

ASX release

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2020 ANNUAL GENERAL MEETING – MANAGING DIRECTOR’S ADDRESS

Good morning ladies and gentlemen,

I would like to acknowledge the traditional owners of the land this AGM is being held on, the Gadigal People of the Eora Nation, their elders, past and present.

I am pleased to report that despite the uncertainty that COVID-19 has placed on the economy and the property market since March 2020, our Company has remained fully operational, ensuring shareholders’ capital would be minimally affected by the economic impact of COVID-19.

At last year’s AGM, I spoke about our objectives for 2020 and beyond, unaware of what was to happen as a result of COVID-19. Notwithstanding the economic impact and uncertainty caused by the first phase of COVID-19, **we have kept faith with shareholders by delivering on the two objectives which I outlined to you then.**

Following the first phase of COVID-19, the Group’s management has remained focussed on:

- Ensuring the health and safety of our employees and customers;
- Continuing to engage with our tenants, by providing a sustainable level of support;
- Preservation of cash reserves and capital; and
- Adding value to our existing property investment portfolio.

Following the sale and settlement of our Company’s Rozelle flagship property in the 2019 financial year, our Company began the process of re-stocking its investment property portfolio.

In November 2019, Desane purchased a fully leased investment asset, located in the Brisbane suburb of Wacol for \$9.5m. The Brisbane asset is leased on a medium term basis. In October this year, Desane received development approval from the relevant authority to expand this industrial asset. The approval provides for an additional 3,250m² of high clearance net lettable floor space. The approval complements the existing 5,039m² facility and will create a total of 8,289m² of warehouse and logistics facilities. Subject to a pre-lease commitment of the approved facility, construction is anticipated to commence in 2021.

The Brisbane asset and Desane's two existing industrial and logistic property assets located on Sydney's north shore, have a combined value of \$27m and are **generating an average return of 7% net pa, providing Desane the opportunity, in this financial year, for valuation uplift to reflect current market yields for similar assets.**

In September 2019, Desane's inner Sydney development pipeline received a boost following development approval for the 46 residential apartment project located at 159 Allen Street, Leichhardt.

In November 2019, Desane acquired a DA approved boutique development project at 318-322 Norton Street, Leichhardt for \$3.2m. Both projects are located 5km from Sydney's CBD and within short walking distance to light rail stations, public transport, local schools, parks and numerous sought after amenities.

We are confident that Desane's investment and development property assets, combined with the work being undertaken by Desane at its 1.2ha property located in the Sydney suburb of Penrith, will achieve significant medium to long term returns for shareholders.

Desane's ability to re-stock its property portfolio remains strong. The Company currently has **\$19m in cash and financial assets** with a historically low gearing level of 28%. The Company's diversified \$9m financial asset pool, secured by first registered mortgages against quality property assets, is yielding **an average of 7% pa interest revenue.**

Over the past six (6) years, Desane has rewarded shareholders with just under \$19m paid in dividends. Our management's focused approach, in the adversity of the first phase of COVID-19, has ensured that shareholders' asset value has been protected.

The next 12 to 24 months will be challenging for the property industry in Australia. Our Company's investment property assets are performing well, in line with industrial and logistic assets across the major Australian capital cities. The COVID-19 pandemic has pushed consumers to change the way they spend and has accelerated Australia's e-commerce market resulting in a healthy demand for properties that offer warehousing, logistics and distribution facilities. Desane's investment assets fall into the highly sought after industrial asset class, providing stability of income during these challenging times.

Our Company's strong balance sheet, coupled with the availability of substantial cash reserves, will deliver the Group the ability to continue to re-stock its investment property assets in 2021.

I wish to thank the executive team and all our dedicated staff for their hard work in producing a steady result in very difficult times.

Finally, I would like to acknowledge the support of our Company's shareholders, for the confidence they have placed in the Company's management over the past twelve months.

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.