

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: 29 July 2009



ASX ANNOUNCEMENT BUSINESS UPDATE

Banking Update

Following strong trading, GEO expects that it will be in full compliance with all of its covenants under the Group's Multi-Option Facility as at 30 June 2009, subject to completion of full year accounts and audit.

While continued compliance is dependent on trading conditions and investment property sales, current budgets suggest that GEO will also be in full compliance with the terms of this facility as at 31 December 2009 and 30 June 2010.

Compliance with Liquidity Ratio 2, which requires Trust EBITDA (effectively rent received from investment properties) to exceed 0.5 times interest, is particularly dependent upon the timing of investment property sales and rentals received.

At 30 June 2009, the Group's Multi-Option Facility was drawn to approximately \$145 million (2008: \$310 million).

Following a voluntary limit reduction of \$25m, the Group's Multi-Option Facility limit as at 30 June 2009 was reduced to \$200 million (2008: \$325 million).

In view of the reduced debt balance, GEO has closed out \$20 million of interest rate swaps used to hedge interest rate risk attributable to the Multi-Option Facility. The net cash cost was \$1.5 million, although the accounting expense was taken up in December 2008. GEO now has \$80 million of interest rate swaps outstanding.

The Multi-Option Facility is the Group's primary debt facility. Additional debt facilities are in place in several joint ventures in which GEO is a participant along with a bank guarantee facility. Please see page 7 of our market update presentation dated 16 June 2009 for further details.

Investment Property Portfolio Update

GEO has reviewed the carrying values of its investment portfolio as at 30 June 2009. The entire portfolio was independently valued as at 30 June 2008 and as at 31 December 2008. Directors' valuations have been undertaken as at 30 June 2009, with the exception of 29 Loyalty Road North Rocks, which was independently valued because of the recent insolvency of the tenant. Following this and subject to audit it has been resolved to write down the value of the portfolio by an additional \$15.3 million as at 30 June 2009 to \$67.9 million.

The investment portfolio status is as follows:

Property	Status
Domayne Centre Campbelltown	<ul style="list-style-type: none"> • Sale terms agreed • Due diligence underway
Station Road Burpengary	<ul style="list-style-type: none"> • Sale terms agreed • Due diligence underway
Caltex Goondiwindi	<ul style="list-style-type: none"> • Property issues being rectified • Sale negotiations underway
25 Loyalty Road North Rocks	<ul style="list-style-type: none"> • Refurbishment underway • To be sold vacant • To be auctioned in September
McLaren Industrial Estate	<ul style="list-style-type: none"> • For Sale • Previous negotiations terminated • Lease recently extended • Alternative buyers being sought
Riverfront Plaza Kempsey	<ul style="list-style-type: none"> • Leasing up continuing • Expected to be offered for sale if/when pending leases signed
M5 Bankstown Business Park	<ul style="list-style-type: none"> • Leasing up continuing • Expected to be offered for sale in late 2009

Carrying Value of Inventory

The carrying value of GEO's development inventory remains under review and impairment of at least \$20 million is expected, including the \$10.8 million impairment announced on 15 July 2009.

Inventory Restocking

Given the progress of investment property sales and sales of land and homes to customers, GEO intends to begin restocking its development pipeline as good quality opportunities arise.

GEO will seek projects that are consistent with its core businesses of land-only, house and land and integrated housing products, where customers can move into a new home for a total cost in the \$300,000 - \$500,000 range.

GEO believes that there are attractive opportunities available in the current market, so long as very strict discipline is applied to feasibility.

Guy Farrands
Managing Director and CEO
GEO Property Group

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