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2025 ANNUAL GENERAL MEETING — CEO'S ADDRESS

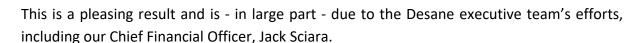
Rick Montrone

It is with great pleasure that I report to shareholders of Desane Group Holdings Limited for the financial year 2025 – my first full year in this position.

In the 2024 Annual Report, I outlined that management was acutely aware of the Company's current opportunities and challenges in the year that lay ahead.

I am therefore pleased to report the Company

navigated to a full year net profit after tax for FY25 of \$3.3 million. Over the same corresponding period, the Company increased its Net Tangible Asset (NTA) per share to \$1.70 - up 5%.



Key Financial Highlights

- Earnings Before Interest and Tax (EBIT) of \$5.4 million
- > Total Group assets of \$104.8 million up 3% over the previous period
- > Total rental income of \$2.3 million up 2.5% over the previous period

There is no doubt that the post COVID period has presented significant disruptive factors to the property sector, placing huge constraints on workers and business. Work from home and flexible work arrangements have seen a significant dampening impact to long term investment in new premises for many organisations. Put simply commercial buildings are becoming harder to lease particularly without significant capital expenditure from landlords.





The post COVID period has also been significantly impacted by construction cost increases. Cumulative cost increases of around 30-37% have been typical in the construction industry, driven by factors like supply chain disruptions, increased material costs and persistent labour shortages. While the pace of cost increases has shown some signs of slowing, it remains elevated compared to pre-pandemic levels.

The Australian property industry is only just starting to recover from these impacts, and it may be a few more years until we return to the stronger economic conditions that existed before 2019.

When I took on the role of Desane CEO at the end of last year, I wrote that I was committed to steering Desane towards continued long term growth. To this end, management reviewed its entire property portfolio to ensure it was effectively getting the most from each of its property assets.

I believe that during FY25, management has delivered on its strategy of delivering a strengthened balance sheet as well as a return to predictable income through effective lease management.

By way of example, in February 2025, Desane agreed terms with Brisbane City Council for a five (5) year lease extension to June 2030 for premises at 16 Industrial Avenue, Wacol, Brisbane. The lease extension will net Desane approximately \$4.5 million in rental income over that lease period.

Desane also has DA approval to construct an additional 3,250m² industrial facility on the site. In 2024, due to inflated construction costs, management made the decision to temporarily delay the construction of the Wacol, Brisbane industrial expansion.

In March 2025, Desane advised Inner West Council of the physical commencement of the development consent at 159 Allen Street, Leichhardt. This follows legal advice from Desane's planning lawyers, Bartier Perry, confirming actions taken by Desane had resulted in the development consent commencing and therefore not lapsing in September 2026.

In April 2025, Desane agreed terms with Signature Orthopaedics for a seven (7) year lease extension to 2032 for premises at 7 Sirius Road, Lane Cove West. The lease extension will net Desane approximately \$5.0 million in rental income over the lease period.

During FY25, independent valuations were completed for four (4) of the Group's commercial property assets, resulting in a **\$6.2 million valuation uplift**. The four properties revalued were:

- > 159 Allen Street, Leichhardt NSW
- > 35 Norton Street, Leichhardt NSW
- 270-278 Norton Street, Leichhardt NSW
- ➤ 16 Industrial Avenue, Wacol, Brisbane QLD



Investment demand for quality commercial property assets combined with market rental growth and extended lease transactions have flowed through to the capital values of our properties. The uplift in valuation for the four property assets further reflects the diligent work our property team has undertaken in securing medium to long-term leases and recurring rental income for the Group and its shareholders.

Planning was well underway for the delivery of the Thornton Penrith Industrial Project during the financial year. Development approval for forty-four (44) industrial units will be achieved by late 2025 with construction expected to commence in first quarter 2026 (due to stabilizing construction costs).

Post reporting date, management has looked at enhancing the quality of the property portfolio with the timely divestment of 13 Sirius Road, Lane Cove for \$8.7 million (exclusive of GST). Settlement is scheduled to occur on or before 31 January 2026.

The sale of 13 Sirius Road provides Desane, after more than two decades' ownership of that asset, with flexibility to pursue future acquisitions that align with our current investment strategy.

In closing, I would again like to acknowledge our recently retired Managing Director and CEO, Mr Phil Montrone OAM for his long-standing contribution to Desane over a long period of time. We again thank Phil on behalf of the Company and shareholders for his valued leadership over many years.

Finally, I would like to acknowledge the support of our Company's Board and shareholders, in particular, for the patience and confidence they have placed in both myself and the Company's management team 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.