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2020 ANNUAL GENERAL MEETING – CHAIRMAN’S ADDRESS

Good morning ladies and gentlemen,

Before we commence the meeting, can I please remind all in attendance to adhere to social distancing rules, to make use of sanitisation stations in the room, and to follow directives from staff in relation to COVID-19 safety measures.

I’m delighted to join you as Chairman of Desane Group Holdings Limited for the 2020 Annual General Meeting.

Joining me today is:

- Mr Phil Montrone OAM, Managing Director;
- Mr Rick Montrone, Director and Head of Property;
- Mr Peter Krejci, independent non-executive Director; and
- Mr Jack Sciara, Chief Financial Officer and Company Secretary.

I can report to shareholders that the Group’s earnings before interest and tax, for the financial year ending 30 June 2020, was **\$3.4m** and the Group’s total assets are **\$82.5m**. The Group’s **net tangible assets (NTA) now stand at \$1.44 per security** accounting for the final ordinary dividend payment.

The Board declared and last week paid a final dividend of **2.25 cents** per security, unfranked. This will bring the total dividend for FY20 to 4.5 cents per security.

Notwithstanding the obvious uncertainty that COVID-19 has raised in property investment, and indeed the larger economy, the Group has unsurprisingly remained minimally affected by such events. The maintenance of the Group’s now established robust financial results continue whilst at the same time ensuring that the current cash and financial assets stand at a very healthy \$19m. These reserves have placed the Group in the somewhat envious position of being markedly well placed to take advantage of opportunities over the next financial year, which will doubtless arise.

The three industrial/logistics property assets held by the Group in Wacol and in Lane Cove continue to perform well, and are in a property investment sector which has been increasingly sought after in these COVID-19 impacted times. The proposed additional floor space in the Wacol property reveals the very strength of the sector, which continues to outperform other property markets, notably retail and some residential classes.

As mentioned in my report last year, the continuing deterioration of the relationship between the USA and China, with the uncertainty arising from the forthcoming exit of the United Kingdom from the European Community (EU), has continued to reinforce perceptions of the Australian economy as being robust but calm. In such parlous international environments, Australian domestic equities and certain local property classes continue to be regarded by overseas investors as a desirable haven for their funds.

The Reserve Bank of Australia has maintained historically low official interest rates, whilst at the same time benchmark Australian Government bond yields have continued to be sought after, given their arguably less risk and heightened security for investors. With the current restrictions with overseas and even interstate travel, there is now increasing evidence household cash reserves are rising, albeit modestly. The anticipated easing of such restrictions at least domestically, has led a number of commentators to observe that the domestic travel market is poised to grow perhaps even dramatically, due to increased domestic spending, replacing international demand. This paradox suggests that the recovery phase from the COVID-19 pandemic lockdowns may be less damaging to the domestic economy than as originally thought.

Finally, I can report to shareholders that this annual report is the 33rd such report of Desane Group Holdings Limited. Your Company has continued to maintain its profitability due to the superb quality of its senior management and the invaluable contribution of its current Board. Importantly, I need to record my appreciation, on behalf of both the Board and Desane staff, of Mr Peter Krejci, who joined the Board on 8 July 2019. Since joining the Board in this financial year, Peter has contributed his significant financial and corporate expertise which currently includes Chair of the Group's Audit and Risk Committee.

Your Board remains confident the current prudent strategies of investment and cash retention will continue to result in responsible asset growth and further earnings for shareholders. I congratulate both the Group Executives and the employees of Desane Group Holdings Limited for the solid and as always, prudent management of the Group.

Finally, I would like to welcome those shareholders who have recently joined the Company. The Board looks forward to a rewarding and fruitful association with those new shareholders during the coming years.

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.