

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: 2 July 2010



ASX ANNOUNCEMENT/MEDIA RELEASE

MARKET UPDATE – PRELIMINARY UNAUDITED FULL YEAR RESULTS

July 2, 2010 - Leading residential developer GEO Property Group (ASX: GPM) announced today it expects a turnaround of up to \$145.5 million in net earnings for the year to 30 June, 2010, thanks to record sales of 1,150 land lots and house and land packages.

The Group expects to report full year Net Profit After Tax (NPAT) in the range of \$13m to \$14.5m, compared to a loss of \$131m (including \$174.1m of one-off impairments/losses) in the previous year. Operating earnings are expected to be in the order of \$18m to \$20m. The Group expects to declare a final fully franked dividend of 1c per security, taking the full year payout to 2c fully franked.

The results are subject to audit with final results expected to be released to the market on 19 August 2010

GEO Property Group Managing Director Guy Farrands said the preliminary results could be attributed to stronger market conditions throughout the year and the full benefit of a cost reduction program which was undertaken in the 2008 financial year.

"Our Victorian operations continue to benefit from exceptionally strong conditions which are driving high volumes and better margins. In Queensland we are continuing to see cautious improvement but there are still a number of challenges," he said.

"Interest rate concerns have somewhat subsided in recent months but there is still uncertainty among buyers about the political outlook as well as the impact of offshore financial and economic events."

The Group recorded total sales of all products in the year to 30 June of 1,150, compared to 790 in the previous year.

GEO has also signed a Term Sheet for the refinancing of its primary \$120m debt facility with ANZ and BOSI. The current facility has been extended until 30 July, 2010, to allow for completion of the new facility, including credit approval. The Group also holds project-specific debt on four different projects.

The Group expects to complete the sale of the GEO Property Trust's final two properties shortly at which point it will consider alternatives for a simplified corporate structure, including a demerger, sale and/or internalisation. Any change is expected to generate annual savings of approximately \$300,000.

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GEO Property Group

Market Update

2 July 2010



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Note: All numbers in this presentation are subject to Audit

Summary

Return to strong profit

- Reported NPAT for YE 30 June 2010 expected to be in the range of \$13m to \$14.5m subject to audit, compared to 2009 loss of \$131m
- Operating profit expected to be in the order of \$18m to \$20m subject to audit

Dividend expected to be declared

- Final fully franked dividend of 1c per security expected to be declared
- Full year payout 2c fully franked
- Ongoing payout ratio of 60% of NPAT

Balance sheet strong

- Net debt \$99.9m as at 30 June 2010, including GEO's share of JVs
- Anticipated 33% gearing (D/TTA)
- Terms sheet for \$120m debt refinance signed and now in bank credit approval process

Business conditions good

- All-time record sales of approximately 1150 product
- Land deal pipeline strong
- Intention to simplify GEO's corporate structure by possible demerger or internalisation of property trust after sale of final investment properties



Business Update



Revised banking facilities

- GEO's debt is provided by
 - MOFA facility
 - Bank Guarantee facility
 - Gladstone facility
 - 3 joint venture facilities
- MOFA facility is being refinanced
 - Terms sheet signed with ANZ and BOSI for \$120m facility
 - Subject to lenders' credit approval, documentation under way
 - Written preliminary approval already received from BOSI
 - ANZ and BOSI are members of existing syndicate
 - Existing syndicate has agreed to extend existing facility to 30 July 2010 to allow refinance to be completed. Exiting lenders are Westpac and Suncorp who will be fully repaid from new facility

Provision	New Facility	Provision	New Facility
Limit	\$120m	Participants	BOSI, ANZ
Loan to Value Ratio	60%	Interest Cover Ratio	2x except 31 Dec 10 – 1.7x 30 June 11 – 1.8x
Leverage Ratio (D/TTA)	50% to 30 June 11 45% thereafter	Land	Restrictions on proportion of landbank that can be in unzoned or very long dated projects
Expiry	Evergreen, initially 7 June 2012	Merger or Change of Control	Review Event

Debt as at 30 June 2010

	Facility	Drawn \$m
100% GEO	Syndicated MOFA	83.0
	ANZ Bank Guarantee/Working Capital	8.7
	BOSI Gladstone Qld	20.1
Joint Ventures [#]	BOSI Treeline Mount Cotton Qld	2.9*
	BOSI Cornell's Hill Vic	2.0*
	St George Eynesbury Vic	18.4 [^]
		135.1
Cash on Hand		(35.2)
Net Debt as at 30 June 2010		99.9

