

## GEO Property Group

Comprising:

### **GEO Property Trust (“Trust”)**

ARSN 104 482 206

(Responsible Entity: GEO Management Limited

ABN 77 116 506 882, AFSL 304866)

### **GEO Property Group Limited (“Company”)**

ABN 38 117 546 326

ASX Code: GPM

Date: 4 March 2009



## **ASX ANNOUNCEMENT**

### **LETTER FROM CHAIRMAN/EXCLUSIVE INVITATION**

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The following letter from the Board Chairman, Richard Anderson, will be circulated to all Securityholders today.

Securityholders will also receive the attached Exclusive Invitation to join the GEO Property Group Ambassadors Club.

Guy Farrands  
Managing Director and CEO  
GEO Property Group

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4 March 2009

Dear Securityholder

I am writing to provide you with an update on the progress of GEO Property Group (GEO) following the release of our financial results for the six months to 31 December, 2008.

### **Financial Results**

The Group achieved an operating profit of \$12.4 million for the first half, compared to a loss of \$338,000 for same period last year. The operating profit, which represents 2.9 cents per security, was achieved on stable revenue of \$108 million, compared to \$112.4 million in the first half of the previous year.

Our net earnings for the half were significantly impacted by a number of non-recurring items including \$21.9 million in writedowns on the value of some of the Group's investment assets, \$50.4 million in impairment of goodwill, a mark to market loss of \$32.4 million on interest rate swaps, and \$31.9 million in impairments on other assets and development land. Consequently, the Group reported a net loss before tax of \$114.8 million including \$138.2 million of one-off non-cash impairments and losses.

### **Distributions**

Ordinary unit holders received total distributions for the half year of 2.00 cents per unit. GEO has previously advised guidance of total FY09 distributions of three cents per security, however, the payment of March and June distributions remain under review and the Distribution Reinvestment Plan (DRP) remains suspended.

### **Communities Development**

The solid operating result mentioned earlier reflects the strength of GEO's core residential property development business which, following a strategic review in 2008, is now our primary focus. This relative success must be considered in light of the difficult market conditions which prevailed throughout the half, and have continued into 2009.

Despite these conditions sales at our affordable estates were more resilient than we expected and, while we have discounted product in most markets, we have actually been able to increase prices at some of our more affordable estates as first homebuyers respond to lower interest rates and increased government grants.

Total first half sales were strong with 304 land lots, house and land packages or integrated housing units sold, up from 218 in the first half of 2008. At the end of December, GEO's land bank (including land held proportionally with joint venture partners, ie GEO's share) amounted to 6,298 compared to 6,750 in the first half of FY08.

The continued profitability of this business despite the weakening economy has confirmed the Board's strategic decision to refocus our operations on volume speculative housing where we have enjoyed a 20-year record of success.

Incorporating



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### Capital Management

In accordance with the revised agreement reached with our primary lenders in April 2008, the Group's debt facility limit was scheduled to be reduced from \$425 million to \$300 million by 30 June, 2009.

I am pleased to report we have achieved this six months ahead of schedule due to the success of our expanded capital realisation program which is proceeding faster than anticipated. The actual amount drawn under the facility at 25 February, 2009, was \$195 million.

The Group sold eight investment properties during the period as part of the program for a total of \$94.7 million with seven sales being settled prior to the end of the half for a total of \$64.7 million.

### Appointment of Additional Director

GEO announces the appointment of Troy Harry as a non-executive director. Mr Harry is the Managing Director of Trojan Equity Limited. Trojan Equity Limited has a 19.9% holding in GEO Property Group.

Mr Harry has experience in financial analysis, modelling and structuring, and in advising and managing investment companies. His appointment will strengthen the GEO board's corporate and financial skills. Mr Harry is also a director of the Brisbane Turf Club Limited.

### Outlook

After considering the impact of the global financial crisis on property valuations, prices of residential property, the rate of sale of real estate generally, and current credit conditions the Board has decided to embark on a program to repay all outstanding debt under our primary debt facility as quickly as practicable. This would include the sale of all investments in the Trust and accelerating sales of developed property to customers.

Ultimately, the Group will be much smaller, have lower debt and will be in a position to consider several options towards the end of the current economic cycle.

A full copy of GEO's half year results (including investor presentation) is available at [www.geopg.com.au](http://www.geopg.com.au) under Investor Relations, ASX Announcements. I urge you to read this letter together with those releases.

I would like to thank this opportunity to once again thank you for your support of GEO through this extremely difficult period.

Yours faithfully

Richard Anderson OAM  
Chairman

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**GEO**  
INVESTMENTS

**VILLAWORLD**  
HOMES

**MODA**  
RESIDENTIAL

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### **AN EXCLUSIVE INVITATION**

As a highly valued Securityholder of GEO Property Group we wish to extend an invitation to you to join the exclusive GEO Property Group **Ambassadors Club**.

As an official GEO Property Group **Ambassadors Club** member, you'll be rewarded for completing new sales with, or for the referral of new sales to, GEO Property Group.

You'll have the choice of receiving your rewards as: **Cash Rewards or Property Rewards**.

**Cash Rewards** are a direct payment of a cash sum.

**Property Rewards** are even more lucrative and are designed for those who wish to acquire a quality investment property portfolio.

The **Ambassadors Club** is acknowledged as our priority client group. **Ambassadors Club** members will be given the opportunity to select and secure properties in our new projects before they are released to the general market.

You will also receive a copy of GEO Property Group's yearly publication, 'INSIGHT' magazine, which contains information on current and future projects, market commentary and research, information from key experts and other relevant news to keep members informed.

If you are interested in becoming an **Ambassadors Club** member and wish to obtain more details, including Terms and Conditions, please visit the Investor Relations section on [www.geopg.com.au](http://www.geopg.com.au) or call 1800 888 438 during business hours.



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