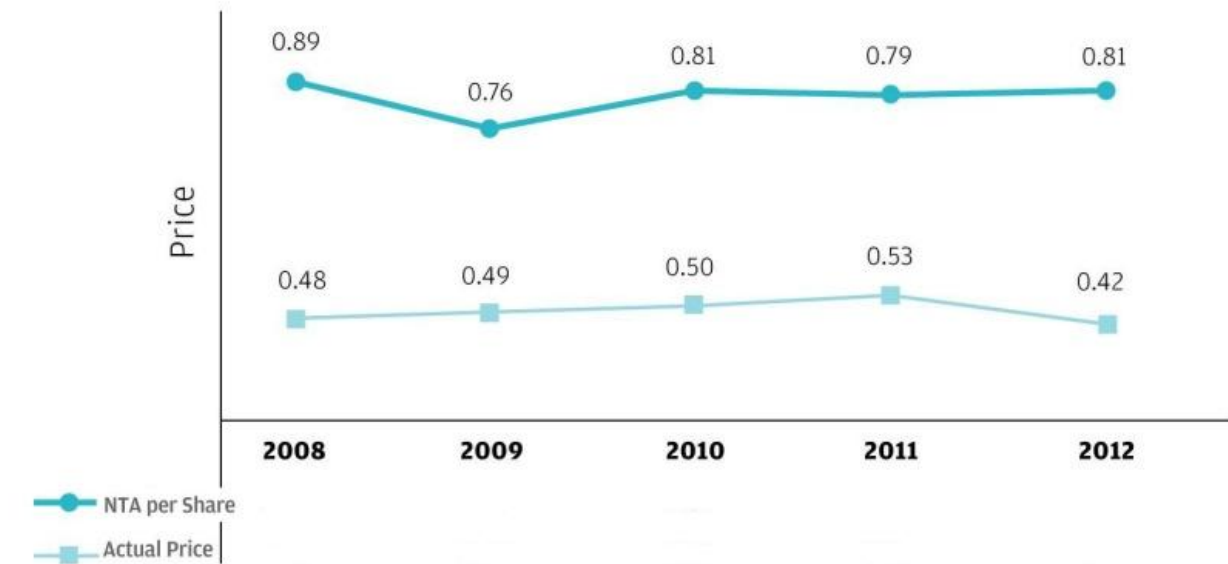
➔ Increase in net tangible assets (NTA) by 2.7% to \$24.5m

Net Tangible Assets



➔ Increase in NTA per share to 81 cents reflecting a premium to actual share price at June 2012