[#]GEO's 50% share

* Equity accounted

[^] Part equity accounted, part consolidated

Business initiatives

Corporate Simplification

- GEO Property Trust's final two properties are expected to be sold in 1H FY2011 completing GEO's exit from the investment property business
- Once these sales are settled, GEO will be able to consider alternatives for simplifying its corporate structure, which may include demerger, sale and/or internalisation
- This is expected to save approximately \$300,000 per annum in compliance and other costs

Other

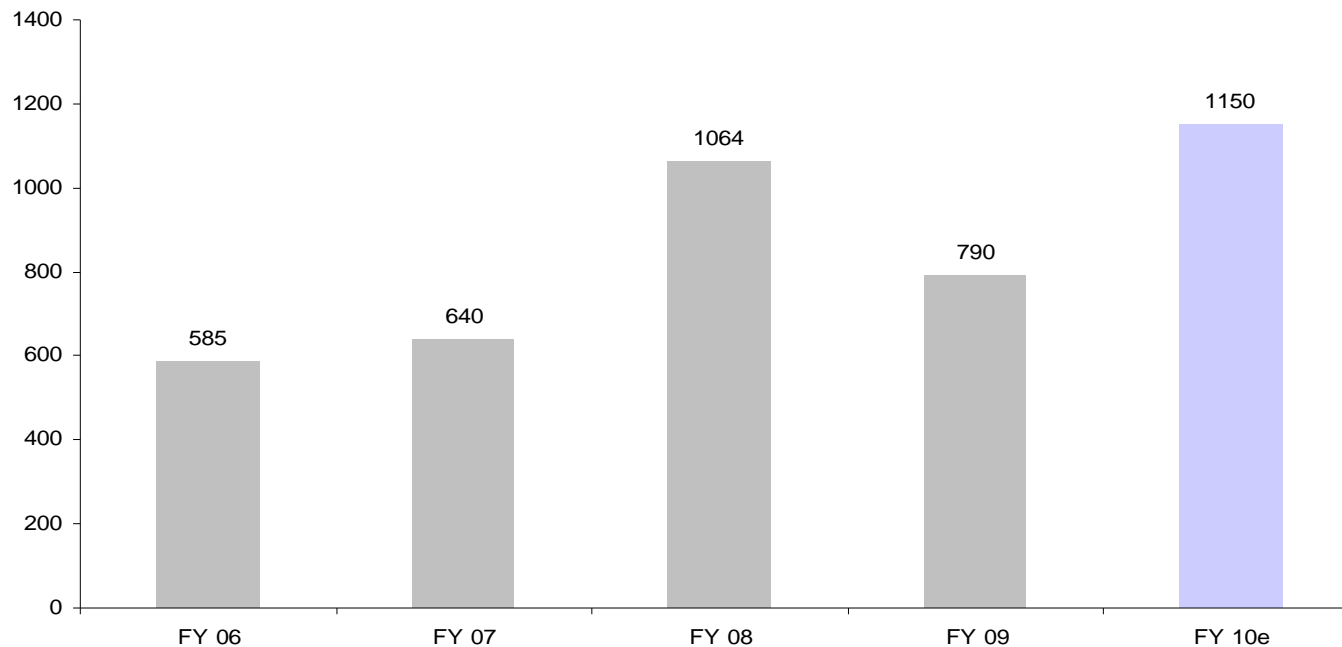
- Strategic Review continues; discussions are ongoing with several parties
 - CEO contract extended to facilitate this
- M5 Business Park to be offered for sale by expressions of interest closing mid-August

Communities Development Update



Operating Review

- 25 year history of profitable residential development through cycles
- Conditions remain stable
 - Affordable product selling much better than more expensive homes
 - Strong sales for home and land product under \$450,000
 - Overall, margins improving with pockets of strong growth, especially in Victoria
- Profitability impacted by legacy projects with negative and low margins - these are now almost all sold



Includes share of Joint Ventures

Market update

- We continue to operate in two very different markets
 - Victoria is still experiencing high sales volumes and strong price/margin growth
 - Queensland remains steady but buyers are cautious; the market remains challenging above the \$450,000 pricepoint
- Less than 15% of GEO's sales are to first home buyers - well below the long term average
- Regional markets Gladstone and Hervey Bay are improving
 - We are yet to see any significant improvement attributable to the Queensland Governments Regional First Home Owners Grant; this may offer additional upside
- Although fear of rising interest rates has subsided somewhat, buyers remain cautious
 - Upcoming Federal election
 - European debt crisis
- Debt finance for developments remains difficult.
 - As a result, englobo land prices appear to be returning to sensible levels, especially in SEQ, offering GEO a strong opportunity to restock its landbank
 - Exception is some large sales where full prices are being paid by buyers that have strategic imperatives and excess liquidity

