



Appendix 4E – Preliminary Final Report

Trafalgar Corporate Group

For the year ended 30 June 2013

27 August 2013

Name of stapled entity:	Trafalgar Corporate Group (TGP)	
Entities that form the stapled entity:	Trafalgar Corporate Group Limited (TCGL)	ACN 113 569 136
	Trafalgar Opportunity Fund No 4 (TOF 4)	ARSN 107 416 348
	Trafalgar Platinum Fund No 12 (TPF 12)	ARSN 104 552 598

Trafalgar Corporate Group was formed on 19 July 2005 following the unitholders of TOF4 and TPF12 approving the merger of TOF4, TPF12 and TCGL. Under the merger arrangements a TOF4 unit, a TPF12 unit and a TCGL share were stapled so that the share and the units comprise one security, which is traded on the ASX.

Details of the reporting period

Current Period:	1 July 2012 to 30 June 2013
Previous Corresponding Period:	1 July 2011 to 30 June 2012

Comparatives

The values provided for the period 1 July 2012 to 30 June 2013 are in the main considered comparable with the period 1 July 2011 to 30 June 2012 due to the loss of comparable rental income only occurring in June 2013 due to the settlement of the sale of the Mort Street Canberra investment property occurring on 31 May 2013.

Results for announcement to the market

Highlights

	30 June 2013	30 June 2012	Change	%
Revenue from ordinary activities (\$000)	10,138	11,480	down	11.7
Profit (loss) after tax from ordinary activities (\$000)	(6,320)	1,468	down	530.5
Profit (loss) after tax per security (cents)	(7.4)	1.7	down	535.3

Dividends/Distributions paid for the year per security	30 June 2013	30 June 2012	Change	%
Capital Distribution - cents	0.82	52.0		
Other Distribution - cents	6.68	0.0		
Total Distributions per security - cents	7.50	52.0	down	85.6
Tax deferred amount per security	10.93%	100%		
Record date for determining entitlements to final dividend/distribution	28/06/2013	No Final Dividend Paid		
Final Distribution – cents (included in Total Distributions)	1.0	N/A		
Distribution payment date	31/07/2013	N/A		
Number of securities on issue	85,351,913	85,351,913		
Net tangible assets per security	0.58	0.73	down	20.5
Details of Dividend Reinvestment Plan	Not Operating	Not Operating		

Highlights

- Net loss after tax of \$6.32 million
- Corporate & employment costs reduced by \$0.99 million or 32.8%
- Distributions of \$0.075/security paid
- Net Tangible Assets of \$0.58 per security after \$0.075 per security returned (2012: \$0.73)
- Debt reduced by \$22.3 million to \$10.26 million
- Total gearing (total liabilities/total assets) 20.6% (2012: 35.8%)
- Weighted average variable cost of debt was 5.17% (2012: 5.84%)
- Total assets were \$62.8 million (2012: \$97.4 million)

Commentary

Trafalgar Corporate Group (ASX: TGP), the property investment group, today announced it had achieved an operating profit of \$4.28 million for Fiscal 2013 before allowing for:

- | | |
|--|-------------------|
| • Net loss on fair value adjustment of Investment Properties | (\$10.16) million |
| • Impairment of mezzanine debts. | (\$1.06) million |
| • Impairment of property, plant & equipment | (\$0.16) million |
| • Write back of Joint Venture value | \$0.78 million |

Resulting in a loss after tax of (\$6.32) million

Activity during Fiscal 2013 continued to focus on:

- Enhancing the lease profile of investment properties so as to maximise their sale price when offered for sale;
- Exiting Joint Venture development activities;
- Closing out mezzanine funding provided to development projects.

As a result of the above:

- By year end the Group's main finance facility with Westpac Banking Corporation which currently has an expiry date of March 2014 was paid down by \$22.3 million to \$10.26 million.
- Distributions totaling \$0.075 per security or \$6.40 million were declared and or paid during Fiscal 2013.

The net tangible assets (NTA) of the Group decreased to \$0.58 per security as at 30 June 2013 (30 June 2012: \$0.73) largely as a result of the \$0.075 per security distributions paid to Securityholders and the loss after tax of (\$6.32) million.

Investment Portfolio Overview

As at 30 June 2013, Trafalgar's investment property portfolio consisted of 3 properties located in New South Wales (Hurstville, Granville & Goulburn).

The Directors' valuation of investment properties held as at 30 June 2013 was \$53.85 million, down from \$78.6 million as at 30 June 2012. In the main, this reflects the sale of 4 Mort Street, Canberra for \$14.75 million in May 2013 and decreases in the fair value of the investment property portfolio during the year of \$10.2 million.

Post year end the Group settled the sale of 2B Factory Street Granville for \$5.3 million in August 2013. Net sale proceeds were in line with book value.

Development Portfolio Overview

The Directors have previously announced their intention to withdraw from all property development and to this end, during the year, Trafalgar achieved the following:

- Completed the exit from both the Beverley and Nudgee development projects;
- Practical completion of the Rhodes Joint Venture development project with dedication of roads and public lots to statutory authorities completed post year end.
- The Rhodes Joint Venture is the only remaining development property asset, with a carrying value as at 30 June 2013 of \$0.8 million. On 24 April 2013, a legal claim was lodged with the Federal Court against the Rhodes joint venture alleging Breach of Contract with respect to the sale of a Super Land Lot. Initial hearings have been held and are ongoing with the next being scheduled for 1 November 2013.

Outlook for the Group

On 20 August 2013, the Group entered into a Security Sale Agreement to acquire 100% of 360 Capital Property Group ("360 Capital") through a scrip-for-scrip offer to 360 Capital Securityholders (with a cash election) (the "Acquisition"). 360 Capital is a diversified real estate investment, assets and funds management group.

Mr Tony Pitt, a substantial Securityholder & Non-Executive Director of the Group owns (through TT Investments Pty Limited) 21.1% of 360 Capital and has accepted the scrip offer.

On 21 August 2013, the Group completed a \$70.8 million equity raising via a fully underwritten conditional institutional placement of TGP securities at \$0.59 per security (the "Capital Raising"). The Capital Raising proceeds will be used to fund the cash election of the Acquisition and other funds management initiatives of the Group.

Both the Acquisition and the Capital Raising (together the "Transaction") are conditional on TGP Securityholder approval at an extraordinary general meeting scheduled for 24 September 2013 and re-compliance by TGP with Chapters 1 & 2 of the ASX Listing Rules. Independent expert, Lonergan Edwards & Associates Limited has concluded that the Acquisition is fair and reasonable for TGP's non-associated Securityholders. The Independent Committee of TGP Directors (David van Aanholt & Graham Lenzner) established to oversee the due diligence and to consider this Transaction recommends TGP Securityholders vote in favour of the Transaction, in the absence of a superior proposal. A Product Disclosure Statement & Prospectus was lodged with the ASX and the Australian Securities & Investments Commission on 21 August 2013.

If the Transaction is approved it will transform the Group into a diversified real estate investment, funds and asset management group.

Interests in Joint Ventures and Associates

	Activity	Ownership Interest		Share of Profit (Loss)	
		30 June 2013 %	30 June 2012 %	30 June 2013 \$'000	30 June 2012 \$'000
The Frances Park Partnership	Residential Development	-	50.0	(5)	(8)
Renewing Homebush Bay Joint Venture	Residential Development	50.0	50.0	783	1,522
TW Property Developments Pty Limited	Residential Development	-	50.0	0	11
Total				778	1,525

Basis of Report

This report is based on the attached audited Annual Financial Report for Fiscal 2013

Trafalgar Corporate Group Limited
ABN 18 113 569 136

And Its Controlled Entities

Annual Financial Report
For the Year Ended
30 June 2013

Registered Address:

Level 4, 111 Harrington Street

Sydney NSW 2000

Trafalgar Corporate Group Limited and its Controlled Entities
Annual Financial Report
For the year ended 30 June 2013

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Trafalgar Corporate Group Limited and its Controlled Entities

Directors' report

For the year ended 30 June 2013

The Directors present their report together with the annual financial report of Trafalgar Corporate Group Limited and the consolidated entities ("Trafalgar Corporate Group" or "Group") for the year ended 30 June 2013 and the independent auditor's report thereon. The financial report of Trafalgar Corporate Group comprises the consolidated financial reports of Trafalgar Corporate Group Limited (the deemed parent entity), Trafalgar Opportunity Fund No. 4 and Trafalgar Platinum Fund No. 12 and their respective controlled entities.

Directors

The Directors of Trafalgar Corporate Group Limited ("Company" or "TCGL"), at any time during or since the end of the year are ("the Directors"):

Trafalgar Corporate Group Limited

Name	Period of Directorship
Non-Executive	
Garry S Charny	Appointed Director 13 November 2008, Resigned 21 August 2013
John R Green	Appointed Director 1 October 2009, Resigned 19 March 2013
	Appointed Chairman 1 May 2012, Resigned 19 March 2013
Graham E Lenzner	Appointed Director 9 May 2013
Tony R Pitt	Appointed Director 19 November 2009
David van Aanholt (Chairman)	Appointed Director 19 March 2013
	Appointed Chairman 19 March 2013

Formation of Trafalgar Corporate Group

On 19 July 2005 the unitholders of Trafalgar Opportunity Fund No. 4 (TOF 4) and Trafalgar Platinum Fund No. 12 (TPF 12) approved the merger of TOF 4, TPF 12 and the Company. Under the merger arrangements a TOF 4 unit, a TPF 12 unit and a Company share were stapled so that the share and the units comprise one security, which is traded on the Australian Securities Exchange (ASX). Investors in Trafalgar Corporate Group are entitled to distributions from TOF 4 and TPF 12 and dividends from the Company. The units and share are stapled together and cannot be traded separately.

Principal activities

During the financial year the principal activities of Trafalgar Corporate Group were:

- a) investment in income producing commercial and industrial properties; and
- b) property development (direct and financing)

The Board continued to implement its strategy to close the gap between the security price and net tangible assets by pursuing an orderly and opportunistic realisation of the Group's investment property assets. This strategy was approved by shareholders at the AGM in November 2010. Significant progress has been made with the asset realisation process and closing the gap between security price and net tangible assets. The Board will only consider investment property sales that achieve the best outcome for Securityholders and will continue to consider other options that may provide a greater return.

There were no significant changes in the nature of the activities of Trafalgar Corporate Group during the year.

Trafalgar Corporate Group Limited and its Controlled Entities

Directors' report (continued)

For the year ended 30 June 2013

Review of operations

The annual financial report for the year ended 30 June 2013 has been prepared in accordance with the Australian equivalents to International Financial Reporting Standards ("AIFRS"). The financial performance of Trafalgar Corporate Group is as follows:

	For the year ended 30 June 2013	For the year ended 30 June 2012
Revenue and other income (\$'000)	10,138	11,480
(Loss) profit attributable to Securityholders of Trafalgar Corporate Group (\$'000)	(6,320)	1,468
Basic loss per company share (¢)	(1.9)	(0.8)
Basic (loss) earnings per stapled security (¢)	(7.4)	1.7
Dividends and distributions provided or paid by Trafalgar Corporate Group (\$'000)	6,401	44,383

	As at 30 June 2013	As at 30 June 2012
Net assets (\$'000)	49,862	62,583
Number of fully paid stapled securities on issue ('000)	85,352	85,352
Net assets per fully paid stapled security (\$)	0.58	0.73

The Directors have undertaken an assessment of the fair value of the Group's investment property assets at 30 June 2013 having regard to independent valuations. The Directors have determined a decrease in the carrying amount of \$10.16 million (30 June 2012: decrease of \$2.38 million) is to be brought to account in the statement of profit or loss and other comprehensive income for the year.

The following major financial transactions occurred during the financial year:

- (a) The Group settled the sale of 4 Mort Street Canberra for \$14.75 million on 31 May 2013 with the majority of net sale proceeds being used for debt reduction.
- (b) The Group exchanged a contract for the sale of 2B Factory Street Granville for \$5.3 million with settlement expected in August 2013.
- (c) The Group received \$5.2 million in net proceeds from development asset realisations during the year and brought to account in the statement of profit or loss and other comprehensive income a net impairment of \$0.3 million. The remaining development asset has a carrying value of \$0.8 million as at 30 June 2013.
- (d) The Rhodes joint venture achieved practical completion of the project with the only outstanding issue remaining being the dedication of roads and public lots to statutory authorities. On 24 April 2013, a legal claim was lodged with the Federal Court against the Rhodes joint venture alleging Breach of Contract with respect to the sale of a Super Land Lot. Initial hearings have been held and are ongoing with the next being scheduled for 1 November 2013.
- (e) The Group provided or paid a total of 7.5 cents per security in distributions during the year. Further information in regards to these distributions is provided below.

Trafalgar Corporate Group Limited and its Controlled Entities

Directors' report (continued)

For the year ended 30 June 2013

Dividends & distributions

The Company did not declare any dividends during the year ended 30 June 2013 or up to the date of this report (30 June 2012: Nil). Distributions declared by TPF 12 & TOF 4 during the year were as follows:

	For the year ended 30 June 2013		For the year ended 30 June 2012	
	\$'000	Cents per Unit	\$'000	Cents per Unit
Distribution - paid 21 July 2011 (TPF 12)	-	-	17,070	20.00
Distribution - paid 16 September 2011 (TOF 4)	-	-	4,267	5.00
Distribution - paid 11 November 2011 (TOF 4)	-	-	5,975	7.00
Distribution - paid 14 February 2012 (TOF 4)	-	-	3,414	4.00
Distribution - paid 14 February 2012 (TPF 12)	-	-	2,561	3.00
Distribution - paid 28 June 2012 (TPF 12)	-	-	11,096	13.00
Distribution - paid 14 November 2012 (TPF 12)	1,707	2.00	-	-
Distribution - paid 14 November 2012 (TOF4)	427	0.50	-	-
Distribution - paid 13 March 2013 (TPF 12)	3,414	4.00	-	-
Distribution - paid 31 July 2013 (TPF 12)	853	1.00	-	-
	6,401	7.50	44,383	52.00

Significant changes in the state of affairs

Key changes in Trafalgar Corporate Group's state of affairs during the year were as follows:

Financing Facilities

The loan facility with Westpac Banking Corporation, provided to the Group via a special purpose borrowing vehicle, was reduced from \$32.56 million to \$10.26 million during the year. For further information on financing facilities refer to note 22.