NTA Per Share v Actual Share Price



Group FY 2012 Highlights

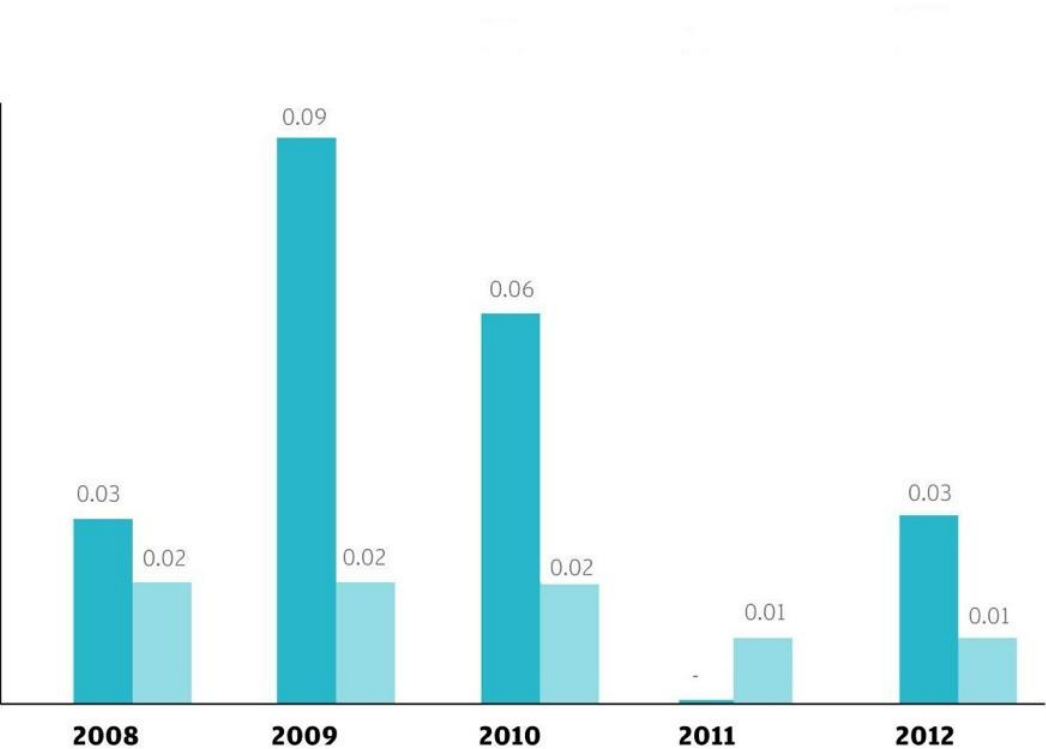
- ➡ Reduction in total borrowings by 0.7% to \$19.5m
- ➡ Reduction in finance costs by 14.9% to \$1.2m
- ➡ Renewal of all loan terms on a medium to long term basis
- ➡ Current loan to valuation ratio (LVR) across the group of 0.53 (well below the LVR of 0.65 required by the Group's lenders)
- ➡ Ratio of total Group liabilities against total Group assets is 0.46
- ➡ Increased net interest cover (ICR) of 2.1 times earnings (well above ICR of 1.5 times required by the Group's lenders)

Group FY 2012 Highlights

- ➔ Earning per share (EPS) of 3.1 cents
- ➔ Consistent dividend payouts following a 1 cent per share dividend

Basic Earnings Per Share v Dividends Paid Per Share

Basic Earnings Per
Share v Dividends
Paid Per Share



Industrial Property Market Overview

- ➡ Speculative industrial projects remain limited despite reasonably successful leasing outcomes as development finance hurdles continue to constrain project progression
- ➡ Demand however for established prime and secondary grade industrial warehousing has benefited from the high \$AUD. Solid growth in imports and structural changes in the retail industry will continue to be the key driver for industrial property demand
- ➡ Tightening market conditions are creating moderate upward pressure on land values and face rents, especially in prime located properties closer to the CBD. Sydney North & Inner West Industrial rents have edged marginally higher in the year to June though they remain sub CPI growth
- ➡ Core market yields have remained steady when evaluated on the basis of Weighted Average Lease Expiries and average 8.00% to 8.75% for prime and secondary assets
- ➡ In the short term, weak investor sentiment and tight credit conditions are likely to limit yield compression

Source: Knight Frank 2012 Industrial Market Overview
ANZ Australia Property Outlook - September 2012

