DESANE
GROUP HOLDINGS LIMITED

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2026 ANNUAL GENERAL MEETING – CEO'S ADDRESS



It is my pleasure to report to shareholders on the financial year ended 30 June 2026. FY26 was a year of transition: strengthening the balance sheet, recycling capital and moving two key development projects closer to earnings-producing outcomes.

FY26 was a year in which the Group continued to reshape and strengthen its property portfolio while preparing the next phase of its development pipeline. The statutory profit result of $0.02 million was materially lower than the prior year and reflects the significantly reduced level of property revaluation gains as well as higher finance and operating costs. While the headline profit result is modest, Desane ended the year with a sound balance sheet and a number of important strategic initiatives materially advanced.

At 30 June 2026, the Group held total assets of approximately **$105.9 million** and net assets of approximately $69.1 million. Net tangible assets were $1.69 per share. Cash and financial assets were approximately $10.9 million and borrowings were approximately $13.9 million. The Group also paid a **special dividend** of **2.0 cents** per share during FY26, franked at 82%.

The property portfolio recorded a net fair value uplift of approximately $2.1 million during the year. The principal positive movements were at 7 Sirius Road, Lane Cove and 16 Industrial Avenue, Wacol. 7 Sirius Road was independently valued at $12.15 million in November 2025, while 16 Industrial Avenue was independently valued by Knight Frank at $20.1 million as at June 2026. Importantly, the year-end valuation process also reflected a measured approach to carrying values, including a reduction in the value of 35 Norton Street, to align with more recent external evidence.

During FY26, Desane completed the sale of 13 Sirius Road, Lane Cove for approximately $8.7 million excluding GST. The sale followed more than two decades of ownership and released capital for redeployment across the Group. Although the accounting treatment resulted in a modest reported loss on disposal, the transaction materially strengthened the Group's liquidity and provides flexibility to fund existing development opportunities and assess future acquisitions.

The most significant development opportunity remains 91 Thornton Drive, Penrith. During the year the project advanced through the planning, design and approval phases for a proposed 44-unit industrial development. Following the reporting date, Penrith City Council approved the creation of the required stormwater easement and management continued the final administrative steps required before execution of the construction contract. The negotiated construction budget provides for approximately $14.0 million of construction costs, together with approximately $0.5 million of pre-construction and approval costs. Management's current feasibility continues to indicate a positive development margin. The project is strategically located close to Penrith CBD, Penrith railway station and major transport infrastructure, and represents a meaningful opportunity to convert a long-held land asset into realised development value.

At 322 Norton Street, Leichhardt, the Group progressed the redevelopment of the property for Petbarn under a long-term 10 + 5 + 5 year lease structure. During FY26, demolition, enabling works and environmental remediation advanced substantially. Construction continued following year end, with structural and masonry works progressing while final environmental validation and Site Auditor close-out were undertaken. The Group is delivering the premises on a cold-shell basis, with Petbarn responsible for its specialised retail fit-out. This structure limits Desane's exposure to tenant-specific fit-out costs and, on completion, will transform the property into a long-dated income-producing asset.

The Group's core income-producing assets continued to provide stability. Brisbane City Council's lease at 16 Industrial Avenue, Wacol extends to June 2030 and is expected to generate approximately $4.5 million in rental income over the lease period. Signature Orthopaedics' lease at 7 Sirius Road extends to November 2032 and is expected to generate approximately $5.0 million in rental income over the lease period. These two assets provide long-dated income security while retaining future strategic optionality.

At 159 Allen Street, Leichhardt, the Group preserved the value of its activated development approval for 46 residential apartments while maintaining the property as an income-producing holding asset. The property is now fully leased and remains carried at $25.0 million, consistent with the December 2024 independent valuation. Residential construction economics remain challenging and management continues to assess the timing and structure of any future redevelopment, including direct development, partnership or sale. The objective remains to protect the value embedded in the existing approval, while avoiding development risk that is not appropriately rewarded.

Across the balance of the Inner West portfolio, management continued to focus on occupancy, lease management, recoverable outgoings and positioning assets for future value creation. 270-278 Norton Street remains fully leased, while 35 Norton Street continues to generate recurring income and provides longer-term strategic exposure to the Norton Street precinct.

Looking ahead to FY27, management's priorities are clear: **progress construction at Penrith**; **complete and deliver the Petbarn premises at 322 Norton Street**; **improve occupancy and recurring rental income across the portfolio**; and **continue to assess opportunities to enhance returns from the Group's existing assets**. Desane enters the new financial year with a strong asset base, conservative gearing and sufficient liquidity to execute these priorities in a disciplined manner.

Finally, I would like to acknowledge our retiring Chairman, Professor John Sheehan AM, on an extraordinary contribution to Desane for over four decades as a Director and more than 30 years as Chairman. It has been a privilege to work alongside John and to witness firsthand his integrity and commitment to the Company and its shareholders.

I would also like to acknowledge our incoming Chairman, Peter Krejci, for his continued guidance during the year, as well as formally welcome new Director, Melissa Ashcroft, who joined the Board in March 2026.

I thank all our shareholders for their continued support. The task for management is now to translate the strength of the Group's asset base into improved recurring earnings, development outcomes and sustainable long-term shareholder returns.

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.