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2021 ANNUAL GENERAL MEETING – MANAGING DIRECTOR’S ADDRESS

Good morning ladies and gentlemen,

I would like to acknowledge the traditional owners of the land this AGM is being held on, the Gadigal People of their Eora Nation, the elders, past and present.

I am pleased to report that Desane Group Holdings Limited has reported its **tenth consecutive yearly profit result** for FY21 and has rewarded shareholders with a 4.5 cents per share full year dividend.

The Group’s net tangible assets, over the past five (5) years, has **increased by 75%** and shareholders have been rewarded with **over \$12.9m in dividends**. Our management’s focused approach has ensured that shareholders’ asset value has been protected and enhanced. The Group’s operational revenue increased by 14%, driven by increased rental income year-on-year. The Group’s total assets increased by 4% to \$87.7m over the corresponding period.

Desane’s cash position remains strong with **\$13.2m in cash and financial assets**. The Company’s diversified \$7.0m loan portfolio, secured by first registered mortgages against quality property assets, is yielding **an average of 7% pa interest revenue**.

Notwithstanding the economic impact and uncertainty caused by the first phase of COVID-19, the Group’s management has remained focussed on:

- Adding value to our existing investment property portfolio;
- Creating value through obtaining planning approvals for our industrial and residential assets;
- Preservation of cash reserves and capital; and
- Ensuring the health and safety of our employees and customers.

In October 2020, Desane received development approval from Brisbane City Council to expand its existing industrial property asset located in the Brisbane suburb of Wacol. The existing 5,039m² facility is leased to Brisbane City Council and serves as the Council’s vehicle and fleet maintenance headquarters. The approved facility will add 3,250m² of net lettable high clearance floor space to the existing 5,039m² facility, creating a total of 8,289m² of net lettable area.

Subject to State Government COVID-19 restrictions being eased and finalising pre-leasing commitments, construction of the facility is anticipated to commence in 2022. **On completion, the combined facilities will generate over \$1.1m per annum of net rental income for the Group.**

In October 2020, Desane formalised the renewal of leases with three existing tenants at its Lane Cove NSW industrial investment properties, with two of the tenants agreeing to a 5-year lease term. **Desane's Lane Cove industrial investment property portfolio is expected to generate over \$4.0m of net rental income for the Group over the next 5 years.**

In June 2021, Desane received development approval for a boutique 4 storey residential development, comprising 9 residential apartments, 1 ground floor retail commercial space and 10 basement car spaces. The property is located in Norton Street's vibrant restaurant, café and cinema precinct and is 200m from Leichhardt North Light Rail Station.

The approval of the Norton Street project complements our Company's existing nearby 46-apartment project in Allen Street, which was approved by Inner West Council in September 2019. The property is located 200m from Hawthorne Light Rail Station and is a short distance from local schools and other amenities. **On completion, the combined Norton Street and Allen Street residential developments will yield an estimated end value of \$70.0m to \$75.0m in gross revenue for the Group.**

In June 2021, as part of Desane's property investment restocking, Desane exchanged contracts for the purchase of a prime commercial property in the Sydney suburb of Leichhardt for \$7.25m. The property, zoned B2-Local Centre, has ample onsite parking and is located in the heart of Norton Street, Leichhardt's commercial, retail and residential district. The building currently includes multiple diverse tenancies over 1,800m² of net lettable area, which on a fully leased basis is expected to return approximately \$0.5m net rent per annum. Settlement is expected to occur on or before June 2022.

Over the next 12 months, the economic impact of COVID-19 will become evident. The investment policies and measures implemented by Desane should provide a level of protection against a negative economic impact. Desane's investment property assets are performing well, in line with industrial and logistic assets across the major capital cities. The COVID-19 pandemic has pushed consumers to change the way they spend and has accelerated Australia's e-commerce market resulting in a healthy demand for properties that offer warehousing, logistics and distribution facilities. Desane's investment assets fall into the highly sought-after industrial asset class, providing stability of income during these challenging times.

Our Company's strong balance sheet, coupled with the availability of substantial cash reserves, will deliver the Group the ability to continue to acquire investment property assets in 2022.

I wish to thank the executive team and all our dedicated staff for their hard work in producing a steady result in very difficult times.

Finally, I would like to acknowledge the support of our Company's shareholders, in particular for the confidence they have placed in the Company's management over the past twelve months.

For further information, please visit www.desane.com.au or please contact:

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ABOUT DESANE:

Desane Group Holdings Limited is a leading property investment and development company, based in Sydney, Australia. Integrity, work ethic and a commitment to excellence underpins the basis of Desane's long term vision of ensuring maximum value for its shareholders.