

27 August 2013

Trafalgar Corporate Group Reports \$4.28 million operating profit and an after-tax loss of (\$6.32) million

Listed property investment group Trafalgar Corporate Group (ASX: TGP) today announced an operating profit (before fair value adjustments & impairments) of \$4.28 million and a net after-tax loss of (\$6.32) million for the year ended 30 June 2013.

Net tangible assets per security as at 30 June 2013 was \$0.58 per security, down from \$0.73 as at 30 June 2012. The reduction in NTA per security of 15 cents was due to 7.5 cents in distributions paid to Securityholders during the year and the FY13 after-tax loss per security of 7.4 cents.

The key achievements for FY2013 are as follows:

- Settlement of the sale of 4 Mort Street, Canberra for \$14.75 million.
- Exchange of contract for the sale of 2B Factory Street, Granville for \$5.3 million.
- Receipt of \$5.2 million in net proceeds from development asset realisations & exited the Beverley & Nudgee projects.
- Practical completion of the Rhodes Joint Venture project (the remaining development asset) with the only outstanding issue being the dedication of roads and public lots to statutory authorities. The carrying value as at 30 June 2013 was \$0.8 million.
- Payment of \$6.4 million (7.5 cents per security) in distributions to Securityholders during FY2013.

Subsequent to year end the Group has:

- Settled the sale of 2B Factory Street, Granville for \$5.3 million.
- Entered into a Security Sale Agreement with the Securityholders of 360 Capital Property Group, whereby TGP has agreed to purchase 100% of 360 Capital through a scrip/cash offer subject to (among other things) approval by TGP's Securityholders.

The Notice of Meetings/Explanatory Memorandum & PDS/Prospectus was mailed on 26 August 2013 detailing the acquisition & asking for Securityholder approval. The meeting is to be held on 24 September 2013.

To facilitate the acquisition, an underwritten, \$70.8 million equity raising is being undertaken by TGP to institutional investors at \$0.59 per Security, subject to approval by TGP Securityholders.

Independent expert, Lonergan Edwards & Associates Limited has concluded that the Acquisition is fair and reasonable for TGP's non-associated Securityholders.

The Committee of Independent Directors of TGP believes that the proposed acquisition is in the best interests of Securityholders.

The announcement of the proposed acquisition caused the trading price to increase 25% to \$0.62. TGP is now trading at a premium to NTA and the expanded group offers a value-creating strategy in comparison to the current asset sale strategy which does not create value and is inherently uncertain with regards to timing.

A summary of the financial results for FY2013 is provided below.

Results summary	FY13	FY12
Revenue (\$m)	10.14	11.49
Operating profit (before fair value adjustments & impairments) (\$m)	4.28	3.58
<i>Fair value adjustments & impairments (\$m)</i>		
Fair value adjustment of investment properties	(10.16)	(2.38)
Impairment of development project & other assets	(0.42)	0.20
Profit (Loss) on disposal of investment properties	(0.02)	0.07
Profit (Loss) before tax (\$m)	<u>(6.32)</u>	<u>1.47</u>
Profit (Loss) after tax (\$m)	<u>(6.32)</u>	<u>1.47</u>
Basic earnings per security (cents)	(7.4)	1.7
Distributions per security (cents)	7.5	52.0
Total assets (\$m)	62.8	97.4
Net tangible assets per security (\$)	0.58	0.73
Debt (\$m)	10.3	32.6
Debt Gearing (%)	16.3	33.4

Revenue for the Group declined 12% from \$11.49 million for FY12 to \$10.14 million for FY13 primarily due to a period of vacancy in the Mort Street, Canberra building. Corporate, employment & finance costs continued to reduce during FY13.

The after-tax loss of (\$6.32) million was due primarily to negative fair value adjustments on the investment property portfolio of (\$10.16) million.

About Trafalgar

Trafalgar Corporate Group (ASX: TGP) is a property investment group. As at 30 June 2013 the Group had total assets of \$62.8 million, including an investment property portfolio valued at \$53.6 million.

As at 30 June 2013, TGP's Net Tangible Assets was \$0.58 per security.

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