Trafalgar Corporate Group Limited
2010 Annual General Meeting
18 November 2010

Chief Executive Officer's Address

Trafalgar's Year in Review

Good afternoon, I am pleased to have the opportunity to present to you the CEO's report for FY2010.

I would like to commence this year's presentation with a re-cap of our strategy for the 2010 financial year as outlined at last year's AGM; namely:

- to continue the task of exiting from development projects and reducing debt;
- improving the lease maturity profile for the investment portfolio assets in order to position the assets to maximise security holder value; and
- the opportunistic realisation of the Group's remaining assets over a 2 year period to take advantage of the improving property market in Australia, providing such sales deliver the best outcome for security holders. In addition to this, we will continue to explore alternate opportunities to maximise security holder value.

I am pleased to report that significant progress was made during the course of 2010, as highlighted by the following achievements:

- Tallwoods Residential Estate and Golf Course - sold and settled with vendor finance
- Frances Park Residential Development – fully sold and settled
- Pendle Hill Industrial Development – 98% sold and settled
- Bonnyrigg Residential Development – fully sold and settled

- Rhodes – 1 super lot settled and 1 super lot sold. The remaining lots are currently the subject of a Heads of Agreement
- Sydney Airport Centre – sold FY2010 and settled August 2010
- Melbourne Broadcast Centre – sold post FY2010 and settled August 2010
- Corporate and Employment costs reduced by a further 20% in 2010, which equates to a reduction of 41% over 2 years
- Debt was reduced by $22.7 million during 2010, and reduced by a further $57.4 million since financial year end

I will comment on these issues later in my address.

Financial Year Results

The operating profit before tax and unrealised losses and gains on revaluations for the year increased by 40% to $6.9 million, compared to $4.9 million the previous year, largely reflecting continued cost reductions, realisation of development properties and lower financing costs. Development revenue improved by 48% to $2.7 million, primarily due to a $750,000 profit share settlement relating to the Southbank residential project.

Investment property income fell by 5% from $19.4 million in 2009, to $18.5 million for 2010. The decline in property income was attributable to increased vacancies in the Fujitsu building in Brisbane and the Mort St, Canberra building, as well as significant increases in statutory charges relating to the Fujitsu building.

Managing the business cost structure during 2010 remained a key component of the restoration of security holder value. Overall corporate and employment costs were reduced by 20% from $5.1 million in 2009, to $4.1 million in 2010. Employment costs in particular were reduced by 27% in 2010.

The Group net profit of $2.6 million, whilst not satisfactory, was a significant turnaround from the $62.5 million loss reported for the 2009 financial year.

The aggregate value of unrealised gains and losses resulted in a net writedown of $4.2 million in 2010.

Factors impacting the bottom line result for the financial year were:

- Unrealised writedown of development projects and investments of $1.2 million. The writedown of the value of development assets was minimal at $0.66 million, whilst the value of the investment in the Sydney Airport Centre joint venture declined by $0.57 million.

- Unrealised gains on the fair value of swaps were $3.1 million, which was a reversal of the $9.5 million unrealised loss recorded in 2009; and

- Unrealised losses on the value of investment assets of $6.1 million.

Whilst, overall, the Australian commercial property market stabilised during FY2010, the value of some properties continued to decline, particularly where significant vacancies exist or the effective market rents have fallen in the aftermath of the global financial crisis. The Group's Brisbane and Canberra commercial properties were adversely affected as a result of the prevailing difficult market conditions.

On a positive note, the values of the Melbourne Broadcast Centre and the ATO Building at Hurstville in Sydney improved, reflecting the positive market sentiment toward properties that have quality long term leases.

Capital Management

The Group's capital position continued to strengthen during the year with bank debt reduced by $22.7 million, to $139.1 million as at 30 June 2010. As a result, gearing improved from 57.3% as at 30 June 2009, to 52.8% for the current reporting period.

Subsequent to financial year end, the Group reported the sale of the Melbourne Broadcast Centre and settlement of the sale of its interest in the Sydney Airport Centre, with net proceeds used to repay bank debt. These sales were settled at the end of August 2010 and, as a result, bank debt was reduced by $54.1 million, to $85 million. Total debt currently stands at $81.8 million. Group gearing improved significantly, falling from 52.8% as at 30 June 2010, to 39.5% at the close of business yesterday. Debt will be further reduced throughout 2011 financial year as proceeds from the realisation of development assets, and the sale of investment assets, are received and applied to debt reduction.

