

GEO Property Group

2011 Half Year Results

17 February 2011



Agenda

- 1 Introduction
- 2 Half Year Financial Results
- 3 Operational Update
- 4 Outlook

Introduction

Continued strong earnings and cashflows

- Net profit after tax of \$10.3 million (1HFY10: \$8.3 million)
- Earnings per security (EPS) up 27% to 2.4 cps (1HFY10: 1.9cps)
- Operating profit¹ of \$4.5 million (1HFY10 \$9.4 million)
- Net positive operating cashflows of \$9.7million

Distribution declared

- Distribution of 1.5 cents paid 6 December 2010
- Distribution of 1.0 cent per security declared²
- This is GEO's third successive half year distribution since market conditions normalised

Strong balance sheet and new debt facility

- Net primary debt³ of \$53.2 million as at 31 December 2010 (30 June 2010: \$74 million)
- New debt facility executed 30 November 2010

Full Year

- Substantially more profit currently expected to be received in 2HFY11 than first, due to:
 - Increased number of settlements
 - Revenue from bulk sale of lots
- 27% of expected 2HFY11 revenue already contracted as at 31 January 2011

1. Operating profit before tax, fair value write-downs, impairments and non-recurring items

2. See page 20 for timetable

3. Interest bearing liabilities less cash at bank

Half Year Financial Results



Results Overview

Continuing Profits and Distributions

- Net profit after tax of \$10.3 million (EPS: 2.4 cents) compared to 1HFY09 \$8.3 million (EPS:1.9 cents)
- Operating profit¹ of \$4.5 million compared to \$9.4 million in 1HFY10; profit is expected to be skewed towards second half
- NTA of 35.8 cps (30 June 2010: 34.9 cps)
- Distribution of 1.0 cent per security declared following 1.5 cents per security paid in December 2010

Capital Management

- New Multi Option Facility (MOF) executed 30 November 2010
- MOF balance reduced from \$83 million as at 30 June 2010 to \$50 million as at 31 December 2010
- Gearing as at 31 December 2010 was 19.8%² (31 December 2009: 21.6%)
- Look through gearing as at 31 December 2010 was 19.9% (31 December 2009 : 25.5%)

Development Activities

- Total accounting settlements of 223 (1HFY10: 481) including proportional share of JV sales
- Average gross margin of 22% on development activities
- Total lots under control of 4,279 (including proportional JV ownership)

Investment Portfolio/Trust

- Sale and settlement of one property for a consideration of \$22.5 million for half year ended 31 December 2010
- Remaining two assets (with a book value of \$8.9 million) targeted to be sold in calendar year 2011

1. Operating profit/(loss) before tax, fair value write-downs, impairments and non-recurring items
 2. (Interest bearing liabilities – cash) / total assets

Summary of Key Metrics

	1HFY11	1HFY10	Key Drivers
Statutory profit (\$m)	10.3	8.3	<ul style="list-style-type: none"> Strong sales given market conditions and stock available to sell Reversal of previous impairment of loan to Eynesbury joint venture
Earnings Per Security (cents)	2.4	1.9	
Operating profit before tax (\$m) ¹	4.5	9.4	<ul style="list-style-type: none"> FY11 profit expected to be skewed to second half Revenue 53% lower in 1HFY11 than 1HFY10 due to non-core development projects selling during 1HFY10 to reduce debt Margins similar but lower turnover as non-core projects sold out and therefore no longer contributing The revenue from some sales made in 1HFY11 cannot be recognised until the second half of this financial year
Dividend/Distribution per security (cents)	1.5 ²	1.0 ³	<ul style="list-style-type: none"> GEO's third successive half year distribution since business conditions normalised
NTA per security (cents)	35.8	33.5 ⁴	<ul style="list-style-type: none"> \$3 million profit (19.7% above book value) on sale of M5 Business Park, Bankstown \$1.2 million impairment on Caltex Goondiwindi
Gearing (as at 31 December 2010)	19.8% ⁵	19.9% ⁴	<ul style="list-style-type: none"> Lower leverage means not all non-core projects sold in 2010 replaced

