

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 October 2009



ASX ANNOUNCEMENT 2009 ANNUAL REPORT AND NOTICE OF MEETINGS

GEO Property Group intends to dispatch its 2009 Annual Report by 5pm today, Friday, 2 October 2009 to those securityholders who requested a hard copy of the Annual Report (as attached).

The Notice of Meetings (as attached) and Proxy Form will also be dispatched to all securityholders today.

The Annual Report, Notice of Meetings and Proxy Form will be available online at www.edocumentview.com.au/GPM.

Guy Farrands
Managing Director and CEO
GEO Property Group

Gold Coast	Share Registry
Ground Floor 9 Ouyan Street Bundall Qld 4217 Tel 07 5588 8888	Computershare Investor Services Pty Ltd Level 19, 307 Queen Street Brisbane QLD 4000 Tel: 1300 651 684

Securityholder Queries: Email: securityholder@geopg.com.au Website: www.geopg.com.au Telephone: 1300 552 434



GEO Property Trust

and its controlled entities

ARSN 104 482 206

**Annual Report
30 June 2009**

GEO Management Limited ('GEOML') (ACN 116 506 882) is the responsible entity for GEO Property Trust (ARSN 104 482 206).

GEOML holds an AFSL No. 304 866 and is a subsidiary of GEO Property Group Limited (ACN 117 546 326)



SECURITYHOLDERS' INFORMATION

GEO PROPERTY GROUP

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SECURITYHOLDER INFORMATION AND INQUIRIES

All inquiries and correspondence regarding securityholdings should be directed to GEO Property Group's share registry provider:

Computershare Investor Services Pty Limited

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Telephone 1300 651 684 or +61 3 9415 4302 (outside Australia)

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Chairman and Managing Director's review

Welcome to the annual review for the 2009 financial year. As you are aware the past year presented some enormous challenges to GEO Property Group. We believe that we have overcome the majority of these and are now looking to the future with confidence.

A series of measures were developed to mitigate the effects of the economic crisis so that the Group could return quickly to profitability and lay the foundations for future growth. Measures included asset sales to reduce debt, actions to reduce costs and overheads together with a renewed focus on the Group's core skill of residential development.

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 and a strengthening balance sheet we believe that GEO is well positioned to benefit from improving economic conditions.

Financial review

In the year to 30 June, 2009, the Group reported total revenues and other income of \$224 million, down from \$324.1 million in the previous year. This delivered an operating profit of \$22.7 million, down from \$30 million in prior year, with operating earnings per security (EPS) of 5.3 cents.

Despite the substantial operating profit the final net result was a loss of \$131.6 million, due largely to \$176.0 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.

Distributions

In order to deal with both the broader market conditions and the Group's own individual issues distributions initially were reduced and then suspended during the year. This was not done lightly and reflected the pressure on earnings and a strategic decision to accelerate the repayment of debt to de-risk the business.

As previously indicated the reinstatement of distributions will be considered in the second half of the current financial year. The Board's policy remains to distribute all surpluses earned by the Trust. There is a need to restock the Group's land bank to ensure we have a steady stream of developments which will fund future distributions but in the meantime this may impact on the timing of their re-instatement.

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Chairman and Managing Director's review (continued)

Capital management

Our key capital management goal throughout the year has been to reduce the Group's gearing to a sustainable level, principally through investment asset sales, englobo land sales and the acceleration of residential sales to end users.

The Board's willingness to implement difficult decisions, including deciding to sell all assets in the Trust in order to repay debt, has placed the Group in a stronger financial position, with borrowings reduced by 60% from its peak in February 2008. Gearing at 30 June 2009, was 37.1%, down from 43.9% at 30 June 2008.

The lower level of debt is still too high for the business in the long run. Therefore, an orderly sale program of investment assets and underperforming inventory is well underway with proceeds being used to reduce debt levels.

This continuing strategy to reduce debt will be balanced against the Group's requirement to re-stock our development pipeline and the capital demands of existing and new projects.

In line with the reduction in the Group's borrowings, our primary debt facility limit has reduced from \$375 million at 30 June 2008 (\$310 million then drawn), to \$200 million as at 30 June 2009 (\$144 million drawn).

Reduced expenses

Over the last 12 months the Board has taken steps to reduce the Group's underlying expense base to better reflect the size of the business and the prevailing economic conditions. These measures have helped the company commence the new financial year with a cost base 45% lower than a year ago and 35% lower than the year just ended.

At Board level, Non-Executive Directors have reduced their base fees by 40% and waived all committee fees from April 2009 and the Managing Director/CEO has waived his contractual entitlement to a bonus of \$400,000 and agreed to a 38% cut in base remuneration.

Some bonus payments have been made to key management personnel in accordance with contractual arrangements that the Group was legally obliged to assume as part of its acquisition of GEO Management Limited from Octaviar Limited. This scheme was introduced in 2007 by Octaviar Limited to retain key personnel in a buoyant employment market and provided for cash bonuses should individuals remain in employment and have not resigned by certain dates. All payments required to be made under this scheme have now been made and the scheme discontinued.

In respect of the remaining key management personnel for the financial year ended 30 June 2009, no salary increases have been granted. With two exceptions no bonuses have been paid other than those referred to above, and no long-term incentives have been granted.

To further reduce the company's ongoing cost base both the Sydney and Melbourne offices were closed during the year and approximately half of the Group's head office at Bundall was sub-leased.

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Chairman and Managing Director's review (continued)

Communities Development

The Group's core residential development business has a history of more than 20 years of profitable operation and has successfully navigated through several market downturns. The current downturn has been no exception, with strong sales rates but reduced margins achieved. This year 18 projects contributed to FY2009 profit, with exchanged contracts of 731 units compared to 1,064 in 2008. An average gross margin of 23% per lot was achieved.

Demand for GEO's core product – affordable housing in outer suburban locations – continues to perform soundly. In the current market affordable product is selling much better than more expensive homes, with strong sales for house and land product under \$450,000.

The steady demand for affordable homes has been largely driven by a shortage of supply, low interest rates and first home buyers who have been encouraged by government financial assistance and reduced prices.

The Group has total net lots under control of 4,779, including proportional joint-venture ownership. This provides a very attractive base for future operations.

Investment Portfolio Update

The group achieved the sale and settlement of 11 investment 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

There are signs that the impact of the Global Financial Crisis on the Australian economy may be less prolonged than initially believed. Notwithstanding the impending reduction in of the First Home Owners Boost on 1 January 2010 the Group is cautiously optimistic about the coming year. 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.

Population growth continues to outstrip supply in all key markets, interest rates are at their lowest point in decades, bank lending to consumers remains relatively liberal, governments continue to display a willingness to provide financial support for people wishing to enter the property market and unemployment remains lower than expected – all of which is contributing to a rebound in consumer confidence. Sales volumes are currently good and these factors should continue to support satisfactory performance.

The Group's strategy remains unchanged with a focus on its core business of developing affordable residential communities, combined with prudent capital management and debt reduction. It is expected that GEO's debt will be substantially lower at 30 June 2010.

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Chairman and Managing Director's review (continued)

Outlook (continued)

The company's strengths include an experienced and dedicated management team, a pipeline of profitable projects and the well-established VillaWorld brand.

Your Board has been very active throughout the year and welcomed a number of new appointments including Tony Bawden, Troy Harry and Robert Bosiljevac. The executive team have been proactive in ensuring the Group is in the relatively strong position it is today and our thanks go to them and all of our staff for their exceptional and continued efforts.

We look forward to meeting the challenges of the coming year with an expectation that economic conditions will continue to improve and the knowledge the Group is well placed to seize any opportunities which may arise.

Finally, we wish to thank securityholders for their support during this challenging year.



Richard Anderson
Chairman



Guy Farrands
CEO and Managing Director

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Directors' report

The Directors of GEO Management Limited ("the Responsible Entity"), the Responsible Entity of GEO Property Trust ("the Trust") present their report together with the financial report of GEO Property Group for the year ended 30 June 2009.

GEO Property Group ("the Group") comprises GEO Property Trust and its combined entities, which include GEO Property Group Limited ("the Company") and its controlled entities.

The Responsible Entity

The Responsible Entity of the Trust is GEO Management Limited (GEOML). The ultimate parent company of GEO Management Limited is GEO Property Group Limited.

The Directors of GEO Management Limited and GEO Property Group Limited during the period, and up to the date of this report were:-

Directors

Directors	Experience and other Directorships	Interest in stapled securities
Richard Anderson OAM, BCom, FCA, FCPA Independent Chairman Non-Executive Director	Age: 63 Director of GEOML since 23 November 2006 Director of GEO Property Group Limited since 23 November 2006 Prior to the Company's acquisition of Villa World Limited, Richard was a non-executive Director of Villa World Limited from September 2002. He is Chairman of Data #3 Limited and a member of the Board of Namoi Cotton Co-operative Limited and Lindsay Australia Limited. He is also President of the Guide Dogs for the Blind Association of Queensland, a member of the Council of the Queensland Art Gallery Foundation and Patron of the Brisbane Polo Club. Richard is a Chartered Accountant. He was formerly a partner of PricewaterhouseCoopers and was the firms' Managing Partner in Queensland and a member of the firms' National Committee. He is a Past President of CPA Australia (Queensland Division) and has served on the Boards of several other community and charitable organisations.	Indirect 255,454
John Potter Independent Non-Executive Director	Age: 57 Director of GEOML since 23 November 2006 Director of GEO Property Group Limited since 23 November 2006 John has undertaken real estate activities on the Gold Coast for over twenty five years and has extensive experience in all aspects of real estate development and investment. John was the founder of Citie Centre Limited which merged with Villa World Limited in 2000. Prior to the Company's acquisition of Villa World Limited, John was a non-executive Director of Villa World Limited from November 2003 and prior to that was Villa World Limited's Chief Executive Officer and executive Director for 3 years.	Indirect 30,273,686

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Directors' report (continued)

Directors	Experience and other Directorships	Interest in stapled securities
Guy Farrands Grad Dip Man, FAPI Managing Director and CEO	Age: 46 Director of GEOML since 6 August 2007 Director of GEO Property Group Limited since 6 August 2007 Guy Farrands is Managing Director and Chief Executive Officer of the Group and has had 24 years experience in direct and listed property markets. He was previously CEO and Head of Corporate Development for Valad Property Group and Division Director of the real estate division of Macquarie Bank's Investment Banking Group, where he gained extensive experience in developing new property investment products, mergers and acquisitions and equity capital raisings. Prior to this he was Associate Director and joint head of property for Heine Management Limited (since acquired by ING) where he was responsible for property acquisition, development and leasing programmes for three listed property trusts.	Indirect 1,059,405
Robert Bosiljevac LLB Dip Bldg Executive Director	Age: 36 Director of GEOML since 18 August 2008 Director of GEO Property Group Limited since 18 August 2008 Rob joined the Group in 2007 and is the Group's General Counsel and Company Secretary. He commenced his career with Short Punch and Greatorix Solicitors in 1991, where he focussed on property and commercial law, developing extensive knowledge and experience in contract law, commercial property transactions, commercial and retail leasing, cottage and project conveyancing, institutional lending and business sales and purchases. He was admitted as a Solicitor of the Supreme Court of Queensland in February 1997. In 1999, he joined leading boutique property development practice, Hickey Lawyers, as a member of their Property/Commercial Law division.	Nil
Anthony Bawden Independent Non-Executive Director	Age: 68 Director of GEOML since 6 November 2008 Director of GEO Property Group Limited since 6 November 2008 Tony has had over 45 years experience in property development and the finance industry and previously over 20 years of involvement with this Group. He was appointed a Director of Villa World Limited on 29 January 1986 and served as Director of MFS Diversified Limited when it merged with Villa World Limited. He retired in October 2007 and rejoined the GEO Property Group Board on 6 November 2008.	Indirect 15,614,685

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Directors' report (continued)

Troy Harry Non-Executive Director	<p>Age: 37</p> <p>Director of GEOML since 26 February 2009</p> <p>Director of GEO Property Group Limited since 26 February 2009</p> <p>Troy Harry has been involved in stockbroking and investment management for 16 years, spending over five years at ABN AMRO Morgans in Brisbane, before establishing his own business, Trojan Investment Management Pty Ltd in 2003. He has experience in financial analysis, modelling and structuring and in advising and managing investment companies. Troy is currently the Managing Director of Trojan Equity Limited, an investment company listed on ASX. Trojan Equity's focus is on investment in under valued asset situations in the Australian Stock Market, and Troy is solely responsible for managing the Company's investment portfolio.</p>	Indirect Nil*
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**Troy Harry is the Managing Director of Trojan Equity Limited, that owns 85,372,385 securities.*

Directors meetings

The number of Directors' meetings and Board committee meetings pertaining to the affairs of the Group, and number of meetings attended by each of the Directors of the Responsible Entity and the Company during the financial year are:

Company and Responsible Entity	Board Meetings		Audit and Risk Committee Meetings		Remuneration and Nomination Committee Meetings	
	Held	Attended	Held	Attended	Held	Attended
Directors						
Richard Anderson	14	14	2	2	4	4
John Potter	14	13	2	-	4	4
Guy Farrands	14	14	2	2	4	2 **
Robert Bosiljevac	12*	12*	2	2	3	3
Anthony Bawden	7*	7*	1*	1*	1*	1*
Troy Harry	3 [#]	3 [#]	- [#]	- [#]	- [#]	- [#]

* Robert Bosiljevac appointed 18 August 2008

* Anthony Bawden appointed on 6 November 2008

Troy Harry appointed 26 February 2009

** Where items concerning the remuneration of executive Directors was raised, these relevant individuals were not present in the Board meeting at the time the item was considered.

Company Secretary

Robert Bosiljevac, LLB, Dip Bldg was appointed Company Secretary on 31 March 2009 for both GEO Property Group Limited and GEO Management Limited following the departure of Caroline Barton. Caroline Barton was Company Secretary for the Group from 1 July 2008 to 31 March 2009.

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Directors' report (continued)

Key Management Personnel

Lindsay Kelly – Chief Financial Officer

BBus, FCPA, FCIS

Lindsay is an internationally experienced Chief Financial Officer and Operations Manager. The experience has been acquired from industrial organisations, fast moving consumer goods, civil construction, property developers and the arts. He has worked in executive positions with global entities such as Pirelli Cables Australia Limited, DuPont Australia Limited, Hunter Douglas Limited, Cordukes Limited and the Sydney Opera House.

