

ASX release

4 November 2016

2016 ANNUAL GENERAL MEETING MANAGING DIRECTOR'S ADDRESS

Good morning ladies and gentlemen,

I am pleased to present to you today, the Group's financial performance for the financial year 2016. At the 2015 Annual General Meeting held last year, I announced to shareholders that the Group had completed and exchanged contracts for all of the residential apartments at the Easton Rozelle project.

I am today pleased to confirm, that during the course of the 2016 financial year, we have completed the settlement of all 32 apartments and two of the three commercial suites. The settlement of the third and final commercial suite is expected to occur before the end of this calendar year.

The realisation of the Easton Rozelle project, combined with surplus funds retained from the sale of the Burns Bay Road investment property, has resulted in Desane being able to reduce its bank borrowings by \$11.7 million and having \$17.2 million of cash readily available to progress the next round of property acquisitions.

During the 2016 financial year, Desane's shareholders were rewarded by the distribution of 4.5 cents of fully franked dividends. This followed on from the 15 cents fully franked special dividend paid on 30 June 2015. Shareholders can look forward to receiving fully franked dividend distributions in the 2017 financial year.

Your management team is working towards three key medium term objectives:

1. The acquisition of up to 20,000m² of suitably located industrial and or investment property in the Sydney metropolitan area;
2. Negotiate a satisfactory outcome with the NSW Government for the Rozelle property. The completion of this transaction should provide the Group with substantial additional free cash.
3. Improve the value of the Group's existing \$22.5 million existing industrial property portfolio, by improving the WALE, securing long term tenants and increased rentals, as well as provide quality management to reduce ongoing CAPEX.

The Board's collective knowledge of the Australian property market and financial expertise, has resulted in the Group achieving an excellent result in the 2016 financial year. This will ensure that Desane is ready to take advantage of property investment opportunities, as they become available, to enhance scale and shareholder returns.

I will now present to you, the highlights of the Group's 2016 financial result.

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