

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

8 December 2009



ASX ANNOUNCEMENT/MEDIA RELEASE

TRADING CONDITIONS STRONG GEO ADDS 621 LOTS TO LANDBANK GEARING LOW IN 25-30% RANGE

TRADING CONDITIONS STRONG

Leading residential developer, GEO Property Group, expects to have a strong first half of the 2010 financial year, with operating revenue in November of approximately \$45 million. Operating Profit for the half is expected to exceed \$8 million. While the second half is expected to have lower profit than the first (due to the timing of completion of developments), if interest rate rises remain moderate, and economic conditions do not deteriorate then trading conditions are expected to remain solid.

GEO ADDS 621 LOTS TO LANDBANK

GEO will increase its landbank by a total of 621 lots following the acquisition of two prime residential development sites in Brisbane's north and north-east.

The acquisitions will be funded through the Group's existing corporate facilities and will increase the Group's total land bank to approximately 6028 lots.

GEO Managing Director, Guy Farrands, said the acquisitions marked the return to growth for the developer which is in the final stages of an extensive program of restructuring, cost cutting and asset sales.

"This is a significant milestone for GEO which reflects our renewed focus on growth after a period of balance sheet consolidation and streamlining our business to focus on where we excel – affordable house and land."

"The projects fit well with our existing portfolio and will ensure a strong flow of work in an area of proven high demand for our product while not tying up capital in land that is not ready for building," Mr Farrands said.

"GEO's gearing remains moderate – after contracted non-core property sales are taken into account, our gearing is expected to be comfortably less than 30% as at 31 December 2009."

The first acquisition consists of two adjoining sites with a total area of 46.7 hectares located at **Kinsellas Road West, Mango Hill**. The total purchase price of the sites is \$21.6 million on extended payment terms out until July 2013.

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The properties are located approximately 20 kilometres north of Brisbane on the northern side of Anzac Avenue, with Kinsellas Road West providing immediate access. The masterplanned community of North Lakes is within 2 kilometres of the site and provides facilities such as North Lakes primary and secondary schools, Westfield Shopping Town and the North Lakes 18 hole golf course.

The Mango Hill property will yield a total of 472 lots and development approval has already been issued. Revenue is expected to be recognised from the 2011 financial year onwards.

GEO also plans to develop a further \$70 million worth of homes in north east Brisbane after securing 149 lots adjoining the Group's previously completed 75-lot Circa estate off **St Vincents Rd, Nudgee**.

The new estate is well positioned in a high growth area of Brisbane and is just 9 kms from Brisbane International Airport, 3km from Nudgee Beach and 5km from Ascot. Other nearby facilities include Banyo Village, Australian Catholic University and primary and secondary schools.

Under the purchase agreement, the estate will be developed in stages and GEO will acquire the developed lots on a staged basis. The purchase price of the sites is subject to confidentiality agreements.

The developed lots will range in size from 400 sqm up to 1098 sqm and GEO plans to build a variety of housing product on them similar to the existing Circa development and its nearby Couture development at Banyo. Revenue is expected to be recognised from the 2011 financial year onwards.

Both the Nudgee and Mango Hill sites will be developed as house and land projects under the Group's VillaWorld brand.

The first lots at Nudgee are due for completion in June 2010, with housing construction to commence soon after. The project is scheduled for completion in 2013. The first lots at Mango Hill are due for completion in early 2011 with completion due for 2016.

GEO Property Group is a leading residential home builder that has been creating affordable, high-quality communities for over two decades with over 15,000 owners now calling a GEO Property Group property home.

Sale of North Rocks Industrial Properties

The acquisitions follow the recent completion of the sale of non-core industrial assets totaling \$24.5 million as part of the Group's strategic re-focusing on its residential development business. Once settlements occur, and after taking into account subdivision costs of \$750,000, **approximately \$23.75 million** will be available for debt reduction and restocking GEO's development pipeline.

Notes

- Mango Hill is mentioned as a property under option on page 11 of GEO's market update presentation dated 5 November 2009
- Pipeline numbers in this announcement relate to total lots under GEO's control and do not take into account settlements of sales of developed product to customers since 30 September 2009

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