

ASX release

4 November 2016

2016 ANNUAL GENERAL MEETING CHAIRMAN'S ADDRESS

Good morning ladies and gentlemen,

My name is Professor John Sheehan, Chairman of Desane Group Holdings Ltd. It is now 10:00 am and I welcome you to the Annual General Meeting of the Company.

Joining me today is:

- Phil Montrone, our Managing Director;
- John Bartholomew, my fellow independent non-executive Director;
- Rick Montrone, Director and Head of Property; and
- Jack Sciara our Chief Financial Officer and Company Secretary.

I am pleased to say that in the past twelve months, Desane has delivered on the key objectives that it set out at the beginning of the 2016 financial year being:

1. The realisation of the Easton Rozelle project; and
2. Rewarding shareholders, yet again, with fully franked dividends;

In addition, the Group's balance sheet and cash flows have strengthened, placing Desane in a strong financial position moving into 2017.

In terms of results for the last financial year, Desane has:

- Increased its Earnings Before Interest & Tax by 68% to \$7.9 million;
- Increased its Net Profit After Tax by 104% to \$5.1 million;
- Increased its net assets by 15% to \$30.6 million.

It will be recalled that Directors rewarded shareholders by paying overall 4.5 cents per share, fully franked, for the financial year ending 30 June 2016. As mentioned last year, the introduction of the Dividend Reinvestment Plan, has allowed the Company flexibility in terms of diversifying the source of funding and its capital management strategies moving forward.

Desane also remains well positioned by having an increasingly valuable portfolio of investment properties, which are in strong demand for leasing, and for possible sale at some future juncture.

The Reserve Bank of Australia further lowering official interest rates, together with the strength of the Australian economy, notwithstanding the uncertainty in the Brexit vote and continuing terrorist incidents in Europe in particular, has clearly impacted upon the Australian property market overall.

Our above achievements reinforce to me, and I hope to all our shareholders, the Company's proven record of increasing shareholder value through its active management of the investment portfolio driving continued positive earnings together with a strong balance sheet. This will ensure Desane is able to continue to reward shareholders with increasing dividends in the future.

Owing to the positive financial results, it will be recalled that the Directors rewarded shareholders by paying a fully franked interim dividend of 2.25 cents per security in March 2016, and a final dividend of 2.25 cents per security, fully franked, in October 2016.

Part of the formal orders of business today will be the introduction and adoption of two resolutions, namely Items 2 and 3.

In summation, I assent the 2017 financial year will be a further year in which we will take careful and indeed prudent advantage of market opportunities to grow and refine our operations.

I would like to thank all our shareholders for your ongoing support and welcome those shareholders who have recently joined the Company. The Board looks forward to a rewarding and fruitful association with all shareholders during the coming years.

Prof. John Sheehan
Chairman
Desane Group Holdings Limited
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