In the opinion of the Directors, there were no significant changes in the state of affairs of Trafalgar Corporate Group that occurred during the financial year under review other than those listed above or elsewhere in the Directors report.

Trafalgar Corporate Group Limited and its Controlled Entities

Directors' report (continued)

For the year ended 30 June 2013

Likely developments and expected results of operations

The Group continues to implement its strategy to close the gap between the security price and net tangible assets by pursuing an orderly and opportunistic realisation of the Group's investment property assets. The extension of the lease to the Australian Taxation Office ("ATO") on the Woniara Road, Hurstville property is key to this strategy. The current 10 year lease (with 2 x 5 year options) expires February 2015. The ATO is required to advise by February 2014 if they wish to exercise the first 5 year option. The Group is in discussions with the tenant with respect to their intentions. A material change (positive or negative) in the fair value of the ATO Hurstville building may occur depending on the actual outcome of the current lease negotiations.

The Board remains focused on maximising the value of the Group's securities. As there is currently no timetable or certainty around reaching agreement with the ATO on a new lease, it may be sometime before a realisation strategy is possible for this asset. Therefore, apart from the realisation strategy, the Board may also consider other strategies to improve security price if it is in the best interest of Securityholders. In this regard, please refer to the events subsequent to reporting date, where further details are provided about the Group's potential acquisition of the 360 Capital Property Group.

Trafalgar Corporate Group Limited and its Controlled Entities

Directors' report (continued)

For the year ended 30 June 2013

Information on Directors & Company Secretary

Graham E Lenzner (Independent Director)

Graham has had a career spanning four decades, with particular emphasis on funds management and financial markets. Graham has also worked as an Executive for some years in the insurance, building products and construction industries. Graham was an Executive Director of the Armstrong Jones Group for 12 years, the last 4 years as Joint Managing Director. Other previous roles include Finance and Deputy Managing Director of Aquila Steel, General Manager Finance and Investments of MMI Insurance Limited and Director Head of Equities with Schroder Darling Management Limited. Graham has served on the Board of a number of public and private companies. Graham is currently Chairman of Device Technologies Australia Pty Limited and Chairman of Heemskirk Consolidated Limited. Graham holds a Bachelor of Economics and is a Fellow of the Australian Institute of Company Directors. Graham is the Audit Committee Chairman.

Tony R Pitt (Non-Executive Director)

Tony is the founder and Managing Director of 360 Capital Property Group, a Sydney based property investment and funds management organisation with funds under management of approximately \$1.0 billion. Through TT Investments Pty Limited, Tony is a significant Securityholder in Trafalgar Corporate Group, with 28.17% of the Group's securities as at 30 June 2013. Tony has in excess of 15 years experience in property valuation, investment, funds management, development and advisory in both the listed and unlisted property sectors. Tony was previously an Executive Director of Mirvac Funds Management Ltd (formerly James Fielding Funds Management Limited), Bankminster Properties Limited and Travelodge Hotel Group. Tony also held positions at Paladin Australia Limited, Jones Lang LaSalle and Richard Ellis. Tony holds a Bachelor of Commerce (Property) and a Graduate Diploma in Applied Finance and Investment. Tony is the Nominations and Remuneration Committee Chairman.

David van Aanholt (Independent Chairman)

David has over 20 years of experience in the property and funds management industry. Prior to establishing his own property group in 2007, David was the Chief Executive Officer (Asia Pacific) of the ASX listed Goodman Group (previously known as Macquarie Goodman). In that role David was responsible for Goodman's operations in Australia, New Zealand, Hong Kong and Singapore. David worked for Goodman for more than a decade and before joining them was a Fund Manager at Paladin Australia Limited (acquired by Deutsche Bank) and an Associate Director of CDH Properties (Acquired by KPMG). David holds a Bachelor of Business (Land Economy), Post Graduate Diploma in Management and a Masters in Business Administration. David is an Independent Director of the Kennards Self Storage Group and 360 Capital Property Group and is a Fellow of the Australian Property Institute.

Peter J Norris (Chief Financial Officer, Company Secretary & Compliance Officer)

Peter joined Trafalgar as Financial Controller & Company Secretary in 2001. Peter has more than 30 years of General Business, Financial Management and Company Secretarial experience and has been involved with ASIC Managed Investment Legislation for more than 10 years. As such Peter assumes the responsibilities of Compliance Officer with respect to Trafalgar's ASIC Financial Services Licence. Peter's knowledge base stretches across many industries including property, manufacturing, financial services, direct retail, marketing and aviation. Peter has a Bachelor of Economics and is a member of CPA Australia as well as an affiliate of Chartered Secretaries Australia.

Trafalgar Corporate Group Limited and its Controlled Entities

Directors' report (continued)

For the year ended 30 June 2013

Attendance at meetings by Directors

The number of Board meetings and Directors' attendance at those meetings during the year are set out below:

	Board		Audit & Risk Committee		Nominations & Remuneration Committee	
	Meetings Attended	Meetings Held	Meetings Attended	Meetings Held	Meetings Attended	Meetings Held
Garry S Charny	12	13	4	4	1	1
John R Green	7	7	3	3	-	-
Graham E Lenzner	3	3	-	-	-	-
Tony R Pitt	12	13	4	4	1	1
David van Aanholt	6	6	1	1	-	-

Directors' interests

The following tables show each Director's interest, and or their respective related entities' interest (if any), in Trafalgar Corporate Group Limited as at the beginning and at the end of the year:

Fully paid securities

Directors

Garry S Charny	-	-	-	-
John R Green (Resigned 19 March 2013)	-	-	-	n/a
Graham E Lenzner (Appointed 9 May 2013)	-	-	-	-
Tony R Pitt *	21,479,009	2,560,556	-	24,039,565
David van Aanholt (Appointed 19 March 2013)	-	-	-	-

Held at 1 July 2012	Acquisitions	Sales	Held at 30 June 2013

Fully paid securities

Directors

Garry R Sladden (Resigned 1 May 2012)	-	-	-	n/a
Garry S Charny	-	-	-	-
John R Green	-	-	-	-
Tony R Pitt *	20,000,000	1,479,009	-	21,479,009

Held at 1 July 2011	Acquisitions	Sales	Held at 30 June 2012

* Pentagon Financial Services Pty Limited ("PFS") is the registered holder of 21,479,009 securities. TT Investments Pty Limited indirectly owns 100% of PFS. TT Investments Pty Limited ATF the TT Investment Trust is the registered holder of 2,560,556 securities. Tony Pitt is a Director of TT Investments Pty Limited and a beneficiary of the TT Investment Trust.

Trafalgar Corporate Group Limited and its Controlled Entities

Directors' report (continued)

For the year ended 30 June 2013

Remuneration report

The Directors of Trafalgar Corporate Group Limited present the Remuneration report for the consolidated entity. The report summarises key compensation policies for the year ended 30 June 2013 and provides detailed information on the compensation for Directors' and other key management personnel.

The Remuneration report is set out under the following main headings:

1. Principles used to determine the nature and amount of remuneration;
2. Service agreements; and
3. Details of remuneration

The specific remuneration arrangements described in this report apply to the Chief Executive Officer and the key management personnel as defined in AASB 124 and to the Company Secretary as defined in section 300A of the *Corporations Act*.

1. Principles used to determine the nature and amount of remuneration

The Nominations and Remuneration Committee advises the Board on compensation policies and practices generally, and makes specific recommendations on compensation packages and other terms of employment for Non-Executive Directors and other Senior Executives.

The Nominations and Remuneration Committee operates under the delegated authority of the Board. The Nominations and Remuneration Committee's Charter is available on the Corporate Governance page of Trafalgar Corporate Group Limited's website at www.trafalgarcorporate.com

The Nominations and Remuneration Committee is chaired by Tony Pitt with Garry Charny also holding a position in the Committee.

The responsibilities of the Nominations and Remuneration Committee are to review market practices and recommend to the Board:

1. Remuneration policies of the Company;
2. Remuneration structure and levels for Non-Executive Directors; and
3. Remuneration packages of the Chief Executive Officer and other Senior Executives.

The Chief Executive Officer or designate, in turn, reviews the performance and compensation of the other Senior Executives and makes recommendations on these to the Committee. The Chief Executive Officer's recommendations recognise the differing responsibilities and skills of each Executive as well as different market influences that may affect their total compensation package.

1.1 Remuneration principles

(a) Non-Executive Directors' fees

Securityholders in general meetings approve the aggregate pool available for the remuneration of Non-Executive Directors. The current aggregate pool limit for Directors' fees payable to Non-Executive Directors of \$750,000 per annum was approved by Securityholders at the 2005 Annual General Meeting.

Directors' fees paid to each Non-Executive Director are agreed by the Board, based on recommendations by the Nominations and Remuneration Committee.

Trafalgar Corporate Group Limited and its Controlled Entities

Directors' report (continued)

For the year ended 30 June 2013

Remuneration report (continued)

1.1 Remuneration principles (continued)

The annual fees payable to Non-Executive Directors are as follows:

- Base fee of \$75,000 plus additional fees of:
 - \$Nil for Chairing the Audit and Risk Committee;
 - \$Nil for Chairing the Nominations and Remuneration Committee;
- The Chairman is paid a Board fee at a higher rate than the other Non-Executive Directors to reflect additional workloads and responsibilities. The Chairman is paid \$95,000 per annum.

In addition the Non-Executive Directors receive superannuation contributions at the statutory Superannuation Guarantee Levy rate.

Retirement allowances for Directors

Non-Executive Directors do not receive any retirement allowance upon retirement from the Board.

(b) Executive remuneration

The Board recognises that the Group's performance is dependent on the quality of its people. To successfully achieve its financial and operating objectives, the Group must be able to attract, motivate and retain highly skilled Executives who are dedicated to the interests of its Securityholders.

The compensation of the Chief Executive Officer, other key management personnel and other staff members may include payments and or allocations under the following categories:

- Fixed remuneration, which comprises cash salary
- Performance linked compensation
- Short term employee benefits including short term cash bonuses, annual leave and other incidental benefits;
- Post employment benefits, comprising superannuation contributions;
- Long term employee benefits including long service leave; and
- Termination benefits as defined in individual employment contracts and as required by law.

Details of each category above are set out below:

Fixed remuneration

Cash salaries are set at a level to attract and retain suitably qualified people to the Group. The salaries are benchmarked to market and reviewed annually by the Nominations and Remuneration Committee, taking account of market conditions, external surveys and advice, skills availability and the Group and individual performance.

Performance linked compensation

Performance linked compensation includes both short-term and long-term incentives, and is designed to reward key management personnel for meeting or exceeding their financial and personal objectives. No key management personnel are currently receiving performance linked compensation as part of their remuneration package.

Trafalgar Corporate Group Limited and its Controlled Entities

Directors' report (continued)

For the year ended 30 June 2013

Remuneration report (continued)

1.1 Remuneration principles (continued)

Short term employee benefits

For short term cash bonuses, the performance targets and reward levels are reviewed by the Chief Executive Officer or designate and are approved by the Nominations and Remuneration Committee. The payment of bonuses is approved by the Nominations and Remuneration Committee following an assessment of the Group's financial performance for the previous 12 months as compared to budgeted results. Failure to achieve budget may result in no bonus payments being approved by the Nominations and Remuneration Committee. No key management personnel are currently receiving short term bonuses as part of their remuneration package.

Other incidental benefits include provision of car parking at office locations.

Post employment benefits

All salaried employees have the opportunity to direct their superannuation to a fund of their choice as required by Federal legislation. The Group contributes up to 9% of salary in line with Superannuation Guarantee levy requirements.

Termination/Retention benefits

The Board is mindful that in order to carry out its strategy of opportunistically realising assets so as to maximise the capital returned to Securityholders, the Group must retain the staff that can implement this strategy. With this in mind, in September 2010, the Board made amendments to the employment contracts of key management personnel to include retention benefits. Under the amended terms of their employment contracts, Messrs Williams and Norris (CFO & Company Secretary) become entitled to 9 months remuneration and 6 months remuneration respectively should their employment be brought to an end by Trafalgar for any reason other than misconduct, incapacity or performance, or where grounds for summary termination or serious misconduct exist. These changes were considered necessary in order to ensure their knowledge and expertise was retained, as Group asset sales were realised and the Group's activities are wound down.

2. Service agreements

Service agreements are entered into for all persons employed by the Group. Notice periods of six months for the CEO, CFO/Company Secretary and Financial Controller, and one month for all other staff apply to these service agreements and no notice provisions apply where termination occurs as a result of misconduct or serious breach of agreement. Compensation arrangements for early termination of an Executive's contract for reasons outside the control of the individual or where the Executive is made redundant may give rise to a severance payment at law.

The terms of the service agreements for key management personnel employed at 30 June 2013 are as follows:

	Peter J Norris Chief Financial Officer & Company Secretary
Date of agreement	1 July 2005
Term of agreement	Open-ended
Non-solicitation of other personnel	12 months
Termination notice - Trafalgar	4 months
Termination notice - Employee	6 months

Trafalgar Corporate Group Limited and its Controlled Entities

Directors' report (continued)

For the year ended 30 June 2013

Remuneration report (continued)

2. Service agreements (continued)

Apart from the details disclosed in this note, no key management personnel have entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving key management personnel interests existing at year end.