1. Operating profit/(loss) before tax, excluding fair value write-downs, impairments and non-recurring items

2. A 1.5 cent distribution was declared on 9 November 2010 with a record date 18 November 2010, the payment date was 6 December 2010

3. Disclosed in the financial statement and part of the half year result. A 1.0 cent fully franked dividend was declared on 12 February 2010 with a record date of 8 March 2010, the payment date was 25 March 2010

4. Prior period comparatives have been re-stated following the re-classification of the Eynesbury Development Joint Venture

5. (Interest bearing liabilities – cash) / total assets

Summary Profit and Loss

Performance ¹	1HFY11	1HFY10 ²	Change	
Operating revenue	69.7	148.8	▼	53%
EBITDA	10.1	17.7	▼	43%
Finance costs	5.4	7.9	▼	32%
Depreciation and amortisation	0.1	0.5	▼	69%
Operating NPBT	4.5	9.4	▼	52%
Income tax benefit / (expense)	(1.1)	3.9	▼	129%
Operating NPAT	3.4	13.3	▼	74%
Operating EPS (cents)	0.8	3.1	▼	74%
Adjustments for non-recurring items ³	6.9	(5.0)	▲	238%
Statutory NPAT	10.3	8.3	▲	24%
Statutory EPS (cents)	2.4	1.9	▲	27%
DPS (cents)	1.5	1.0	▲	50%
NTA	35.8	33.5	▲	7%

1. Includes trust operations as continuing operations

2. Prior period comparatives have been re-stated following the re-classification of the Eynesbury Development Joint Venture

3. Adjustments for non-recurring items to follow on Slide 8

Adjustments for Non-recurring Items

	\$'000	CPS ¹
Net Profit after Tax	10,253	2.4
Tax effect accounting	1,127	0.3
Add/Less non-recurring items		
Net profit on sale of investment property	(3,044)	(0.7)
Impairment of investment properties	1,648	0.4
Movement in value of ineffective interest rate swaps	(233)	(0.1)
Impairment of receivable ²	(5,285)	(1.2)
Total non-recurring items	(6,913)	(1.6)
Net profit before income tax	4,467	1.0

1. Securities as at 31 December 2010 was 426,862,630. Weighted average securities for the year ended 31 December 2010 was 426,862,630

2. The Group has reassessed the Eynesbury Development in light of the continued performance and reversed a previous impairment of \$5.3 million made against this project

Summary Balance Sheet

As at 31 December 2010 (\$m)	Group balance sheet	NTA (cents)
Assets		
Cash	14.9	3.5
Receivables ¹	39.1	9.2
Inventories	178.4	41.8
Investment properties	8.9	2.1
Investments accounted for using the equity method	9.8	2.3
Other	17.1	4.0
Total assets	268.2	62.9
Liabilities		
Trade and other payables	44.9	10.5
Interest bearing liabilities	68.1	16.0
Related party loans	1.4	0.3
Other	1.2	0.3
Total liabilities	115.6	27.1
Net assets	152.6	35.8
Net tangible assets (NTA)	152.6	35.8

1. Receivables are made up of current \$18.9m and non-current \$20.2m. Current: property trade debtors \$10.1, general trade debtors \$2.1m, loan to Cornell's Hill JV \$2.9m and loan to Cotton Ventures JV \$3.8m. Non-current; Loans to the Eynesbury group \$20.2m.

Adjusted Balance Sheet

As at 31 December 2010 (\$m)	Group balance sheet	Look through adjustments	Consolidated look through
Assets			
Cash	14.9	3.9	18.8
Receivables	39.1	8.5	47.6
Inventories	178.4	41.7	220.1
Investment properties	8.9	-	8.9
Investments accounted for using the equity method	9.8	(9.8)	-
Other	17.1	2.5	19.6
Total assets	268.2	46.8	315.0
Liabilities			
Trade and other payables	44.9	3.4	48.3
Interest bearing liabilities	68.1	13.3	81.4
Related party loans	1.4	35.9	37.3
Other	1.2	-	1.2
Total liabilities	115.6	52.6	168.1
Net assets	152.6	(5.8)	146.8
Net tangible assets (NTA)	152.6	(5.8)	146.8
Gearing (%) ¹	19.8%		19.9%
NTA per Security (cents)	35.8		34.4