The company had undrawn committed facilities of $4.5 million as at 30 June 2010 and available uncommitted cash funds held at balance date of more than $6.8 million. The Group's available cash position, as at close of business yesterday, was approximately $5 million

During the course of the 2010 financial year, management negotiated an extension to the maturity date of the primary debt facility, from March 2011, to March 2013. Whilst the Group enjoyed the benefit of very low pre-global financial crisis borrowing margins until May 2010, the borrowing margin has increased significantly, following negotiations for extension of the facilities.

The Group's NTA was $1.54 as at financial year end, up from $1.51 as at 30 June 2009.

Post 30 June 2010 Events

I would also like to take a moment to comment on post 30 June 2010 events in light of the significant progress made since financial year end.

A major step forward in the debt reduction program was achieved with the sale of the Melbourne Broadcast Centre. The building was sold for $54.22 million, with net sale proceeds amounting to $52.5 million. This compared favourably with the book value of $48.5 million, as at 30 June 2009, and reflected the benefit of negotiating an extension of the remaining lease term from 8 years to 15 years.

Management has successfully negotiated a new 10 year lease with Thiess Pty Limited in relation to the Thiess Building in Southbank, Brisbane. This building is currently being marketed for sale.

The Group successfully completed the refurbishment program for the Canberra commercial building in September this year, and marketing efforts are underway to lease the remaining vacant space in the building.

Since year end, the lease over the EDI Granville building has been renewed for a further 2 years, and the property is currently being marketed for sale.

The Fujitsu building in Brisbane is also currently being marketing for sale.

The Rhodes joint venture settled the sale of Stage 2 in October 2010, which enabled the full repayment of project related debt. As at 30 June 2010, the joint venture had a commitment to pay the balance of the remediation costs of approximately $31.8 million, which will be funded from the settlement of Stages 3 and 5.

In addition, The Rhodes joint venture has entered into Heads of Agreements for the sale of the remaining 3 development sites. The sale contracts will be conditional on the completion of remediation and planning approval to increase the developable area of the sites. Subject to meeting the conditions precedent, settlement is expected to occur between June and September 2011.

Outlook for Trafalgar's Business Activities

I will now review the outlook for Trafalgar's business activities in the context of our stated objective to maximise security holder value by the orderly realisation of the assets of the Group and returning funds to security holders.

Investment Portfolio – Overview

The focus of management in relation to the investment portfolio is to continue to prepare the properties for sale through a combination of lease extensions, leasing vacant space and physical presentation of the properties.

The intention, subject to security holder approval and market conditions, is to offer each of the investment properties for sale once the value add opportunities for the relevant building have been implemented. Consistent with this strategy, the Granville industrial building in Sydney, the Thiess commercial building and the Fujitsu building in Brisbane are being offered to the market.

Development Portfolio – Overview

The company had $27.1 million invested in direct and indirect development projects as at 30 June 2010, which reduced significantly from $52.4 million as at 30 June 2009. The majority of the remaining exposure to development relates to the Rhodes joint venture, in which the Group currently has $21.3 million invested. Funds invested are expected to be realised once remediation has been completed and sold lots settle, which is expected to occur between June and September 2011.

Strategy

I will now comment on our current strategy.

Our strategy for the 2011 financial year remains largely unchanged from last year's strategy, except in relation to the distribution policy, and is focussed as follows:

- to complete the realisation of cash from development assets;
- either renewing existing tenant leases, where possible, or negotiating new leases over vacant space to improve the lease maturity profile;
- the opportunistic realisation of the Group's remaining assets in a timely manner, consistent with maximising security holder value; and
- commence capital distributions to security holders once debt is reduced to approximately $40 million.

In summary, our objective for 2011 is to finalise the realisation of the development assets and to complete the positioning of the investments in preparation for sale. Commercial properties will be sold on an opportunistic basis, consistent with the value maximisation strategy.

I would like to take this opportunity to acknowledge the continuing efforts of our staff over the past year and their commitment to delivering on our goals for the current year.

Finally, the management and staff would like to thank our Chairman, Garry Sladden and his fellow directors, Garry Charny, Tony Pitt and John Green, for their guidance and support throughout the year.

I look forward to updating you again in February next year, when we release our half year results announcement to convey the progress we have made in continuing to close the value gap for security holders.

Thank you.

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