3. Details of remuneration

Details of the remuneration of the Directors and key management personnel of the Group are set out in the following table:

Trafalgar Corporate Group Limited and its Controlled Entities

Directors' report (continued)

For the year ended 30 June 2013

Remuneration report (continued)

Short-Term Employee Benefits									
Name	Year	Cash Salary \$	Short-Term Cash Bonus \$	Non Monetary Benefits		Other Benefits \$	Superannuation \$	Long Service Leave \$	Total \$
					\$				
Non-Executive Directors									
Garry S Charny	2013	75,000	-	-	-	-	6,750	-	81,750
	2012	75,000	-	-	-	-	6,750	-	81,750
John R Green (Chairman - Resigned 19 March 2013)	2013	69,019	-	-	-	-	6,212	-	75,231
	2012	95,833	-	-	-	-	8,625	-	104,458
Graham E Lenzner (Appointed 9 May 2013)	2013	10,887	-	-	-	-	980	-	11,867
	2012	-	-	-	-	-	-	-	-
Tony R Pitt	2013	75,000	-	-	-	-	6,750	-	81,750
	2012	75,000	-	-	-	-	6,750	-	81,750
Garry R Sladden (Chairman - Resigned 1 May 2012)	2013	-	-	-	-	-	-	-	-
	2012	121,391	-	-	-	-	10,925	-	132,316
David van Aanholt (Chairman - Appointed 19 March 2013)	2013	27,070	-	-	-	-	2,436	-	29,506
	2012	-	-	-	-	-	-	-	-
Sub Total Non-Executive Directors									
	2013	256,976	-	-	-	-	23,128	-	280,104
	2012	367,224	-	-	-	-	33,050	-	400,274
Key Management Personnel									
Braith H Williams - CEO ¹ (Redundant 29 March 2013)	2013	361,988	-	10,683	112,500	-	12,353	5,279	502,803
	2012	434,225	-	9,313	56,250	-	15,775	7,108	522,671
Peter J Norris - CFO & Company Secretary ²	2013	236,130	-	3,592	23,650	-	16,470	3,814	283,656
	2012	236,825	-	3,335	23,650	-	15,775	3,847	283,432
Totals by each component									
	2013	855,094	-	14,275	136,150	-	51,951	9,093	1,066,563
	2012	1,038,274	-	12,648	79,900	-	64,600	10,955	1,206,377
Totals by category									
	2013		1,005,519 ³				51,951	9,093	1,066,563
	2012		1,130,822 ³				64,600	10,955	1,206,377

¹ Other Benefits includes Termination/Retention benefits of \$112,500. Refer to 1.1 of the Remuneration report for further information on Termination/Retention benefits. Braith Williams was made redundant on 29 March 2013.

² Other Benefits includes accrued Termination/Retention benefits of \$21,250 and a \$2,400 Car Allowance. Refer to 1.1 of the Remuneration report for further information on Termination/Retention benefits.

³ Short-Term Employee Benefits

Trafalgar Corporate Group Limited and its Controlled Entities

Directors' report (continued)

For the year ended 30 June 2013

Indemnification and Insurance of Directors and Officers

In the 2013 financial year a premium of \$61,524 (30 June 2012: \$59,272) was paid in respect of a Directors and Officers Liability insurance policy for the benefit of the above Directors and key management personnel. Effective from 1 April 2006 the Directors and Officers Liability insurance policy held by Trafalgar Corporate Group Limited was endorsed to cover the risk previously provided for in the Investment Managers insurance policy taken out by the Responsible Entity, namely Trafalgar Managed Investments Limited (TMIL).

The Company has not indemnified the auditor of the Group.

The Company and Trafalgar Managed Investments Limited have entered into a Deed of Access, Indemnity and Insurance with each Director and the Chief Executive Officer. The indemnity is subject to restrictions prescribed in the Corporations Act 2001. In summary the Deed indemnifies Directors to the fullest extent permitted by law against liabilities arising as a result of acting as a Director or Officer. An indemnity is also provided for related legal costs.

Non-audit services

During the year KPMG, the Group's auditor, has performed certain other services in addition to their statutory duties. The Board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of the non-audit services during the reporting period by the auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporation Act 2001* for the following reasons:

- The Board's own review conducted in conjunction with the Audit and Risk Committee, having regard to the Board's policy with respect to the engagement of the Company's auditor to ensure the services do not impact on the integrity and objectivity of the auditor.
- The declaration of the independence provided by KPMG, as auditor of the Company.
- The fact that none of the non-audit services provided by KPMG during the year involved reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the Group, KPMG, and its related practices for non-audit services provided during the year are set out below. Refer to note 7 for details of amounts paid for audit services by the Group.

The following non-audit services were provided by the Group's auditor, KPMG. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non audit service provided means that auditor independence was not compromised.

	30 June 2013	30 June 2012
	\$	\$
Services other than statutory audit:		
Taxation services	45,522	103,178
Audit of regulatory returns	5,000	4,725
Other assurance services	12,500	20,780

Trafalgar Corporate Group Limited and its Controlled Entities

Directors' report (continued)

For the year ended 30 June 2013

Events subsequent to reporting date

Acquisition of 360 Capital Property Group

On 20 August 2013, the Group entered into a Security Sale Agreement to acquire 100% of 360 Capital Property Group ("360 Capital") through a scrip-for-scrip offer to 360 Capital Securityholders (with a cash election) (the "Acquisition"). 360 Capital is a diversified real estate investment, assets and funds management group.

Mr Tony Pitt, a substantial Securityholder & Non-Executive Director of the Group owns (through TT Investments Pty Limited) 21.1% of 360 Capital and has accepted the scrip offer.

On 21 August 2013, the Group completed a \$70.8 million equity raising via a fully underwritten conditional institutional placement of TGP securities at \$0.59 per security (the "Capital Raising"). The Capital Raising proceeds will be used to fund the cash election of the Acquisition and other funds management initiatives of the Group.

Both the Acquisition and the Capital Raising (together the "Transaction") are conditional on TGP Securityholder approval at an extraordinary general meeting scheduled for 24 September 2013 and re-compliance by TGP with Chapters 1 & 2 of the ASX Listing Rules. Independent expert, Lonergan Edwards & Associates Limited has concluded that the Acquisition is fair and reasonable for TGP's non-associated Securityholders. The Independent Committee of TGP Directors (David van Aanholt & Graham Lenzner) established to oversee the due diligence and to consider this Transaction recommends TGP Securityholders vote in favour of the Transaction, in the absence of a superior proposal. A Product Disclosure Statement & Prospectus was lodged with the ASX and the Australian Securities & Investments Commission on 21 August 2013.

2B Factory Street Granville

Settlement of the sale of 2B Factory Street Granville occurred on 14 August 2013 with net proceeds being used for debt reduction within the Group.

There are no further matters or circumstances not otherwise dealt with in this report or the financial statements that have significantly or may significantly affect the operations of the consolidated entity, or the state of the consolidated entity's affairs in this financial report or current and future financial periods.

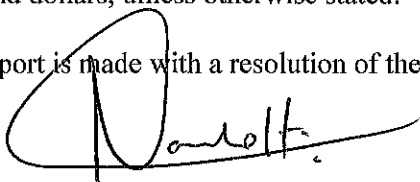
Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

The lead auditor's independence declaration is set out on page 15 and forms part of the Directors' report for the year ended 30 June 2013.

Rounding off

The Company is of a kind of entity referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and Directors' report have been rounded to the nearest thousand dollars, unless otherwise stated.

This report is made with a resolution of the Directors.



David van Aanholt
Chairman



Graham E Lenzner
Director

Dated at Sydney this 27th day of August 2013



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Trafalgar Corporate Group Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2013 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Paul Thomas
Partner

Sydney
27 August 2013

Trafalgar Corporate Group Limited and its Controlled Entities
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2013

	Note	30 June 2013 \$'000	30 June 2012 \$'000
Revenue and other income			
Rent from investment properties	4	9,779	10,641
Finance income	5	318	602
Other income		41	237
Total revenue and other income		10,138	11,480
 Rates, taxes and other property outgoings		 (2,072)	 (2,057)
Consultants and professional fees		(367)	(681)
Management and administration expenses		(541)	(737)
Depreciation	19	(29)	(35)
Employee benefits expense	6	(1,185)	(1,743)
Net loss on fair value adjustment of investment properties	17	(10,156)	(2,377)
Net (loss) gain on disposal of investment properties		(20)	67
Reversal of impairment of available for sale investments	16	-	4
Reversal of impairment of equity accounted investments	18	778	1,514
Impairment of third party loans receivable	14	(1,055)	(1,324)
Impairment of other non current assets	19	(151)	-
 Results from operating activities		 (4,660)	 4,111
 Finance expenses	5	 (1,660)	 (2,654)
Share of profit on investments accounted for using the equity method	18	-	11
 (Loss) profit before income tax expense		 (6,320)	 1,468
 Income tax expense	8	 -	 -
 (Loss) profit for the year		 (6,320)	 1,468
 Other comprehensive income for the year		 -	 -
 Total comprehensive (loss) income for the year		 (6,320)	 1,468

Trafalgar Corporate Group Limited and its Controlled Entities

Consolidated statement of profit or loss and other comprehensive income (continued)

For the year ended 30 June 2013

	Note	30 June 2013 \$'000	30 June 2012 \$'000
(Loss) profit attributable to:			
Equity holders of the company		(1,613)	(666)
Minority interest		(4,707)	2,134
(Loss) profit for the year		<u>(6,320)</u>	<u>1,468</u>
 Total comprehensive (loss) income attributable to:			
Equity holders of the company		(1,613)	(666)
Minority interest		(4,707)	2,134
Total comprehensive (loss) income for the year		<u>(6,320)</u>	<u>1,468</u>
 Basic and diluted (loss) per company share	11	(1.9)c	(0.8)c

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Trafalgar Corporate Group Limited and its Controlled Entities

Consolidated statement of changes in equity

For the year ended 30 June 2013

		Trafalgar Corporate Group Limited			Minority Interest TPF 12 and TOF 4		Total Equity \$'000
		Capital \$'000	Retained losses \$'000	Total equity \$'000	Capital \$'000	Retained losses \$'000	Total equity \$'000
	Note						
Balance at 1 July 2012	25	(3,092)	(1,986)	(5,078)	104,089	(36,428)	67,661
							62,583
Total comprehensive (loss) income for the year		-	(1,613)	(1,613)	-	(4,707)	(4,707)
							(6,320)
Transactions with Securityholders in their capacity as Securityholders							
Distributions to unitholders	3	-	-	-	(6,401)	-	(6,401)
		-	-	-	(6,401)	-	(6,401)
Balance at 30 June 2013		(3,092)	(3,599)	(6,691)	97,688	(41,135)	56,553
							49,862

Trafalgar Corporate Group Limited and its Controlled Entities

Consolidated statement of changes in equity (continued)

For the year ended 30 June 2013

	Trafalgar Corporate Group Limited			Minority Interest TPF 12 and TOF 4		Total Equity \$'000		
	Capital \$'000	Retained losses \$'000	Total equity \$'000	Capital \$'000	Retained losses \$'000	Total equity \$'000		
Note								
Balance at 1 July 2011	25	(3,092)	(1,320)	(4,412)	148,472	(38,562)	109,910	105,498
Total comprehensive (loss) income for the year		-	(666)	(666)	-	2,134	2,134	1,468
Transactions with Securityholders in their capacity as Securityholders								
Distributions to unitholders	3	-	-	-	(44,383)	-	(44,383)	(44,383)
		-	-	-	(44,383)	-	(44,383)	(44,383)
Balance at 30 June 2012		(3,092)	(1,986)	(5,078)	104,089	(36,428)	67,661	62,583

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Trafalgar Corporate Group Limited and its Controlled Entities

Consolidated statement of financial position

As at 30 June 2013

	Note	30 June 2013 \$'000	30 June 2012 \$'000
Current assets			
Cash and cash equivalents	12	7,516	10,714
Trade and other receivables	13	209	1,156
Assets held for sale	9	9,583	5,100
Other financial assets	14	-	3,698
Other current assets	15	663	484
Total current assets		<u>17,971</u>	<u>21,152</u>
Non current assets			
Investment properties	17	42,906	71,748
Investments accounted for using the equity method	18	800	2,591
Property, plant and equipment	19	17	192
Other non current assets	20	1,094	1,752
Total non current assets		<u>44,817</u>	<u>76,283</u>
Total assets		<u>62,788</u>	<u>97,435</u>
Current liabilities			
Trade and other payables	21	649	679
Interest bearing loans and borrowings	22	10,237	8,100
Provisions	23	1,207	645
Other current liabilities	24	833	929
Total current liabilities		<u>12,926</u>	<u>10,353</u>
Non current liabilities			
Interest bearing loans and borrowings	22	-	24,331
Provisions	23	-	168
Total non current liabilities		<u>-</u>	<u>24,499</u>
Total liabilities		<u>12,926</u>	<u>34,852</u>
Net assets		<u>49,862</u>	<u>62,583</u>

Trafalgar Corporate Group Limited and its Controlled Entities

Consolidated statement of financial position (continued)

As at 30 June 2013

	Note	30 June 2013 \$'000	30 June 2012 \$'000
Equity attributable to Shareholders of the Company			
Capital	25	(3,092)	(3,092)
Retained losses		(3,599)	(1,986)
Total Equity attributable to Shareholders of the Company		<u>(6,691)</u>	<u>(5,078)</u>
 Minority interests Equity attributable to Unitholders of TPF 12 and TOF 4			
Capital		97,688	104,089
Retained losses		(41,135)	(36,428)
Total Minority interests Equity attributable to Unitholders of TPF 12 and TOF 4		<u>56,553</u>	<u>67,661</u>
 Total equity		<u>49,862</u>	<u>62,583</u>

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Trafalgar Corporate Group Limited and its Controlled Entities

Consolidated statement of cash flows

For the year ended 30 June 2013

	Note	30 June 2013 \$'000	30 June 2012 \$'000
Cash flows from operating activities			
Cash receipts from customers		11,437	13,077
Cash paid to suppliers and employees		(5,460)	(8,003)
Interest received		294	598
Interest paid		(1,540)	(2,555)
Net cash from operating activities	31	<u>4,731</u>	<u>3,117</u>
Cash flows from investing activities			
Payments for investment properties and improvements		-	(40)
Proceeds from sale of investment properties		14,717	22,042
Payments for plant and equipment		(5)	-
Capital distributions from equity accounted investments		2,569	19,474
Capital distributions from available for sale investments		-	433
Other financial assets - advances		(176)	(174)
Other financial assets - repayments		2,815	550
Net cash from investing activities		<u>19,920</u>	<u>42,285</u>
Cash flows from financing activities			
Repayment of borrowings		(22,301)	(13,208)
Distributions paid		(5,548)	(44,383)
Net cash from financing activities		<u>(27,849)</u>	<u>(57,591)</u>
Net decrease in cash and cash equivalents held		(3,198)	(12,189)
Cash and cash equivalents at the beginning of the year		10,714	22,903
Cash and cash equivalents at the end of the year	12	<u>7,516</u>	<u>10,714</u>

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Trafalgar Corporate Group Limited and its Controlled Entities

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

1 Statement of significant accounting policies

Trafalgar Corporate Group Limited ("the Company") is a company domiciled in Australia. The consolidated financial report of the Company for the financial year ended 30 June 2013 comprises the Company and its subsidiaries (together referred to as 'Trafalgar Corporate Group' or the 'consolidated entity') and Trafalgar Corporate Group's interest in associates and jointly controlled entities.