Scott Payten –General Manager – Development

BEng, MDIA

Scott has gained extensive experience in all aspects of property development having been involved in the industry since 1994. He began his career as a consulting engineer and subsequently furthered his experience in construction and development management through various management positions with highly recognised property development companies in both private and public sectors. In 2005 Scott joined Villa World Limited where his vast experience in all aspects of the business formed the foundations for his current position as Group General Manager Business Development. In this role Scott is responsible for the Group's property development acquisitions, joint ventures and business development and he oversees the Group's property development and construction functions in Queensland, New South Wales and Victoria.

Key Management Personnel that left the Group during the year ended 30 June 2009

Nick Deed – General Manager Southern Region

Dean McMahon – Group General Manager Marketing & Product Development

Caroline Barton - Group General manager – Corporate Services/Company Secretary

Lynn-Maree Travers – Group General Manager – Property Investments

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Directors' report (continued)

Principal activities

The Group is a residential property developer with activities (currently in wind down) in property investments.

Review of operations and significant changes in the state of affairs

Key highlights for the year

- An operating profit of \$22.7 million (2008: profit of \$30 million), representing 5.3 cents per security (2008: 7.1 cents per security). This is before income tax, losses on disposal of sale of investment properties, fair value write-downs and other impairment provisions.
- Positive operating cash flow of \$103 million (2008: \$18 million).
- Accounting sales of 711 land and/or house and land or integrated housing product. (2008: 969 products)
- Sales of eleven investment properties for a total consideration of \$128 million for the year ended 30 June 2009.
- Net tangible assets of 35.0 cents per security (2008: 58.5 cents) following write-downs and fair value adjustments of \$176 million.
- Residential lots under control of 4,779 accounting for joint ventures in proportion to ownership.
- The Group entered into joint ventures with Bank of Scotland International for the development of estates in Cornell's Hill, Victoria and Mt Cotton in Queensland.
- As at 30 June 2009, no breaches of debt covenants have arisen.
- Multi-Option Debt Facility limit has reduced throughout the year:
 - \$375 million as at 30 June 2008
 - \$350 million as at 30 September 2008
 - \$300 million as at 31 December 2008
 - \$225 million as at 31 March 2009
 - \$200 million as at 30 June 2009.

The facility was drawn to \$144 million as at 30 June 2009 (2008: \$310 million).

In addition to this facility there is a Working Capital facility with ANZ which is used for bank guarantees and short term overdraft. The facility limit was reduced from \$25 million to \$20 million and as at 30 June 2009 has \$8.4 million available.

Consolidated results

The consolidated result for the year ended 30 June 2009 was a net loss after tax of \$131.6 million (2008: net loss of \$66.5 million). This equates to a loss per stapled security of 30.8 cents (2008: loss per security of 15.7 cents).

The results for the year ended 30 June 2008 and 30 June 2009 include significant fair value written downs and non-recurring losses.

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Directors' report (continued)

Review and results of operations and significant changes in the state of affairs (continued)

Consolidated results (continued)

These are detailed as follows:

	Consolidated entity	
	30 June 2009	30 June 2008
	\$'000	\$'000
Net operating profit/(loss) before tax before fair value write-downs and impairments	22,726	29,952
Profit for the year includes the following items that are unusual because of their nature, size or incidence:		
- Net gain/(loss) on sale of investment properties (see note 10(a))	(1,843)	2,745
- Net gain/(loss) in fair value of investment properties (see note 10(d))	(41,222)	(52,995)
- Impairment of development land	(21,682)	-
- Impairment of goodwill	(50,389)	(2,511)
- Impairment of equity accounted investments	(13,687)	-
- Impairment of other assets	(1,075)	-
- Fair value losses on interest rate swaps transferred from equity	(32,393)	-
- Hedge ineffectiveness on interest rate swaps	4,291	-
- Impairment of receivables (non recurring)	(17,979)	(8,700)
- Costs associated with the acquisition of the Responsible Entity	-	(2,977)
- Re-financing costs and write-off of previously capitalised borrowing costs	-	(6,976)
- Legal and other costs associated with the disposal of investment properties	-	(2,350)
- Impairment of financial assets	-	(4,411)
- Loss on sale of financial assets	-	(8,131)
Sub total	(175,979)	(86,306)
- Income tax (expense)/benefit	21,627	(10,099)
Sub total	(154,352)	(96,405)
Net profit/(loss) after tax	(131,626)	(66,453)

As at 30 June 2009, the value of the consolidated entity's assets was \$392 million (30 June 2008: \$769 million). The basis of measurement of the consolidated entity's assets is disclosed in the consolidated balance sheet and the associated notes to the financial statements. The net tangible asset of the Group is 35.0 cents per security as at 30 June 2009 (30 June 2008: 58.5 cents).

The Group

For many businesses the last twelve months has been most challenging. The global financial crisis, low interest rates and government stimulus measures have combined to have a significant mixed impact on property valuations, prices of residential property, the rate of sale of real estate generally and the approaches taken by banks towards corporate and retail lending.

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Directors' report (continued)

Review and results of operations and significant changes in the state of affairs (continued)

The Group (continued)

Throughout the year the Board continually considered these impacts on the business and its long term sustainability. The Board has embarked on a program to repay the majority of outstanding debt under the Multi-Option facility in the coming 12 to 24 months and to focus operations on affordable house-and-land and land-only development projects. This will include the sale of all investments in the Trust and accelerating sales of developed property to customers, especially where this developed property is not consistent with core product. In the meantime it is not expected there will be any shorter term requirement to re-negotiate the finance facility which is scheduled to expire in June 2012, although it is expected that this facility will be refinanced in the 2010 calendar year.

As a result of the new direction of the Group, operations of the Trust segment have been classified as a disposal group held for sale in the income statement and balance sheet.

This program will mean the Group will be much smaller, have lower debt and will be in a position to consider several options throughout the cyclical downturn. The Group intends to purchase new inventory as pricing becomes attractive.

The Trust

Units on issue

The following table summarises the movements in units in the Trust during the year to 30 June 2009:-

	Number of Units	\$
Existing units as at 1 July 2008	426,862,630	392,112,066
Treasury securities (relating to Employee Security Plan)	-	(131,000)
Units on issue as at 30 June 2009	426,862,630	391,981,066

The Distribution Reinvestment Plan has been suspended since 6 March 2008.

Distributions

Ordinary unit holders received distributions for the year of 2.00 cents per unit (2008: 8.9 cents per unit). Distributions have been reduced to reflect a lower level of taxable income in the Trust.

No dividends have been declared in respect of shares in GEO Property Group Limited (2008: nil).

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Directors' report (continued)

Review and results of operations and significant changes in the state of affairs (continued)

Investment property portfolio

GEO has successfully sold 11 properties realising sale proceeds of \$128.3 million this year. Realised losses on the investment properties sold amounted to \$1.8 million (2008: profit of \$2.7 million). The Trust sold the following properties:-

Properties sold and settlement effected during the year	Settlement date	Sales proceeds (before selling costs)
Waterford Plaza, Waterford, Qld	03 July 2008	\$21.5 million
Caltex Emerald, Qld	31 July 2008	\$ 5.0 million
Gilba Road, Giraween, Nsw	01 September 2008	\$ 3.3 million
Tullamarine Road, Tullamarine, Vic	22 September 2008	\$ 7.5 million
Caltex Stanthorpe, Qld	26 September 2008	\$ 2.8 million
Brunswick Street, Fortitude Valley, Qld	17 November 2008	\$18.7 million
Osborne Road, Mitchelton, Qld	12 December 2008	\$ 5.9 million
Burnside Road, Stapylton, Qld	16 February 2009	\$26.5 million
Gympie Road, Carseldine, Qld	12 March 2009	\$30.0 million
Deception Bay Road, Deception Bay, Qld	17 March 2009	\$ 2.4 million
Station Road, Seven Hills, Qld	17 June 2009	\$ 4.7 million
Total		\$128.3 million

As at 30 June 2009, the Trust's remaining seven investment properties are valued at \$69 million. All are held as available for sale as part of assets of disposal group held for sale.

Uncertainty around property valuations

The market for many types of real estate around the globe has been severely affected by the recent volatility in global financial markets. The lower levels of liquidity and volatility in the banking sector have translated into a general weakening of market sentiment towards real estate and the number of real estate transactions has significantly reduced.

Fair value of investment property is the price at which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction. A "willing seller" is not a forced seller prepared to sell at any price. The best evidence of fair value is given by current prices in an active market for similar property in the same location and condition.

The current lack of comparable market evidence relating to pricing assumptions and market drivers means that there is less certainty in regard to valuations and the assumptions applied to valuation inputs. The period of time needed to negotiate a sale in this environment may also be significantly prolonged.

The fair value of investment property has been adjusted to reflect market conditions at the end of the reporting period. While this represents the best estimates of fair value as at the balance sheet date, the current market uncertainty means that if investment property is sold in future the price achieved may be higher or lower than the most recent valuation, or higher or lower than the fair value recorded in the financial statements.

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Directors' report (continued)

Review and results of operations and significant changes in the state of affairs (continued)

Uncertainty around property valuations (continued)

All investment properties were re-valued by the Directors using, as a base the independent valuations performed as at 31 December 2008 or, where applicable at valuations consistent with conditional sales contracts or market offers in existence as at 30 June 2009. One property was valued in line with a new independent valuation because the tenant vacated during recent months.

	Consolidated	
	30 June	30 June
	2009	2008
	\$'000	\$'000
Investment properties as a part of a disposal group held for sale	68,945	-
Investment properties – held for sale as part of disposal group	-	90,550
Investment properties	-	93,765
Properties under construction classified as property, plant and equipment	-	41,078
Total	68,945	225,393
 Total number of properties	 7	 18

Fair value adjustments of 15% (\$49.5 million) were recognised for the year ended 30 June 2008. Throughout the most recent financial year further fair value adjustments were made comprising 9.7% (\$21.9 million) as at 31 December 2008 and a further 12.8% (based on 31 December 2008 valuations) or \$19.3 million as at 30 June 2009.

The Board has decided to further reduce debt by selling all properties in the Trust. The capital realisation program is consistent with the strategy to sell down the investment portfolio to reduce and to allow the Group to focus on residential development.

Insight Logistics Park, 5 Quarry Road, Yatala

In May 2007 the Trust entered into a contract to acquire an investment property from a third party. On entering into the contract a deposit of \$3.4 million was paid to the seller. The construction of the building was due for completion by 30 June 2008.

On 3 July 2008 the Trust terminated the contract as the third party had not rectified construction defects which had previously been identified and refund of the deposit was sought. On the same day the seller terminated the contract but rejected the Trust's claims that the seller was in breach of the contract.

The matter is currently being contested in the Supreme Court of Queensland. The Trust has been served with the seller's defence to its claim. The Trust has also received the seller's counterclaim, quantifying their damages at \$10.75 million plus interest and costs. The Group remains confident of its position on both the valid termination of the contract, defence of the seller's counterclaim and the potential for the recovery of the deposit paid.

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Directors' report (continued)

Review and results of operations and significant changes in the state of affairs (continued)

The Company

Inventories

The Group's total residential lots under control are approximately 4,779 lots (2008: 6,102 lots), including joint ventures accounted in proportion to ownership.

An option to purchase "Hendon Park", a proposed estate that would have consisted of 1,000 lots was held in the financial year ended 30 June 2008. This parcel of land has been re-classified as an 'open space' area by government planning authorities. Accordingly, this proposed estate has been removed from future inventory, although the option remains on foot, the Company is at this time unlikely to exercise the option to acquire it.

In order to improve the rate of sale of developed properties, the Group has reduced prices and introduced incentives at some its estates that have products available for sale. This has seen improved sales rate allowing capital to be returned and debt repaid. However in some cases this has led to profit margins being lower than expected.

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Directors' report (continued)

Review and results of operations and significant changes in the state of affairs (continued)

Inventories (continued)

Project name	Location	Total lots	Lots remaining as at 30 June 2009	Estimated selling period (years)
Land				
North Rocks	North Rocks, Sydney, NSW	1	1	1.0
Cascades on Clyde	Clyde North, Melbourne, VIC	1,104	675	3.0
Hervey Bay	Hervey Bay, QLD	715	693	13.0
Walana Valley	Mona Vale, NSW	63	53	1.0
Longhill Rise	Gilston, Gold Coast, QLD	132	38	1.0
Subtotal		2,015	1,460	
House and land				
Bellbrook	Bellmere, Caboolture, QLD	322	101	1.0
Freshwater	Berrinba, Logan, QLD	342	178	1.0
Mount Cotton Village	Mount Cotton, Brisbane, QLD	535	456	7.0
Northridge	Goldmine Dr, Ormeau, QLD	39	28	1.0
North Lakes	North Lakes QLD	20	11	1.0
Hervey Bay	Hervey Bay, QLD	39	2	1.0
Kinsellas Road West*	Mango Hill, QLD*	472	472	*
Ormeau	Yatala Nursery, Ormeau, QLD	124	124	2.0
Kingsmill Circuit	Peregian Springs, Noosa, QLD	37	22	1.0
Subtotal		1,930	1,394	
Integrated housing				
Caprice	Peregian Springs, Noosa, QLD	89	89	2.0
Silverstone	Tweed Heads, NSW	27	27	2.0
The Gallery **	Kelvin Grove, Brisbane, QLD**	1	1	-
Subtotal		117	117	
Total (wholly owned projects)		4,062	2,971	
Joint ventures (50% share)				
Little Creek	Gladstone QLD	320	320	7.0
Cornell's Hill	Doreen, Melbourne, VIC	111	83	2.0
Treeline	Mount Cotton, Brisbane, QLD	71	71	2.0
Eynesbury	Melton, Melbourne, VIC	1,450	1,334	15.0
Commercial	Melton, Melbourne, VIC	1	1	-
Subtotal		1,953	1,808	
Total (all categories)		6,015	4,779	

* Option to purchase

** The Group is seeking to terminate the contract to purchase the majority of land that forms this development. The matter is subject to litigation with the land vendor and the state of Queensland.

Note: the timing of revenue recognition and therefore profit is not always recognised on settlement. Furthermore, the selling period for each project is expected to begin when lots are under development and this may not, in some instances, be for several years.