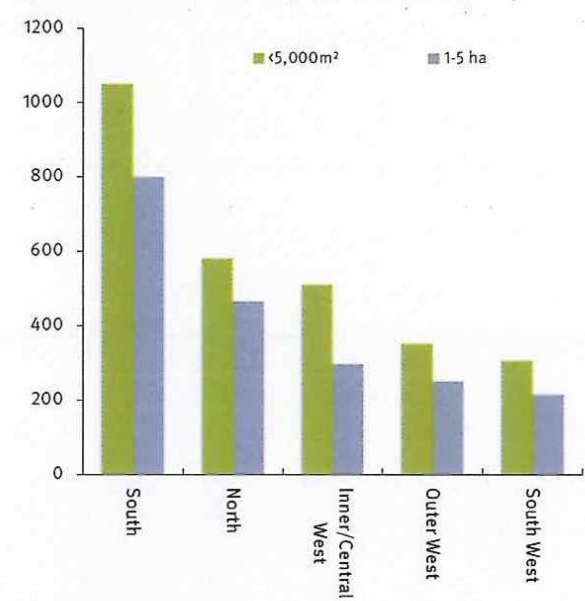
Industrial Property Market Overview

Table 1
Sydney Industrial Market Indicators April 2012

Precinct	Avg Prime Rent		Avg Secondary Rent		Core Market Yields		Avg Land Value			
	\$/m ² net	(%p.a)	\$/m ² net	(%p.a)	Prime %	Secondary %	<5,000m ² \$/m ²	(%p.a)	1 - 5 ha \$/m ²	(%p.a)
Outer West	103	1.3%	93	1.1%	8.00 - 8.75	9.00 - 10.00	350	0.0%	250	0.0%
Inner/Central West	113	1.1%	101	0.4%	8.00 - 8.75	9.00 - 10.00	509	0.0%	296	0.0%
South West	93	0.5%	80	0.0%	8.25 - 9.00	9.25 - 10.00	306	0.0%	215	0.0%
North	161	0.8%	135	0.6%	8.75 - 9.25	9.25 - 10.00	580	0.0%	465	2.2%
South	141	0.8%	124	0.7%	7.88 - 8.63	8.63 - 9.50	1,050	0.0%	800	0.0%
Sydney Average	122	0.9%	107	0.6%	8.00 - 8.75	9.00 - 9.75	388*	0.0%	254*	0.0%

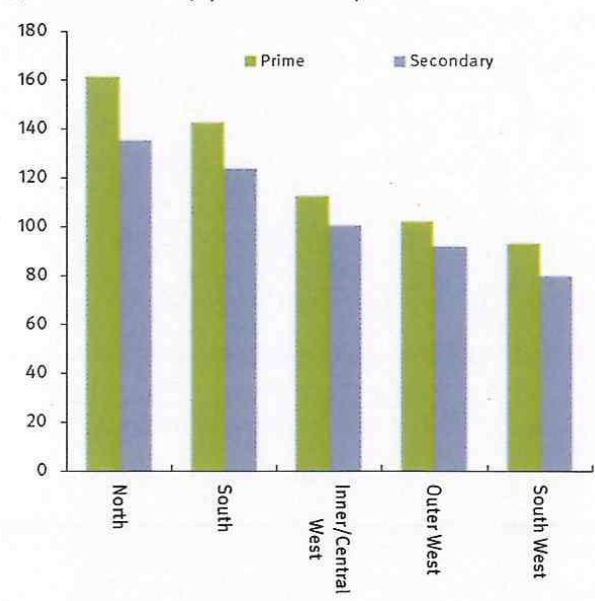
Source: Knight Frank *Average Outer West, Inner/Central West and South West
Prime: Asset with modern design, good condition & utility with an office component 10-30%. Located in an established industrial precinct with good access.
Secondary: Asset with an older design, in reasonable/poor condition, inferior to prime stock, with an office component between 10%-20%.
Core Market Yield: The percentage return/yield analysed when the assessed fully leased market income is divided by the adopted value/price which has been adjusted to account for property specific issues (ie rental reversions, rental downtime for imminent expiries, capital expenditure, current vacancies, incentives, etc)

Figure 2
Sydney Industrial Land Values
Avg value serviced lots by precinct (\$/m²)



Source: Knight Frank

Figure 3
Sydney Industrial Rents
\$/m² net rent by precinct – April 2012



Source: Knight Frank

Industrial Property Market Overview

LANE COVE INDUSTRIAL MARKET

- ➡ A high volume of leasing transactions during the past two years has led to average rents for A-grade warehouses with ancillary office space increase from \$130 square metre to \$140-\$145 a square metre on average
- ➡ Vacancy rates have decreased from 6.7% (16,380 square metres) to 2.9% (7,050 square metres) to June 2012 as have incentives from 25% to 15% of gross rents.
- ➡ Affordability is a key driver in Lane Cove's popularity with industrial space leased at a discount to similar properties in North Ryde or Artarmon
- ➡ Most tenants are relocating from within the neighbouring industrial areas of Artarmon and Chatswood – and not from North Ryde
- ➡ Spurred on by an improving leasing market, institutional buyers (mainly superannuation funds and foreign organisations) have become the main investors in the area superseding private investment
- ➡ Although finance remains tight, it is expected that more positive conditions will continue to underline the Lane Cove market



