

22 April 2013

TRAFALGAR MARKET UPDATE APRIL 2013

Listed property investment group Trafalgar Corporate Group (Group; ASX: TGP) today has issued a Notice of Meetings seeking securityholders to consider the sale of 4 Mort Street, Canberra to interests associated with R. M. Whyte. The meeting of securityholders will be on 22 May 2013 at 9.30 am.

The Board of the Group would also like to update securityholders on certain initiatives being undertaken and give a general update on the remaining assets of the Group as follows:

Mort Street Sale

If securityholders approve the sale of this property at the meeting of securityholders on 22 May 2013, it is expected to settle on 31st May 2013 for \$14.75 million.

Granville Sale

The \$5.3 million unconditional contract of sale for the Granville facility is expected to settle in early July 2013.

ATO Hurstville

Currently the ATO has a lease over the entire building at Hurstville, expiring in February 2015. Under the lease, the ATO has options to extend for 5 years, however, the tenant must give 12 months' notice if it wishes to exercise this option. The Group has previously made offers to the ATO to extend the current lease in place however the ATO has not taken up these offers to date. The Board has re-engaged these discussions with the ATO to extend the lease at the property and seeking to address with the ATO its accommodation options. The timing of concluding these discussions is uncertain, however the Group will keep securityholders updated on any progress.

Goulburn

Currently there are two parties who have expressed an interest in purchasing the Goulburn property. The Board is currently working with each party to seek a sale as soon as practicable. If agreement cannot be reached in a timely fashion with these parties, the asset will be formally marketed for sale.

Capital Management

Currently the Group has borrowings of \$24.5 million expiring in March 2014. Net proceeds of approximately \$19.6 million from the sale of Mort Street and Granville will be used to reduce Group borrowings. If a sale can be secured over the Goulburn property, it is likely the Group will be debt free post settlement of this asset.

Reinstatement of Income Distributions

Following the sell down of the Group's investment and development assets, the significant reduction in Group debt, the reduction in staff and corporate costs and the taking into consideration the cashflow from the remaining investment assets (predominately the ATO Hurstville), the Board has resolved to reinstate income distributions on a quarterly basis starting for the quarter ending June 2013 at a minimum rate of 1 cent per quarter, being a minimum distribution of 4 cents per annum.

Current Strategy of the Group

The Group announced during the 2010 financial year that the Board had considered a range of options to close the gap between the Group's security price and the net tangible assets of its investments and formed the view that it would be in the best interests of securityholders to pursue an orderly and opportunistic realisation of the Group's investment assets – the “Main Undertaking” of the Group. This strategy was approved by securityholders in November 2010.

Since July 2010 the Group has sold \$140.3 million in investment assets and realised \$41.7 million from development activities resulting in a reduction in debt of \$114.6 million and a return to securityholders the amount of \$73.0 million (\$0.855 per security).

Currently the Group's share price is trading at \$0.47 per security on low volume verses the Group's NTA of \$0.58 per security, equating to a discount of approximately 19 percent to the Group's NTA per security. The Board is of the opinion that the primary reason for this is the uncertainty around the ATO Hurstville building given the short remaining term on this lease and the proportion of total assets this building represents. As there is currently no timetable or certainty around reaching agreement with the ATO on a new lease it maybe some time before a realisation strategy is possible for this asset.

Therefore, apart from the realisation strategy of the other assets of the Group as outlined above, the Board remains focused on maximising the value of the Group's securities, and if appropriate may consider other superior strategies to close the NTA gap and improve the security price if it is in the best interest of securityholders.

Further updates will be provided as material progress is made in relation to the sale of assets or if other strategies emerge which are likely to improve the security price of the Group.

About Trafalgar

Trafalgar Corporate Group (ASX:TGP) is a property investment group with investment assets valued at \$70.0 million across three markets – Sydney, Canberra and Goulburn.

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