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Directors' report (continued)

Review and results of operations and significant changes in the state of affairs (continued)

Inventories (continued)

Development property valuations

At balance date, the carrying value of inventory in the balance sheet is stated at the lower of cost or net realisable value.

In the year ended 30 June 2009 write-downs of \$21.7 million have been recognised in relation to some development estates with \$4.4 million of this taken to account in the June 2009 half year.

Sale of development project

The Group has assigned its contractual rights in a communities development project to a syndicate of private investors. This property was purchased by the Group in December 2006 on a five year vendor's terms contract of sale. The purchase was subject to strict confidentiality provisions that limit disclosure and accordingly the Group cannot identify the project.

As a result of this sale:

- The Group no longer has the obligation to pay the remaining money owing under the vendors terms contract of sale (\$34 million) unless the purchaser defaults in its payments to the vendor. In that case the Group will be entitled to repossess the land on payment of the amount outstanding.
- The Group will not be exposed to development costs nor the profits or losses that may accrue from development.
- The Group has recognised \$3.0 million revenue from this sale.

Joint venture investments

Mt Cotton and Cornell's Hill, Doreen

In July and August 2008 the Group entered into two new joint venture property development arrangements with the Bank of Scotland International (BOSI). One parcel of land is within the Mt. Cotton Estate in Brisbane and the other is at Cornell's Hill on the northern outskirts of Melbourne.

Following re-evaluation owing to changed market conditions, both these joint ventures are performing generally in line with the revised expectations of the partners.

Gladstone

The Group also has a joint venture with Bank of Scotland International (BOSI), GPDQ Pty Ltd, for the development of residential land at Gladstone in Queensland.

BOSI has also provided project specific, limited recourse debt to GPDQ Pty Ltd. As part of the 30 June 2009 review of this debt facility, GPDQ Pty Ltd was in breach of the debt facility and sought and obtained a temporary waiver of the loan to value ratio covenant. GPDQ Pty Ltd has entered into discussions with BOSI to restructure this facility.

The Group has impaired its entire \$10.8 million loan to GPDQ Pty Ltd as at 30 June 2009, equating to a write-down of 2.5 cents per security. As such no further exposure exists.

Augustus, Hervey Bay

In October 2008, the Group moved to 100% ownership of Augustus, a 800 lot residential project at Hervey Bay, Queensland. The 25% equity in the project was purchased on deferred terms for \$3.14 million (refer to note 35 - Business Combination). The estate's inventory was written down by \$6.6 million during the year ended 30 June 2009.

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Directors' report (continued)

Review and results of operations and significant changes in the state of affairs (continued)

Joint venture investments (continued)

Eynesbury, Victoria

The estate and related assets and liabilities were classified as part of a disposal group as at 31 December 2008. During the course of the half year to 30 June 2009, the Group has decided to continue with the development of the estate and therefore the related assets and liabilities are no longer part of a disposal group as at 30 June 2009. The Group wrote down its investments in the joint venture by \$13.7 million.

The Group has the following interests in jointly controlled entities:-

Entity	% Owned	Purpose
Eynesbury Holdings Pty Ltd	50%	The trustee of Eynesbury Pastoral Trust as land owner.
Eynesbury Pastoral Trust	50%	The owner of the Eynesbury Development Joint Venture land.
Eynesbury Golf Pty Ltd	50%	The operation of the golf course and hospitality facilities at Eynesbury, Victoria.
Expression Homes Pty Ltd	50%	Residential development and construction projects primarily in Victoria.
GPDQ Pty Ltd	50%	Residential development at Gladstone, Queensland.
Cotton Ventures Pty Ltd	50%	Residential development at Mt Cotton, Queensland.
Cornell's Hill Pty Ltd	50%	Residential development at Cornell's Hill, Victoria.

As at 30 June 2009, the total assets of the joint venture entities were \$149.6 million. The interest bearing liabilities amounted to \$89.1 million.

The interests in these joint venture entities are accounted for in the consolidated financial statements using the equity method of accounting as joint control exists for all joint venture investments.

The carrying amounts of these joint venture interests at balance date were:-

	Consolidated	
	30 June 2009 \$'000	30 June 2008 \$'000
Hervey Bay (JV) Pty Ltd*	-	5,555
Eynesbury Holdings Pty Ltd**	-	13,919
Eynesbury Pastoral Trust	5,851	6,244
Eynesbury Golf Pty Ltd	-	-
Expression Homes Pty Ltd	16	22
GPDQ Pty Ltd***	-	-
Cotton Ventures Pty Ltd	3,629	-
Cornell's Hill Pty Ltd	3,098	-
	12,594	25,740

*Hervey Bay (JV) Pty Ltd was acquired during the financial year and is 100% consolidated in the Group's accounts.

**The investment in Eynesbury Holdings Pty Ltd was written down to nil as at 31 December 2008 as the net realisable value of the development at Eynesbury did not support the investment value.

***Investments in GPDQ Pty Ltd is by way of loan contribution which has been 100% impaired at balance date.

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Directors' report (continued)

Review and results of operations and significant changes in the state of affairs (continued)

Joint venture investments (continued)

The Group has four projects covered by joint venture activities. In each joint venture entity there are separate debt facilities, three of which (Gladstone, Mt Cotton and Cornell's Hill) are non-recourse to the Group.

In the current economic conditions there is a risk that slower sales rates and land valuations may put pressure on the loan to value ratios which the financiers have established for each facility. For GPDQ Pty Ltd, the joint venture entity developing at Gladstone, this has caused a breach at 30 June 2009 and a temporary waiver of this breach has been received.

Although the Group is not obliged to provide further financial support to three of the JV projects, it may choose to do so in order to maintain financial stability of the joint venture.

In the Eynesbury joint venture, the debt has several recourse to the Group and the Group will therefore fulfil its shared obligations to the financier. 50% of the balance of the loan as at 30 June 2009 was \$25.1 million.

During the financial year ended 30 June 2009, the Group has contributed by way of equity and/or provided loans to the following joint ventures:

	Amount
	\$'000
Eynesbury Pastoral Trust (provided loan to joint venture) *	3,000
GPDQ Pty Ltd (provided loan to joint venture)	1,902
Cotton Ventures Pty Ltd (equity contribution)	3,780
Cornell's Hill Pty Ltd (equity contribution)	2,940

* A further \$4.5 million was injected into the joint venture subsequent year end.

Bank covenants

With the exception of the Gladstone joint venture facility, the Group satisfied the conditions of all its bank covenants for the period ended 30 June 2009 and with the same exception is currently not in negotiations with its lenders for revisions to its facilities.

Interest rate swaps

Under the terms of its Multi-Option debt facility, the Group is required to hold interest rate swaps equal in amount to at least 50% of the drawn amount. In July 2008 the Group terminated \$50 million of swaps at a profit of \$1.5 million. Due to the extremely rapid decline in current and expected future interest rates over the past financial year the market values of the interest rate swaps declined significantly and at 31 December 2008 the remaining \$250 million of swaps were out of the money by \$32.4 million.

With the Board's intention to repay debt it was assessed that 100% of these swaps would be prospectively ineffective. As such, at 31 December 2008, hedge accounting was ceased. At this date, losses of \$32.4 million were reclassified from equity (cash flow hedge reserve) to the income statement.

The Group's policy was revised to be consistent with the 50% requirement under the terms of the Multi-Option debt facility but with an additional margin (or amount hedged) of up to \$25 million above the facility's requirements. As a result of this revised policy the Group terminated in February 2009 an additional \$150 million of swaps for a cash payment of \$19.8 million. Prior to this in July 2008, \$50 million of swaps were terminated for a cash receipt of \$1.5 million, resulting in an overall net cash payment of \$18.4 million during the year.

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Directors' report (continued)

Review and results of operations and significant changes in the state of affairs (continued)

Interest rate swaps (continued)

At 30 June 2009, the notional principal amounts and period of expiry of the interest rate swap contracts are as follows:

Expiry Date	Amount	Rate received	Rate Paid	30 Jun 2009 Valuation \$'000
07 June 2012	\$ 50,000,000	30 day BBSY	6.859%	(3,062)
07 June 2014	\$ 50,000,000	30 day BBSY	6.816%	(3,212)
Total	<u>\$100,000,000</u>			<u>(6,274)</u>

As at 30 June 2008, the value of the swaps was:

Expiry Date	Amount	Rate received	Rate Paid	30 Jun 2008 Valuation \$'000
07 June 2012	\$100,000,000	30 day BBSY	6.859%	2,860
07 June 2014	\$100,000,000	30 day BBSY	6.816%	3,437
07 June 2017	\$ 50,000,000	30 day BBSY	6.783%	3,859
Total	<u>\$250,000,000</u>			<u>10,156</u>

Valuation of interest rate swaps

The valuation of interest rate swaps is performed monthly by Bank of Scotland International (BOSI). The monthly valuation statements are derived based on the mark-to-market (MTM) trades plus transaction fees.

Operating costs

There have been a number of initiatives to reduce underlying operating expenses in the business. In particular, staff numbers are around 50% compared to its peak. Although there has been a partial impact in the year ended 30 June 2009 the full benefit will be realised in the succeeding financial year. Management is continuing to take action to reduce operating expenses as well as to negotiate stronger with its service suppliers and suppliers of construction materials.

Goodwill impairment

Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it may be impaired, and is carried at cost less accumulated impairment costs.

Effective 31 December 2008 the recoverable amount of the goodwill allocated to the property development Cash Generating Unit was assessed based on its value-in-use, determined by reference to a detailed financial model of the development business.

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Directors' report (continued)

Review and results of operations and significant changes in the state of affairs (continued)

Debt capital management

In accordance with an agreement with the lenders under the Group's Multi-Option Facility Agreement (MOFA) in April 2008, the debt facility limit was scheduled to reduce from \$375 million to \$300 million. This target was achieved six months ahead of the agreed schedule. A further voluntary reduction of \$100 million has been achieved by 30 June 2009. This reduction has been assisted by the settlement of investment property sales totalling \$128.3 million during the year. The actual amount drawn under this facility as at 30 June 2009 is \$144 million. In addition to the MOFA debt, the Group has its share of debts in proportion to ownership in four joint venture projects.

Going concern

The terms of the Multi-Option Facility Agreement include certain financial undertakings in respect of these borrowings.

As at the half year reporting period of 31 December 2008, the Group anticipated that it may breach its debt covenants associated with the Multi Option Facility Agreement ("MOFA") at the 30 June 2009 testing point. As such, negotiations commenced with the banking syndicate to re-structure the facility in time to avoid the potential for breach at this date.

Since then the business has performed better than expected at the time and it became apparent that the Group would pass the covenants and the need to restructure the MOFA became unnecessary. The contributors to the better performance included lower interest costs, higher sales margins and lower operating costs. As at 30 June 2009, the Group has complied with all of its debt covenants associated with the MOFA debt, meaning that the debt continues to be classified as non-current and due for repayment in June 2012. The Group is currently not in negotiations with its lenders for revisions to the facility.

The Directors assessment of going concern has included a detailed analysis of financial forecasts and capacity to comply with bank covenants. Financial forecasts of the Group indicate that it will generate sufficient profits to comply with bank covenants for at least the next twelve months by which time debt levels are expected to be significantly lower.

These forecasts reflect management's plans to mitigate the risk of any future breaches including:

- Continued repayment of debt ahead of the agreed facility limits
- Continued identification and realisation of non-core and non-performing assets
- Further cost reductions within the business
- Suspension of distributions to assist with repayment of debt
- Capability and evidence of entering into new financing arrangements with current lenders (specifically Joint Venture arrangements)
- Focus on achieving a continued strong performance in the Group's core business activities.

As such, the financial statements have been prepared on a going concern basis.

Environmental regulation

The operations of the Group do not require any particular environmental licence. However, the Group is subject to significant environmental regulation in respect of its land development and construction activities. To the best of the Directors' knowledge all activities have been undertaken in compliance with regulatory requirements.

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Directors' report (continued)

Events subsequent to balance date

The following events occurred subsequent 30 June 2009:

- Interest rate swaps of \$20 million were closed out on 7 July 2009 at a cash cost of \$1.4 million.
- The Group made an additional cash loan of \$4.5 million to the Eynesbury joint venture making a total of \$7.5 million in the last four months. This project is a long life project and at this stage there is no reason to believe that this additional loan will not be recoverable.
- The Group has received a defence and counter claim in relation to a contract which was terminated in July 2008 for the purchase of Insight Logistics Park, 5 Quarry Road, Yatala, Qld. The Group has taken action to recover a \$3.4 million deposit paid and the seller has counter-claimed with a \$10.75 million plus interest and costs damages claim. The Group remains confident of its position on both the valid termination of the contract, defence of the seller's counterclaim and the potential for the recovery of the deposit paid.
- On 12 August 2009, the Group sold the Domayne Centre at 4 Blaxland Road Campbelltown NSW to an undisclosed purchaser for \$7.990 million with settlement due no later than 31 March 2010.

Other than the events stated above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Responsible Entity, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

Responsible entity's remuneration

In accordance with the Trust's constitution, the Responsible Entity is entitled to receive:

- A Base Fee calculated from 1 June 2008 at the rate of 0.25% per annum of the Gross Asset Value of the Trust (calculated on a consolidated basis but excluding the value of any loans made between the Company and the Trust). This base fee is to be calculated on the Gross Asset Value at the end of each calendar month and is payable monthly in arrears.

Set out below are the fees paid or payable by the Group to the Responsible Entity. The fees are eliminated on consolidation of the stapled Group.

	2009 \$	2008 \$
Management fees paid to Octaviar Group of companies	-	3,742,880
Management fees *	378,600	79,837
Total fees paid to Responsible Entity	<u>378,600</u>	<u>79,837</u>

* The Responsible Entity was internalised on the 16 May 2008 and these fees relate to the period commencing from that date. The expenses are incurred in the Trust and the income is shown in the Responsible Entity. The amounts are eliminated on consolidation.

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Directors' report (continued)

Remuneration report

The remuneration report is set out under the following main headings:

1. Remuneration Policy and Strategy
2. Review of Remuneration Policy and Strategy
3. Performance Appraisal System
4. Revised Remuneration Strategy for the Executive Directors and Key Management Personnel
5. Service Agreements
6. Remuneration – Non Executive Directors
7. Details of Remuneration
8. Share based payments
9. Additional Benefits
10. Consequences of Performance on Securityholder wealth

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

This report covers three separate groups.

