

25 January 2006

## **TRAFALGAR CORPORATE GROUP (TGP)**

### **TRADING UPDATE**

Trafalgar Corporate Group advises that due to the current slow down in the residential property market, certain development assets, and in particular the Tallwoods project in New South Wales, are not meeting expectations and are likely to impact on the company's earnings in the 2006 financial year.

#### **Tallwoods Estate**

Following on from comments made at the company's Annual General Meeting in November 2005, Trafalgar confirms that the continued deterioration of the NSW residential market has impacted on the sales rates at its Tallwoods Village estate. Despite expectations of an improving sales performance following a significant summer sales campaign and marketing initiatives, it is now evident that the project's forecast performance will not be met and this will have a significant impact on the Trafalgar Group's FY 2006 profits.

Management has instigated a comprehensive review of the project and initiated strategies to accelerate broader marketing opportunities, particularly relating to offering house and land packages.

In addition, management has determined to seek an independent valuation of the asset for the December half year financial statements.

#### **FY 2006 Earnings Guidance**

The Board has requested management to undertake a comprehensive review of the forecasts for the current year. Current estimates are that there will be a shortfall in the after tax earnings as set out in the combined Product Disclosure Statement and Prospectus dated 17 June 2005, in the range of 25% to 35% of the forecast after tax profit of \$16.7m. The revised forecast includes the assumption relating to the sale of a non core asset. It should be noted that any potential impact as a result of the Tallwoods valuation has not been factored into these estimates.

The Group's investment portfolio is continuing to perform generally in accordance with the forecast.

#### **Distributions Maintained**

Notwithstanding the expected shortfall in earnings, the full year's forecast distribution of 27.9 cents per security or \$18.7m will be made to investors relying, to the extent necessary, on the Distribution Support Guarantee from ANZ, as summarised in section 2.10 of the combined Product Disclosure Statement and Prospectus.

#### **About Trafalgar**

Trafalgar Corporate Group Limited (TGP) is a stapled security combining two investment trusts and a corporation. It owns \$224m of investment grade properties, seven development assets and a funds management business that currently has approximately \$250m funds under management. Total assets of the Group currently exceed \$300m.

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