

ASX release

ABN/ 61 003 184 932  
ASX CODE/ DGH

27 October 2022

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## 2022 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 their Eora Nation, the elders, past and present.

I am pleased to report that Desane Group Holdings Limited has reported its **eleventh consecutive yearly profit result**. The Group’s profit for the financial year 2022 has increased by 157.1% over the corresponding period and the Group’s assets have increased by 11% and now stand at \$97.6m. The Group’s profit and asset value increase has been driven by property revaluation, being a result of the commitment and diligent work of the Company’s management team.



I am also pleased to report that the Group’s net tangible assets have **increased by 8%** over the corresponding period and now stand at **\$1.55 per share**. Our management’s focused approach has ensured that shareholders’ asset value has been protected and enhanced.

Desane’s financial position remains strong. Desane’s \$34.5m industrial assets located in Sydney’s Lane Cove and Brisbane’s Wacol are performing well. In addition, Desane holds over **\$47m of unencumbered property assets** located in Sydney. Desane also has **\$15.4m in cash and other financial assets**. The Company’s diversified \$13.3m loan portfolio is secured by first registered mortgages against quality property assets and is yielding an **average of 7% pa interest revenue**.

Notwithstanding the economic impact and uncertainty caused by the second phase of COVID-19, the Group’s management has remained focussed on:

- Adding value to our existing investment property portfolio;
- Creating value through obtaining planning approvals;
- Preservation of cash reserves and capital; and
- Ensuring the health and safety of our employees and customers.

Our management's consistent and focused work in a very difficult environment, has resulted in a number of good outcomes for the Company, such as obtaining a development approval for a 3,250m<sup>2</sup> high clearance warehouse space, as an extension to the existing 5,039m<sup>2</sup> industrial property asset owned by our Company, located in the Brisbane suburb of Wacol. It has also obtained approval for a boutique 4-storey residential development in the Sydney suburb of Leichhardt, comprising 9 residential apartments, 1 ground floor retail and commercial space and 10 basement car spaces. During the 2022 financial year, our Company also completed the acquisition of a 1,800m<sup>2</sup> \$7.25m prime commercial property, also located in the Sydney suburb of Leichhardt.

Over the next three years, subject to economic and market conditions, Desane expects to **activate the development of its three unencumbered Leichhardt property assets**, creating an expected end revenue of **approximately \$95m to \$100m**.

The construction of the new industrial facility in Wacol, Brisbane, is continuing to be evaluated. Depending on favourable construction costs, we anticipate the commissioning of the construction of this project during this financial year. **On completion, the combined Wacol facilities should have a value of approximately \$22m and is expected to generate over \$1.1m per annum of net rental income for the Group.**

The Group's industrial and commercial property assets, and the approved residential development properties, combined with the **unencumbered 2.7 acres of prime property asset** located in the Sydney suburb of Penrith, should continue to achieve significant medium to long term returns and increased asset value for shareholders.

The emerging economic challenges for property companies in Australia, over the next 12 to 24 months, will require Desane's management to remain focussed on maintaining and improving its existing property assets' value and income. The Group's strong balance sheet, coupled with the ability to acquire additional income producing properties, will provide the opportunity to continue with our stated objectives of restocking our Company's investment property portfolio and to continue to source reliable income producing and add-value assets, that will provide sustainable revenue streams, capital growth and medium to long term benefits for shareholders.

Over the next 12 months, the full economic impact of COVID-19 and world events will become evident in the broader economy and the property sector. The investment policies and measures implemented by Desane will provide a level of **protection against expected negative economic impact**. Desane's investment property assets are performing well, in line with industrial and logistic assets across the major capital cities. Over the past three years, Australian consumers have changed the way they spend, which 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.

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, in particular 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](http://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.*