

28 February 2006

TRAFALGAR CORPORATE GROUP (TGP) MARKET UPDATE

Following its announcement of 25 January 2006, TGP advises that it has completed a comprehensive review of operations and also obtained independent valuations of its investment portfolio and its Tallwoods residential project in New South Wales.

The key results of this review and valuation process are:-

- Forecast after tax operating results before significant items for FY 2006 is expected to be \$9.53m, 43% less than forecast in the combined Prospectus and Product Disclosure Statement (PDS) dated June 2005 of \$16.78m;
- As a result of the revaluation of non current assets, the after tax profit is forecast to be \$19.09m on an A-IFRS basis compared to the PDS forecast of \$12.41m;
- Net Tangible Assets have increased 4.3% to \$2.64 per security an increase of 11 cents since the time of the PDS; and
- Distributions will be maintained at \$18.7m or 27.9 cents per security by calling on the Distribution Support Guarantee (DSG).

FY 2006 Earnings Guidance

In its trading update on 25 January 2006, TGP advised that there was likely to be a shortfall in the after tax earnings as set out in the PDS in the range of 25% to 35% of the forecast after tax profit of \$16.7 million.

The Group now forecasts a revised after tax operating profit at 30 June 2006 before significant items of \$9.53m, 43% less than forecast in the PDS. The major factors which have increased the quantum of the operating result downgrade to a point estimate of 43% are the adoption of a revised accounting treatment for the Tallwoods profit share lots - \$700k, borrowing costs to be written off as result of a recent decision to establish a more cost effective financing facility for the Group - \$600k and fewer settlements at Tallwoods - \$300k.

As a result of the revaluation of non-current assets, the after tax profit is forecast to be \$19.09m on an A-IFRS basis compared to the PDS forecast of \$12.41m.

Distributions of 27.9 Cents to be Maintained

As previously advised, the revised profit forecast will not impact on the 2006 financial year forecast distribution of 27.9 cents per security, due in part to the DSG from ANZ as detailed in the PDS. Audant Investments Pty Limited, a company associated with one of the founding shareholders, has provided credit support to the ANZ via a deposit at no cost to TGP.

Distributions for the year ended 30 June 2007 will be maintained at a minimum of 27.9 cents per security and the Group will call on the Distribution Support Guarantee if necessary.

Net Assets of the Group Increase

Following the revaluation in February 2006 of its investment portfolio and its Tallwoods asset, TGP expects to report an overall increase in Net Assets to \$177m as at 31 December 2005. This is an increase of 4.3% or 11 cents per security to \$2.64 compared to an NTA of \$2.53 as set out in the PDS.

PROPERTY	PDS VALUATION	INDEPENDENT VALUATION	BOOK VALUE	INCREMENT/ (DECREMENT)
INVESTMENT PORTFOLIO				
ATO Regional Office – Hurstville, NSW	\$ 62.50 m	\$64.50 m	\$62.47 m	\$2.03 m
Seven Network Broadcast Centre – Melbourne, VIC	\$ 44.85 m	\$45.25 m	\$45.26 m	(\$ 0.01 m)
Thiess Corporate Headquarters – Brisbane, QLD	\$ 35.00 m	\$45.25 m	\$35.09 m	\$10.16 m
Fujitsu Centre - Brisbane, QLD	\$ 20.50 m	\$26.20m	\$20.72 m	\$5.48 m
37 Epping Road – Macquarie Park	\$ 19.05 m	\$19.35 m	\$19.36 m	(\$ 0.01 m)
Public Trustee Building – Canberra, ACT	\$ 14.50 m	\$15.25 m	\$14.61 m	\$ 0.64 m
111 Wicks Road, Macquarie Park, NSW	\$ 9.10 m	\$ 9.60 m	\$9.67 m	(\$ 0.07 m)
EDI Rail, Regional Headquarters – Granville NSW	\$ 6.60 m	\$ 7.00 m	\$6.98 m	\$ 0.02 m
				\$ 18.24 m
TALLWOODS DEVELOPMENT				
Value of Englobo Land and Grangewood	\$36.00 m	\$26.75 m	\$34.82 m	(\$8.07 m)

Funds Management

TGP currently manages \$289m in assets for third party investors including joint ventures and partnerships. Assets under management have grown 38% since PDS. TEIF, which currently has FUM of \$45.8, was forecast to be \$100m by 30 June 2006. Notwithstanding the slower than anticipated growth in FUM, the operating results of managing the Fund are better than forecast.

About Trafalgar

Trafalgar Corporate Group Limited is a stapled security combining two investment trusts and a corporation. It owns \$244m of investment grade properties, seven development assets and a funds management business that currently has approximately \$289m of assets under management. Total assets of the Group currently exceed \$300m.

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This ASX release contains certain forward looking statements which are based on TGP's current expectations about future events. These forward looking statements are, however, subject to risks, uncertainties and assumptions which could cause actual events or results to differ materially from the expectations described in the forward looking statements. The forward looking statements do not constitute a representation that future events or results (or any other matter) will be achieved in the amounts or by the dates indicated