Source: SMH Commercial Property - 17th March 2012

Group Property Portfolio - Overview

Portfolio Summary

Number of Property Assets	5
Net Lettable Area (sqm)	17,573
Net Passing Income (\$)	2,868,180
Property Portfolio Valuation (\$) ^{1, 2, 3}	40,301,326
Capitalisation Rate (%) ^{4, 5}	8.0-8.5
Occupancy Rate (by net lettable area) (%)	99
WALE (by area (yrs))	3.4
WALE (by income (yrs))	3.6

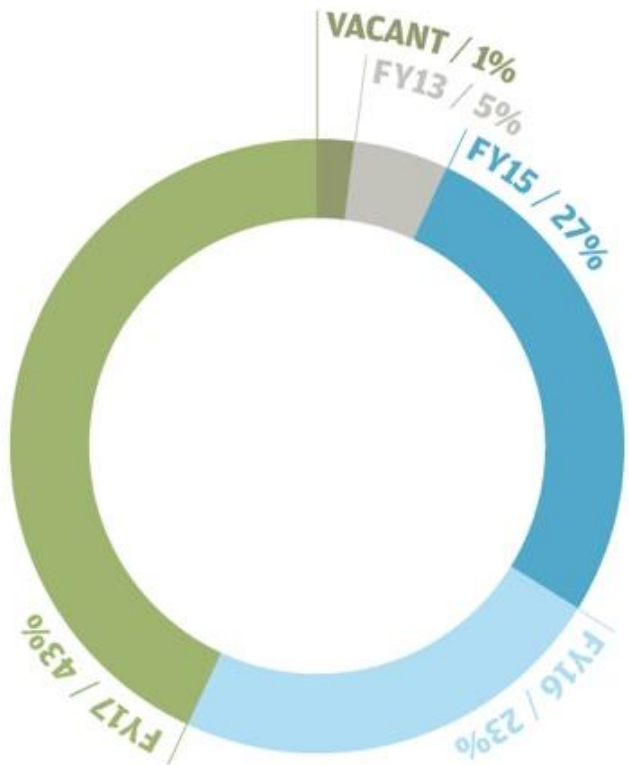
1. Value for 47-51 Lilyfield Rd, Rozelle “as is” assuming sale with vacant possession. Property has DA approval for mixed use redevelopment.
2. Valuation includes 100% of 68-72 Lilyfield Road, Rozelle.
3. Valuation does not include Desane Properties 50% investment in 318-332 Burns Bay Road, Lane Cove.
4. Capitalisation rates for 7-9 Orion Rd & 68-72 Lilyfield Rd are 8.0% as at 30 June 2012.
5. Capitalisation rates for 7 Sirius Rd & 13 Sirius Rd are 8.5% as at 30 June 2012.

Group Property Portfolio - Overview

Portfolio Lease Expiry Profile

As a percentage of net lettable area

	m²	%
Vacant	260	1
FY12		0
FY13	889	5
FY14		0
FY15	4,737	27
FY16	4,119	23
FY17	7,568	43
TOTAL	17,573	100



Group Property Portfolio - Overview

Top 10 Tenants

As a percentage of gross income¹

Tenant	Gross Income (\$)	% of Total Gross Income	
Staging Connections	1,050,000	31	
TMS Digital	446,224	13	
Emcee Pty Ltd	378,209	11	
Pentel Australia	295,246	9	
JAV IT	242,961	7	
Premier Products	187,820	6	
Vino Plus	186,601	5	
Morpho Australasia	166,674	5	
HMA Group	165,404	5	
Optimed	132,697	4	
TOP 10 TOTAL INCOME	3,251,836	95	
TOTAL GROSS INCOME	3,412,436		

