

ASX and Media release

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DESANE ANNOUNCES SOLID HY21 RESULTS

Desane Group Holdings Limited (ASX: **DGH** or **Desane**) is pleased to announce its results for the half year ended 31 December 2021, confirming Earnings Before Interest & Tax (**EBIT**) of **\$7.2m**.

HY22 Group highlights:

- An increase of 25% over the corresponding period in investment property holdings
- An increase of 11% over the corresponding period in total assets
- Finance costs decreased by 16% over the corresponding period
- Group gearing stable at 30%
- An increase of 7% over the corresponding period in NTA per share

Despite the impact of COVID-19 restrictions on the economy and the domestic property sector, Desane has remained fully operational, ensuring shareholders' capital is minimally affected. Desane will continue to focus on three main objectives:

1. Strategic investment acquisitions which will bolster ROE and rental income streams;
2. Evaluate its development pipeline with an eye to achieving maximum value outcomes; and
3. Review capital management strategies to ensure the Group's asset growth and reward shareholders with dividends.

This half year, two of the Group's investment properties, namely 16 Industrial Avenue, Wacol QLD and 91 Thornton Drive, Penrith NSW, were independently valued which resulted in a significant revaluation uplift. This revaluation uplift reflects the work undertaken by management in renegotiating a long-term lease with tenant Brisbane City Council, the approval for the extension of the Wacol industrial property, and the increase in values across the broader industrial property market in the western Sydney region.

As of 31 December 2021, Desane holds \$11.4m in cash and financial assets in low-risk investments secured by first registered mortgages, generating an average return of 6.5% pa.

The Board is committed to providing shareholders with a sustainable dividend stream. However, over the next 12 to 24 months, the unlocking of additional value from three of the Group's properties will require capital funding and for this reason, the Board has resolved to not recommend the payment of an interim dividend for the half year ended 31 December 2021. The Board expects Desane's capital management strategies to adapt, in the next 12 to 24 months as the economy comes out of the COVID-19 slowdown, ensuring the Company's stated objectives are delivered.

Phil Montrone, Managing Director and CEO said, "With its strong balance sheet, Desane is well positioned to continue its objective of restocking its investment property assets and or unlocking further value from the Group's highly sought-after property assets."

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.

Appendix 4D Half Yearly Report

This half yearly report is provided to the Australian Securities Exchange (ASX) under ASX Listing Rule 4.2A.

Results for announcement to the market

For the six months ended 31 December 2021

(Comparative figures being the half year ended 31 December 2020)

Result Summary	Half Year Ended 31 December 2021 \$A'000	Half Year ended 31 December 2020 \$A'000	Change
Revenue			
Property investment – rental	945	1,018	(7.2%)
Property and project management	24	26	(7.7%)
Profit/(loss) from ordinary activities after tax attributable to members	5,058	1,880	169.0%
Net profit/(loss) for the period attributable to members	5,058	1,880	169.0%

Dividends

No interim dividend has been declared or proposed in respect of the half year ending 31 December 2021.

Net Tangible Assets per Security

	Current Period	Previous corresponding period
Earnings per security (EPS)		
Basic EPS	12.36 cents	4.60 cents
Diluted EPS	12.36 cents	4.60 cents
Net tangible assets per security		
Net tangible asset backing per Ordinary Share	\$1.56	\$1.46

For a brief explanation of any of the figures reported above, please refer to the Director's Report in the Half Year Financial Report.

This information should be read in conjunction with the 31 December 2021 Half Year Financial Report and the attached media release for commentary and explanation of the results.

The accounts were reviewed by the Company's auditors, whose report is attached as part of the Half Year Financial Report for the half year ended 31 December 2021.

All documents comprise the information required under listing rule 4.2A.