

17 October 2008

A.B.N. 61 003 184 932

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

ANNOUNCEMENT
Lane Cove Council Approves
Amended Draft Local Environmental Plan

Dear Sir/Madam,

Desane Properties Pty Limited, a controlled entity of Desane Group Holdings Limited, wishes to announce that Lane Cove Council, at their ordinary meeting held on 4 August 2008, approved the amended Draft Local Environmental Plan ("DLEP").

The DLEP contains the planned rezoning of Desane's 50% owned **12,000m² harbour front** industrial property located at Burns Bay Road in the inner northern Sydney suburb of Lane Cove.

Lane Cove Council's DLEP includes the rezoning of the Burns Bay Road 12,000m² harbour front property from Industrial Special 4(c) to **High Density Residential R4**, with a proposed floor space ratio to 2.2:1. This will allow **up to 270 residential units** to be built on this property.

The rezoning is progressing through the NSW Department of Planning for final approval. Once the rezoning is formalised, the Directors expect the Group's **net tangible asset to increase by approximately 20 cents per share to \$1.10 per share** from its current 90 cents per share.

The property is currently fully leased to six Australian medical and technological companies.

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 \$48.5 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.