1. (Interest bearing liabilities plus loans from joint ventures) / total assets

Banking Facility Update

Debt Overview as at 31 December 2010 (including joint ventures)

	Facility	Drawn \$m
100% GEO	Syndicated MOFA	50.0
	ANZ Bank Guarantee/Working Capital	6.0
	BOSI Gladstone Qld	17.9
	GPDQ Bank Guarantee	1.0
	Total 100% GEO Debt	74.9
Joint Ventures ¹	BOSI Treeline Mount Cotton Qld ²	2.0
	BOSI Cornell's Hill Vic ²	0.8
	St George Eynesbury Vic ²	15.0
	Total JV Debt	17.7
	Cash on Hand	14.9
	Net Debt as at 31 December 2010	77.8

- GEO's total debt comprises:
 - MOF Facility
 - Gladstone facility (BOSI)
 - Three joint venture facilities
- New MOF facility executed 30 November 2010
- Aggregate limit set at \$110 million, including MOF of \$105 million and working capital/bank guarantees of \$5 million
- Facility expires September 2012

1. GEO's 50% share

2. Equity accounted. Includes bank guarantees

Operational Update



Operating Review

Sales

- Revenue was 53% lower in 1HFY11 than 1HFY10 as a result of non-core development projects selling in 1HFY10 to reduce debt
- Profit in 1HFY11 was based on similar margins but was lower than 1HFY10 as non-core projects were sold out and therefore no longer producing revenue.
- The revenue from some sales made in 1HFY11 cannot be recognised until the second half of this financial year.
- Lower leverage means not all non-core projects have been replaced.
- Margins on core GEO product remain very good

Contributions

- 12 projects contributing to 1HFY11 profit
- Total settlements Victoria – 83 lots
- Total settlements Qld – 140 lots

Operating Performance	1HFY11	1HFY10
Sales (lots)	288	498
Settlements (lots)	223	481
Revenue – property sales (\$m)	62.6	148.4
Revenue – other (\$m)	7.2	0.5
Adjusted Gross margin (\$m)	13.8 ¹	29.5
Margin(%)	22% ²	20%
Mean Rate of sale pcm	48	83
Number of projects contributing to profit	12	18

1. Per statutory financial statements, gross margin is \$10.8m at 17%

2. GEO's quoted margin excludes: Advertising (including cost of display home), sales commissions, in-sourced development and construction management overheads, for example; design and estimating, excludes joint ventures.

Market Review

Victoria

- Sales continue to be very good, largely owing to strong net interstate migration and international migration
- In some cases, customers are prepared to pre-purchase land 6-12 months ahead of delivery
- Price growth is now dependent on product and location