The consolidated financial report was authorised for issue by the Directors on the 27th day of August 2013.

The significant accounting policies which have been adopted in the preparation of this consolidated financial report are:

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards adopted by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001.

International Financial Reporting Standards ("IFRS") form the basis of Australian Accounting Standards (including Australian Interpretations) adopted by the AASB, being Australian equivalents to IFRS ("AIFRS"). The financial report complies with IFRS and interpretations adopted by the International Accounting Standards Board.

(b) Basis of preparation

The financial report is presented in Australian dollars.

Trafalgar Corporate Group Limited and its subsidiaries are for-profit entities for the purpose of preparing the financial report.

The financial report is prepared on the historical cost basis except for investment properties which are stated at their fair value and investments accounted for using the equity method which has been subject to impairment testing.

The Company is an entity of the kind referred to in ASIC Class Order 98/100 dated 10 July 1998 (updated by CO 05/641 effective 28 July 2005 and CO 06/51 effective 31 January 2006) and in accordance with that Class Order, amounts in the financial report and Directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

In accordance with the Stapling Deed executed on 8 June 2005, each party to the deed (Trafalgar Corporate Group Limited ("TCGL"), Trafalgar Platinum Fund No. 12 ("TPF 12") and Trafalgar Opportunity Fund No. 4 ("TOF 4")) have undertaken to guarantee the obligations of the other party and or its subsidiaries. At balance date, TCGL had a net asset deficiency of \$18.3 million (30 June 2012: net asset deficiency of \$15.6 million).

Trafalgar Corporate Group Limited and its Controlled Entities

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

1 Statement of significant accounting policies (continued)

(b) Basis of preparation (continued)

As TPF 12 and TOF 4 have the capacity to guarantee the net asset deficiency, the Parent Entity disclosures in note 33 have been prepared on a going concern basis having regard to the Group's bank facilities available until March 2014; the Group's compliance with bank debt covenants, current assets exceeding current liabilities and our expectation that the Group will be able to meet all its obligations as and when they fall due over the next 12 months.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of Australian Accounting Standards that have a significant effect on the financial report and estimates with a significant risk of material adjustment in the next year are disclosed in note 1(x).

The accounting policies set out below have been applied consistently to all periods presented in this consolidated financial report.

The accounting policies have been applied consistently by all entities in the consolidated entity.

Certain new or amended Accounting Standards have been published that are not mandatory for this reporting period. Based on management's assessment, the recently issued or amended Accounting Standards are not expected to have a significant impact on the amounts recognised or disclosures made in this financial report when restated for the application of the new or amended Accounting Standards.

The consolidated entity has applied the amendments contained in the *Corporations Amendment (Corporate Reporting Reform) Bill 2010* in the preparation of this financial report which allows for removing the requirement in consolidated financial statements to include full parent entity information. A note containing information about the Parent Entity has been included at note 33.

(c) Basis of consolidation

Stapled group

Trafalgar Corporate Group, which is domiciled in Australia, was established for the purpose of facilitating a joint Australian Securities Exchange ("ASX") listing of the Company and its controlled entities, including Trafalgar Corporate Pty Limited ("TCL"), TOF 4 and TPF 12.

On 20 July 2005, Trafalgar Corporate Group was formed by stapling together the shares of the Company and units of TOF 4 and TPF 12. For the purpose of statutory reporting, the stapled entity reflects the consolidated entity being the Company (the deemed acquirer of TOF 4 and TPF 12 and the parent of the stapled entity) and its controlled entities being TOF 4 and its controlled entities and TPF 12 and its controlled entity. The net assets and profit or loss of TOF 4 and TPF 12 are disclosed as Minority Interest as the equity is 100% owned by stapled Securityholders not directly owned by the Company.

The Constitutions of TOF 4 and TPF 12 and the Articles of Association of the Company ensure that, for so long as these entities remain jointly listed, the number of units in TOF 4 and TPF 12 and the number of shares in the Company shall be equal and that unitholders and shareholders be identical. Both the Responsible Entity of TOF 4 and TPF 12 and TCGL must at all time act in the best interest of Trafalgar Corporate Group.

The stapling arrangement will cease upon the earlier of the winding up of TOF 4, TPF 12 or TCGL, or any of the entities terminating the stapling arrangement.

Trafalgar Corporate Group Limited and its Controlled Entities

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

1 Statement of significant accounting policies (continued)

(c) Basis of consolidation (continued)

The purchase method of accounting is used to account for business combinations including the acquisition of controlled entities. The purchase method views a business combination from the perspective of the combining entity that is identified as the acquirer. The acquirer purchases net assets and recognises, at fair value, the assets acquired and liabilities and contingent liabilities assumed, including those previously recognised by the acquiree. As the stapling arrangement does not involve one of the combining entities obtaining an ownership interest in another combining entity, no goodwill or excess of acquirer's interest in the net fair value of an acquiree's identifiable assets, liabilities and contingent liabilities over acquisition cost is recognised in relation to the stapling arrangement. Goodwill is only recognised to the extent it represents costs incurred in relation to formation of the stapling arrangement.

Transactions eliminated on consolidation

Intragroup balances, and any unrealised gains and losses or income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with associates and jointly controlled entities are eliminated to the extent of the consolidated entity's interest in the entity with adjustments made to 'Investments accounted for using the equity method' and 'Share of profits (losses) of investments accounted for using the equity method'.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. Gains and losses are recognised when the contributed assets are consumed or sold by the associates and jointly controlled entities or, if not consumed or sold by the associates and jointly controlled entity, when the consolidated entity's interest in such entities is disposed of.

Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when an entity has the power, directly or indirectly, to govern the financial and operating policies of another entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the financial report from the date that control commences until the date that control ceases.

Joint ventures

Joint ventures are those entities over whose activities the consolidated entity has joint control, established by contractual agreement.

Jointly controlled entities

In the consolidated financial statements, investments in jointly controlled entities, including partnerships, are accounted for using equity accounting principles. Investments in joint venture entities are carried at the lower of the equity accounted amount and recoverable amount.

The consolidated entity's share of the jointly controlled entity's net profit or loss is recognised in the statement of profit or loss and other comprehensive income from the date joint control commences until the date joint control ceases. Other movements in reserves are recognised directly in the consolidated reserves.

Trafalgar Corporate Group Limited and its Controlled Entities

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

1 Statement of significant accounting policies (continued)

(c) Basis of consolidation (continued)

Jointly controlled operations and assets

Interests of the consolidated entity in jointly controlled operations and jointly controlled assets are brought to account by recognising in the financial statements the assets it controls, the liabilities that it incurs, the expenses it incurs and its share of income that it earns from the sale of goods or services by the joint venture.

Associates

Associates are those entities in which the consolidated entity has significant influence, but not control, over the financial and operating policies. The consolidated financial statements includes the consolidated entity's share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When the consolidated entity's share of losses exceeds its interest in an associate, the consolidated entity's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the consolidated entity has incurred legal or constructive obligations or made payments on behalf of an associate.

(d) Segment reporting

Operating segments

The consolidated entity presents operating segments based on the same basis as that internally provided to the CFO, who is the consolidated entity's chief operating decision maker.

An operating segment is a component of the consolidated entity that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the consolidated entity's other components. All operating segments' operating results are regularly reviewed by the consolidated entity's CFO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CFO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses and income tax assets and liabilities. Capital expenditure for a segment is the total cost incurred during the period to acquire, property, plant and equipment, and intangible assets other than goodwill.

(e) Revenue and other income

Revenues arising in the ordinary course of activities are recognised at the fair value of the consideration received or receivable net of the amount of goods and services tax ("GST") levied.

Revenue is recognised for the major business activities as follows:

Rent from investment properties

Rental income from investment properties is recognised in the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term where leases have fixed increments otherwise on an accrual basis. Rental income not received at reporting date is reflected in the statement of financial position as a receivable or if paid in advance, as rents in advance. Lease incentives granted are recognised over the lease term, on a straight-line basis, as a reduction of lease income.

Lease incentives provided by TPF 12 and TOF 4 to lessees are deducted from the fair value of investment property and are disclosed as separate assets under 'Other current' and 'Other non current assets'. Such assets are amortised over the respective periods to which the lease incentives apply, either using a straight-line basis, or a basis which is representative of the pattern of benefits.

Trafalgar Corporate Group Limited and its Controlled Entities

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

1 Statement of significant accounting policies (continued)

(e) Revenue and other income (continued)

Interest income

Interest income is recognised on an accruals basis and if not received at balance date, is reflected in the statement of financial position as a receivable.

Dividends and distributions

Revenue from dividends and distributions from controlled entities and other investments are recognised in the statement of profit or loss and other comprehensive income on the date the entity's right to receive payment is established, being the date when they are declared by those entities.

Dividends and distributions received out of pre-acquisition reserves are eliminated against the carrying amount of the investment and not recognised in revenue.

Fee income

Revenue from services rendered including management and arrangement services are recognised in the statement of profit or loss and other comprehensive income in proportion to the stage of completion of the transaction at the balance date. The proportion of services provided is assessed by reference to the work performed.

Net gain or loss on the sale of non current assets

The net gain or loss on the sale of non current assets is included in the statement of profit or loss and other comprehensive income when the significant risks and rewards of ownership have been transferred to the buyer, usually when a contract for sale becomes unconditional or at settlement.

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

(f) Income tax

Income tax on the statement of profit or loss and other comprehensive income for the year comprises current and deferred tax. Income tax is recognised in the statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill, the initial recognition of assets or liabilities that affect neither accounting, nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at balance date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

Trafalgar Corporate Group Limited and its Controlled Entities

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

1 Statement of significant accounting policies (continued)

(f) Income tax (continued)

Under current Australian income tax legislation, the Trusts are not liable for income tax, provided that taxable income and taxable capital gains are fully distributed to unitholders each year. Accordingly income tax amounts disclosed in this financial report relates only to the companies within Trafalgar Corporate Group.

Tax consolidation

The Company and its wholly owned entities, and TCL and its wholly owned entities had each formed a tax consolidated group with effect from 1 July 2005 and 1 July 2003 respectively and each group was taxed as a single entity from that date. The two head entities within the tax consolidated groups, the Company and TCL formed one tax group in September 2007, the same month that the Company acquired 100% ownership of TCL.

(g) Investment properties

Investment properties are properties which are held for the purpose of producing rental income, capital appreciation, or both.

Investment properties are initially recognised at cost including any acquisition costs. Investment properties are subsequently stated at fair value at each balance date with any gain or loss arising from a change in fair value recognised in the statement of profit or loss and other comprehensive income in the period. An external, independent valuer, having an appropriately recognised professional qualification and recent experience in the location and category of the property being valued, values the individual properties when considered appropriate as determined by management in accordance with a Board approved valuation policy. These external valuations are taken into consideration when determining the fair value of the investment properties. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without prejudice.

In assessing fair value of investment properties, valuations (whether internal or external and independent) are prepared by considering the aggregate of the net annual rents receivable from the properties and, when relevant, associated costs. A yield which reflects the specific risks inherent in the net cash flows is then applied to the net annual rentals to arrive at the property valuation.

Valuations reflect, when appropriate, the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting of vacant accommodation and the market's general perception of their credit worthiness; the allocation of maintenance and insurance responsibilities between lessor and lessee; and the remaining economic life of the property. It has been assumed that whenever rent reviews or lease renewals are pending with anticipated reversionary increases, all notices and where appropriate counter notices have been served validly and within the appropriate time.

(h) Impairment of assets

The carrying amounts of the consolidated entity's assets, other than investment properties (refer note 1(g)), and deferred tax assets (refer note 1(f)), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of profit or loss and other comprehensive income, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the statement of profit or loss and other comprehensive income.

Trafalgar Corporate Group Limited and its Controlled Entities

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

1 Statement of significant accounting policies (continued)

(h) Impairment of assets (continued)

Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash generating units and then, to reduce the carrying amount of the other assets in the unit on a pro rata basis.

Calculation of recoverable amount

The recoverable amount of the consolidated entity's receivables carried at amortised cost is calculated as the present value of estimated future cash flows. Receivables with a short duration are not discounted.

Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred. Significant receivables are individually assessed for impairment.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset.

Reversals of impairment

Impairment losses are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount.

(i) Operating lease payments

Payments required under operating leases are expensed on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

(j) Intangible assets

Goodwill

All business combinations are accounted for by applying the purchase method. Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired. Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash generating units and is not amortised but is tested annually for impairment (refer note 1 (h)).

(k) Trade and other payables

Trade and other payables are recognised for amounts to be paid in the future for goods or services received and are stated at amortised cost.

(l) Interest bearing liabilities

Interest bearing liabilities are recognised initially at fair value less transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of profit or loss and other comprehensive income over the period of the borrowings on an effective interest basis. Transaction costs are amortised over the term of the borrowing and the balance of transactions costs is amortised immediately upon a borrowing being substantially renegotiated or repaid in full.

Trafalgar Corporate Group Limited and its Controlled Entities

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

1 Statement of significant accounting policies (continued)

(m) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the tax authority is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the tax authority are classified as operating cash flows.

