

ASX release

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2019 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 the Eora Nation, their elders, past and present.

This year has been an eventful and financially rewarding year for Desane and its shareholders. Desane has achieved the best financial result since listing on the ASX, by reporting a profit before interest and tax of \$39.2 million. This result presents the Board and management a **great opportunity to forge a path to sustainable growth** which intends to reward shareholders in a binary way.

Our objectives for 2020 and beyond

The first objective is to continue to reward shareholders with a sustainable biannual dividend.

The second objective is the ongoing creation of capital value for the Group’s property assets.

In order that we can achieve these objectives, Desane will continue to be a committed and disciplined long-term value-add property company.

Financial achievements

The sale and settlement, in November 2018, of our Company’s Rozelle flagship property has enabled Desane to enter FY20 with a historically low debt of \$5.95 million and a well capitalised balance sheet, with total assets of \$91.9 million, including just over \$46 million in cash reserves. Together with the low cost of debt and a disciplined investment strategy, we should be able to forge a path to sustainable growth and deliver on both of our Company’s objectives, of providing sustainable dividends and long term value-add creation for our shareholders.

Existing property investments

Desane's existing property investment assets are continuing to perform well. These properties are highly sought after as investor demand remains robust. Desane will continue to review its portfolio and look to recycle capital from assets where it has already added significant value.

Desane's management believes that the underlying value of these properties should increase over the medium term, given their close proximity to public infrastructure, as well as established city centres.

During the course of the 2019 financial year, Desane lodged a development application in relation to the inner-west Sydney Allen Street, Leichhardt property. In September 2019, we received planning approval for 46 residential apartments.

We also lodged a planning proposal for the property at Thornton Penrith. Desane's management is continuing to work with Penrith City Council regarding an outcome for this proposal.

Rewarding shareholders

Over the past five years, Desane has rewarded shareholders with just under \$17 million in franked dividends, averaging 9.5 cents per year. Management's focused approach to creating value for shareholders has also seen a 93% increase in net tangible assets (NTA) per share, from 74 cents to \$1.43 per share. The share price has nearly doubled from 76 cents to \$1.40 at 30 June 2019.

On behalf of Desane, I wish to thank the executive team and all our dedicated staff for their hard work in producing an outstanding 2019 financial result. I would also like to acknowledge the support management has received from our Company's Board, particularly retiring Director John Bartholomew. John's extensive professional experience for over thirty years has been invaluable and has ensured that decisions made by management were consistent with our Company's long term strategies.

Finally, I would like to acknowledge the strong 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.