

28 February 2008

A.B.N. 61 003 184 932

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

Dear Sir/Madam,

ANNOUNCEMENT

Desane Formalises \$2M Asset Management Agreement

Desane Properties Pty Ltd, being a controlled entity of the Sydney based property investment group, Desane Group Holdings Limited, has formalised and signed an asset management and consulting agreement to the value of **\$2 million** with the 50% co-owners of the Burns Bay Road, Lane Cove industrial complex.

The rezoning of this property from industrial to residential has, over time, required Desane's management team to devote its time and expertise to achieving the current status. The process of rezoning will continue to require Desane's ongoing management skills and expertise.

In accordance with the agreement, Desane Properties will receive a total of **\$2 million, plus GST**. The fee is payable monthly, at the rate of \$42,000 per month. Any amount that remains outstanding from the agreed \$2 million fee will be paid to Desane Properties Pty Ltd from the proceeds of the sale of the Burns Bay Road, Lane Cove property. The fee agreement has a commencement date of 1 January 2008. The income earned by Desane from this agreement will, in its entirety, contribute to the Company's profit.

The rezoning of the Burns Bay Road, Lane Cove property is progressing well with the public exhibition of the Draft Local Environmental Plan ("*Draft LEP*") scheduled to close on 29 February 2008. The current Draft LEP has earmarked this property to be rezoned from Industrial Special 4C to High Density Residential R4. Desane has a 50% interest in this property.

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 \$48.4 million of properties and other assets and manages a further \$16.5 million of industrial and commercial properties in the Sydney region. Our medium term objective is to increase our property holdings to \$100 million.