(n) Borrowing costs

Borrowing costs are expensed as incurred except to the extent that they are directly attributable to the acquisition, construction or production of a qualifying asset. Qualifying assets are assets that necessarily take a substantial period of time to reach the stage of their intended use or sale. In these circumstances, borrowing costs are capitalised to the cost of the assets until the assets are ready for their intended use or sale. Capitalisation of borrowing costs shall be suspended during extended periods in which active development is interrupted.

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and at call deposits

(p) Employee benefits

Wages and salaries and annual leave

Liabilities for wages and salaries, including non monetary benefits and annual leave expected to be settled within 12 months of the balance date are recognised as current provisions in respect of employees' services provided to reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the consolidated entity expects to pay at reporting date.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected payments to be made in respect of services provided by employees up to the reporting date.

Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using the rates attached to the Commonwealth government bonds with terms to maturity that match, as closely as possible, to the estimated future cash outflows.

Bonus entitlements

A liability is recognised for employee benefits in the form of employee bonus entitlements which are determined before the time of completion of the financial report. Liabilities for employee bonus entitlements are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

Trafalgar Corporate Group Limited and its Controlled Entities

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

1 Statement of significant accounting policies (continued)

(p) Employee benefits (continued)

Retention arrangements

Liability for retention payments are accrued over the expected retention period.

Defined contribution superannuation funds

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in the statement of profit or loss and other comprehensive income as incurred.

(q) Trade receivables

Trade and other receivables are stated at their cost less impairment losses (refer note 1 (h)).

(r) Assets held for sale

Assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. The assets must meet the following criteria:

- the asset is available for immediate sale in its present condition and is highly probable;
- an active program to locate a buyer and complete a sale must have been initiated;
- the asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value; and
- the sale should be completed within 12 months from the date of classification.

Immediately before applying the classification as held for sale, the measurement of the assets is brought up to date in accordance with applicable accounting standards.

Investment properties which are classified as held for sale are carried at fair value as the measurement provisions of AASB 5 *Non-current Assets Held for Sale and Discontinuing Operations* do not apply to investment properties.

Impairment losses determined at the time on initial classification of the non current asset as held for sale are included in the statement of profit or loss and other comprehensive income, even when there is a revaluation. The same applies to gains and losses on subsequent remeasurement.

(s) Property, plant and equipment

Items of property, plant and equipment (excluding land and buildings) are stated at cost or deemed cost less accumulated depreciation (refer note 1 (t)) and impairment losses (refer note 1 (h)).

(t) Depreciation

All assets having limited useful lives are depreciated using the straight-line method over their estimated useful lives. Land is not depreciated. Assets are depreciated from the date of acquisition and depreciation rates and methods are reviewed annually for appropriateness.

The estimated useful lives in the current and comparative periods are as follows:

Office equipment	2-40 years
Furniture & fittings	4-13 years

Trafalgar Corporate Group Limited and its Controlled Entities

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

1 Statement of significant accounting policies (continued)

(u) Provisions

A provision is recognised in the statement of financial position when the consolidated entity has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre tax rate which reflects current market assessments of the time value of money and, where appropriate the risks specific to the liability.

Dividends and distributions

A provision for dividends and distributions payable is recognised in the reporting period in which the dividends and distributions are declared, determined, or publicly recommended by the Directors on or before the end of the financial period, but not distributed at balance date.

(v) Issued capital

Issued capital represents the amount of consideration received for stapled securities issued by the consolidated entity. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit.

(w) Vendor liabilities

Vendor liabilities are discounted to their present value at the consolidated entity's cost of capital. Interest is accrued over the period it becomes due and is recorded as an increase to the vendor liability.

(x) Accounting estimates and judgements

Management discussed with the Audit and Risk Committee the development, selection and disclosure of the consolidated entity's critical accounting policies and estimates and the application of these policies and estimates. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the future financial years are discussed below:

Key sources of estimation uncertainty are:

Valuation of investment properties

The Directors ascertain the fair value of investment properties after having regard to independent valuations which are undertaken annually. These valuations are determined through the use of the properties' lease profile and direct market comparison and include the valuers' assessments of appropriate capitalisation rates and discounted cash flow rates. The valuations are in accordance with accounting policy note 1 (g). A material change (positive or negative) in the fair value of the ATO Hurstville building may occur depending on the actual outcome of the current lease negotiations, refer to note 17 for further information.

Equity accounted investments

The Group assesses equity accounted investments for impairment using the higher of fair value less costs to sell or value in use methods. In order to assess the investments the Group uses financial records available in regard to investments, independent valuations, underlying market value of their assets where available and financial forecasts to project financial outcomes.

Trafalgar Corporate Group Limited and its Controlled Entities

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

1 Statement of significant accounting policies (continued)

(y) Financial instruments

(i) *Non-derivative financial instruments*

Non-derivative financial instruments encompass investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Recognition of financial instruments occurs when the Group becomes party to the contractual provisions of the instrument. Derecognition of financial instruments occurs when the Group's contractual rights to the cash flows from the financial asset expire or if the Group transfers the financial asset to another party without retaining control or substantially all the risks and rewards of the asset.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through the statement of profit or loss and other comprehensive income, any directly attributable transaction costs. Following initial recognition non-derivative financial instruments are measured as described below.

Held to maturity investments

If the Group has the intention and ability to hold debt securities to maturity, they are classified as held to maturity. Measurement of held to maturity investments is at their amortised cost using the effective interest method, less any impairment losses.

Available for sale financial assets

The Group's investments in equity securities and certain debt securities are classified as available for sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, and foreign exchange gains and losses on available for sale monetary items are recognised directly in a separate component of equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to the statement of profit or loss and other comprehensive income.

Financial assets at fair value through the statement of profit or loss and other comprehensive income

An instrument is classified at fair value through the statement of profit or loss and other comprehensive income if it is held for trading or is designated as such on initial recognition. Financial instruments are designated at fair value through the statement of profit or loss and other comprehensive income if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Upon initial recognition attributable transaction costs are recognised in the statement of profit or loss and other comprehensive income when incurred. Financial instruments at fair value through the statement of profit or loss and other comprehensive income are measured at fair value, and changes therein are recognised in the statement of profit or loss and other comprehensive income.

Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

(ii) *Share capital*

Stapled securities

Stapled shares are classified as equity. Incremental costs directly attributable to the issue of the securities, options and conversion of partly paid securities are recognised as a deduction from equity, net of any tax effect.

Trafalgar Corporate Group Limited and its Controlled Entities

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

2 Financial risk management

Overview

Trafalgar Corporate Group's activities expose it to a range of financial risks including credit risk, liquidity risk, and market risk. The Group's Board of Directors has responsibility for the establishment and oversight of the risk management framework ensuring the effective management of risk.

The Board has established the Audit and Risk Committee to develop risk management principles and policies and monitor their implementation. Policies are established to identify and analyse the financial risks faced by the Group, to set appropriate risk limits and controls, and monitor the risks and adherence to limits. The Audit and Risk Committee meets regularly to review risk management policies and systems and ensure they reflect changes in market conditions and the Group's activities.

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

Credit risk relating to the Group's receivables (primarily tenants in the Group's investment properties) is influenced mainly by the individual characteristics of each customer. The majority of the Group's revenue is from one government agency, representing 92% of revenue (30 June 2012: 81%), other federal and state government departments, representing 0% of revenue (30 June 2012: 12%) and listed or large corporates representing 8% of revenue (30 June 2012: 7%). The Group is comfortable with its customer concentrations as the largest customer is a Federal Government department and non-government rental income is partly secured by bank guarantees and receivables are being collected within payment terms.

The Group has established a process to analyse each new potential customer for creditworthiness before the Group enters into a transaction with them. Customers are invoiced monthly in advance and management regularly monitors that settlement terms are adhered to.

Mezzanine and vendor finance loans to third parties are at fixed interest rates, if impaired interest is no longer recognised in the accounts. The Group maintains a close ongoing relationship with the third parties involved and monitors the progress of developments where applicable to protect its investment. Detailed project feasibility reports are updated regularly and provide comfort as to the ongoing creditworthiness of the development projects. The Group holds either 1st or 2nd mortgages over land and fixed and floating charges over the development assets. At balance date there are no mezzanine or vendor finance loans owed to the Group.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Board has a policy of prudent liquidity risk management ensuring that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

At 30 June 2013 the Group had no undrawn committed facilities and cash of \$7.5 million to cover short term funding requirements. At balance date the debt maturity profile on the Group's financial liabilities was 0.8 years (30 June 2012: 1.8 years). Further information of the debt profile of the Group's financial liabilities is disclosed in notes 22 and 26.

Trafalgar Corporate Group Limited and its Controlled Entities

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

2 Financial risk management (continued)

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

The Groups interest rate risk arises from long term borrowings and cash balances. Borrowings are at variable interest rates and expose the Group to cash flow interest rate risk. The potential impact of a change in interest rates by +/-1% on profit and equity has been disclosed in a table in note 26.

Other markets risk

Trafalgar does not have any material exposure to any other market risks such as currency risk or equity price risk.

(d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The Group uses a variety of methods to calculate the value of financial instruments and makes assumptions that are based on market conditions existing at each balance date. The fair value of interest rate swaps is determined by reference to the market value of the swaps. The carrying value less impairment provision of trade receivables and payables is a reasonable approximation of their fair values due to the short-term nature of trade receivables. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate for similar financial instruments.

(e) Capital Management

Under the direction of the Board, the Group manages its capital structure to safeguard the ability of the Group to continue as a going concern while maximising the return to security holders through the optimisation of net debt and total equity balances.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends and distributions paid to security holders, return capital to Securityholders, issue new stapled securities, purchase the Group's own securities on the market, or sell assets to reduce debt.

Neither the Company nor any of its related entities are subject to externally imposed capital requirements with the exception of Trafalgar Managed Investments Limited (TMIL). In accordance with TMIL's Australian Financial Services Licence it has appointed custodians to hold all the scheme property and other assets of the registered schemes (i.e. TPF 12 and TOF 4) for which it is Responsible Entity and as such must maintain Net Tangible Assets of 0.5% of the value of the assets of those registered schemes.

Capital structure is monitored on an ongoing basis using the Debt to Total Assets ratio – 30 June 2013: 16.3% (30 June 2012: 33.4%).

Investment properties constitute a significant proportion of the Group's assets constituting 85.3% of total assets at 30 June 2013 (30 June 2012: 80.7%).

There were no changes in the Group's approach to capital management during the year.

Trafalgar Corporate Group Limited and its Controlled Entities

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

3 Dividends & distributions

The Company did not declare any dividends during the year ended 30 June 2013 or up to the date of this report (30 June 2012: Nil). Distributions declared by TPF 12 & TOF 4 during the year were as follows:

	For the year ended 30 June 2013		For the year ended 30 June 2012	
	\$'000	Cents per Unit	\$'000	Cents per Unit
Distribution - paid 21 July 2011 (TPF 12)	-	-	17,070	20.00
Distribution - paid 16 September 2011 (TOF 4)	-	-	4,267	5.00
Distribution - paid 11 November 2011 (TOF 4)	-	-	5,975	7.00
Distribution - paid 14 February 2012 (TOF 4)	-	-	3,414	4.00
Distribution - paid 14 February 2012 (TPF 12)	-	-	2,561	3.00
Distribution - paid 28 June 2012 (TPF 12)	-	-	11,096	13.00
Distribution - paid 14 November 2012 (TPF 12)	1,707	2.00	-	-
Distribution - paid 14 November 2012 (TOF4)	427	0.50	-	-
Distribution - paid 13 March 2013 (TPF 12)	3,414	4.00	-	-
Distribution - paid 31 July 2013 (TPF 12)	853	1.00	-	-
	6,401	7.50	44,383	52.00

4 Rental income

	30 June 2013 \$'000	30 June 2012 \$'000
Rental income	9,782	10,671
Amortisation of capitalised lease incentives	(3)	(30)
	9,779	10,641

The group leases out its investment properties under operating leases.

Trafalgar Corporate Group Limited and its Controlled Entities
Notes to the Consolidated Financial Statements
For the year ended 30 June 2013

5 Finance income & finance expenses

	30 June 2013 \$'000	30 June 2012 \$'000
Interest income - banks	318	602
Finance income	318	602
Interest paid and payable - banks	1,521	2,479
Amortisation of financing costs	139	175
Finance expenses	1,660	2,654
Net financing costs	1,342	2,052

6 Employee benefits expense

	30 June 2013 \$'000	30 June 2012 \$'000
Wages and salaries	1,060	1,298
Contributions to defined contribution superannuation funds	73	87
Other associated employee expenses	31	51
Increase (decrease) in liability for annual leave	8	(11)
Increase in liability for long service leave	13	21
Provisions for retentions and or redundancies	-	297
	1,185	1,743

The provision for retentions and or redundancies includes a proportion of the monies which accrue to the key management personnel as outlined in item 1.1 of the Remuneration report contained in the Directors report.

Trafalgar Corporate Group Limited and its Controlled Entities

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

7 Auditors' remuneration

Details of the amounts paid to the auditor of the Group, KPMG, and its related practices for audit and non audit services provided during the year are set out below:

	30 June 2013	30 June 2012
	\$	\$
<i>Audit services</i>		
<i>KPMG Australia</i>		
Audit and review of financial reports	131,074	198,822
Other assurance services	17,500	25,505
	<u>148,574</u>	<u>224,327</u>
<i>Other services</i>		
<i>KPMG Australia</i>		
Taxation compliance services	45,522	103,178
	<u>194,096</u>	<u>327,505</u>

8 Income tax (benefit) expense

Numerical reconciliation of income tax expense to prima facie tax payable:

	30 June 2013	30 June 2012
	\$'000	\$'000
(Loss) profit before income tax expense	(6,320)	1,468
Tax (benefit) expense at the corporate rate of 30%	(1,896)	440
<i>Increase (decrease) in income tax due to:</i>		
Amortisation of simplification costs	(38)	(38)
Inter corporate dividend	-	(3)
Non deductible expenses	1	1
Trust income exempt from tax	1,412	(640)
Tax (income) loss not taxable	521	240
Income tax expense	<u>-</u>	<u>-</u>

The Trafalgar Corporate Group Limited tax group has carried forward tax losses of approximately \$6.3 million (30 June 2012: \$6.4 million). Deductible tax losses do not expire under current tax legislation, however the continuity of ownership test or same business test will need to be satisfied before these tax losses can be utilised. A deferred tax asset has not been recognised for the tax losses and timing differences as it is not probable that the carried forward tax losses will be able to be utilised in the future.