1. Gross income (net income plus outgoings).

Group Property Portfolio – Overview

ROZELLE

68-72 Lilyfield Road, Multimedia Centre

Valuation Summary

Ownership Interest	70%
Title	Freehold
Valuation (\$)	15,105,213
Valuation Based on 70% Ownership (\$)	10,573,649
Capitalisation Rate (%)	8.0

Property Summary

Net Lettable Area (m²)	5,494
Occupancy (%)	100
WALE (yrs)	4.0
Net Passing Annual Income (\$)	1,208,417
Net Passing Annual Income on 70% ownership (\$)	845,892

Major Tenant

Staging Connections

Lease Expiry Profile

FY17/100%



Group Property Portfolio – Overview

ROZELLE BAY COMMERCIAL CENTRE

47-51 Lilyfield Road

Valuation Summary

Ownership Interest	100%
Title	Freehold
Current Book Value (\$) ¹	5,988,919
Capitalisation Rate (%)	-

1. Value “as is” assuming sale with vacant possession & DA approval for mixed use redevelopment.

Property Summary

Net Lettable Area (m ²)	1,149
Occupancy (%)	77
WALE (yrs)	0.8
Net Passing Annual Income (\$)	75,920

Major Tenant

Pivot Action

Lease Expiry Profile

Vacant/23%	FY13/77%
------------	----------



Group Property Portfolio – Overview

LANE COVE

7 Sirius Road

Valuation Summary

Ownership Interest	100%
Title	Freehold
Current Book Value (\$)	4,684,988
Capitalisation Rate (%)	8.5

Property Summary

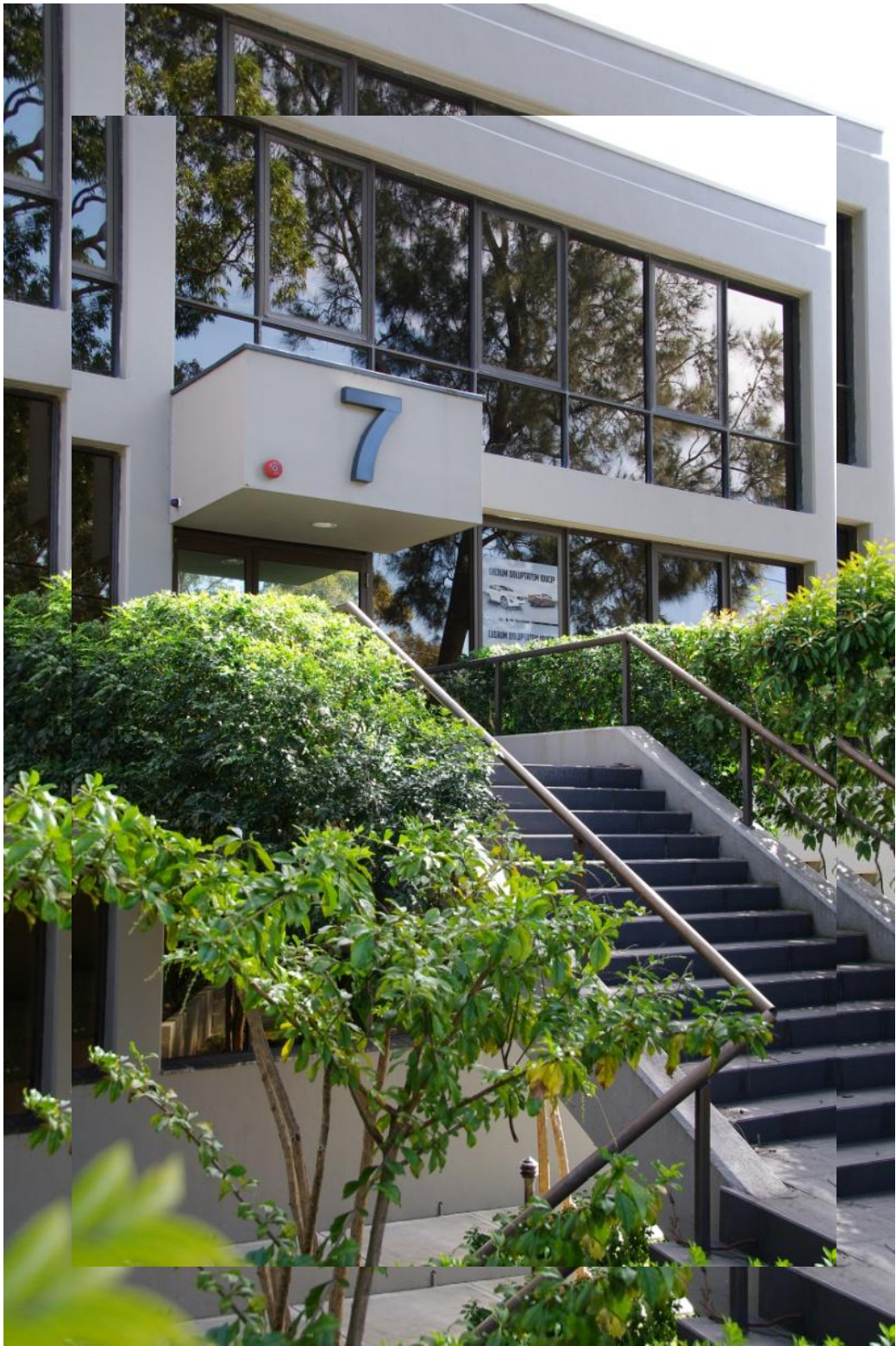
Net Lettable Area (m²)	2,778
Occupancy (%)	100
WALE (yrs)	3.6
Net Passing Annual Income (\$)	398,224