Non-Executive Directors -	Richard Anderson, Anthony Bawden, Troy Harry and John Potter
Executive Directors -	Guy Farrands and Robert Bosiljevac
Key Management Personnel -	Being the Managing Director and CEO's direct reports who are members of the Executive Committee

1 Remuneration policy and strategy

Overview

The responsibility for overseeing remuneration policy and strategy lies with the Remuneration and Nomination Committee, including:

- Reviewing and making recommendations to the Board on remuneration strategy and policies for Group employees.
- Annually reviewing and making recommendations to the Board on the executive directors' and Key Management Personnel's remuneration and performance.
- Making recommendations to the Board on directors' compensation.

GEO Property Group's Remuneration Policy

GEO Property Group's Remuneration Framework is structured to:

- Attract and motivate high quality talent to deliver superior long term returns for securityholders.
- Align securityholders' and employees' interests and create value for securityholders by ensuring, a reasonable proportion of senior employees' remuneration is based on growth in total securityholder returns ("TSR").
- Be fair and consistent.
- Manage total rewards with emphasis on the "at risk" element as a motivator for senior executives.

At present, the full board sits as the Remuneration and Nomination Committee. Executive directors do not participate in discussions relating to their own remuneration.

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Directors' report (continued)

2 Review of Remuneration Policy and Strategy

Outcome of review

The remuneration structure and remuneration levels for Key Management Personnel, excluding Executive Directors and with the exception of one individual, was devised after obtaining independent advice in 2007 by MFS Diversified Management Limited, a subsidiary of Octaviam Limited, (formerly MFS Limited). At that time Key Management Personnel were employed by MFS Diversified Management Limited as part of that company's management obligations to the Group. When the Group acquired MFS Diversified Management Limited it was legally obliged to assume the employment arrangements for the Key Management Personnel.

In view of changed economic conditions the Group has implemented following initiatives:

- Non-Executive Directors reduced base fees by 40% and waived all committee fees from April 2009.
- Managing Director and CEO waived his contractual entitlement to a bonus of \$400,000 and has also agreed to 38% reduction in remuneration reflecting, inter alia, significantly altered tenure arrangements.
- Five of the six Key Management Personnel previously employed by MFS Diversified Management Limited have been made redundant, with termination payments to them in accordance with contractual commitments that the Group was legally obliged to assume as part of its acquisition of MFS Diversified Management Limited from Octaviam Limited.

The Group expects to renegotiate the terms of employment of the one remaining member of Key Management Personnel that was previously employed by MFS Diversified Management Limited.

- Bonus payments have been made to Key Management Personnel in accordance with contractual commitments that the Group was legally obliged to assume as part of its acquisition of MFS Diversified Management Limited. This scheme was introduced in 2007 by Octaviam Limited to retain Key Management Personnel in what was then a very competitive employment market and provided for cash bonuses should individuals remain in employment and have not resigned by certain dates. All payments required to be made under this scheme have now been made and the scheme discontinued.
- In respect of the remaining Key Management Personnel for the financial year ended 30 June 2009.
 - No salary increases have been granted.
 - With two exceptions, no bonuses have been paid, other than those referred to above which the Group was legally required to pay.
 - No long term incentives have been granted.

The Group's business has changed substantially over of the financial year ended 30 June 2009 and as a result different staffing is expected to be required going forward. The Group expects to undertake a further review of remuneration policy in the financial year ended 30 June 2010.

Non-executive directors

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors receive a fixed fee for their services. Fees are reviewed annually by the Board having regard to amounts paid to non-executive directors with comparative roles in the external market. Fees are determined within an aggregate directors' fee pool limit which is periodically recommended for approval by securityholders.

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Directors' report (continued)

2 Review of Remuneration Policy and Strategy (continued)

Executive directors and Key Management Personnel

Remuneration for executive directors includes a combination of fixed remuneration and performance related incentives that enable the Group to attract and retain suitable calibre personnel. Performance based rewards are linked to the achievement of strategic objectives and the creation of wealth for stapled securityholders. The remuneration package for executive directors is determined by the Remuneration and Nomination Committee.

The key management personnel of the Group for the financial year ended 30 June 2009 are the executive directors of the Group and those executives that report directly to the Managing Director and CEO being:

- Robert Bosiljevac – *Executive Director, General Counsel and Company Secretary*
- Lindsay Kelly – *Chief Financial Officer*
- Scott Payten – *General Manager - Development*

Key management personnel who left the Group during the financial year ended 30 June 2009 and up to the date of the report:

- Caroline Barton – *Group General Manager Corporate Services/Company Secretary*
- Nick Deed – *General Manager Southern Region*
- Dean McMahon – *Group General Manager Marketing & Product Development*
- Lynn-Maree Travers – *Group General Manager Property Investments*
- Stuart Whitewood – *Group General Manager Project Delivery*

3 Performance Appraisal System

A performance appraisal system is in place for all employees to ensure they are aware of what is expected of them through their personal objectives and the impact of their performance on their remuneration. Both managers and staff have been trained in the system's use. Ongoing support is readily available to managers and staff.

The Group's remuneration framework assesses performance against financial and personal criteria. These criteria vary from individual to individual depending on the executive's role. All criteria or objectives relate to the contribution the individual makes to the achievement of the Group's objective of optimising growth of earnings per security.

Performance is reviewed formally every six months and this appraisal is then used in the setting of remuneration levels for employees. Notwithstanding this process, a freeze has been imposed on salary increase due to the current economic conditions.

The Remuneration and Nomination Committee and the Board review the performance of executive directors and Key Management Personnel.

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Directors' report (continued)

4 Revised Remuneration Strategy for the Executive Directors and Key Management Personnel

Remuneration Mix

Remuneration packages within the Group's Remuneration Framework comprise:

- Total Fixed Remuneration ("TFR") which is a market related base salary including superannuation contributions. TFR is determined by reference to the TFRs offered by the top quartile of comparator industry employers and is subject to annual benchmarking. TFR is reviewed annual and upon change of role or responsibility;
- Short Term incentives ("STI"). STI are set as a percentage of TFR and is assessed annually against achievement of Key Performance Indicators ("KPI"). STI earned are paid as soon as practicable after the end of the year of assessment.
- Long Term Incentives ("LTI"). LTI are set as a percentage of TFR and are to be provided in the form of performance rights which vest upon the achievement of KPI linked to growth in earnings per security and total securityholder returns.

The chart below shows the mix between TFR, STI and LTI for the executive Directors and all Key Management Personnel for the financial years ending 30 June 2008 and 2009.

COMPONENT(S) TOTAL REMUNERATION PACKAGE								
	TFR		STI		LTI		AT RISK	
	2009	2008	2009	2008	2009	2008	2009	2008
Executive Directors								
G Farrands	100%	100%	-**	-	-	-	-	-
R Bosiljevac [^]	79%	-	21%	-	-	-	-	-
Other key management personnel of the Group								
C Barton *	80%	59%	20%	16%	-	25%	-	41%
N Deed *	82%	74%	18%	9%	-	17%	-	26%
L Kelly [†]	75%	100%	25%	-	-	-	-	-
D McMahon *	80%	72%	20%	20%	-	8%	-	28%
S Payten	70%	76%	30%	21%	-	3%	-	24%
LM Travers *	100%	75%	-	21%	-	4%	-	25%
S Whitewood *	100%	72%	-	16%	-	12%	-	28%

** refer to section 5. Service agreements

[^] Appointed as Director on 18 August 2008

* Left the Group during the financial year ended 30 June 2009

[†] Joined the Group in the financial year ended 30 June 2008

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Directors' report (continued)

4 Revised Remuneration Strategy for the Executive Directors and Key Management Personnel (continued)

Under the current reward strategy a target for STI is calculated as a percentage of TFR. Actual STI awards can range from 0% of TFR to in excess of 100% of TFR for outstanding performance. Any awards of STI over 100% of TFR must be approved by the Board on the recommendation of the Remuneration and Nomination Committee.

Approval of STI awards for the executive directors is by the Board on recommendation of the Remuneration and Nomination Committee. The Board also approves an overall budget for the Key Management Personnel and the Managing Director and Chief Executive Officer approves individual STI awards for each Key Management Personnel within that budget.

Bonus payments have been made to Key Management Personnel in accordance with contractual commitments that the Group was legally obliged to assume as part of its acquisition of MFS Diversified Management Limited. This scheme was introduced in 2007 by Octaviar Limited to retain Key Management Personnel in what was then a very competitive employment market and provided for cash bonuses should individuals remain in employment and have not resigned by certain dates. All payments required to be made under this scheme have now been made and the scheme discontinued.

Long Term Incentives

The Board introduced a long term incentive scheme (effective in the new financial year) for the executive Directors and Key Management Personnel in the form of a Performance Rights Plan as developed by an external consultant which meets investor guidelines in the form of:

- 3 year Performance Rights.
- Tested according to Total Securityholder Return (TSR).
- In the event of a takeover, TSR hurdles removed and securities vest proportionate to time elapsed since grant.
- Nil consideration.
- Holders have the right to call for one fully paid ordinary stapled security if vesting conditions are met.

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Directors' report (continued)

5. Service Agreements

Non-Executive Directors

On appointment to the Board, all non-executive Directors enter into a service agreement with the Group in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation, relevant to the office of Director. The Directors have reduced their fees by 40% from 31 March 2009. Other major provisions of the agreements relating to remuneration are set out below:

	Base fee inclusive of superannuation (including reduction of 40%) \$	Term of agreement	Review Period	Annual cash bonus as proportion of base salary	Annual equity grant as a proportion of base salary	Retention incentives (shares)
Non-Executive Directors						
R Anderson	65,400	Rolling	Annual	-	-	-
A Bawden	39,240	Rolling	Annual	-	-	-
T Harry	39,240	Rolling	Annual	-	-	-
J Potter	39,240	Rolling	Annual	-	-	-

Executive Directors and Key Management Personnel

Remuneration and other terms of employment for the Managing Director and Chief Executive Officer and Key Management Personnel are also formalised in service agreements. Other major provisions of the agreements for the year ended 30 June 2009 relating to remuneration are set out in the table below:

	Base fee inclusive of superannuation \$	Term of agreement	Notice Period	Review period	Anticipated annual cash bonus as proportion of base salary depending on corporate and individual performance	Annual equity grant as a proportion of base salary from FY09	Retention incentives (shares)
Executive Directors							
G Farrands [#]	\$ 800,000	Rolling	12 months	Annual	50%	-	-
R Bosiljevac	\$186,698	Rolling	1 month	Annual	-	-	-
Key Management Personnel							
N Deed *	\$ 363,745	Rolling	3 months	Annual	50%	20%	-
L Kelly	\$ 300,000	Fixed until March 2010	2 months	Annual	-	-	-
D McMahon *	\$ 263,745	Rolling	3 months	Annual	50%	20%	-
S Payten	\$ 363,745	Rolling	3 months	Annual	50%	20%	-
C Barton*	\$ 233,745	Rolling	3 months	Annual	20%	20%	-
LM Travers*	\$ 313,745	Rolling	3 months	Annual	50%	20%	-
S Whitewood*	\$ 363,745	Rolling	3 months	Annual	50%	20%	-

* Left the Group during the financial year ended 30 June 2009

[#] Terms have been renegotiated (see next page)

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Directors' report (continued)

5. Service Agreements (continued)

Managing Director and Chief Executive Officer

The Managing Director and Chief Executive Officer, Guy Farrands, in view of changed economic conditions waived the \$400,000 Short-term Incentive which he would have been legally entitled to receive for the year ended 30 June 2009.

Mr Farrands has agreed to vary the terms of his employment contract (Contract) to account for the deterioration in economic and market conditions, and to allow the Group the flexibility to terminate the Contract without cause to assist in recruiting his successor (if required).

A comparison of the principal original and varied terms of the Contract is set out in the following table:

Subject	Original Contract Terms	Varied Contract Terms
Fixed Remuneration	To 5 August 2009 – \$800,000 per annum, annually reviewable.	From 5 August 2009 – \$500,000 per annum, not reviewable.
Duration	No fixed term.	Expires 31 December 2009.
Extension Options	Renegotiation after 5 August 2009, with agreement on extension to be made by 30 September 2009, otherwise the Contract terminates.	At the Board's sole discretion (except in certain prescribed circumstances) the Contract may be extended by three months to 31 March 2010 at the same rate of Fixed Remuneration and other benefits. If the Contract is extended, it may at the Board's sole discretion (except in the same circumstances) be again extended for a further three months to 30 June 2010 at the same rate of Fixed Remuneration and other benefits.
Short-term Incentive	Annual Short-term Incentive in the amount of 50% of Fixed Remuneration, subject to satisfactory performance against pre-set targets.	No change (but Short-term Incentive calculated on reduced rate of Fixed Remuneration).
Long-term Incentive	Nil.	No change.
Termination Benefit (payable where Contract is not extended, or is terminated otherwise than for cause or by Mr Farrands' resignation)	75% of the aggregate of: (1) annual Fixed Remuneration; and (2) Short-term Incentive for the immediately prior year (but not less than 50% of Fixed Remuneration).	No change (but Termination Benefit calculated on original levels of Fixed Remuneration and Short-term Incentive).

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Directors' report (continued)

6 Remuneration – Non-Executive Directors

GEO Property Group's Policy

The Remuneration and Nomination Committee makes recommendations to the Board concerning the remuneration and remuneration structure for non-executive Directors.

Non-executive Director remuneration comprises three main elements:

- 1 Main Board fees.
- 2 Committee fees.
- 3 Superannuation contributions at the statutory Superannuation Guarantee Levy rate.

Difference in workload between non-executive Directors arise mainly because of differing involvement in Board committees, which is in addition to main Board work. This additional workload is rewarded via committee fees in addition to main Board fees. However, where the Board or Committee member's time commitment, e.g. in the case of a major project, is beyond the normal requirements, the Board or Committee member will be entitled to a per diem payment.

Non-executive Directors are not entitled to any retirement benefits, other than their superannuation contributions.

Non-executive Directors remuneration is set by reference to comparable entities listed on the Australian Securities Exchange.

Exchange and external independent advice of reasonable remuneration for non-executive Directors will be sought at least every three years.

Review Arrangements

The Board has previously sought and received securityholder approval for the maximum aggregate Board and Committee fees payable to non-executive Directors of \$600,000.