The proposed acquisition of 360 Capital Property Group (refer to note 34), if approved by TGP Securityholders, may affect the ability of the tax group to satisfy the continuity of ownership and or the same business tests.

Trafalgar Corporate Group Limited and its Controlled Entities

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

9 Assets held for sale

At balance date, 158 Hume Street Goulburn was being actively marketed for sale. As a consequence, the property has been classified to an Asset held for sale as at 30 June 2013. The carrying value of the property is based on an independent valuation as at 30 June 2013.

In the prior year, 2B Factory Street Granville was being actively marketed for sale. During the current year the Group exchanged a contract for the sale of the property which subsequently settled in August 2013. The fair value of the property has been assessed based on the exchanged sales contract.

	30 June 2013 \$'000	30 June 2012 \$'000
Balance at 1 July	5,100	-
Reclassification from investment properties (refer note 17)	4,750	5,098
Reclassification of receivables - straight lining of rental income	(2)	2
Sale deposit released to the Group	(265)	-
Balance at 30 June	9,583	5,100
2B Factory Street, Granville NSW	4,833	5,100
158 Hume Street, Goulburn NSW	4,750	-
	9,583	5,100

10 Segment reporting

Segment information is presented in respect of the consolidated entity's operating segments, which are the primary basis of segment reporting. An operating segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other operating segments. The primary segments are based on the consolidated entity's management and internal reporting structure.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise corporate expenses.

Operating segments

The consolidated entity comprises the following main business segments, based on its management reporting system:

- investment in income producing commercial and industrial properties
- property development (direct and financing)

Geographical segments

In presenting information on the basis of geographical segments, segment revenue and segment assets are based on the geographical location of the underlying assets. All segments operate solely within Australia.

Trafalgar Corporate Group Limited and its Controlled Entities
Notes to the Consolidated Financial Statements
For the year ended 30 June 2013

10 Segment reporting (continued)

30 June 2013	Property Development \$'000	Property Investment \$'000	Other \$'000	Consolidated \$'000
Primary reporting business segments				
Revenue				
External segment revenue	-	9,779	-	9,779
Total revenue	-	9,779	-	9,779
Other income				
Fair value adjustment of investment properties	-	(10,156)	-	(10,156)
Finance income	-	140	178	318
Other income	-	41	-	41
Total other income	-	(196)	178	(18)
Result				
Segment result	(277)	(2,541)	178	(2,640)
Unallocated corporate expenses				(2,020)
Operating loss				(4,660)
Finance costs				(1,660)
Income tax benefit				-
Loss for the year				(6,320)
Segment assets	-	56,452	-	56,452
Investments accounted for using the equity method	800	-	-	800
Unallocated assets				5,536
Total assets				62,788
Segment liabilities	-	2,094	-	2,094
Unallocated liabilities				10,832
Total liabilities				12,926
Net assets				49,862

Trafalgar Corporate Group Limited and its Controlled Entities

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

10 Segment reporting (continued)

30 June 2012	Property Development \$'000	Property Investment \$'000	Other \$'000	Consolidated \$'000
Primary reporting business segments				
Revenue				
External segment revenue	-	10,641	-	10,641
Total revenue	-	10,641	-	10,641
Other income				
Share of profit on investments accounted for using the equity method	11	-	-	11
Fair value adjustment of investment properties	-	(2,377)	-	(2,377)
Finance income	-	263	339	602
Other income	-	166	71	237
Total other income	11	8,693	410	9,114
Result				
Segment result	205	6,515	410	7,130
Unallocated corporate expenses				(3,008)
Operating profit				4,122
Finance costs				(2,654)
Income tax expense				-
Profit for the year				1,468
Segment assets	3,698	81,303	-	85,001
Investments accounted for using the equity method	2,591	-	-	2,591
Unallocated assets				9,843
Total assets				97,435
Segment liabilities	-	1,437	-	1,437
Unallocated liabilities				33,415
Total liabilities				34,852
Net assets				62,583

Trafalgar Corporate Group Limited and its Controlled Entities

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

11 Earnings per Share (stapled security)

The calculation of the basic and diluted earnings per stapled security is calculated using the profit (loss) attributable to the stapled Securityholders of Trafalgar Corporate Group Limited and the weighted average number of stapled securities.

	30 June 2013 cents	30 June 2012 cents
Basic and diluted earnings per security	(7.4)	1.7

Basic and diluted earnings

(Loss) profit for the year attributable to the stapled

Securityholders of Trafalgar Corporate Group Limited

30 June 2013 \$'000	30 June 2012 \$'000
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(6,320)	1,468
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Weighted average number of stapled securities (basic and diluted)

Weighted average number of stapled securities

30 June 2013 000's	30 June 2012 000's
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85,352	85,352
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Earnings per company share

The calculation of the basic and diluted earnings per company share is calculated using the profit (loss) attributable to the Shareholders of the Company and the weighted average number of stapled securities.

	30 June 2013 cents	30 June 2012 cents
Basic and diluted earnings per share	(1.9)	(0.8)

Basic and diluted earnings

Loss for the year attributable to the ordinary

Shareholders of the Company

30 June 2013 \$'000	30 June 2012 \$'000
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(1,613)	(666)
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Trafalgar Corporate Group Limited and its Controlled Entities
Notes to the Consolidated Financial Statements
For the year ended 30 June 2013

11 Earnings per Share (continued)

	30 June 2013 000's	30 June 2012 000's
Weighted average number of stapled securities (basic and diluted)		
Weighted average number of ordinary shares	<u>85,352</u>	<u>85,352</u>

12 Cash and cash equivalents

	30 June 2013 \$'000	30 June 2012 \$'000
Bank balances	<u>7,516</u>	<u>10,714</u>
Cash and cash equivalents in the statement of cash flows	<u>7,516</u>	<u>10,714</u>

13 Trade and other receivables

	30 June 2013 \$'000	30 June 2012 \$'000
Trade receivables	106	920
GST receivables	<u>103</u>	<u>236</u>
	<u>209</u>	<u>1,156</u>

Trafalgar Corporate Group Limited and its Controlled Entities

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

14 Other financial assets

	30 June 2013 \$'000	30 June 2012 \$'000
<i>Vendor property financing</i>		
Opening balance	560	700
Loan advances	5	10
Loan repayments	(451)	-
Impairment provision	(114)	(150)
Closing balance	-	560
<i>Development property financing</i>		
Opening balance	3,138	4,697
Loan advances	171	165
Loan repayments	(2,368)	(550)
Impairment provision	(941)	(1,174)
Closing balance	-	3,138
	-	3,698

15 Other current assets

	30 June 2013 \$'000	30 June 2012 \$'000
Prepayments	333	466
Other	330	18
	663	484

16 Available for sale investments

	30 June 2013 \$'000	30 June 2012 \$'000
<i>Unlisted shares in corporations</i>		
Trafalgar Opportunity Fund No 5 Pty Limited	-	429
Return of equity	-	(433)
Reversal of impairment provision	-	4
	-	-

Trafalgar Corporate Group held a 15% interest in Trafalgar Opportunity Fund No 5 Pty Limited.

Trafalgar Corporate Group Limited and its Controlled Entities

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

17 Investment properties

Property	Type	Ownership	Acquisition Date	Cost Including All Additions \$'000	Independent Valuer	Independent Valuation \$'000	Date of Latest Independent Valuation	Consolidated Carrying Amount 30 June 2013 \$'000	Consolidated Carrying Amount 30 June 2012 \$'000
4 Mort Street, Canberra ACT ³	B Grade office building	100%	20 July 2005					-	16,000
12-22 Woniara Road, Hurstville NSW	A Grade office building	100%	20 July 2005	50,230	Colliers	44,000	30 June 2013	44,000	51,500
2B Factory Street, Granville NSW ¹	Modern office and warehouse industrial complex	100%	20 July 2005	7,024	Jones Lang LaSalle	5,100	30 June 2011	-	-
158 Hume Street, Goulburn NSW ²	Logistic distribution centre	100%	1 July 2007	13,663	LandMark White	4,750	30 June 2013	-	6,000
Total				70,917		53,850		44,000	73,500
Less: amounts classified as Other assets (including straight lining rental income and lease incentives) Total investments properties adjusted for amounts classified as other assets									(1,094) 71,748

1 2B Factory Street, Granville NSW was reclassified to Assets held for sale during the 2012 financial year (refer to note 9).

2 158 Hume Street, Goulburn NSW was reclassified to Assets held for sale during the year (refer to note 9).

3 4 Mort Street, Canberra ACT was sold on 31 May 2013.

The basis of valuation of the investment properties is fair value being the amount for which the asset could be exchanged between knowledgeable willing parties in an arm's length transaction, based on current prices in an active market for a similar property in the same location and condition and subject to a similar lease.

Trafalgar Corporate Group Limited and its Controlled Entities

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

17 Investment properties (continued)

	30 June 2013 \$'000	30 June 2012 \$'000
Balance at 1 July	71,748	79,183
Capital expenditure	-	40
Reclassification to assets held for sale (refer to note 9)	(4,750)	(5,098)
Disposal of investment properties	(13,936)	-
Fair value adjustments	(10,156)	(2,377)
Balance at 30 June	42,906	71,748

The carrying amount of investment properties is the fair value of the property, determined by the Directors, having regard to 30 June 2013 independent valuations prepared by valuers with appropriately recognised professional qualification and recent experience in the location and category of the property being valued. Fair values were determined using the capitalisation of net passing income and the discounted cash flow methods and also having regard to recent market transactions of similar properties in the same location and condition and with a similar lease profile.

12-22 Woniora Road Hurstville NSW, the only investment property not held for sale at 30 June 2013, is a large commercial office building with a single tenant, the Australian Taxation Office (ATO). The current lease is for 10 years with 2 x 5 year options. The first term of the lease is due to expire in February 2015 with the ATO required to advise by February 2014 if they wish to exercise the first 5 year option. The Group is in discussions with the tenant with respect to their intentions. A material change (positive or negative) in the fair value of the ATO Hurstville building may occur depending on the actual outcome of the current lease negotiations.

The weighted average capitalisation rate applicable to the investment portfolio (including investment properties classified as held for sale) at 30 June 2013 is 9.39% (30 June 2012: 9.59%), while the weighted average lease expiry is 1.31 years (30 June 2012: 2.25 years).

The Group had no commitments (30 June 2012: no commitments) for the refurbishment of investment properties contracted for as at 30 June 2013.

Leases as Lessor

The investment properties (including investment properties classified as held for sale) are leased to tenants under long term operating leases with rentals payable monthly. Minimum lease payments under non cancellable operating leases of the investment properties not recognised in the financial statements are receivable as follows:

	30 June 2013 \$'000	30 June 2012 \$'000
Less than one year	7,851	9,003
Between one and five years	4,992	17,903
More than five years	-	108
	12,843	27,014

Trafalgar Corporate Group Limited and its Controlled Entities

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

18 Investments accounted for using equity method

	Ownership			
	30 June 2013 %	30 June 2012 %	30 June 2013 \$'000	30 June 2012 \$'000
<i>Partnership interests</i>				
Renewing Homebush Bay Partnership	50	50	800	2,536
The Frances Park Partnership	-	50	-	55
			800	2,591
<i>Associate interests</i>				
TW Property Developments Pty Limited	-	50	-	-
			800	2,591

Share of profit accounted for using the equity method included in the statement of profit or loss and other comprehensive income:

	30 June 2013 \$'000	30 June 2012 \$'000
Partnership interests	-	-
Associate interests	-	11
	-	11
Reversal of impairment of equity accounted investments	778	1,514

Reversal of impairment of equity accounted investments was primarily due to the Renewing Homebush Bay development project achieving lower costs than projected on its infrastructure works as well as effective capital management of surplus cash balances.

Investments in partnerships

Renewing Homebush Bay

Trafalgar Corporate Group Limited, through various wholly owned subsidiary companies, holds a 50% interest in the Renewing Homebush Bay Partnership. The other 50% is held by entities associated with Brookfield Multiplex Group. The principal activity of the partnership is residential property development.

The Frances Park Partnership

TC Frances Park Pty Limited, a wholly owned subsidiary of Trafalgar Corporate Pty Limited, held a 25% interest in the Frances Park Partnership. TCG (Frances Park) Pty Limited, a wholly owned subsidiary of Trafalgar Corporate Group Limited, also held a 25% interest in the Frances Park Partnership. The principal activity of the partnership was residential property development. The partnership was dissolved in the 2013 financial year.

Trafalgar Corporate Group Limited and its Controlled Entities
Notes to the Consolidated Financial Statements
For the year ended 30 June 2013

18 Investments accounted for using equity method (continued)

The Consolidated entity's share of the partnership's results consists of:

	30 June 2013 \$'000	30 June 2012 \$'000
Revenues from ordinary activities	-	27,420
Expenses from ordinary activities	-	(27,420)
Net profit - accounted for using equity method	-	-

The Consolidated entity's share of the partnership's assets and liabilities consists of:

	30 June 2013 \$'000	30 June 2012 \$'000
Balance Sheet		
Current assets	2,534	6,994
Total assets	2,534	6,994
Current liabilities	1,734	4,089
Total liabilities	1,734	4,089
Net assets of the partnership	800	2,905
Impairments not recognised in the partnership and other reconciling items	-	(314)
Net assets - accounted for using equity method	800	2,591

Movements in the carrying amount of investments in partnerships:

	30 June 2013 \$'000	30 June 2012 \$'000
Carrying amount at 1 July	2,591	20,540
Equity returned during the year	(2,569)	(19,463)
Reversal of impairment of equity accounted investment in partnerships	778	1,514
Carrying amount at 30 June	800	2,591

Trafalgar Corporate Group Limited and its Controlled Entities

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

18 Investments accounted for using equity method (continued)

Investments in associates

TW Property Developments Pty Limited

TCG (Bonnyrigg) Pty Limited, a wholly owned subsidiary of Trafalgar Corporate Group Limited, held a 50% interest in TW Property Developments Pty Limited. The other 50% was held by one external investor. The principal activity of TW Property Developments Pty Limited was residential property development. TW Property Developments Pty Limited ceased activities in the 2012 financial year and was wound up during the current period.

