

1 December 2006

The Manager Companies
Australian Stock Exchange (Sydney) Limited
Level 5
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam,

**DESANE GROUP HOLDINGS LIMITED
CHAIRMAN'S LETTER TO SHAREHOLDERS**

Please find a copy of the Chairman's letter which will be posted to all shareholders with the dividend cheques today.

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.

1 December 2006

Dear Shareholder,

As you are aware, your Directors recently announced a 2.5¢ dividend (unfranked).

Accordingly, please find enclosed your dividend cheque for shares you held as at 17 November 2006.

I take this opportunity to thank you for remaining loyal to Desane and look forward to rewarding you as a shareholder on an ever increasing way in the future.

If you wish to keep in touch with your Desane investment and latest news, please visit our website at www.desane.com.au.

The Directors and Staff of Desane wish you and your family a merry Christmas and a rewarding 2007.

Yours faithfully,
DESANE GROUP HOLDINGS LIMITED



JOHN SHEEHAN
Chairman