

ASX release

3 November 2017

2017 ANNUAL GENERAL MEETING CHAIRMAN'S ADDRESS

Good morning ladies and gentlemen,

I am John Sheehan and I'm delighted to join you as Chairman of Desane Group Holdings Ltd for the Annual General Meeting. This year is a special year, as our Company celebrates its 30-year anniversary since listing on the ASX.

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 2017 financial year, being:

1. Rewarding shareholders, yet again, with substantial fully franked dividends;
2. Maximising the value of the Group's property portfolio, which resulted in the sale of 7-9 Orion Road, Lane Cove for \$18.2 million, being 45% over its 2016 book value; and
3. Deploying capital into the acquisition of a suitably located property in the Sydney metropolitan area, which will provide future financial outcomes for the Company and shareholders. Our Managing Director will discuss the most recent acquisition at Thornton in Penrith in his address in a moment.

In addition, the Group's balance sheet and cash flows have strengthened, placing Desane in a strong financial position moving into 2018.

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

- Earnings Before Interest & Tax of \$7.9 million;
- Net Profit After Tax of \$5.1 million; and
- Total assets of \$58.4 million.

You will recall that Directors rewarded shareholders by paying overall 14.5 cents per share, fully franked, for the financial year ending 30 June 2017. **Over the past three financial years, Desane's shareholders have been rewarded with approximately \$13 million of fully franked dividends.**

Desane also remains well positioned with an increasingly valuable portfolio of properties, which are in strong demand for both leasing and for possible sale. The proposed Roads and Maritime Services acquisition will be canvassed by our Managing Director, Phil Montrone, in his address.

Our achievements over the last three years reinforces the Company's proven record of increasing shareholder value through its active management of the property portfolio, driving continued positive earnings together with a strong balance sheet. This will ensure Desane is able to continue to reward shareholders with increasing returns in the future.

I believe that the 2018 financial year will be a year in which the Board will need to make careful and prudent decisions to ensure that we can take advantage of market opportunities and ensure that shareholder value and dividends are maintained and possibly, increased.

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

Prof. John Sheehan AM
Chairman
Desane Group Holdings Limited
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