The Consolidated entity's share of associate's results consists of:

	30 June 2013 \$'000	30 June 2012 \$'000
Revenues from ordinary activities	-	11
Expenses from ordinary activities	-	-
Net profit - accounted for using equity method	-	11

The Consolidated entity's share of associate's assets and liabilities consists of:

	30 June 2013 \$'000	30 June 2012 \$'000
Balance Sheet		
Current assets	-	-
Total assets	-	-
Current liabilities	-	-
Total liabilities	-	-
Net assets - accounted for using equity method	-	-

Movements in the carrying amount of investments in associates:

	30 June 2013 \$'000	30 June 2012 \$'000
Carrying amount at 1 July	-	-
Share of associate interests net profit	-	11
Dividend payments	-	(11)
Carrying amount at 30 June	-	-

Trafalgar Corporate Group Limited and its Controlled Entities

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

19 Property, plant and equipment

	Furniture & Fittings \$'000	Office Equipment \$'000	Total \$'000
30 June 2013			
Opening net book value - 1 July 2012	170	22	192
Additions	-	5	5
Disposals	-	-	-
Impairment of property, plant and equipment	(139)	(12)	(151)
Depreciation charge	(20)	(9)	(29)
Closing net book value - 30 June 2013	11	6	17

Balance as at 30 June 2013

Cost	385	447	832
Additions	-	5	5
Disposals	-	-	-
Impairment of property, plant and equipment	(139)	(12)	(151)
Accumulated depreciation	(235)	(434)	(669)
Net book value	11	6	17

30 June 2012

Opening net book value - 1 July 2011	197	30	227
Additions	-	-	-
Disposals	-	-	-
Depreciation charge	(27)	(8)	(35)
Closing net book value - 30 June 2012	170	22	192

Balance as at 30 June 2012

Cost	385	447	832
Additions	-	-	-
Disposals	-	-	-
Accumulated depreciation	(215)	(425)	(640)
Net book value	170	22	192

Trafalgar Corporate Group Limited and its Controlled Entities

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

20 Other non current assets

	30 June 2013 \$'000	30 June 2012 \$'000
Receivable - straight lining of rental income	1,094	1,738
Capitalised lease incentives	-	14
	<u>1,094</u>	<u>1,752</u>

21 Trade and other payables

	30 June 2013 \$'000	30 June 2012 \$'000
Trade payables	10	2
Non trade payables	1	2
Accruals	402	301
GST payables	236	374
	<u>649</u>	<u>679</u>

22 Interest bearing loans and borrowings

	30 June 2013 \$'000	30 June 2012 \$'000
<i>Current</i>		
Secured borrowings	10,261	8,100
Capitalised finance costs	(24)	-
	<u>10,237</u>	<u>8,100</u>
<i>Non current</i>		
Secured borrowings	-	24,462
Capitalised finance costs	-	(131)
	<u>-</u>	<u>24,331</u>
	<u>10,237</u>	<u>32,431</u>

Trafalgar Corporate Group Limited and its Controlled Entities

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

22 Interest bearing loans and borrowings (continued)

Secured borrowings

The loan facility is being provided by Westpac Banking Corporation ("the Bank") via a special purpose borrowing vehicle (Trafalgar Twelve Four Finance Pty Limited) which is 50% owned by each of TPF 12 and TOF 4. Through this vehicle the facility is available to both Funds and as at 30 June 2013, TOF 4 had no drawings and TPF 12 had drawn \$10.26 million. The facility limit is \$10.26 million. The loan facility expiry is March 2014.

During the year, the Group reduced its loan facility by \$22.3 million by utilising the \$5.5 million security term deposit for debt reduction, net proceeds from the sale of investment properties of \$13.8 million and making four quarterly loan repayments of \$750,000 (\$3 million per annum).

The Group intends on repaying the loan facility in full prior to the loan expiry in March 2014 by utilising net proceeds from the sale of investment properties held for sale at 30 June 2013 and continuing to make quarterly loan repayments of \$750,000.

The loan facility is secured by a mortgage in favour of the Bank over each core investment property held by the Group and a fixed and floating charge over the present and future real property assets of the Funds, their subsidiaries and Trafalgar Managed Investments Limited. The facility is subject to floating interest rates. The floating interest rate paid at 30 June 2013 was 5.17%.

Funding Covenants

At the date of this report, the Group complies with all debt covenants and did at all times during the year.

23 Provisions

	30 June 2013 \$'000	30 June 2012 \$'000
<i>Current</i>		
Employee benefits	354	645
Distributions payable	853	-
	<u>1,207</u>	<u>645</u>
<i>Non current</i>		
Employee benefits	-	168
	<u>-</u>	<u>168</u>

The distribution payable was paid to Securityholders on 31 July 2013.

24 Other current liabilities

	30 June 2013 \$'000	30 June 2012 \$'000
Rental income invoiced in advance	833	929
	<u>833</u>	<u>929</u>

Trafalgar Corporate Group Limited and its Controlled Entities

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

25 Issued capital

	Number of Securities		Issued capital	
	30 June 2013	30 June 2012	30 June 2013 \$'000	30 June 2012 \$'000
<i>Ordinary Securities</i>				
Issued and fully paid	85,351,913	85,351,913	(3,092)	(3,092)
	85,351,913	85,351,913	(3,092)	(3,092)

		Number of securities	Issue price	Issued capital \$'000
<i>Movement of fully paid securities issued</i>				
1 July 2012	Opening balance	85,351,913	-	(3,092)
30 June 2013	Closing balance	85,351,913		(3,092)
<i>Movement of fully paid securities issued</i>				
1 July 2011	Opening balance	85,351,913	-	(3,092)
30 June 2012	Closing balance	85,351,913		(3,092)

Minority interests – TOF 4 and TPF 12

As a result of the stapling in July 2005, TOF 4 and TPF 12 were stapled to the Company. When a new entity is formed to issue equity instruments to effect a business combination, one of the combining entities is to be identified as the acquirer on the basis of pertinent facts and circumstances regarding control. For the stapled group, Trafalgar Corporate Pty Limited (now wholly owned by TCGL) was deemed the acquirer and the acquisition of TOF 4 and TPF 12 formed the minority interest.

26 Financial instruments

Exposure to Credit Risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	Carrying Amount	
	30 June 2013 \$'000	30 June 2012 \$'000
Cash and cash equivalents	7,516	10,714
Trade and other receivables	209	1,156
Other financial assets – current		
Vendor property financing	-	560
Development property financing	-	3,138
	7,725	15,568

Trafalgar Corporate Group Limited and its Controlled Entities

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

26 Financial instruments (continued)

Ageing analysis

The ageing of the Group's loans and receivables at reporting date was:

	Gross 30 June 2013 \$'000	Impairment 30 June 2013 \$'000	Gross 30 June 2012 \$'000	Impairment 30 June 2012 \$'000
Not past due	209	-	1,014	-
Past due 0-30 days	-	-	29	-
Past due 31-180 days	-	-	113	-
Past due 181-365 days	-	-	-	-
More than one year	-	-	8,142	(4,444)
	209	-	9,298	(4,444)

Liquidity risk

The following are contractual maturities of financial liabilities, including estimated interest payments (using existing variable interest rates):

	Carrying Amount \$'000	Contractual Cash flow \$'000	Less than 1 Year \$'000	Between 1-5 Years \$'000	Over 5 Years \$'000
30 June 2013					
Trade and other payables	890	890	890	-	-
Interest bearing loans	10,261	10,473	10,473	-	-
	11,151	11,363	11,363	-	-
30 June 2012					
Trade and other payables	1,257	1,257	1,257	-	-
Interest bearing loans	32,562	35,306	9,777	25,529	-
	33,819	36,563	11,034	25,529	-

Trafalgar Corporate Group Limited and its Controlled Entities

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

26 Financial instruments (continued)

Interest rate risk

The Group's exposure to interest risk and the effective weighted average interest rate by maturity period is:

	Floating interest rate \$'000	Fixed interest maturing in 1 year or less \$'000	Fixed interest maturing in 1 to 5 years \$'000	Fixed interest maturing more than 5 years \$'000	Non- interest bearing \$'000	Total \$'000
30 June 2013						
<i>Financial assets</i>						
Cash and cash equivalents	4,516	3,000				7,516
Trade and other receivables					209	209
Total financial assets	4,516	3,000	-	-	209	7,725
Weighted average interest rate	2.62%	4.20%				
<i>Financial liabilities</i>						
Trade and other payables					(890)	(890)
Interest bearing loans	(10,261)					(10,261)
Total financial liabilities	(10,261)	-	-	-	(890)	(11,151)
Weighted average interest rate	5.17%					
Net financial assets (liabilities)	(5,745)	3,000	-	-	(681)	(3,426)
30 June 2012						
<i>Financial assets</i>						
Cash and cash equivalents	5,214	5,500				10,714
Trade and other receivables					1,156	1,156
Other financial assets					3,698	3,698
Total financial assets	5,214	5,500	-	-	4,854	15,568
Weighted average interest rate	3.27%	4.67%				
<i>Financial liabilities</i>						
Trade and other payables					(1,257)	(1,257)
Interest bearing loans	(32,562)					(32,562)
Total financial liabilities	(32,562)	-	-	-	(1,257)	(33,819)
Weighted average interest rate	5.84%					
Net financial assets (liabilities)	(27,348)	5,500	-	-	3,597	(18,251)

Net fair values

The Group's financial assets and liabilities are stated at amortised cost and these assets are not traded in an organised financial market and the carrying values approximate fair values.

Carrying amounts of trade and other receivables, other financial assets, payables and bank loans are stated at net realisable value, impairments have been made where applicable.

Trafalgar Corporate Group Limited and its Controlled Entities

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

26 Financial instruments (continued)

Credit risk

The carrying amounts of financial assets included in the statement of financial position represent the Group's exposure to credit risk in relation to these assets.

Summarised interest rate sensitivity analysis

The table below illustrates the potential impact a change in interest rates by +/-1% would have had on the Group's profit and equity.

		Change in interest rate -1%		Change in interest rate 1%	
	Carrying amount \$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
30 June 2013					
<i>Financial assets</i>					
Cash and cash equivalents	7,516	(45)	(45)	45	45
<i>Financial liabilities</i>					
Interest bearing loans	(10,261)	103	103	(103)	(103)
Total increase (decrease)		58	58	(58)	(58)
30 June 2012					
<i>Financial assets</i>					
Cash and cash equivalents	10,714	(52)	(52)	52	52
<i>Financial liabilities</i>					
Interest bearing loans	(32,562)	326	326	(326)	(326)
Total increase (decrease)		274	274	(274)	(274)

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

30 June 2013	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Current assets</i>				
Available for sale investments	-	-	-	-
	-	-	-	-

Trafalgar Corporate Group Limited and its Controlled Entities
Notes to the Consolidated Financial Statements
For the year ended 30 June 2013

26 Financial instruments (continued)

30 June 2012	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
<i>Current assets</i>				
Available for sale investments	-	-	-	-
	-	-	-	-

The following table is a reconciliation of the movements in Available for sale investments classified as Level 3.

	30 June 2013	30 June 2012
	\$'000	\$'000
Opening Balance 1 July	-	429
Fair value movement through statement of profit or loss	-	4
Return of equity	-	(433)
Closing balance 30 June	-	-

Fair value of Level 3 items is determined through financial modelling including sensitivity analysis. The modelling includes consideration of key factors including sales, costs, financing charges, time and any other factors which have the potential to influence the fair value of the investment. The valuation of the Level 3 investment does not contain any significant reasonably possible alternatives and hence no further sensitivity analysis has been disclosed.

Trafalgar Corporate Group Limited and its Controlled Entities
Notes to the Consolidated Financial Statements
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27 Capital and other commitments

	30 June	30 June
	2013	2012
	\$'000	\$'000
Capital expenditure commitments		
<i>Investment properties</i>		
Contracted but not provided for and payable		
Within one year	-	-
	-	-
Joint venture commitments		
<i>Share of capital commitments of the joint venture</i>		
Contracted but not provided for and payable		
Within one year	59	1,331
	59	1,331

Investment Properties

The Group has no commitments (30 June 2012: no commitments) for the refurbishment of investment properties contracted for as at 30 June 2013.

Share of capital commitments of the joint venture

Renewing Homebush Bay Pty Limited (a 50/50 Joint Venture with Brookfield Multiplex Group) has entered into various agreements, primarily involved with civil works and landscaping at the Rhodes Shoreline site, to be undertaken over the next 12 months totalling \$0.06 million (30 June 2012: \$1.331 million). The joint venture has sufficient cash reserves to meet its financial obligations.

28 Contingent assets and liabilities

Group Obligations

In accordance with the Stapling Deed executed on 8 June 2005, each party to the deed (i.e. the Company, TPF 12 and TOF 4) have undertaken to guarantee the obligations of the other party and or its subsidiaries.

