

Trafalgar Corporate Group Limited
2010 Annual General Meeting
18 November 2010

Chairman's Address

Ladies and Gentlemen, I would now like to provide you with a brief overview of the significant events and outcomes of our key objectives for the 2010 Financial Year.

The aftermath of the global financial crisis continued to be felt in the Australian property market during the last financial year, although the market demonstrated signs of stabilising. Investors slowly returned to the property market and began underpinning values for well located properties with long lease expiry profiles. Conversely, the value of properties with short lease profiles or vacancies continued to be under pressure, particularly in the Canberra and Brisbane markets.

Your Board continued to focus on implementing the strategy outlined at last year's AGM, namely:

- further reducing the operating cost structure of the business;
- continuing to exit from property development activities;
- commence the orderly realisation of the investment portfolio assets over a 2 year period; and
- bridging the gap between the NTA and the current price of your securities

We are pleased to report that good progress was made in a number of areas and the Group remains on track to close the security holder value gap by realising the assets of the Group.

The strategy adopted by your Board of opportunistic realisation of assets to close the value gap is showing results, with a 37% increase in the security price from 80.5 cents as

at 18 November 2009, to the current trading price of \$1.10, as at the close of trading yesterday.

While the current trading price of your securities remains below the underlying NTA per security of \$1.54, as at 30 June 2010, it is a significant improvement from the low of 26 cents as at 2 March 2009, when your securities traded at an 86% discount to NTA.

I refer you to the graph which tracks your security price performance since the lows of the global financial crisis and the discount to NTA.

The security price discount to NTA has reduced from 47%, as at 18 November 2009, to the current trading discount of 29%, as at 17 November 2010. Whilst the trading discount remains at unacceptable levels, it is trending down as your Board and management progress with their stated strategies.

Completing the sale of the Tallwoods residential estate and golf course, albeit with vendor finance, was a particularly important milestone in our exit from development activities. Significant cash flow was also generated from the realisation of other development assets.

We continue to achieve our exit strategy from our Rhodes joint venture. We have recently sold and settled one of the four remaining lots and management continues to focus on finalising the remediation of the Rhodes project. Focus remains on the sale of the remaining three lots and negotiations are well advanced, with Heads of Agreements in place and exchange of contracts pending.

Subsequent to year end, the Group sold its interest in the Melbourne Broadcast Centre, resulting in a substantial reduction in debt and Group gearing. Group gearing was reduced from 52.8%, as at 30 June 2009, to the current level of 39.5%.

The Group also reported a major turnaround in profitability, from a \$62.5 million after tax loss in 2009, to a modest \$2.6 million after tax profit in 2010.

Braith Williams will discuss in more detail the overall performance of the Group during FY2010 in a few moments.

Capital management continued to be a key focus for your Board in FY2010, as the Group's main loan facilities were due to expire in March 2011.

It is pleasing to report that, in light of the close relationship the Group enjoys with its main bank, Westpac, management successfully negotiated an extension to the maturity date of its main loan facilities until March 2013. Extending the Group's debt facilities ensures that the Board and management retain flexibility in managing the timing of orderly asset sales, in order to maximise security holder value.

Consistent with previous announcements, I confirm that, as the value add strategies for the investment properties are completed, the properties are being offered for sale on an opportunistic basis. We remain on track to achieve our stated objectives and Braith will elaborate on the status of the sale of investment properties in his presentation.

No distributions were paid to security holders in FY2010, as surplus cash was used by the Group to reduce debt. Your Board previously confirmed, in August this year, that distributions would continue to be suspended until such time as the total debt for the Group is reduced to a target level of \$40 million. Once this objective is achieved, your Board considers it appropriate to re-commence distributions to security holders. These distributions, when they are paid, are expected to be primarily capital distributions. The trusts are not expected to have a taxable income in FY 2011.

In light of progress made with the investment property realisation program, your Board believes it is time to seek security holders' approval to continue with the opportunistic asset sale strategy previously announced. Later in proceedings you will be asked to vote on a resolution to this effect. Your Board recommends that security holders support the resolution.

Finally, I would like to recognise the contributions of my fellow Directors and thank them for their outstanding commitment and diligence throughout the year. I would also like to thank the Management and staff of Trafalgar Corporate for their considerable efforts and dedication in continuing to achieve the challenging tasks at hand.

In conclusion, I am pleased to report that during 2010 Trafalgar continued to build on the groundwork laid in the 2009 financial year, so that today we find that the Group is well positioned to maximise the realisation value to security holders.

I will now hand over to Braith to present the CEO's report.

Contacts

Garry Sladden
Chairman
T: 02 9252 4211

Braith Williams
Chief Executive Officer
T: 02 9252 4211
M: 0412 975 523