The total of Directors' fees paid to non-executive Directors for the year ended 30 June 2009 was \$226,471 (2008 \$334,342).

At a Board meeting of the Directors held on 25 February 2009, the Board resolved that from 1 March 2009, there would no longer be payments to Directors for being members of Board committees, and further, that Directors' fees would reduce by 40%.

No Directors' fees are paid to the executive Directors.

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Directors' report (continued)

7. Details of remuneration

Details of remuneration earned or paid during the year ended 30 June 2009

	Short-Term Employee Benefits			Post Employment Benefits		Share based Payments	Total
	Cash Salary and Fees	Termination payments ^①	Accrued leave entitlements	Cash payments	Long service leave		
				Discretionary	Contractual commitment ^{***}	Employee share scheme	
Non-Executive Directors							
R Anderson	100,000	-	-	-	-	-	109,000
A Bawden	37,105	-	-	-	-	-	40,444
T Harry	12,000	-	-	-	-	-	13,080
J Potter	58,667	-	-	-	-	-	63,947
Sub-total	207,772	-	-	-	-	-	226,471
Executive Directors							
G Farrands [^]	786,255	-	-	-	- ^{***}	-	800,351
R Bosiljevack	172,953	-	-	49,867 ^{^^}	-	-	237,265
Sub-total	959,208	-	-	49,867	-	702	1,037,616
Key Management Personnel							
L Kelly	286,255	-	-	70,000 ^{^^^}	30,000 ⁺	-	400,000
S Payten [^]	339,654	-	-	-	150,000 ⁺	13,552	517,302
C Barton ^{^^}	165,000	110,000	108,158	-	100,000 ⁺	-	493,818
N Deed ^{^^}	350,000	168,269	61,778	-	131,875 ⁺	-	726,018
D McMahon ^{^^}	250,000	62,500	69,580	-	100,000 ⁺	-	496,176
LM Travers [*]	100,000	225,000	23,735	-	-	-	353,317
S Whitewood [*]	145,833	216,593	59,966	-	-	-	428,119
Sub-total	1,636,742	782,362	323,217	70,000	511,875	13,552	3,414,750
Total	2,803,722	782,362	323,217	119,867	511,875	2,106	4,678,837

* Left the Group during the financial year ended 30 June 2009.

** With the exception of L Kelly, cash payments represent settlement of options in cash rather than in stapled securities of the Group (refer to note 40).

*** G Farrands waived his contractual right to receive a \$400,000 bonus.

① Termination payments are in accordance with contractual commitments that the Group was legally obliged to assume as part of its acquisition of GEO Management Limited from Octaviar Limited (formerly MFS Limited).

+ Bonus payments have been made to Key Management Personnel in accordance with contractual commitments that the Group was legally obliged to assume as part of its acquisition of MFS Diversified Management Limited. This scheme was introduced in 2007 by Octaviar Limited to retain Key Management Personnel in a very competitive employment market and provided for cash bonuses should individuals remain in employment and have not resigned by certain dates. All payments required to be made under this scheme have now been made and the scheme discontinued.

^ Denotes one of the 5 highest paid executives of the Group, as required to be disclosed under the *Corporations Act 2001*.

^^ One-off payment to reflect increased responsibilities arising from appointment as Company Secretary and unchanged cash salary.

^^^ \$70,000 performance bonus following successful renegotiations of debt facilities.

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Directors' report (continued)

7. Details of remuneration (continued)

Details of Remuneration earned or paid during the year ended 30 June 2008

	Short-term employee benefits		Post employment benefits		Share based payments	
	Cash Salary and Fees	Cash Bonus	Non-Monetary Benefits	Superannuation	Long Service Leave	Performance Rights
Non-Executive Directors						
R Anderson	97,826	-	-	8,804	-	-
J Potter	70,000	-	-	6,300	-	-
C White*	-	-	-	-	-	-
B Cronin*	51,998	-	-	-	-	-
M Hiscock*	61,205	-	-	5,509	-	-
A Bawden*	30,000	-	-	2,700	-	-
Sub-total	311,029	-	-	23,313	-	-
334,342						
Executive Directors						
G Farrands [^]	514,188	-	-	12,187	-	-
B Hailey*	103,085	125,000	-	3,030	-	-
Sub-total	617,273	125,000	-	15,217	-	-
757,490						
Key Management Personnel						
C Barton	207,766	60,000	-	13,521	88,550	6,116
N Deed [^]	267,580	35,000	-	13,129	34,466	28,476
L Kelly [#]	34,572	-	-	1,582	-	-
M Laffoley ^{##}	83,057	60,000	-	5,050	-	-
D McMahon	244,340	70,000	-	13,607	24,619	6,116
S Payten	256,349	60,000	15,722	13,521	4,515	6,116
LM Travers [^]	249,323	73,103	-	13,529	11,616	6,116
S Whitewood [^]	293,012	70,000	-	13,592	40,538	6,116
Sub-total	1,635,999	428,103	15,722	87,531	204,304	59,056
2,430,715						
Total	2,564,301	553,103	15,722	126,061	204,304	59,056
3,522,547						

* Left the Group during the financial year ended 30 June 2008.

[^] Denotes one of the 5 highest paid executives of the Group, as required to be disclosed under the *Corporations Act 2001*.

[#] L Kelly started permanent employment as CFO with the Group on 19 May 2008.

^{##} M Laffoley ceased employment as CFO with the Group on 16 November 2007.

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Directors' report (continued)

8. Share-based payments

In May 2008, a number of executives and employees were granted options to acquire stapled securities of the Group as part of the Performance Rights Plan (Plan). During the financial year ended 30 June 2009, those share-based payment options were modified and were settled in cash rather than stapled securities in the stapled entity, irrelevant of whether the options had vested with the employees.

Under the plan, options were granted to executives on a number of different dates.

The terms and conditions of each grant of share options affecting remuneration in this reporting period are as follows:

Grant date	Date vested and exercisable	Expiry date	Exercise price	Value per option at grant date
14 May 2008	31 March 2009	31 March 2009	Nil	40 cents
19 May 2008	31 March 2009	31 March 2009	Nil	39 cents

Details of options over stapled securities in the Group provided as remuneration to each director of the Group and each key management personnel are set out below. When exercisable, each option is convertible into one GEO Property Group stapled security..

Options provided as part of employment with the Group:

Name	Number of options granted during the year	Number of options vested during the year
Non-Executive directors	2009	2009
R Anderson	-	-
J Potter	-	-
Sub-total	-	-
Executive director		
G Farrands	-	-
Total	-	-
Other key management personnel of the Group		
C Barton	-	-
N Deed	-	-
L Kelly	-	-
D McMahon	-	-
S Payten	-	-
LM Travers	-	-
S Whitewood	-	-
Total	-	-

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Directors' report (continued)

Employee share scheme

A scheme under which securities may be issued by the Group to employees for no cash consideration was approved by the Board on February 2008. All Australian resident permanent employees are eligible to participate in the scheme. Employees may elect not to participate in the scheme.

On 31 July 2008, GEO Planning Pty Ltd as trustee for GEO Property Group Employee Plan Trust was formed to administer the employee securities scheme. GEO Planning Pty Ltd has been consolidated in accordance with Note 1(c).

Under the scheme, eligible employees may be granted up to \$1,000 worth of fully paid ordinary securities in GEO Property Group for no cash consideration.

Securities issued by the trust to the employees are acquired on-market prior to the issue. Securities held by the trust and not yet issued to employees at the reporting date are shown as treasury securities in the consolidated financial report, see note 28.

For the vesting criteria to be met, the employee must be an employee of GEO Property Group for at least one year from the date the rights were granted.

Name	Number of securities granted	Number of securities vested
	2009	2009
Non-Executive directors		
R Anderson	-	-
J Potter	-	-
Sub-total	-	-
Executive director		
G Farrands	3,800	-
R Bosiljevac	3,800	-
Total	7,600	-
Other key management personnel of the Group		
C Barton*	3,800	-
N Deed*	3,800	-
L Kelly	-	-
D McMahon*	3,800	-
S Payten	3,800	-
LM Travers*	-	-
S Whitewood*	-	-
Total	15,200	-

* left the Group during the financial year

There has been no exercise of options during the financial year.

9. Additional benefits

The Group has paid insurance premiums in respect of Directors' and Officers' liability insurance contracts for Directors, executive Directors, the company secretary and officers. Such insurance contracts insure against certain liabilities (subject to specified exclusions) for persons who are or have been Directors and officers of the Group.

Premiums are also paid for professional indemnity insurance policies to cover certain risks for a broad range of employees, including Directors and executives.

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Directors' report (continued)

10. Consequences of performance on securityholders' wealth

In considering the Group's performance and benefits for securityholders' wealth, the Remuneration and Nomination Committee have regards to the following indices in respect of the current financial year and the previous financial years.

	2009	2008	2007*
Profit/(loss) for the year before amounts attributable to ordinary securityholders (\$'000)	(131,626)	(66,453)	11,642
Earnings/(loss) per security	(30.8) cents	(15.7) cents	7.4 cents
Distribution per unit	2.0 cents	8.9 cents	8.5 cents
Security price as at end of financial year	10.50 cents	26.00 cents	88.00 cents
Percentage increase / (decrease) in security price	(147.6%)	(238.5%)	(9.1%)
Return on capital employed	(37.9%)	(5.9%)	3.0%

* The successful merger of the ASX listed Villa World Limited Group of companies was effective from 22 September 2006 and had incorporated the results of that business from this date. No comparative information for financial years prior 30 June 2006 is available for the stapled Group.

Net profit is considered as one of the financial performance targets in setting the STI. Net profits for 2007 to 2009 have been calculated in accordance with Australian Accounting Standards (AASBs).

Distributions, change in security price, and return of capital are included in the TSR calculation which is one of the performance criteria assessed for the LTI.

Indemnification and insurance of officers and auditors

Indemnification

Under the Trust's constitution the Responsible Entity, including its officers and employees, is indemnified out of the Trust's assets for any loss, damage, expense or other liability incurred by it in performing or exercising any of its powers, duties or rights in relation to the Trust. The Trust has not indemnified any auditor of the Trust.

Insurance Premiums

During the financial year, the Group paid a premium to insure the directors and secretary of the company and its controlled entities and the key management personnel of the Group.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Rounding of amounts

The consolidated entity is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

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Directors' report (continued)

Non-audit services

During the period PricewaterhouseCoopers, the Group's auditor, has performed certain other services in addition to their statutory duties.

The Board has considered the non-audit services provided during the period by the auditor and in accordance with written advice provided by resolution of the Audit and Risk Committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

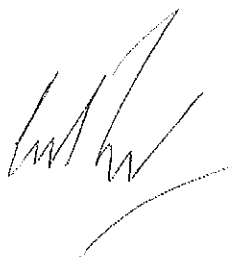
- all non-audit services have been reviewed by the Audit and Risk Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

Details of the amounts paid to the auditors of the Group, PricewaterhouseCoopers, for audit and non audit services provided during the year are set out in note 9 of the financial statements.

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

The lead auditor's independence declaration is set out on page 39 and forms part of the Directors' report for the period ended 30 June 2009.

This statement is made in accordance with a resolution of the Directors of the Responsible Entity, GEO Management Limited.



Guy Farrands

Director

Bundall

27 August 2009

PricewaterhouseCoopers
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Auditor's Independence Declaration

As lead auditor for the audit of GEO Property Group for the year ended 30 June 2009, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of GEO Property Group, which includes GEO Property Trust and GEO Property Group Limited and the entities they controlled during the period.


Timothy J Allman
Partner
PricewaterhouseCoopers

Brisbane
27 August 2009

GEO Property Trust and its controlled entities
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Corporate Governance Statement

The Board recognises the importance of good corporate governance and is committed to complying with the highest standards in corporate governance which it believes is fundamental to the success of the Group's operations. The corporate governance framework is underpinned by ASX Corporate Governance Principles and Recommendations 2nd Edition (ASX Recommendations).

Outlined below are the main corporate governance practices that were in place throughout the financial year, which comply with the ASX Recommendations, unless stated otherwise.

1 Board of Directors

1.1 Role of the Board

The management and control of the Trust is vested in the Board of Directors of the Responsible Entity while the management and control of the Company is vested in the Board of Directors of the Company. To ensure the management and control of the Group is aligned, the Board of Directors of the Responsible Entity and the Company have common Boards of Directors (the Board). The Board's primary role is the protection and enhancement of long-term securityholder value. The Board sets strategic direction, approves performance targets, monitors management achievements and ensures that policies and procedures for corporate governance and risk management are in place so as to ensure securityholder funds are prudently managed. The Board charter is located in the Corporate Governance section of the Group's website (www.geopg.com.au).

There is a clear division between the responsibility of the Board and management. The Board has delegated responsibility for operations and administration to the Managing Director and CEO. Responsibilities are delineated by formal authority delegations. The Board has also delegated some responsibilities to committees.

1.2 Chairman and Managing Director and Chief Executive Officer (CEO)

The Chairman is responsible for leading the Board, ensuring Directors are properly briefed on all matters relevant to their role and responsibilities, facilitating Board discussions and managing the Board's relationship with the Group's senior executives.

The Managing Director and CEO is responsible for implementing Group strategies and policies.

1.3 Board processes

The Board must exercise its powers and perform its obligations in accordance with the provisions of the Group entities' constitutions and Corporations Act. The primary duties and obligations include:

- Exercising all due diligence and vigilance in carrying out its duties and protecting the rights and interest of the Securityholders and in performing the functions and exercising its powers under the Group entities' constitutions in the best interest of all Securityholders;
- Ensuring appropriate and effective governance, compliance, risk management and internal control policies are implemented and monitored;
- Keeping proper books of accounts;
- Causing financial reports to be reviewed at the half year and audited annually by a registered auditor and ensuring that the half year and annual financial report and a copy of the auditors' report is available to Securityholders;

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Directors' report (continued)

Board processes (continued)

- Ensuring that the business is carried on and conducted in a proper manner;
- Ongoing research and selection of appropriate investments;
- Managing all equity and debt raising;
- Managing the Group's assets; and
- Preparation of all notices and reports issued to Securityholders.

Under the Trust and Company Constitutions the Responsible Entity is responsible for the day to day operations of the Group.

