

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: 27 August 2009



ASX ANNOUNCEMENT/MEDIA RELEASE

GEO PROPERTY GROUP REPORTS STRONG OPERATING EARNINGS

HIGHLIGHTS – FULL YEAR TO 30 JUNE 2009

- Operating profit of \$22.7 million, representing 5.3 cents per security
- Net Tangible Assets of 35 cents per security
- Sales contracts exchanged of 731 units land and/or house and land product (2008: 1,064)
- Gearing down to 37.1 per cent (2008: 43.9 per cent)
- Cost base cut by 45 per cent
- Residential landbank of 4,779 lots (including share of joint ventures)

GEO Property Group (ASX: GPM) today reported strong underlying earnings based on steady sales from its core Communities Development business.

However, the result was negatively affected by a number of non-recurring items including the non-cash writedowns of the value of some of the Group's property assets, goodwill and interest rate hedges.

In the year to 30 June 2009, the Group reported total revenue of \$212.9 million, down from \$369.6 million in the previous year. This delivered a pre tax operating profit of \$22.7 million, down from to \$30 million in prior year, with operating earnings per share (EPS) of 5.3 cents.

Despite the substantial operating profit the final net result was a loss of \$131.6 million, due largely to \$174.1 million of one-off impairments/losses including a \$50.4 million write off of goodwill.

Net Tangible Assets (NTA) at the end of the year were 35.0cps, down from 58.5cps at 30 June 2008.

Managing Director Guy Farrands said: "The past year has presented some enormous challenges for GEO Property Group. However, we are pleased to report we have now overcome the majority of these challenges and we are now looking to the future with confidence."

"The board acted decisively and implemented a series of measures to mitigate the effects of the economic crisis so the Group could return quickly to profitability and lay the foundations for future growth. Measures included asset sales to repay debt, cost cutting, and a renewed focus on the Group's core skill of residential development. The board has resisted the temptation to raise equity as that would have severely diluted securityholders' interests," Mr Farrands said.

For further information please contact:
GEO Property Group
Ground Floor, 9 Ouyan Street
Bundall QLD 4217
Website: www.geopg.com.au

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

“The Group is now focussed on its core business of affordable land only and house and land products in Melbourne and South East Queensland. Projects inconsistent with this are being sold and overhead costs associated with those projects eliminated.”

“With the combination of a much healthier and streamlined business, improving economic conditions and a strengthening balance sheet, we believe that GEO is once again positioned for growth.”

Distributions

The Group made the decision to initially reduce and then later suspend distributions during the year. The decision reflected the pressure on earnings and a strategic decision to accelerate the repayment of debt to de-risk the business. The reinstatement of distributions will be considered in the second half of the current financial year.

Capital Management

During the year the Group’s key capital management goal was to reduce gearing to a sustainable level, principally through asset sales, englobo land sales and the acceleration of home and land sales through price reductions.

In line with this policy, at 30 June 2009 the balance of the Group’s Multi Option Facility was reduced to \$144 million (2008: \$310 million) and gearing was 37.1 per cent (2008: 43.9%). An orderly sale program of investment assets is still underway and proceeds will be used to further significantly reduce debt levels in the current financial year.

Reduced expenses

Internal operating costs have been reduced so that the 2010 financial year commences with a cost base 45 per cent lower than a year ago. This has been achieved through a relentless focus on cost cutting to better reflect the size of the business and the prevailing economic conditions.

Communities Development

The Communities Development division achieved strong sales rates but with reduced margins. 18 projects contributed to profit, with sales of 731 units compared to 1,064 in 2008 (including the proportional share of joint ventures). An average gross margin of 23 per cent was achieved.

Demand for GEO’s core product – affordable housing in outer suburban locations – remains one of the soundest segments of the current market. The group has total lots under control of 4,779 net, including proportional joint-venture ownership.

Investment Portfolio

The group achieved the sale and settlement of 11 properties from the trust for a total consideration of \$128.3 million in 2009. The remaining seven assets, with a book value of \$69 million, are targeted to be sold in the 2010 financial year.

Outlook

Mr Farrands said the group expected improved conditions in the coming year as there were signs that the impact of the Global Financial Crisis on the Australian economy may be less prolonged than initially believed.

“Notwithstanding the expiry of the First Home Owners Boost in December 2009 the Group is cautiously optimistic about the coming year,” Mr Farrands said.

“However, it seems likely that the constrained capital environment will continue for the foreseeable future. This means that a careful approach to re-stocking our development pipeline will be required.”

For further information please contact:
GEO Property Group
Ground Floor, 9 Ouyan Street
Bundall QLD 4217
Website: www.geopg.com.au

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

Investors should refer to the Group's presentation lodged with the ASX today for more information.

Guy Farrands
Managing Director and CEO
GEO Property Group

For further information please contact:
GEO Property Group
Ground Floor, 9 Ouyan Street
Bundall QLD 4217
Website: www.geopg.com.au

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