DESANE
GROUP HOLDINGS LIMITED

A.B.N. 61 003 184 932

12 September 2005

The Manager Companies
Australian Stock Exchange (Sydney) Limited
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam,

ANNOUNCEMENT

Report to Shareholders; Notice of Annual General Meeting; and Proxy Form

We are writing to advise that today we are sending to all shareholders of Desane Group Holdings Limited the following documents:

- The Company's financial highlights for the year ended 30 June 2005.
- The Notice of Annual General Meeting which will be held on Wednesday, 26 October 2005, commencing 10.00am at 68-72 Lilyfield Road, Rozelle.
- The shareholders' Proxy Form.

Yours faithfully,
DESANE GROUP HOLDINGS LIMITED

JOHN BARTHOLOMEW
Company Secretary

ABOUT DESANE:

Desane Group Holdings Limited is a significant Sydney based landlord. The areas we specialise in are property investment, property services and property management. Desane owns and or manages more than \$70 million of industrial and commercial properties in the Sydney region – our medium term objective is to increase our property holdings to \$100 million.

Level 1, 89 Moore St, Leichhardt NSW 2040 **PO BOX 331, LEICHHARDT NSW 2040 Australia**
Tel Int: 61 2 9569 0344 Fax Int: 61 2 9550 9363 **Email: info@desane.com.au** Website: www.desane.com.au

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REPORT TO SHAREHOLDERS

Financial Highlights – Year Ended 30 JUNE 2005

I am writing to keep you up to date with your Company's financial results for the twelve months to 30 June 2005, as reported to the Australian Stock Exchange on Monday, 5 September 2005.

The company's financial performance when compared to the corresponding twelve months period can be summarized as follows:

➢ **Profit for the twelve months:**	**down ↓**	**13.5%**	**by $**	**221,341**	**to $**	**1,417,869**
➢ **Total Assets:**	**up ↑**	**19.0%**	**by $**	**6,629,851**	**to $**	**41,826,231**
➢ **Total Liabilities:**	**up ↑**	**23%**	**by $**	**3,286,612**	**to $**	**17,558,355**
➢ **Net Assets:**	**up ↑**	**15%**	**by $**	**3,343,239**	**to $**	**24,267,876**
➢ **Shares on issue:**	**up ↑**	**15%**	**by**	**3,651,867**	**to**	**26,754,367**
➢ **Net asset backing per share***	**steady ⇔**				**at**	**91 cents**

** Following the 1:10 share bonus issue to all shareholders in January 2005.*

The profit result decline was due to the late sale of some of the industrial strata units owned by Desane in the Sydney suburb of Silverwater.

The Directors have recommended a dividend of 2 cents per share franked to 38%, with the books closing on 18 November 2005, and payable on 2 December 2005.

Desane has more than $70 million of prime industrial properties owned and under its management in the Sydney region. The Company's stated medium term objective is to increase its property holdings to $100 million.

"Desane is a significant Sydney based industrial and commercial property investor. This is the 13th consecutive year of profit results for the Group. Desane has established a good track record and should continue to increase net assets in future years. The Directors and management are committed to achieving superior returns and maximising shareholders' value."

Enclosed with this report you will find Desane's 2005 Notice of Annual General Meeting and Proxy Form. You will receive an audited Financial Report late September 2005.

The Directors are confident that you can look forward to the continuing growth of your investment in the Company.

Yours faithfully,
DESANE GROUP HOLDINGS LIMITED

John Bartholomew
Company Secretary

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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 18th Annual General Meeting of Desane Group Holdings Limited will be held at the Auditorium, 68-72 Lilyfield Road, Rozelle at **10.00 am** on **Wednesday, 26 October 2005**.

BUSINESS

1. Accounts and Reports

To receive and consider the directors' report and profit and loss accounts for the year ended 30 June, 2005, the balance sheets at that date, and the auditor's report on the accounts and group accounts.

2. Dividend

To declare a dividend of 2 cents per share (franked at 38%) as recommended by all Directors.

3. Appointment of Directors

To elect a director, Mr John Sheehan retires in accordance with the Constitution and, being eligible, offers himself for re-election.

