

4 October 2005

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

Dear Sir/Madam,

Letter to Shareholders

Please find attached a copy of a letter being sent to all shareholders. The letter will be sent together with our Company's 2005 Annual Report. The 2005 Annual Report was previously submitted to the Australian Stock Exchange (Sydney) Limited on 23 September 2005.

In accordance with Clause 4.7, I wish to confirm that the Desane 2005 Annual Report and the attached letter are being sent today to all security holders of the Company.

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.

30 September 2005

Dear Shareholder

2005 Annual Report

Please find enclosed our 2005 Annual Report.

Our Annual General Meeting will be held at the Auditorium of Staging Connections, located at 68-72 Lilyfield Road, Rozelle NSW on Wednesday, 26 October 2005 at 10.00 am. (Ask reception for directions.)

There is ample street parking and a bus stop at the front of the meeting address.

The Notice of this year's Annual General Meeting, together with a proxy form was mailed out to you on 12 September 2005.

The Directors wish to thank you for your continuing support of Desane and look forward to meeting you at the Annual General Meeting.

Yours faithfully,
DESANE GROUP HOLDINGS LIMITED



JOHN BARTHOLOMEW
Company Secretary