

GEO Property Group

Comprising:

GEO Property Trust ("Trust")

ARSN 104 482 206

(Responsible Entity: GEO Management Limited)

ABN 77 116 506 882, AFSL304866)

GEO Property Group Limited ("Company")

ABN 38 117 546 326

ASX Code: GPM



5 May 2011

COMPANY UPDATE

GEO Property Group (ASX: GPM) is pleased to provide the following update regarding several important matters affecting the Group. Several of these matters will require shareholder approval and a Notice of Meeting will be issued in the coming weeks.

Name Change

Subject to securityholder approval, it is proposed to change the Group's name to Villa World Group (comprising Villa World Limited and Villa World Property Trust).

This name change represents a return to the original name of the Group's residential development business. The business was separately listed on ASX from 1986 to 2006, prior to its merger with MFS Diversified Trust to create the current stapled security structure. The Villa World name has been continuously used at an operating level and remains a highly respected and widely known brand throughout our key markets.

With GEO now solely focused on its core strengths in affordable residential development, it is appropriate to re-adopt its traditional name to reflect this.

Consolidation of Capital

Subject to securityholder approval, it is proposed to consolidate the Group's securities on a 1 for 5 basis.

The consolidation of GEO's securities will establish a higher nominal security price on ASX that is more appropriate for a listed entity of GEO's size and scale of activities. A higher trading price of GEO's securities would also assist in making the Group more attractive to potential investors, particularly institutions.

Issue of Options to Managing Director

Subject to securityholder approval, it is proposed to issue our new Managing Director, John Potter, with 14 million options exercisable at \$0.26 on or before 28 February 2014. John Potter was appointed Managing Director in February this year. He was previously the Managing Director of the Company from 2001 through to 2003 when it was known as Villa World, and has remained on the board as a non-executive director since.

The proposed options will provide significant further alignment of John Potter's interests with those of all security holders. John Potter currently owns 30.3 million stapled securities.

It is also proposed to issue 2 million options, on the same terms as those above, to Group executive Barry Cronin.

For further information please contact:
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SHARE REGISTRY
Computershare Investor Services Pty Limited
Level 19, 307 Queen Street
Brisbane QLD 4000
Telephone: 1300 651 684

Securityholder Queries:

Email: securityholder@geopg.com.au
Telephone: 1300 552 434

Profit Update

Subject to audit, GEO currently expects a net profit after tax for the year to 30 June 2011 to be within a range of \$13 million to \$16 million. The key variable in this profit range is the timing of completion of civil and related works at GEO's flagship Cascades project in Victoria, which have been affected by recent weather conditions. Importantly, pre-sales have been strong for this project with all lots in the current stage already under contract. Therefore, GEO's ability to recognise these profits is subject only to completion of the works and registration of the plan occurring within this financial year.

Trading conditions generally continue to be challenging. Buyers remain cautious and unseasonal rain has hampered construction.

Sale of Station Road, Burpengary, Qld

On 17 March 2011 GEO announced that it had signed an unconditional contract to sell land held by GEO Property Trust at Burpengary for \$1.5 million. That sale has now completed.

Security Sale Facility – Unmarketable Parcels

GEO intends to establish a sale facility for securityholders who hold GPM stapled securities valued at less than \$500 (unmarketable parcels). GEO currently has approximately 5,200 securityholders, with approximately 810 of these holding less than a marketable parcel. This sale facility will enable those securityholders to sell their unmarketable parcels of GEO securities without incurring brokerage or handling costs. Securityholders wishing to retain their unmarketable parcel of GPM securities must complete and return the Security Retention Form which will be mailed to them shortly.

Proposed Restructure of Trust

The sell down of investment properties held by the GEO Property Trust is now significantly advanced, with one investment property remaining with a book value of \$7.4 million. With the focus now on GEO's residential development business, GEO's corporate structure is being re-examined with a view to align it with the business. GEO is currently seeking advice on the best way to restructure the Group.

It is expected that a proposal to simplify GEO's corporate structure can be put before securityholders by the end of 2011. The key objective is to simplify the structure and reduce compliance costs. An ancillary aim of such simplification is to allow future profits to be able to be distributed by way of franked dividends from the Company, thereby unlocking the value of GEO's significant franking credits.

For more information, please contact:

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