DESANE
GROUP HOLDINGS LIMITED

A.B.N. 61 003 184 932

13 September 2006

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 2006.
- The Notice of Annual General Meeting which will be held on Thursday, 26 October 2006, 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. We specialise in are property investment, property services and property management. Desane owns $42 million of properties and other assets and manages a further $13 million of industrial and commercial properties in the Sydney region. Our medium term objective is to increase our property holdings to $100 million.

12 September 2006

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REPORT TO SHAREHOLDERS

Financial Highlights – Year Ended 30 JUNE 2006

I am writing to keep you up to date with your Company's financial results for the year ended 30 June 2006, as reported to the Australian Stock Exchange on Thursday, 7 September 2006.

The Company's financial performance when compared with the corresponding 12 months period can be summarised as follows*:

➢ **Net Profit After Tax:**	**down ↓**	**7%**	**by**	**$121,716**	**to**	**$1,687,301**
➢ **Total Assets:**	**up ↑**	**5%**	**by**	**$2,178,464**	**to**	**$41,979,222**
➢ **Total Liabilities:**	**up ↑**	**3%**	**by**	**$542,935**	**to**	**$18,539,883**
➢ **Net Assets:**	**up ↑**	**8%**	**by**	**$1,635,529**	**to**	**$23,439,339**
➢ **Shares on Issue:**	**up ↑**	**3%**	**by**	**700,100**	**to**	**27,274,467**
➢ **Net Asset Backing per share:**	**up ↑**	**5%**	**by**	**4 cents**	**to**	**86 cents**
➢ **Dividends per share:**	**up ↑**	**25%**	**by**	**0.5 cents**	**to**	**2.5 cents**

* *The financial results have been prepared for the first time as required under the Australian Equivalent to International Financial Reporting Standards (AIFRS).*

The Directors have recommended a final dividend of 2.5 cents per share unfranked, with the books closing on 17 November 2006, and payable on 1 December 2006. This represents a 25% increase on the final dividend of 2.0 cents per share last year.

Desane owns $42 million of properties and other assets and manages a further $13 million of industrial and commercial properties in the Sydney region. Our medium term objective is to increase our property holdings to $100 million.

The Chairman of the Company, Mr John Sheehan, said "Desane is a significant Sydney based industrial and commercial property investor. This is the 14th 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 2006 Notice of Annual General Meeting and Proxy Form. You will receive an audited Financial Report in late September 2006.

The Board looks forward to another successful year for Desane in 2007 and to the continuing growth of your investment in the Company.

Yours faithfully,
DESANE GROUP HOLDINGS LIMITED

John Bartholomew
Company Secretary

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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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 19th ANNUAL GENERAL MEETING of Desane Group Holdings Limited will be held at the Auditorium, 68-72 Lilyfield Road, Rozelle at **10.00 am** on **Thursday, 26 October 2006**.

BUSINESS

1. To receive, consider and adopt the financial report of the company and the economic entity, for the year ended 30 June 2006, and the reports by the directors and auditors thereon.

2. To declare a dividend of 2.5 cents per share (unfranked) as recommended by Directors.

3. To elect a director, Mr Antonio Gelonesi retires by rotation in accordance with the provisions of the Constitution and, being eligible, offers himself for re-election.

4. To receive, consider, and adopt the remuneration report of the company and of the economic entity for the year ended 30 June 2006:

   - 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.

   The vote on this item is advisory only and does not bind the directors of the company.

5. Auditor: To consider and approve the appointment of GCC Business & Assurance Pty Ltd as external auditor.

6. General: To transact any business which may be lawfully brought forward.

By Order of the Board,

J W Bartholomew
Company Secretary
7 September 2006

Proxies
A member entitled to attend and vote is entitled to appoint a proxy to attend and vote in their stead. That person need not be a member of the company, but should be a natural person over the age of 18 years. Forms must be lodged at the registered office of the company not less than 48 hours before the timing of 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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Facsimile 61 2 9550 9363
Email info@desane.com.au
Website www.desane.com.au

Appointment of Proxy

I/We 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 Thursday, 26 October 2006, at 10.00 am and at any adjournment of that meeting.

Voting directions to your proxy – please insert X in the appropriate box 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 A Gelonesi as a director			
Item 4	To approve directors' remuneration (non-binding resolution)			
Item 5	To approve appointment of GCC Business & Assurance as auditor			

*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.

☐ **IMPORTANT:**
If the Chairman of the Meeting is appointed as your proxy, or may be appointed by default and you do **not** wish to direct your proxy how to vote as your proxy in respect of an Item, please place a mark in the box. By marking this box, you acknowledge that the Chairman of the Meeting may exercise your proxy even if he has an interest in the outcome of these Items and that votes cast by the Chairman for those Items other than as proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman will not cast your votes on the Item and your votes will not be counted in calculating the required majority if a poll is called on the resolution.

Please note that the Chairman intends to vote undirected proxies in favour of each of the Items of business.

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

This is your name and address as it appears on the company's share register. 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 Vote 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) obtain an additional Proxy Form from the Company on (02) 9569 0344 or you may copy this form.

(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) return both forms together in the same envelope.

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 or at www.computershare.com.

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 Thursday, 26 October 2006. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Documents may be lodged as follows:

IN PERSON TO	Desane Group Holdings Limited, Level 1, 89 Moore Street, Leichhardt NSW 2040 Australia
BY MAIL TO	Desane Group Holdings Limited, PO Box 331, Leichhardt NSW 2040 Australia
BY FAX TO	61 2 9550 9363