The Board scheduled six meetings during the year, however, resolved to change the frequency of its meeting schedule to monthly meetings commencing from March 2009 and otherwise meets as and when required outside the scheduled times. The agenda is prepared by the Company Secretary in conjunction with the Managing Director and CEO and Chair. Standing items include the Managing Director and CEO's Report, the Chief Financial Officer's Report, Governance Report and Compliance Report. Board papers are circulated in advance of the meeting and contain all relevant information to ensure the Board is informed of all matters relating to the performance of the Trust and the Company.

Three permanent committees have been established to assist in the execution of the Board's responsibilities including an Audit and Risk Committee, a Remuneration and Nomination Committee and an Investment Approval Committee. In addition, the Responsible Entity has a permanent Compliance Committee to execute the responsibilities regarding the compliance duties associated with the Trust's management investment scheme.

All of the permanent committees have established charters which govern their roles, responsibilities and duties.

The Group has also established a governance framework which includes internal controls, business risk management and the establishment of appropriate ethical standards and a code of conduct.

1.4 Directors' education

The Group has a process to educate new Directors about the nature of the business, current issues, the corporate strategy and the expectations of the Group concerning the performance of Directors. The Group also supports the Directors in completing relevant training and continuous education activities required as a result of their position.

1.5 Independent professional advice and access to information

Each Director has the right of access to all relevant information and to the Group's executives and, subject to prior consultation with the Chair, may seek independent professional advice at the Group's expense.

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Directors' report (continued)

2.0 Composition of the Board

The composition of the Board is reviewed on an annual basis to ensure that it has the appropriate mix of expertise and experience. When a vacancy exists, through whatever cause, or where it is considered that the Board would benefit from the services of a new member with particular skills, the Board selects a panel of candidates with the appropriate expertise and skill.

The composition of the Board is determined using the following principles:

- The Board should be structured in such a way that it has proper understanding of, and competence to deal with, current and emerging issues of the Group and can effectively review and challenge the performance of management and exercise independent judgement. The number of Directors may be increased where it is felt that additional expertise is required in specific areas, or when an outstanding candidate is identified.
- The Board should have enough Directors to serve on various committees of the Board without overburdening the Directors or making it difficult for them to fully discharge their responsibilities.
- No Director who is not the Managing Director may hold office without re-election beyond the third AGM following the meeting at which the Director was last elected or re-elected.
- The Board should be comprised of members with a broad range of expertise and skills.
- The Board meets on a regular basis and is required to keep abreast of all pertinent business developments and issues, the Group's operations and performance, and approve strategic decisions relating to future direction.
- The terms and conditions of the appointment of and retirement of members of the Board are set out in writing. The appointment letter is to cover the following matters:
 - the manner in which remuneration is determined;
 - fellow Directors;
 - the term of the appointment, subject to member approval;
 - the powers and duties of a Director;
 - the expectations of the Board in relation to preparation for and attendance at all Board meetings;
 - the expectations regarding committee work;
 - confidentiality requirements;
 - the procedures for dealing with conflicts of interest;
 - the requirement to disclose Directors interests and any matter that may affect Directors independence;
 - the availability of independent professional advice;
 - insurance arrangements;
 - Director education;
 - procedures for the provision of a copy of the Constitutions of the Group's entities;
 - procedures for the provision of a copy of the Constitution and Compliance Plan for each trust managed by the Group; and
 - procedures for the provision of a copy of the Trading Policy regarding securities.

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Directors' report (continued)

Composition of the Board (continued)

The Board recognises that independent Directors are important in assuring Securityholders that the Board is properly fulfilling its role and is diligent in holding management accountable for its performance.

The Directors' independence status is outlined in the Directors' Report.

The Board has adopted the following criteria for determining the independence of its members. A Director is an independent non-executive Director, if the Director:

- is not a substantial securityholder of the Group holding more than 10% of the relevant entity's voting securities, or an officer or otherwise associated directly with a securityholder holding more than 10% of the relevant entity's voting securities;
- within the last three years has not been employed in an executive capacity by the Group or any subsidiary of the Group or been a Director after ceasing to hold any such employment;
- within the last three years has not been a principal of a material professional adviser or a material consultant to the Group or any subsidiary of the Group, or an employee materially associated with the service provided;
- is not a material supplier or customer of the Group or any subsidiary of the Group, or an officer or otherwise directly or indirectly with a material supplier or customer;
- has no material contractual relationship with the Group or any subsidiary of the Group other than as a Director of the Responsible Entity;
- has not been a Board member for a period, which could, or could reasonably be perceived to materially interfere with the Directors' ability to act in the best interests of the Group; and
- is free from any interest and any business or any other relationship, which could, or could reasonably be perceived to, materially interfere with the Directors' ability to act in the best interests of the Group.

The test of whether a relationship or transaction is 'material' will be based on the nature and circumstances of the transaction being reviewed with regard to the guidelines outlined above. As a guideline, where the Director has an affiliation with a business which transacts with the Group in the ordinary course of business on an arms length basis and which generates less than 5% of the Director related business revenue, the transaction will be considered to be immaterial and will be considered material when it generates more than 10% of the consolidated gross revenue in a twelve month period in the absence of evidence or convincing argument to the contrary.

The Board prefers to have a majority of independent "non-executive Directors". Following the appointment of Anthony Bawden and Troy Harry there are three independent non-executive directors, one non-executive director, and two executive directors.

During the year, the Board evaluated the performance of itself, its committees and its Directors. As a result of such evaluation, the Board is satisfied that it has complied with its own Board Charter and that of its committees.

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Directors' report (continued)

3.0 Audit and Risk Committee

The role of the Audit and Risk Committee is to assist the Board in establishing and maintaining a framework of risk management, internal controls and ethical standards for the management of the Group and to monitor the quality of financial information released to the market.

The Audit and Risk Committee has responsibility for:

- the appropriateness and effectiveness of the Group's accounting policies;
- the integrity of the Group's financial reports and related communications to stakeholders;
- the management of internal, external, and compliance audits including monitoring the implementation of improvements to identified control deficiencies;
- reviewing business risk management and internal control systems, including business policies and practices, delegations of authority, business continuity and disaster recovery plans, the use of derivatives, and the adequacy of the corporate insurance programme;
- monitoring corporate conduct and business ethics, including Auditor independence, related party transactions, and performance and ongoing compliance with laws and regulations; and
- considering and reporting to the Board any other matters referred to it by the Board.

Management has, throughout the year, reported to the Board as to the effectiveness of the Group's management of its material business risks.

It is preferred that the majority of Audit and Risk Committee members are required to be independent non-executive Directors of the Group. Throughout the year and currently the full Board is the Audit and Risk Committee. The Chair of the Audit and Risk Committee is an independent non-executive Director. The Company Secretary acts as secretary to the Audit and Risk Committee. The Audit and Risk Committee has a formal charter.

The Chief Executive Officer and Chief Financial Officer have declared in writing to the Board that the financial records of the Group for the financial period have been properly maintained and that the Group's financial reports for the period ended 30 June 2009 comply with accounting standards and present a true and fair view of the Group's financial condition and operational results. This statement is required annually.

4.0 Remuneration and Nomination Committee

The role of the Remuneration and Nomination Committee is to make recommendations to the Board on remuneration packages and policies applicable to Directors. The committee is also responsible for making recommendations regarding security option schemes and incentive performance packages. It is to advise the Board on matters relating to the nomination and performance of the Board and is responsible for overseeing the appointment and induction process for the Board and evaluating the Board's performance.

The Remuneration and Nomination Committee has responsibility for:

- ensuring that the Board, management and the Committee are provided with sufficient information to ensure informed decision making;
- reviewing industry trends in remuneration policy and applying the best practice principles when making recommendations regarding the remuneration and superannuation arrangements for senior executives and non-executive Directors;

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Directors' report (continued)

Remuneration and Nomination Committee (continued)

- reviewing, making recommendations to the Board and formulating policies and procedures regarding terms of appointment and cessation of senior executives including termination payments under such terms of appointment;
- reviewing the compensation of non-executive Directors regularly;
- reviewing and approving the terms of share and option plans and other incentive schemes offered by the Group as part of its remuneration policies.
- assessing the necessary and desirable competencies of the Board members;
- reviewing the size and composition of the Board including the Board's succession plan to ensure that an appropriate balance of skills, experience and expertise is maintained;
- recommending the appointment of new Directors to the Board having regard to the desirable qualifications and experience of new appointees; and
- reviewing a process for the selection and removal of Directors.

It is preferred that the majority of Remuneration and Nomination Committee members be non-executive Directors. Throughout the year and currently the full Board is acting as the Remuneration and Nomination Committee except when the subject matter relates to the Executive Directors. The Chair of the Remuneration and Nomination Committee is an independent non-executive Director. The Company Secretary acts as secretary to the Remuneration and Nomination Committee.

During the year, the Committee evaluated the performance of its senior executives. As a result of such evaluation, the Committee is satisfied that it has complied with the Remuneration and Nomination Committee Charter.

5.0 Compliance Committee

The Compliance Committee Charter sets out the duties and responsibilities of the Compliance Committee. The functions of the Compliance Committee include:

- monitoring the extent of the Responsible Entity's compliance with Group compliance plans and reporting its findings to the Board as they think fit, or as the Board requires;
- reporting to the Board any breaches of the Corporations Act, or a provision of the Group or it's subsidiary entities' (where relevant) constitution, of which it becomes aware;
- reporting to ASIC if the Compliance Committee is of a view that the Responsible Entity does not propose to take responsible action with respect to any matter reported;
- assessing at regular intervals whether the compliance plan is adequate, and reporting to and making recommendations to the Board about amendments to the compliance plans; and
- ensuring management systems are monitored and reviewed to achieve high standards of performance and compliance.

The Compliance Committee comprises two external members who are not Directors of the Board and an executive of the Group. The Chair of the Compliance Committee is an external member.

6.0 Investment Approval Committee

The Investment Approval Committee has been established by the Board to manage and oversee the approval of major investments and divestments. The role of the Investment Approval Committee is to ensure that:

- investments and divestments of the Group are aligned with agreed strategies and values;
- all risks are identified and evaluated;

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Directors' report (continued)

Investment Approval Committee (continued)

- appropriate risk management strategies are pursued; and
- investments are fully optimised to produce maximum value within an acceptable risk framework.

The Chair of the Investment Approval Committee is an independent non-executive Director.

7.0 Risk management

The Board is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities. To assist in discharging its responsibilities, the Board has instigated an internal control framework that can be described under the following headings:

- Financial reporting - There is a comprehensive budgeting system with an annual budget approved by the Board. Monthly actual results are reported against budget and revised forecasts for the year are prepared regularly. The Chief Executive Officer and Chief Financial Officer declare in writing as to the accuracy and completeness of financial information presented, and confirm that the Corporations Act and applicable accounting standards and pronouncements have been complied with in the preparation of the annual financial report. A comprehensive certification system has been implemented which must be signed off by the representative financial and executive officers of the subsidiary entities of the Group and the Chief Executive Officer and Chief Financial Officer prior to submitting the financial reports to the Audit and Risk Committee for review. The Chief Executive Officer and Chief Financial Officer of the Trust also provide quarterly certifications regarding internal compliance, risk management and relevant other policies adopted by the Responsible Entity;
- Quality and integrity of personnel - Policies and procedures are detailed in manuals. Written confirmation of compliance with policies is obtained from all staff members. Formal appraisals are conducted annually for all employees;
- Investment appraisal - The Group has clearly defined guidelines for capital expenditure. These include annual budgets, detailed appraisal and review procedures, levels of authority and due diligence requirements where businesses are being acquired or divested;
- Functional specialty reporting - A number of key areas have been identified which are subject to regular reporting to the Board, such as Treasury, Governance, Legal and Compliance; and
- Compliance plan - The Compliance Plan and associated operational policies set out the policies and procedures that ensure management of the Group is conducted effectively and efficiently. The Responsible Entity has appointed compliance officers who are responsible for performing periodic reviews of compliance with the requirements of the Compliance Plan.

8.0 Ethical Standards

All Directors and representatives of the Group are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Group. The Board reviews the Code of Conduct regularly, and processes are in place to promote and communicate these policies.

9.0 Conflict of interest

Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Group. The Board has developed procedures to assist Directors to disclose potential conflicts of interest.

Where the Board believes that a significant conflict exists for a Director on a Board matter, that Director is not present at the meeting whilst the item is considered.

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Directors' report (continued)

10.0 Code of conduct

Directors and representatives of the Board must comply with the Group's code of conduct. The code of conduct covers:

- the behaviour of the Board and management, and the maintenance of appropriate core values and objectives;
- usefulness of financial information by maintaining appropriate accounting policies and practices and disclosure;
- responsibilities to investors, clients and other relevant stakeholders are fulfilled by maintaining high standards of service and commitment to fair value;
- responsibilities to the community, supporting community activities and sponsorships and donations;
- responsibilities to the individual, such as privacy, use of privileged or confidential information, and conflict resolution;
- compliance with legislation including policies on legal compliance in countries where the legal systems and protocols are lower than Australia's;
- conflicts of interest;
- prevention of Directors and key executives taking advantage of property, information or position for personal gain;
- confidentiality of corporate information;
- fair dealing;
- protection and proper use of the consolidated entity's assets;
- fraud;
- compliance with laws; and
- reporting of unethical behaviour.

11.0 Trading in the Securities by Directors and personnel

Directors and personnel are allowed to acquire securities in the Group provided they comply with the provisions of the Trading Policy.

The key elements set out in the Trading Policy are:

- identification of those restricted from trading - Directors, and employees associated with the Group may acquire securities in the Group, but are prohibited from dealing in any such securities or exercising options:
 - unless trading occurs within the guidelines outlined within the policy, or;
 - whilst in possession of price sensitive information not yet released to the market; and
- raising the awareness of legal prohibitions including transactions with colleagues and external advisers.

The policy also details the insider trading provisions of the Corporations Act. A related party register is maintained which records all holdings of securities in the Group by Directors and personnel.