Queensland

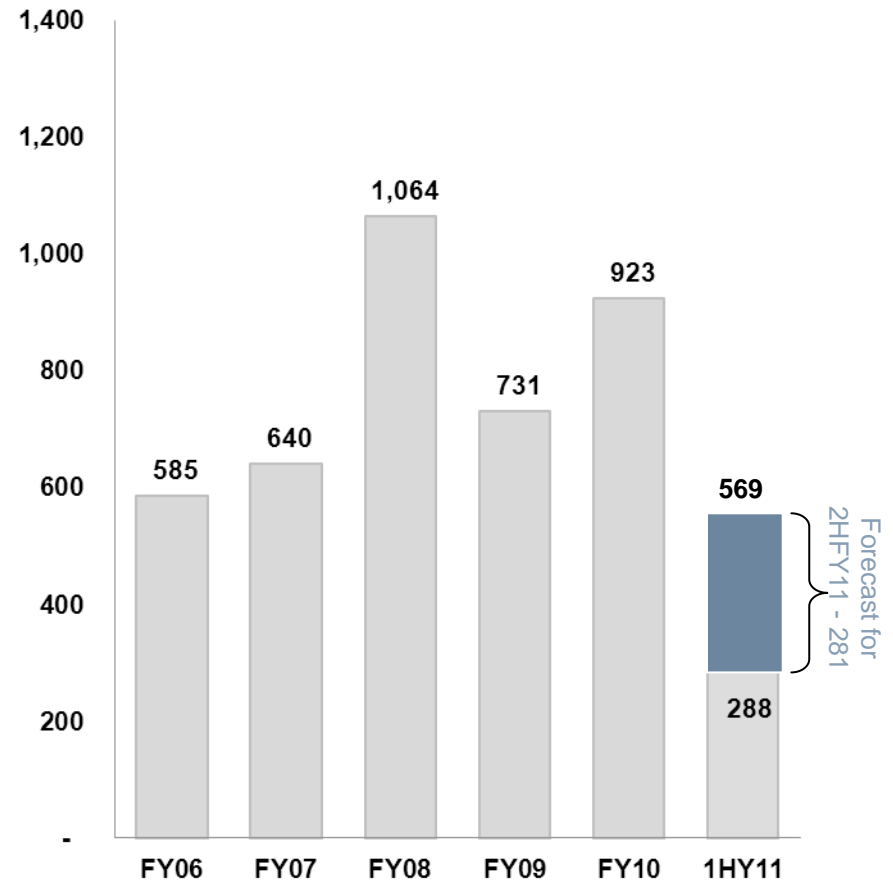
- December 2010 was wettest December on record with floods and cyclones¹ disrupting buyers during January 2011
- Activity levels are returning to normal, albeit slowly
- Principal barrier to increased sales is poor liquidity for our customers' existing homes
 - Our typical customer must sell their existing home to purchase a home from GEO
 - Experience shows that it takes time for the market to adjust
- GEO's market share remains very good. However, incentives are expected to be needed to encourage buyers to commit in 2HFY11
- Investment marketing companies are currently the most effective at introducing investor purchasers to compliment local owner occupier market.

1. GEO's assets were not affected

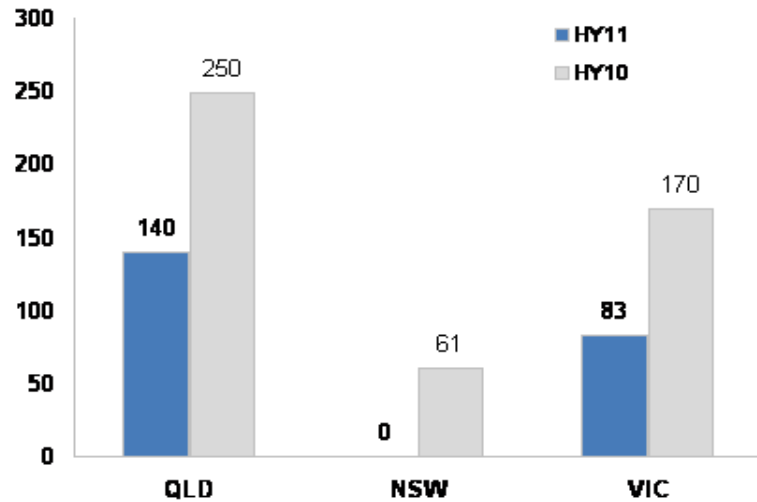
Residential Communities

Summary of key metrics	1HFY11	1HFY10
Lots sold	288	498
Lot settled (units)	223	481
Revenue (\$'000)	62.6	148.4
Gross margins (%)	22% ¹	20%

Historical Lot Sales



Accounting Settlements by State



1. GEO's quoted margin excludes: Advertising (including cost of display home), sales commissions, in-sourced development and construction management overheads, for example; design and estimating, excludes joint ventures.

