

10 April 2008

## Trafalgar Corporate Group revises distribution policy

Listed property investment, development and funds management group Trafalgar Corporate Group (ASX:TGP), today announced that in light of current market conditions it is revising its distribution policy and as a result is reducing its final distribution guidance for FY 2008 from 10 cents per security to 5 cents per security. The interim distribution of 10 cents per security was paid on 14 March, 2008.

Trafalgar's Chairman, Mr Richard Grellman said that as a result of the change in distribution policy the Group's FY2009 distributions would be equivalent to its net property trust income which is expected to be at least 10 cents per stapled security before asset revaluations. Mr Grellman commented that the Board's revision of the distribution policy had been influenced by the belief that it is prudent in the current environment for the Group to retain working capital to invest in projects that enhance security holders' value in the medium term.

Mr Grellman also confirmed that effective 1 July, 2008 Directors will allocate a minimum of 10% of their annual directors' fees to acquire TGP stock on a monthly basis.

Mr Braith Williams, CEO, said that new development division transactions would be directed towards funding projects with established specialist development partners. In future corporate development activities will leverage off its strengths in structuring transactions, debt management and working with delivery partners. This strategy will enable the Group to continue to diversify its development division earnings, enable more timely profit recognition and improve its earnings profile, whilst constraining operating costs.

"The strategy involves Trafalgar engaging in financial partnering with third parties, often on the basis of preferred equity returns. Such arrangements will enable the Group to undertake a larger number of projects and allow the development division to significantly reduce reliance on any individual project for profits. Generally, the project term will be less than 3 years and Trafalgar will seek to generate on-going risk managed returns, with development profit sharing.

Recent transactions such as the sell down of 50% of the Southbank project, which allowed Trafalgar to lock-in a minimum level of profitability but also share in any upside, reflect the risk management strategy that will be implemented in its approach to future transactions. The Nudgee industrial unit development in Brisbane and Pendle Hill industrial sub-division recently undertaken in partnering arrangements, which provide the Group with a priority return and profit share, are consistent with this model and provide the Group with the benefits of working with proven delivery partners that have specific expertise in local markets.

The combination of the development division's business focus for new transactions and management's commitment to continuing its reduction of the Group's operating costs is expected to result in at least a 30% reduction from the

levels incurred in FY2007, although the benefit of these cost savings will not be fully reflected until FY2009” said Mr Williams

Mr Williams re-affirmed the capital management strategy for the Group, with gearing at 41%, in excess of 95% of existing debt not maturing until 2011 and 79% of existing debt hedged. Mr Williams also confirmed that the group is operating well within its borrowing covenants and that none of its facilities contain conditions that refer to the trading price of the Group’s securities.

## About Trafalgar

Trafalgar Corporate Group (ASX:TGP) is a property investment, development and funds management group with total assets of \$387 million. It has a combination of property and finance skills which enables it to structure complex transactions to reduce risk and increase equity returns.

The Group has an investment portfolio valued at \$266 million across five markets – Brisbane, Sydney, Canberra, Goulburn and Melbourne - and development assets in five key markets and three property sectors.

At the last reporting date of 31 December 2007, TGP’s Net Tangible Assets backing was \$2.58 per security.

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