4. Directors Remuneration

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

- That the non executive chairman's remuneration be maintained at $40,000 per annum.
- That the non executive director's remuneration be maintained at $30,000 per annum.

5. General Business

To transact any business which may be lawfully brought forward.

By Order of the Board,

J W Bartholomew
Company Secretary
2 September 2005

Proxies

A member entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend and vote in his stead. Where more than one proxy is appointed, each proxy must be appointed to represent a specified portion of the members voting rights. A proxy need not be a member of the company. Proxies must be lodged at the registered office of the Company not later than 48 hours before the meeting. A form of proxy is provided with this notice.

All Correspondence to:
Desane Group Holdings Limited
PO Box 331
LEICHHARDT NSW 2040 Australia
Enquiries 61 2 9569 0344
Facsimile 61 2 9550 9363
Email info@desane.com.au

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Mark this box with an 'X' if you have made any changes to your address details (see reverse)

Proxy Form

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Appointment of Proxy

I/We INSERT NAME being a member/s of Desane Group Holdings Limited and entitled to attend and vote hereby appoint:

the Chairman of the Meeting (mark with an 'X') **OR** Write here the name of the person you are appointing if this person **is someone other than** the Chairman of the Meeting.

or failing the person named, or if no person is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Desane Group Holdings Limited to be held at the Auditorium, 68-72 Lilyfield Road, Rozelle NSW on Wednesday, 26 October 2005, at 10.00 am and at any adjournment of that meeting.

Voting directions to your proxy – please mark X to indicate your directions

		For	Against	Abstain*
Item 1	To adopt the financial and other reports			
Item 2	To declare a final dividend			
Item 3	To elect J Sheehan as a director			
Item 4	To approve directors' remuneration			
Item 5	To transact any business which may be lawfully brought forward			

*If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

Appointing a second Proxy

I/We wish to appoint a second proxy:

Mark with an 'X' if you wish to appoint a second proxy. **AND** % **OR** State the percentage of your voting rights or the number of securities for this Proxy Form

Write here the name of the person you are appointing as second Proxy.

PLEASE SIGN HERE

This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Securityholder 1	Securityholder 2	Securityholder 3
Individual / Sole Director and Sole Company Secretary / Authorised Officer	Director	Director / Company Secretary

/ /

Contact Name **Contact Daytime Telephone** **Date**

How to complete the Proxy Form

1 Your Address

Your name and address on the envelope are the details recorded on the Share Register of Desane Group Holdings Limited. If this information is incorrect, please notify the share Registry direct *(Computershare Registry Services Pty Ltd, GPO Box 1903, Adelaide SA 5001)*. Shareholders sponsored by a broker should advise their broker of any changes. **Please note you cannot change ownership of your shares using this form.**

2 Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting, please write the name of that person. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a securityholder of the Company.

3 Votes on Items of Business

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage of number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

4 Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll.

To appoint a second proxy you must:

(a) indicate that you wish to appoint a second proxy by marking the box.

(b) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.

(c) write the name of the person you wish to appoint as a second proxy.

5 Signatories

You must sign this form in the spaces provided and as follows:

Individual Holding:	Where the holding is in one name, the holder must sign.
Joint Holdings:	Where the holding is in more than one name, all of the securityholders must sign.
Companies:	If the company has a sole director who is also a sole secretary, this form must be signed by that director. If the company has a sole director and no secretary that director may also sign alone. In the case of any other company, this form must be signed by either 2 directors or a director and secretary. This form may also be signed by an authorised officer of the company. Please indicate the office held by signing in the appropriate place.
Power of Attorney & Authorised Persons	If the person signing this form is doing so under power of attorney, or in the case of a company, as an authorised officer of the company, the power of attorney or other authority (or a certified copy of it) must be attached to this form when you return it.

If a representative of a company is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the share registry of Desane Group Holdings Limited.

6 Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below no later than 48 hours before the commencement of the meeting at 10.00 am on Wednesday, 26 October 2005. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Documents may be lodged:

- by posting or facsimile to Desane Group Holdings Limited at the address opposite, or
- by delivery to the Registered Office of Desane Group Holdings Limited being:
  Level 1, 89 Moore Street
  LEICHHARDT NSW 2040
  Australia

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