Trafalgar Corporate Group Limited and its Controlled Entities

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

29 Consolidated entities

Parent entity	Country of incorporation	Ownership Interest	
		30 June 2013	30 June 2012
Trafalgar Corporate Group Limited (TCGL)			
Subsidiaries of TCGL			
TC (Dorcas St) Pty Limited	Australia	0%	100%
TCG (Frances Park) Pty Limited	Australia	100%	100%
Trafalgar Corporate (Sales) Pty Limited	Australia	100%	100%
TCG (Bonnyrigg) Pty Limited	Australia	100%	100%
Trafalgar Corporate Pty Limited (TCL)	Australia	100%	100%
TC Group Developments Pty Limited	Australia	100%	100%
TC Rhodes Pty Limited	Australia	100%	100%
TC RHB Stage 2 Lessor Holdings Pty Limited	Australia	100%	100%
TC RHB Stage 2 Lessor Pty Limited	Australia	100%	100%
TC RHB Stage 2 Contractor Holdings Pty Limited	Australia	100%	100%
TC RHB Stage 2 Contractor Pty Limited	Australia	100%	100%
TC RHB Stage 4 Lessor Holdings Pty Limited	Australia	100%	100%
TC RHB Stage 4 Lessor Pty Limited	Australia	100%	100%
TC RHB Stage 4 Contractor Holdings Pty Limited	Australia	100%	100%
TC RHB Stage 4 Contractor Pty Limited	Australia	100%	100%
TC RHB Stage 6 Lessor Holdings Pty Limited	Australia	100%	100%
TC RHB Stage 6 Lessor Pty Limited	Australia	100%	100%
TC RHB Stage 6 Contractor Holdings Pty Limited	Australia	100%	100%
TC RHB Stage 6 Contractor Pty Limited	Australia	100%	100%
TC RHB Stage 7 Lessor Holdings Pty Limited	Australia	100%	100%
TC RHB Stage 7 Lessor Pty Limited	Australia	100%	100%
TC RHB Stage 7 Contractor Holdings Pty Limited	Australia	100%	100%
TC RHB Stage 7 Contractor Pty Limited	Australia	100%	100%
TC RHB Stage 8 Lessor Holdings Pty Limited	Australia	100%	100%
TC RHB Stage 8 Lessor Pty Limited	Australia	100%	100%
TC RHB Stage 8 Contractor Holdings Pty Limited	Australia	100%	100%
TC RHB Stage 8 Contractor Pty Limited	Australia	100%	100%
Subsidiaries of TCL			
Sydney Airport Centre Pty Limited	Australia	0%	100%
TC (Cannon Park) Pty Limited	Australia	0%	100%
TC Frances Park Pty Limited	Australia	100%	100%
TC (TOF No. 5) Pty Limited	Australia	100%	100%
TC Renewing Homebush Bay Pty Limited	Australia	100%	100%
TC (RHB) Pty Limited	Australia	100%	100%
Trafalgar Managed Investments Limited (TMIL)	Australia	100%	100%
Stapled entities			
Trafalgar Platinum Fund No. 12	Australia	Stapled	Stapled
Trafalgar Opportunity Fund No. 4	Australia	Stapled	Stapled
MBC Trust	Australia	Stapled	Stapled
Portal Newstead Fund	Australia	Stapled	Stapled
Portal Newstead Pty Limited	Australia	Stapled	Stapled
Trafalgar Twelve Four Finance Pty Limited	Australia	Stapled	Stapled
Trafalgar Twelve Four Note Issuer Pty Limited	Australia	Stapled	Stapled

Trafalgar Corporate Group Limited and its Controlled Entities
Notes to the Consolidated Financial Statements
For the year ended 30 June 2013

30 Business combinations

There was no business acquisitions in the financial year ended 30 June 2013.

31 Reconciliation of net (loss) profit to net cash inflows from operating activities

	30 June 2013 \$'000	30 June 2012 \$'000
Net (loss) profit	(6,320)	1,468
<i>Non cash flows in profit from ordinary activities</i>		
Amortisation of borrowing costs	127	175
Depreciation	29	35
Impairment reversal of equity accounted investments	(778)	(1,514)
Impairment reversal of available for sale investments	-	(4)
Impairment of third party loans receivable	1,055	1,324
Impairment of other non current assets	151	-
Net loss on fair value of investment properties	10,156	2,377
Straight lining rental income and incentives	120	51
<i>Change in operating assets and liabilities</i>		
Decrease (increase) in receivables and prepayments	796	(739)
Decrease in creditors and accruals	(605)	(56)
Net cash flow from operating activities	4,731	3,117

Trafalgar Corporate Group Limited and its Controlled Entities

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

32 Related parties

The following were key Non-Executive and Executive personnel of the consolidated entity at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period.

Trafalgar Corporate Group Limited

Name	Period of Directorship
Non-Executive	
Garry S Charny	Appointed Director 13 November 2008, Resigned 21 August 2013
John R Green	Appointed Director 1 October 2009, Resigned 19 March 2013
	Appointed Chairman 1 May 2012, Resigned 19 March 2013
Graham E Lenzner	Appointed Director 9 May 2013
Tony R Pitt	Appointed Director 19 November 2009
David van Aanholt (Chairman)	Appointed Director 19 March 2013
	Appointed Chairman 19 March 2013

Executives

Braith H Williams (Chief Executive Officer) – Redundant on 29 March 2013

Peter J Norris (Chief Financial Officer & Company Secretary)

Key management personnel compensation

The key management personnel compensation included in employee benefits expense (refer to Remuneration report) is as follows:

	30 June 2013	30 June 2012
Short term employee benefits	1,005,519	1,130,822
Long term employee benefits	9,093	10,955
Post employment benefits	51,951	64,600
	<u>1,066,563</u>	<u>1,206,377</u>

Individual Director and Executive compensation disclosures

Information regarding individual Director and Executive compensation is provided in the Remuneration report section of the Directors' Report.

Apart from the details disclosed in the Remuneration report, no key management personnel have entered into a material contract with the Company or the consolidated entity since the end of the previous financial year and there were no material contracts involving key management personnel interests existing at year end.

Trafalgar Corporate Group Limited and its Controlled Entities

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

32 Related parties (continued)

Movement in shares

The movement during the reporting period in the number of stapled securities in Trafalgar Corporate Group Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

Fully paid securities

Directors

Garry S Charny
John R Green (Resigned 19 March 2013)
Graham E Lenzner (Appointed 9 May 2013)
Tony R Pitt *
David van Aanholt

Executives

Braith Williams (Redundant 29 March 2013)
Peter Norris

	Held at 1 July 2012	Acquisitions	Sales	Held at 30 June 2013
	-	-	-	-
	-	-	-	-
	-	-	-	-
	21,479,009	2,560,556	-	24,039,565
	-	-	-	-
	33,000	-	(33,000)	-
	-	-	-	-

Fully paid securities

Directors

Garry R Sladden (Resigned 1 May 2012)
Garry S Charny
John R Green
Tony R Pitt *

Executives

Braith Williams
Peter Norris

	Held at 1 July 2011	Acquisitions	Sales	Held at 30 June 2012
	-	-	-	n/a
	-	-	-	-
	-	-	-	-
	20,000,000	1,479,009	-	21,479,009
	33,000	-	-	33,000
	-	-	-	-

* Pentagon Financial Services Pty Limited ("PFS") is the registered holder of 21,479,009 securities. TT Investments Pty Limited indirectly owns 100% of PFS. TT Investments Pty Limited ATF the TT Investment Trust is the registered holder of 2,560,556 securities. Tony Pitt is a Director of TT Investments Pty Limited and a beneficiary of the TT Investment Trust.

All transactions with related parties are conducted on normal commercial terms and conditions.

Trafalgar Corporate Group Limited and its Controlled Entities

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

32 Related parties (continued)

Non key management personnel disclosure

(a) Transactions with significant shareholders

Head Office lease

Trafalgar Corporate Group Limited entered into a 7 year lease for its head office premises at 111 Harrington Street Sydney with Harrington Properties Pty Limited, a company controlled by Mr Robert Whyte (a substantial Securityholder of the Group during the period). The lease expired in July 2012 and the Group has remained in the premises and is currently on a month to month lease. During the year lease payments totalled \$96,824 (30 June 2012: \$348,174).

Sale of 4 Mort Street, Canberra ACT

The Group sold 4 Mort Street, Canberra ACT to Gladiator Investments Pty Limited, a company controlled by Mr Robert Whyte (a substantial Securityholder of the Group during the period) for \$14.75 million, following approval by Securityholders at an Extraordinary General Meeting held on 22 May 2013.

(b) Parent entity

The legal parent entity is Trafalgar Corporate Group Limited

(c) Subsidiaries, interests in joint ventures, partnerships and associates

Interests in subsidiaries, joint ventures, partnerships and associates are set out in notes 29 and 18 respectively.

(d) Transactions with related parties

Transactions with subsidiaries

The following transactions occurred with subsidiaries during the year.

	30 June 2013 \$'000	30 June 2012 \$'000
Loans advanced from the Company	6,147	6,743
Loans advanced to the Company	(29,021)	(28,314)
Dividend income	-	303
Impairment of related party loans	-	-
Debt forgiveness benefit on related party loans	-	-

Related party loan between TCGL and its subsidiaries

Loans advanced from the Company to subsidiaries are 'at call'. The Company does not anticipate that it will call on these loans within the next 12 months and as such these loans have been classified as non current in note 33. The Directors have assessed the net recoverability of loans with subsidiaries and have impaired the portion considered to be uncollectable at balance date being Nil (30 June 2012: Nil).

Trafalgar Corporate Group Limited and its Controlled Entities

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

32 Related parties (continued)

Related party loan between TPF 12 and TCGL

In accordance with the Stapling Deed executed on 8 June 2005, each party to the deed (TCGL, TPF 12 and TOF 4) have undertaken to guarantee the obligations of the other party and or its subsidiaries. Following the Group's announcement that it is withdrawing from development activities and with an expected reduction in the level of investment and return from the current development activities, Trafalgar Corporate Group Limited will not be able to fully service the inter entity loan owed to TPF 12. At balance date, as a consequence of reviewing the recoverability of the loan, the Directors decided to further impair the portion considered to be unrecoverable. This impairment amounted to \$3.01 million (30 June 2012: \$0.67 million). These loans and the related impairments are eliminated on consolidation.

Transactions with partnerships and associates

The consolidated entity receives income from the partnerships and associates in the form of management fees and profit from operations (refer to note 18). The following transactions occurred with partnerships and associates during the year:

	30 June 2013 \$'000	30 June 2012 \$'000
Share of profit (loss)		
The Frances Park Partnership	-	-
Renewing Homebush Bay Partnership	-	-
TW Property Developments Pty Limited	-	11

Trafalgar Corporate Group Limited and its Controlled Entities

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

33 Parent entity disclosures

As at, and throughout, the financial year ended 30 June 2013, the parent company of the Group was Trafalgar Corporate Group Limited.

	Company	
	30 June 2013 \$'000	30 June 2012 \$'000
<i>Result of the parent company</i>		
Loss for the year	(2,712)	(3,439)
Other comprehensive income	-	-
Total comprehensive loss for the year	<u>(2,712)</u>	<u>(3,439)</u>
<i>Financial position of the parent company at year end</i>		
Current assets	4,820	6,381
Total assets	<u>11,244</u>	<u>13,577</u>
Current liabilities	11,651	11,328
Total liabilities	<u>29,587</u>	<u>29,208</u>
<i>Total equity of the parent company comprising of</i>		
Issued capital	(8,203)	(8,203)
Retained earnings (losses)	<u>(10,140)</u>	<u>(7,428)</u>
Total equity	<u>(18,343)</u>	<u>(15,631)</u>

Parent company contingencies

The parent company does not have any contingencies at 30 June 2013 (30 June 2012: Nil).

Parent entity guarantees in respect of debts of its subsidiaries

In accordance with the Stapling Deed executed on 8 June 2005, each party to the deed (i.e. the Company, TPF 12 and TOF 4) have undertaken to guarantee the obligations of the other party and or its subsidiaries.

Trafalgar Corporate Group Limited and its Controlled Entities

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

34 Events subsequent to reporting date

Acquisition of 360 Capital Property Group

On 20 August 2013, the Group entered into a Security Sale Agreement to acquire 100% of 360 Capital Property Group ("360 Capital") through a scrip-for-scrip offer to 360 Capital Securityholders (with a cash election) (the "Acquisition"). 360 Capital is a diversified real estate investment, assets and funds management group.

Mr Tony Pitt, a substantial Securityholder & Non-Executive Director of the Group owns (through TT Investments Pty Limited) 21.1% of 360 Capital and has accepted the scrip offer.

On 21 August 2013, the Group completed a \$70.8 million equity raising via a fully underwritten conditional institutional placement of TGP securities at \$0.59 per security (the "Capital Raising"). The Capital Raising proceeds will be used to fund the cash election of the Acquisition and other funds management initiatives of the Group.

Both the Acquisition and the Capital Raising (together the "Transaction") are conditional on TGP Securityholder approval at an extraordinary general meeting scheduled for 24 September 2013 and re-compliance by TGP with Chapters 1 & 2 of the ASX Listing Rules. Independent expert, Lonergan Edwards & Associates Limited has concluded that the Acquisition is fair and reasonable for TGP's non-associated Securityholders. The Independent Committee of TGP Directors (David van Aanholt & Graham Lenzner) established to oversee the due diligence and to consider this Transaction recommends TGP Securityholders vote in favour of the Transaction, in the absence of a superior proposal. A Product Disclosure Statement & Prospectus was lodged with the ASX and the Australian Securities & Investments Commission on 21 August 2013.

2B Factory Street Granville

Settlement of the sale of 2B Factory Street Granville occurred on 14 August 2013 with net proceeds being used for debt reduction within the Group.

There are no further matters or circumstances not otherwise dealt with in this report or the financial statements that have significantly or may significantly affect the operations of the consolidated entity, or the state of the consolidated entity's affairs in this financial report or current and future financial periods.

Trafalgar Corporate Group Limited and its Controlled Entities

Directors' declaration

For the year ended 30 June 2013

- 1 In the opinion of the Directors of Trafalgar Corporate Group Limited ("the Company"):
 - (a) the consolidated financial statements and notes that are set out on pages 16 to 66, and the Remuneration report in the Directors' report contained in pages 8 to 12, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2013 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001;
 - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- 2 The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Financial Officer for the financial year ended 30 June 2013.
- 3 The Directors draw attention to note 1 (a) to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors.



David van Aanholt
Chairman



Graham E Lenzner
Director

Dated at Sydney this 27th day of August 2013



Independent auditor's report to the members of Trafalgar Corporate Group Limited

Report on the financial report

We have audited the accompanying financial report of Trafalgar Corporate Group Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2013, and consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 34 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 1(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

(a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1(a).

Report on the remuneration report

We have audited the Remuneration Report included in pages 6 to 14 of the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Trafalgar Corporate Group for the year ended 30 June 2013, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Paul Thomas
Partner

Sydney
27 August 2013