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Directors' report (continued)

12.0 Communication with Securityholders

The Board has developed a Continuous Disclosure Policy to ensure timely disclosure of information to the market and Securityholders. The policy includes identifying matters that may have a material effect on the price of the Group's Securities, notifying them to the ASX, posting them on the Group's website, and issuing media releases. The Continuous Disclosure Policy and Securityholder Communication Policy are available on the Group's website at www.geopg.com.au

A summary of the pertinent matters contained within the Continuous Disclosure Policy and communications with Securityholders are outlined below:

- The Managing Director and CEO of the Group is responsible for ensuring all pertinent matters are communicated to the Company Secretary to facilitate communications with the ASX;
- An annual report will only be distributed to Securityholders if specifically requested and will include relevant information about the operations of the Group during the year and changes in the state of affairs;
- A half-year report containing summarised financial information and review of the performance and financial position of the Group during the period is prepared and reviewed by the external auditors of the Group. The half-year financial report is lodged with the Australian Securities and Investment Commission and the ASX, and sent to any Securityholders who request a copy of the report;
- Proposed major changes which may impact on Securityholders rights are submitted to the vote of Securityholders; and
- All major announcements made to the market are placed on the Group's website after they are released to the ASX.

The Board encourages full participation of Securityholders at General Meetings to ensure a high level of accountability.

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Corporate governance statement (continued)

ASX Corporate Governance Principles and Recommendations (continued)

Principles and Recommendations	Compliance	How we comply
Principle 1: Lay solid foundations for management and oversight		
Recommendation 1.1 Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions	Comply	Annual Report – Section 1.1, 1.2 & 1.3 Board Charter available at www.geopg.com.au
Recommendation 1.2 Companies should disclose the process for evaluating the performance of senior executives.	Comply	Annual Report – Section 4.0
Recommendation 1.3 Companies should provide the following information in the corporate governance statement in the annual report: <ul style="list-style-type: none"> • an explanation of any departure from Recommendations 1.1, 1.2 or 1.3; • whether a performance evaluation for senior executives has taken place in the reporting period and whether it was in accordance with the process disclosed in accordance with Recommendation 1.2. 	Not applicable	
A statement of matters reserved for the board, or the board charter or the statement of areas delegated authority to senior executives should be made publicly available ideally by posting it to the company's website in a clearly marked corporate governance section.	Comply	Annual Report – Section 4.0
	Comply	Board Charter which can be found at www.geopg.com.au

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Corporate governance statement (continued)

ASX Corporate Governance Principles and Recommendations (continued)

Principles and Recommendations	Compliance	How we comply
Principle 2: Structure the board to add value		
Recommendation 2.1 A majority of the board should be independent directors.	Qualified compliance*	Refer to footnote* at page 58 of the Annual Report
Recommendation 2.2 The chair should be an independent director.	Comply	Annual Report – page 8
Recommendation 2.3 The roles of chair and chief executive officer should not be exercised by the same individual.	Comply	Annual Report – pages 8 & 9
Recommendation 2.4 The board should establish a nomination committee.	Comply	Annual Report – Section 4.0
Recommendation 2.5 Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	Comply	Annual Report – Section 4.0
Recommendation 2.6 Companies should include the following information in the corporate governance statement in the annual report:		
<ul style="list-style-type: none"> the skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report; 	Comply	Annual Report – page 8, 9 & 10
<ul style="list-style-type: none"> the names of the directors considered by the board to constitute independent directors and the company's materiality threshold; 	Comply	Annual Report – pages 8, 9 & 10 and Section 2.0
<ul style="list-style-type: none"> the existence of any of the relationships listed in Box 2.1 and an explanation of why the board considers a director to be independent, notwithstanding the existence of those relationships; 	Comply	Annual Report – Section 2.0
<ul style="list-style-type: none"> a statement as to whether there is a procedure agreed by the board for directors to take independent professional advice at the expense of the company; 	Comply	Refer to footnote* at page 58 of the Annual Report
		Annual Report – Section 1.5

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Corporate governance statement (continued)

ASX Corporate Governance Principles and Recommendations (continued)

Principles and Recommendations	Compliance	How we comply
<p>Principle 2: Structure the board to add value (continued)</p> <ul style="list-style-type: none"> the period of office held by each director in office at the date of the annual report; the names of members of the nomination committee and their attendance at meetings of the committee, or where a company does not have a nomination committee, how the functions of a nomination committee are carried out; whether a performance evaluation for the board, its committee and directors has taken place in the reporting period and whether it was in accordance with the process disclosed; an explanation of any departures from Recommendations 2.1, 2.2, 2.3, 2.4, 2.5 or 2.6. <p>The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section:</p> <ul style="list-style-type: none"> a description of the procedure for the selection and appointment of new directors and the re-election of incumbent directors; The charter of the nomination committee or a summary of the role, rights, responsibilities and membership requirements for that committee. The board's policy for the nomination and appointment of directors 	<p>Comply</p> <p>Comply</p> <p>Comply</p> <p>Not applicable</p> <p>Comply</p> <p>Comply</p>	<p>Annual Report – pages 8, 9 & 10</p> <p>Annual Report – pages 8, 9 & 10 and Section 4.0 The full Board acts as the Remuneration and Nomination Committee</p> <p>Annual Report – Section 4.0</p> <p>Board Charter available at www.geopg.com.au and Remuneration and Nomination Committee Charter - available upon request</p> <p>Board Charter available at www.geopg.com.au and Remuneration and Nomination Committee Charter - available upon request</p> <p>Annual Report – Section 2.0 and 4.0. Remuneration and Nomination Committee Charter -available upon request</p>

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Corporate governance statement (continued)

ASX Corporate Governance Principles and Recommendations (continued)

<p>Principle 3: Promote ethical and responsible decision-making Recommendation 3.1 Companies should establish a code of conduct and disclose the code or a summary of the code as to:</p> <ul style="list-style-type: none"> ▪ the practices necessary to maintain confidence in the company's integrity; ▪ the practices necessary to take into account their legal obligations and reasonable expectations of their stakeholders; ▪ the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. 	Comply	Annual Report – Section 10.0 Director Code of Conduct – available upon request
<ul style="list-style-type: none"> ▪ the practices necessary to take into account their legal obligations and reasonable expectations of their stakeholders; ▪ the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. 	Comply	Annual Report – Section 10.0 Director Code of Conduct – available upon request
<ul style="list-style-type: none"> ▪ the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. 	Comply	Annual Report – Section 10.0 Director Code of Conduct – available upon request
<p>Recommendation 3.2 Companies should establish a policy concerning trading in company securities by directors, senior executives and employees and disclose the policy or a summary of that policy.</p>	Comply	Trading Policy – available at www.geopg.com.au
<p>Recommendation 3.3 Companies should provide the following information in the corporate governance section in the annual report:</p> <ul style="list-style-type: none"> • an explanation of any departure from Recommendations 3.1, 3.2 or 3.3; <p>The following material should be made publicly available, ideally on the Company's website in a clearly marked corporate governance section:</p> <ul style="list-style-type: none"> • any applicable code of conduct or a summary. • the trading policy or a summary. 	Not applicable	Director Code of Conduct – available upon request.
<ul style="list-style-type: none"> • the trading policy or a summary. 	Comply	Trading Policy – available at www.geopg.com.au
Annual Report – Section 11.0	Comply	Annual Report – Section 11.0

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Corporate governance statement (continued)

ASX Corporate Governance Principles and Recommendations (continued)

Principles and Recommendations	Compliance	How we comply
Principle 4: Safeguard integrity in financial reporting Recommendation 4.1 The board should establish an audit committee.	Comply	Annual Report – Section 3.0 Audit and Risk Committee Charter – available upon request
Recommendation 4.2 The audit committee should be structured so that it: <ul style="list-style-type: none"> ▪ consists only of non-executive directors; ▪ consists of a majority of independent directors; ▪ is chaired by an independent chair, who is not chair of the board; ▪ has at least three members. 	Qualified Compliance* Qualified Compliance* Does not comply** Comply	See footnote* on page 58 of the Annual Report See footnote* on page 58 of the Annual Report See footnote** on page 58 of the Annual Report Annual Report - Section 3.0 The full Board acts as the Audit and Risk Committee
Recommendation 4.3 The audit committee should have a formal charter.	Comply	Audit and Risk Committee Charter – available upon request

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Corporate governance statement (continued)

ASX Corporate Governance Principles and Recommendations (continued)

Principles and Recommendations	Compliance	How we comply
<p>Principle 4: Safeguard integrity in financial reporting (continued)</p> <p>Recommendation 4.4 Companies should provide the information in the corporate governance statement in the annual report:</p> <ul style="list-style-type: none"> ▪ the names and qualifications of those appointed to the Audit and Risk Committee and their attendance at meetings of the Committee or, where a company does not have an audit committee, how the functions of an audit committee are carried out; ▪ the number of meetings of the audit committee; ▪ an explanation of any departures from Recommendations 4.1, 4.2, 4.3 or 4.4. <p>The following material should be made publicly available, ideally by posting it on the company's website in a clearly marked corporate governance section:</p> <ul style="list-style-type: none"> ▪ the audit committee charter. 	<p>Comply</p> <p>Comply</p> <p>Comply</p> <p>Comply</p>	<p><i>Annual Report – pages 8, 9 & 10</i></p> <p><i>Annual Report – page 10</i></p> <p><i>See footnote* on page 58 of the Annual Report</i></p> <p><i>Audit & Risk Committee Charter – available upon request</i></p>

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Corporate governance statement (continued)

ASX Corporate Governance Principles and Recommendations (continued)

Principles and Recommendations	Compliance	How we comply
Principle 5: Make timely and balanced disclosure		
Recommendation 5.1 Companies should establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	Comply	Continuous Disclosure Policy – available at www.geopg.com.au
Recommendation 5.2 Companies should provide the information in the corporate governance statement in the annual report: <ul style="list-style-type: none"> ▪ an explanation of any departures from Recommendations 5.1 or 5.2. 	Not applicable	
Principal 6: Respect the rights of shareholders		
Recommendation 6.1 Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	Comply	Annual Report – Section 12.0 Securityholder Communication Policy – available at www.geopg.com.au
Recommendation 6.2 Companies should provide the information in the corporate governance section of the annual report: <ul style="list-style-type: none"> ▪ an explanation of any departure from Recommendation 6.1 or 6.2. 	Not applicable	
The Company should describe how it will communicate with its shareholders publicly, ideally by posting this information on the company's website in a clearly marked corporate governance section.	Comply	Securityholder Communication Policy – available at www.geopg.com.au

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Corporate governance statement (continued)

ASX Corporate Governance Principles and Recommendations (continued)

Principles and Recommendations	Compliance	How we comply
<p>Principle 7: Recognise and manage risk</p> <p>Recommendation 7.1 Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.</p>	Comply	Annual Report – Section 3.0
<p>Recommendation 7.2 The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.</p>	Comply	Annual Report – Section 3.0 Audit and Risk Committee Charter – available upon request
<p>Recommendation 7.3 The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the <i>Corporations Act</i> is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.</p>	Comply	Annual Report – Section 3.0
<p>Recommendation 7.4 Companies should provide the information in the corporate governance statement in the annual report:</p> <ul style="list-style-type: none"> ▪ explanation of any departures from Recommendations 7.1, 7.2, 7.3 or 7.4; ▪ whether the board has received the report from management under Recommendation 7.2; ▪ whether the board has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) under Recommendation 7.3. <p>The following material should be made publicly available, ideally by posting it on the company's website in the clearly marked corporate governance section:</p> <ul style="list-style-type: none"> ▪ a summary of the company's policies on risk oversight and management of material business risks. 	<p>Not applicable</p> <p>Comply</p> <p>Comply</p>	<p>Annual Report – Section 3.0</p> <p>Annual Report – Section 3.0</p> <p>Annual Report – Section 3.0</p> <p>Audit and Risk Committee Charter – available upon request.</p>

GEO Property Trust and its controlled entities
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Corporate governance statement (continued)

ASX Corporate Governance Principles and Recommendations (continued)

Principles and Recommendations	Compliance	How we comply
Principle 8: Remunerate fairly and responsibly Recommendation 8.1 The board should establish a remuneration committee.	Comply	Annual Report – Section 4.0
Recommendation 8.2 Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Comply	Annual Report – page 28, 29 & 30
Recommendation 8.3 Companies should provide the following material or a clear cross reference to the location of the material in the corporate governance statement in the annual report: <ul style="list-style-type: none"> ▪ the names of the members of the remuneration committee and their attendance at meetings of the committee, or where a company does not have a remuneration committee, have the functions of a remuneration committee are carried out. ▪ the existence and terms of any schemes for retirement benefits other than superannuation, for non-executive directors. ▪ an explanation of any departures from Recommendations 8.1, 8.2 or 8.3 <p>The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section:</p> <ul style="list-style-type: none"> ▪ the charter of the remuneration committee or a summary of the role, rights, responsibilities of membership requirements for that committee. ▪ a summary of the company's policy on prohibiting entering into transactions and associated products which limit the economic risk of participating in unvested entitlements under any equity based remuneration scheme 	Comply	Annual Report – page 8, 9 & 10 The full Board acts as the Remuneration and Nomination Committee
	Not applicable	
	Not applicable	
	Comply	Remuneration Nomination Committee Charter – available upon request
	Not applicable	

GEO Property Trust and its controlled entities

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Corporate governance statement (continued)

ASX Corporate Governance Principles and Recommendations (continued)

* The majority of the Board were not independent Directors for the full financial year, however the Board considered that the benefits to the Group having them as non-executive Directors significantly outweighed any perceived disadvantage to the Group arising from the fact that they did not satisfy the criteria for being independent. The overriding premise in determining the composition of the Board is that the Board consists of members with relevant experience and expertise. The Chair is an independent non-executive Director. The Board increased the number of independent non executive Directors in the 2009 financial year with the appointment of Anthony Bawden.

** The full Board has continued to act as the Board committees with the exception of the Compliance Committee, notwithstanding the fact that additional independent non-executive Directors were appointed to the Board during the 2009 financial year.