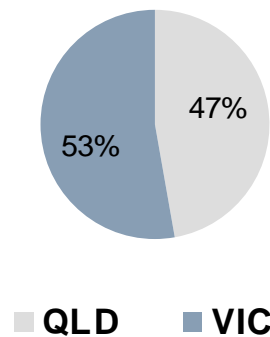
Development Pipeline

Pipeline of 4,279 lots

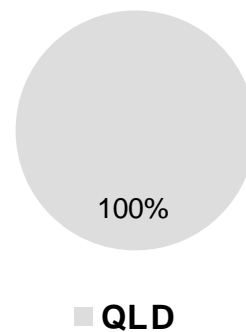
- 70%: 100% owned
- 30%: held in joint ventures

Project Type	%	Total Pipeline
Land Only	26%	1,101
House & Land	41%	1,778
Integrated Housing	3%	123
Joint Ventures ¹	30%	1,277
Total	100%	4,279

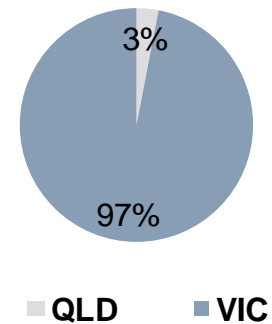
Land



House & Land and Integrated Housing



Joint Ventures



1. Represents GEO's 50% entitlement.

Development Portfolio

Project name	Location	Total Lots	Lots Remaining as at 31 Dec 2010	Contribute to FY11 Profit	2011	2012	2013	2014	2015+
					Contribution				
Land									
Cascades on Clyde	VIC	1,141	486	✓					
Little Creek	QLD	640	581	✓					
Longhill Rise	QLD	157	34	✓					
Subtotal		1,938	1,101						
House and Land									
Augustus	QLD	715	628	✓					
Bellbrook	QLD	322	1	✓					
Freshwater	QLD	342	50	✓					
Kingsmill	QLD	37	0	✓					
Mt Cotton Vilage	QLD	535	365	✓					
Nudgee	QLD	145	145	x					
Ormeau (former GEO Nursery)	QLD	107	107	x					
Park Vista	QLD	482	482	x					
Subtotal		2,685	1,778						

Development Portfolio

Project name	Location	Total Lots	Lots Remaining as at 31 Dec 2010	Contribute to FY11 Profit	2011	2012	2013	2014	2015+
					Contribution				
Integrated Housing									
Caprice	QLD	89	43	✓					
The Domain	QLD	80	80	✓					
Subtotal		169	123						
Total (wholly owned projects)		4,792	3,002						
Joint Ventures (50% share)									
Cornells Hill	QLD	111	2	✓					
Treeline	QLD	71	38	✓					
Eynesbury ¹	VIC	1,453	1,236	✓					
Eynesbury Commercial ²	VIC	1	1	x					
Subtotal		1,636	1,277						
Total (all categories)		6,428	4,279						

Investment Properties to be sold and settled in calendar year 2011

Property	Sales Status	Marketing Status
Station Road, Burpengary	Offer received	
Caltex, Goondiwindi	Not on market	Property issues being addressed

1. Based on current planning approval of 2,906 lots
2. 50% of the Eynesbury Homestead, surrounding commercial land, Golf Course and shopping precinct

Outlook



Corporate Outlook

Strong carry forward sales

- \$27.8million² of unconditional contracts to be carried into 2HFY11 as revenue
- Full year sales are expected to number approximately 569; settlements 587

Strategic Review

- Board and management remain focused on core residential development product and meeting the needs of customers
- Sale of final Trust assets expected to be completed within calendar year 2011, expect to simplify GEO's corporate structure once this is done
- Re-stocking program to continue if and when appropriate sites are identified and acquisitions can be executed with regard to the ongoing capital requirements and debt profile of the Group
- A strategic review covering future business strategy, capital and ownership structure is nearing completion
 - Major shareholder Trojan Equity Ltd offering 20% of GEO for sale¹
 - New Managing Director John Potter appointed

Dividends/Distributions

- One cent distribution declared
 - Securities trade ex-distribution on 23 February 2011
 - Record date of 1 March 2011
 - Payment date of 15 March 2011
- GEO now intends to pay half yearly dividends/distributions

1. Refer Trojan Equity's announcement to ASX dated 16 December 2010

2. As at 31 January 2011

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