Major Tenant

TMS Digital

Lease Expiry Profile

FY16/100%



Group Property Portfolio – Overview

LANE COVE

13 Sirius Road

Valuation Summary

Ownership Interest	100%
Title	Freehold
Current Book Value (\$)	3,989,706
Capitalisation Rate (%)	8.5

Property Summary

Net Lettable Area (m²)	2,386
Occupancy (%)	100
WALE (yrs)	2.6
Net Passing Annual Income (\$)	339,125

Major Tenant

JAV IT Group

Lease Expiry Profile

FY15/**100%**



Group Property Portfolio – Overview

LANE COVE

7-9 Orion Road

Valuation Summary

Ownership Interest	100%
Title	Freehold
Current Book Value (\$)	10,532,500
Capitalisation Rate (%)	8.0

Property Summary

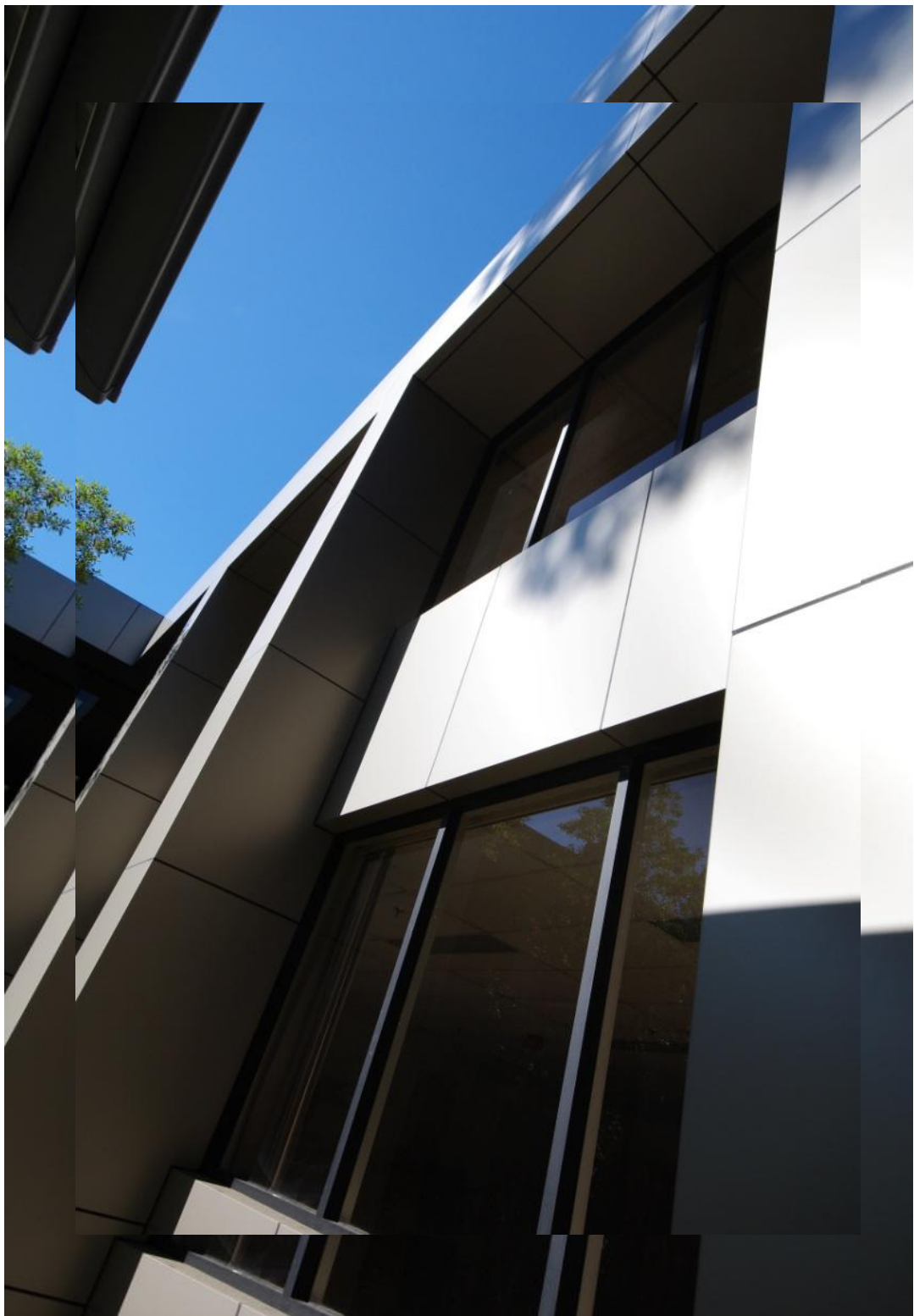
Net Lettable Area (m ²)	5,766
Occupancy (%)	100
WALE (yrs)	3.6
Net Passing Annual Income (\$)	846,494

Major Tenant

Pentel Australia

Lease Expiry Profile

FY15/41%	FY16/23%	FY17/36%
----------	----------	----------



Group Property Portfolio – Overview

316-332 Burns Bay Road, Lane Cove

- ➡ The EOI campaign undertaken in March 2011 highlighted the need to proceed to obtain DA approval for up to 220 residential units
- ➡ A Development Application has been lodged with Council. Approval is expected to be granted towards the end of 2012



- ➡ Short to medium term conditions in the residential market are strengthening
- ➡ Long term conditions remain good as vacancy rates fall and demographic changes see the need for smaller sized units and apartments in the Lane Cove area
- ➡ A decision on how to proceed with this property will be made after DA approval has been obtained

316-332 Burns Bay Road, Lane Cove Proposed Residential Block Plan



Group FY13 Focus

- ➡ Continue to reduce funding costs
- ➡ Maintain core focus on increasing the groups assets through rental growth
- ➡ Proceed with the DA approval of the 316-332 Burns Bay Road, Lane Cove asset
- ➡ Identify capital growth opportunities for 47-51 Lilyfield Road & 68-72 Lilyfield Road, Rozelle assets
- ➡ Utilise increased borrowing headroom to focus on quality acquisitions in the \$5m-\$15m price range

Desane Group Holdings Limited

Annual General Meeting 2012

General Discussion Q&A

“Desane will continue to operate as premium commercial and industrial property managers, creating consistent levels of earnings, asset growth and wealth for its shareholders”