Communities Development Portfolio

Project Name	Location	Total Lots	Total Settlements as at 31 May 2010	Lots Remaining as at 31 May 2010	Contribute to FY11 Profit	2010	2011	2012	2013	2014+
						Contribution				
Land										
Cascades	VIC	1,140	573	567	✓					
Gladstone	QLD	578	0	578	✓					
Hervey Bay	QLD	715	50	665	✓					
Longhill	QLD	157	120	37	✓					
Subtotal		2,590	743	1,847						
House & Land#										
Ormeau Nursery Site	QLD	110	0	110	×					
Bellbrook	QLD	322	279	43	✓					
Kingsmill	QLD	37	34	3	✓					
Kinsellas Rd (Mango Hill)	QLD	482	0	482	✓					
Circa II^	QLD	150	0	150	×					
Mount Cotton	QLD	535	131	404	✓					
Freshwater	QLD	342	243	99	✓					
Subtotal		1,978	687	1,291						

Primary development strategy, land-only potentially possible in some instances.

^ Houses constructed on others land

Communities Development Portfolio

Project Name	Location	Total Lots	FY09 Settlements as at 31 May 2010	Lots Remaining as at 31 May 2010	Contribute to FY11 Profit		2010	2011	2012	2013	2014+
							Contribution				
Integrated Housing											
Caprice	QLD	89	23	66	✓						
Domain Hervey Bay	QLD	80	0	80	✖						
Subtotal		169	23	146							
Joint Ventures (GEO's Share)											
Eynesbury	VIC	2,250	156	2,094*	✓						
Treeline	QLD	71	21	50	✓						
Cornell's Hill	VIC	111	47	64	✓						
Subtotal		2,432	224	2,208							
Under Option or Similar											
Cascades Adjoining Property^	VIC	400	0	400	✖						
Subtotal		400	0	400							
Total (all categories)		7,569	1,677	5,892							

*Yield subject to approval of amended development plan

^ GEO has first and last right of refusal subject to conditions

Development Pipeline

Project Name	Location	Lots Sold to Date	Completed or house under construction (unsold lots)	Civil Works (lots)	DA Approved (lots)	Zoned but no DA (lots)	Unzoned (lots)	Lots Remaining as at 31 May 2010	Contribute to FY11 Profit
Land									
Cascades	VIC	573	82	-	485	-	-	567	✓
Hervey Bay	QLD	50	20	43	79	523	-	665	✓
Gladstone	QLD	578	-	-	578	-	-	578	✓
Longhill	QLD	120	12	-	25	-	-	37	✓
Subtotal		1,321	114	43	1,167	523	-	1,847	
House & Land									
Ormeau Nursery Site	QLD	-	-	-	-	110	-	110	✗
Bellbrook	QLD	279	43	-	-	-	-	43	✓
Kingsmill	QLD	34	3	-	-	-	-	3	✓
Mount Cotton	QLD	131	52	31	321	-	-	404	✓
Freshwater	QLD	243	99	-	-	-	-	99	✓
Kinsellas Rd	QLD	-	-	-	482	-	-	482	✓
Circa II^	QLD	-	-	-	150	-	-	150	✓
Subtotal		687	197	31	953	110	0	1,291	
Integrated									
Caprice	QLD	23	20	-	46	-	-	66	✓
Domain Hervey Bay	QLD	-	-	-	80	-	-	80	✓
Subtotal		23	20	0	126	0	0	146	

^ Houses constructed on others land

Development Pipeline

Project Name	Location	Lots Sold to Date	Completed or house under construction (unsold lots)	Civil Works (lots)	DA Approved (lots)	Zoned but no DA (lots)	Unzoned (lots)	Lots Remaining as at 31 May 2010	Contributed to FY11 Profit
Joint Ventures (GEO's Share)									
Eynesbury	VIC	156	-	131	1,163	800*	-	2,094	✓
Treeline	QLD	21	14	-	36	-	-	50	✓
Cornell's Hill	VIC	47	8	56	-	-	-	64	✓
Subtotal		224	22	187	1,199	800	-	2,208	
Under Option or Similar									
Cascades Adjoining^ Property	VIC	-	-	-	-	400	-	400	*
Subtotal		0	0	0	0	400	0	400	
Total		2,255	353	261	3,445	1,833	-	5,892	

* These lots are subject to approval of amended development plan which has been lodged

^GEO has first and last right of refusal

Trust Update



Two investment properties left to be sold

Total book value of properties yet to be sold or settled is \$29.4 million

Property	Sales Status	Marketing Status
M5 Bankstown Business Park	FOR SALE	Expressions of Interest closing mid-August
Station Road, Burpengary	SOLD	Conditional on Development Approval by 16 August 2010
Caltex, Goondiwindi	Property Issues	Expect to sell in 1H FY2011

Disclaimer

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