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Income statements
For the year ended 30 June 2009

	Notes	Consolidated		Parent	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Development and construction revenue		211,280	331,248	-	-
Rental revenue		-	161	-	-
Interest revenue		1,633	2,684	20,999	43,914
Dividends received		-	307	-	307
Revenue from continuing operations	6	<u>212,913</u>	<u>334,400</u>	<u>20,999</u>	<u>44,221</u>
Net loss on fair value of financial assets		-	(4,411)	-	(4,411)
Hedge ineffectiveness on interest rate swaps		4,291	-	4,291	-
Net loss on sale of financial assets		-	(7,759)	-	(8,131)
Net gain/(loss) on sale of other assets		90	-	-	-
Share of net profits/(losses) of associates and joint ventures accounted for using the equity method		(392)	428	-	-
Other income		7,096	1,441	1,587	-
Total revenues and other income		<u>223,998</u>	<u>324,099</u>	<u>26,877</u>	<u>31,679</u>
Cost of development property sold		168,199	269,415	-	-
Property marketing expenses		7,920	8,021	-	-
Employee benefits expense		14,390	13,896	-	-
Depreciation and amortisation expense		2,065	2,586	-	-
Finance costs	7	10,638	26,188	16,042	35,421
Responsible entity fees		-	3,887	379	1,706
Internalisation of Responsible Entity		-	2,977	-	-
Impairment of Goodwill		50,389	2,511	-	-
Fair value losses on interest rate swaps transferred from equity		32,393	-	32,393	-
Impairment of investment in equity accounted investments		13,687	-	-	-
Impairment of development land		21,682	5,666	-	-
Impairment of receivables		18,392	11,108	-	-
Other operating expenses	8	<u>4,797</u>	<u>4,845</u>	<u>-</u>	<u>-</u>
Profit/(loss) before income tax and amounts attributable to ordinary securityholders		<u>(120,554)</u>	<u>(27,001)</u>	<u>(21,937)</u>	<u>(5,448)</u>
Income tax (expense)/benefit	11 (a)	21,627	(10,099)	-	-
Profit/(loss) from continuing operations		<u>(98,927)</u>	<u>(37,100)</u>	<u>(21,937)</u>	<u>(5,448)</u>
Loss from discontinued operations	10	<u>(32,699)</u>	<u>(29,353)</u>	<u>(36,959)</u>	<u>(29,707)</u>
Loss for the year		<u>(131,626)</u>	<u>(66,453)</u>	<u>(58,896)</u>	<u>(35,155)</u>

The above Income Statements should be read in conjunction with the accompanying notes.

GEO Property Trust and its controlled entities
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Income Statements
For the year ended 30 June 2009

	Notes	Consolidated		Parent	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Profit/(loss) is attributable to:					
Equity holders of the Trust		(56,262)	(35,853)	(58,896)	(35,155)
Equity holders of the Company (minority interest)		(75,364)	(30,600)	-	-
		<u>(131,626)</u>	<u>(66,453)</u>	<u>(58,896)</u>	<u>(35,155)</u>
		2009 Cents	2008 Cents		
Earnings/(loss) per stapled securities:					
Basic earnings per stapled securities from continuing operations attributable to stapled securityholders	5	(23.1)	(8.7)		
Basic earnings per securities attributable to stapled securityholders	5	(30.8)	(15.7)		
Diluted earnings per securities from continuing operations attributable to stapled securityholders	5	(23.1)	(8.7)		
Diluted earnings per securities attributable to stapled securityholders	5	(30.8)	(15.7)		

The above Income Statements should be read in conjunction with the accompanying notes.

GEO Property Trust and its controlled entities
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Balance Sheets
As at 30 June 2009

		Consolidated		Parent	
	Notes	2009	2008	2009	2008
		\$'000	\$'000	\$'000	\$'000
ASSETS					
Current assets					
Cash and cash equivalents	12	3,046	6,202	171	248
Trade and other receivables	13	32,067	117,134	-	595
Inventories	14	120,906	172,299	-	-
Non-current assets classified as held for sale	15	-	90,550	-	55,542
Assets of disposal group classified as held for sale	10 (c)	72,461	-	86,126	-
Current tax assets	16	2	3,727	-	-
Other current assets	17	833	14,437	-	11,093
Total current assets		229,315	404,349	86,297	67,478
Non-current assets					
Receivables	13	4,075	22,262	185,020	497,307
Inventories	14	116,996	119,809	-	-
Investment properties	18	-	93,765	-	43,515
Property, plant and equipment	19	9,425	51,988	-	35,244
Investments accounted for using the equity method	20	12,594	25,740	-	-
Other financial assets	21	-	-	146,747	24,314
Goodwill	22	-	50,375	-	-
Deferred tax assets	23	20,366	-	-	-
Other non-current assets	17	-	1,158	-	447
Total non-current assets		163,456	365,097	331,767	600,827
Total assets		392,771	769,446	418,064	668,305
LIABILITIES					
Current liabilities					
Trade and other payables	24	33,000	59,413	-	6,581
Other current liabilities	25	560	30	-	30
Interest bearing liabilities	26	1,675	10,025	-	10,000
Liabilities directly associated with assets of a disposal group classified as held for sale	10 (c)	3,194	-	3,183	-
Provisions	27	3,469	11,976	-	9,498
Total current liabilities		41,898	81,444	3,183	26,109
Non-current liabilities					
Payables	24	17,688	54,934	6,274	-
Interest bearing liabilities	26	144,000	300,000	144,000	300,000
Related party loans	26	39,788	31,364	-	-
Provisions	27	132	258	-	-
Deferred tax liabilities	23	-	1,260	-	-
Total non-current liabilities		201,608	387,816	150,274	300,000
Total liabilities		243,506	469,260	153,457	326,109
NET ASSETS		149,265	300,186	264,607	342,196

The above Balance Sheets should be read in conjunction with the accompanying notes.

GEO Property Trust and its controlled entities
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Balance Sheets
As at 30 June 2009

		Consolidated		Parent	
		2009	2008	2009	2008
	Notes	\$'000	\$'000	\$'000	\$'000
EQUITY					
Capital and reserves attributable to stapled securityholders as:-					
Trust					
Contributed Equity	28	387,881	388,011	388,011	388,011
Retained earnings/(losses)	29	(122,977)	(58,186)	(123,404)	(55,971)
Reserves	29	38	10,226	-	10,156
Total equity attributable to unitholders		264,942	340,051	264,607	342,196
Company					
Contributed equity	28	4,100	4,101	-	-
Retained profits/(Accumulated losses)	29	(119,777)	(43,968)	-	-
Reserves	29	-	2	-	-
Total equity attributable to shareholders		(115,677)	(39,865)	-	-
Total Equity		149,265	300,186	264,607	342,196

The above Balance Sheets should be read in conjunction with the accompanying notes.

GEO Property Trust and its controlled entities
ARSN 104 482 206

**Statement of changes in equity
for the year ended 30 June 2009**

	Notes	Consolidated		Parent	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Total equity at the beginning of the financial year		300,186	385,592	342,196	396,463
Adjustment to opening retained earnings in respect of business combination achieved in stages (note 36)		(445)	-	-	-
		299,741	385,592	342,196	396,463
Net income recognised directly in equity					
Change in fair value of available-for-sale financial assets, net of tax	29	-	700	-	700
Share based payment expense	29	(33)	72	-	-
Change in the fair value of cash flow hedges prior to transfer to income statement	29	(42,550)	10,771	(42,550)	10,771
Ineffective portion of cash flow hedges transferred to income statement		32,393	-	32,394	-
		(10,190)	11,543	(10,156)	11,471
Net profit/(loss) for the year		(131,626)	(66,453)	(58,896)	(35,155)
Total recognised income and expenses for the year		(141,816)	(54,910)	(69,052)	(23,684)
Transactions with equity holders in their capacity as equity holders:					
Treasury securities acquired		(131)	-	-	-
Dividend re-investment plan		-	7,285	-	7,198
Distributions paid or payable		(8,529)	(37,781)	(8,537)	(37,781)
		(8,660)	(30,496)	(8,537)	(30,583)
Total equity at the end of the financial year		149,265	300,186	264,607	342,196

The above Statements of Changes in Equity should be read in conjunction with the accompanying notes.

GEO Property Trust and its controlled entities
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Cash flow statements
For the year ended 30 June 2009

	Notes	Consolidated		Parent	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Cash flows from operating activities					
Receipts from customers (inclusive of GST)		323,329	294,086	7,669	22,956
Payments to suppliers and employees and for land (inclusive of GST)		(204,912)	(238,701)	(6,896)	(12,881)
Interest received		1,633	1,675	-	-
Borrowing costs paid		(20,856)	(31,090)	(18,566)	(28,996)
Responsible entity fees		-	(3,887)	(379)	(1,706)
Income tax refund / (paid)		3,731	(3,548)	-	-
Net cash inflow/(outflow) from operating activities	39	102,925	18,535	(18,172)	(20,627)
Cash flows from investing activities					
Payment for purchase of controlled entity, net of cash acquired		196	(3,936)	-	-
Sale of investments		-	2,599	-	2,227
Proceeds from sale of investment properties		128,316	113,412	41,091	74,306
Additional contribution in joint ventures		(336)	(1,665)	-	-
Capital expenditure on investment properties classified as a disposal group held for sale		(14,830)	-	(12,989)	-
Purchase of property plant & equipment		(805)	(50,384)	-	(40,018)
Proceeds from disposal of property, plant & equipment		135	320	-	-
Loans to related parties		(5,431)	(24,258)	(137,668)	(285,355)
Repayment of loans by related parties		1,100	14,029	318,181	337,486
Loan to other party		-	(4,778)	-	-
Repayment of loan by other party		-	24,212	-	-
Distributions received		-	-	-	143
Interest received		-	-	183	215
Return of capital from sub-trust		-	-	11,685	11,304
Net cash inflow/(outflow) from investing activities		108,345	69,551	220,483	100,308
Cash flows from financing activities					
Purchase of Treasury securities		(131)	-	-	-
Proceeds from borrowings		38,000	99,014	38,000	99,014
Proceeds from borrowings related party		21,059	25,925	-	-
Repayment of borrowings		(223,073)	(181,539)	(204,000)	(159,912)
Repayment of borrowings from related party		(15,576)	(14,298)	-	-
Termination of interest rate swaps		(18,353)	-	(18,353)	-
Distributions paid		(18,027)	(30,406)	(18,035)	(30,494)
Net cash inflow/(outflow) from financing activities		(216,101)	(101,304)	(202,388)	(91,392)
Net increase/(decrease) in cash and cash equivalents		(4,831)	(13,218)	(77)	(11,711)
Cash and cash equivalents at beginning of the year		6,202	19,420	248	11,959
Cash and cash equivalents at end of the year		1,371	6,202	171	248

The above Cash flow statements should be read in conjunction with the accompanying notes.

GEO Property Trust and its controlled entities
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Cash flow statements
For the year ended 30 June 2009

		Consolidated		Parent	
	Notes	2009	2008	2009	2008
		\$'000	\$'000	\$'000	\$'000
Reconciliation to cash at the end of the year:					
Cash and cash equivalents	12	3,046	6,202	171	248
Bank overdraft	26	(1,675)	-	-	-
		<u>1,371</u>	<u>6,202</u>	<u>171</u>	<u>248</u>

The above Cash flow statements should be read in conjunction with the accompanying notes

GEO Property Trust and its controlled entities
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Notes to the financial statements
for the year ended 30 June 2009

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Notes to the financial statements (continued)
for the year ended 30 June 2009

1 Statement of significant accounting policies

(a) Reporting entity

GEO Property Group was formed in April 2006 by the stapling of the securities of GEO Property Trust ("the Trust"), and GEO Property Group Limited ("the Company"). GEO Property Group is defined as "the Stapled Entity" or "the Group".

The Stapled Entity was established for the purpose of facilitating a joint quotation of the Trust and its controlled entities and the Company and its controlled entities on the Australian Stock Exchange. The constitutions of both the Trust and the Company ensure that, for so long as the two entities remain jointly quoted, the number of units in the Trust and the number of shares in the Company shall be equal, and that unitholders and shareholders be identical.

The Board of Directors of the Responsible Entity and the Board of Directors of the Company, must at all times act in the best interest of the Stapled Entity.

The Responsible Entity holds the only "Special Share" of the Company currently on issue, and as such effectively controls the Company on behalf of the Trust.

GEO Property Trust is a trust incorporated and domiciled in Australia. The consolidated financial report of the Trust for the financial year ended 30 June 2009 comprises the Trust and its subsidiaries and the stapled entity's interest in associates and jointly controlled entities.

The financial statements were approved by the Board of Directors on 27 August 2009. The Directors have the power to amend and reissue the financial report.

(b) Basis of preparation

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for GEO Property Trust as an individual entity and the consolidated entity consisting of GEO Property Trust and its controlled entities.

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the consolidated financial statements and notes of GEO Property Trust comply with International Financial Reporting Standards (IFRS).

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the financial statements are disclosed in note 2.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, available-for-sale financial assets and financial assets and liabilities at fair value through profit or loss.

GEO Property Trust and its Controlled Entities
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Notes to the financial statements (continued)
for the year ended 30 June 2009

1 Statement of significant accounting policies (continued)

Going concern

The terms of the Multi-Option Facility Agreement include certain financial undertakings in respect of these borrowings.

As at the half year reporting period of 31 December 2008, the Group anticipated that it may breach its debt covenants associated with the Multi Option Facility Agreement ("MOFA") at the 30 June 2009 testing point. As such, negotiations commenced with the banking syndicate to re-structure the facility in time to avoid the potential for breach at this date.

Since then the business has performed better than expected at the time and it became apparent that the Group would pass the covenants and the need to restructure the MOFA became unnecessary. The contributors to the better performance included lower interest costs, higher sales margins and lower operating costs. As at 30 June 2009, the Group has complied with all of its debt covenants associated with the MOFA debt, meaning that the debt continues to be classified as non-current and due for repayment in June 2012. The Group is currently not in negotiations with its lenders for revisions to the facility.

The Directors assessment of going concern has included a detailed analysis of financial forecasts and capacity to comply with bank covenants. Financial forecasts of the Group indicate that it will generate sufficient profits to comply with bank covenants for at least the next twelve months by which time debt levels are expected to be significantly lower.

These forecasts reflect management's plans to mitigate the risk of any future breaches including:

- Continued repayment of debt ahead of the agreed facility limits
- Continued identification and realisation of non-core and non-performing assets
- Further cost reductions within the business
- Suspension of distributions to assist with repayment of debt
- Capability and evidence of entering into new financing arrangements with current lenders (specifically Joint Venture arrangements)
- Focus on achieving a continued strong performance in the Group's core business activities.

As such, the financial statements have been prepared on a going concern basis.

(c) Principles of consolidation

The units of the Trust and the shares of Company are combined and issued as stapled securities in the Group. The units of the Trust and shares of Company cannot be traded separately and can only be traded as stapled securities. As the Trust is deemed to be the parent entity under Australian Accounting Standards, a consolidated financial report has been prepared for the Group as well as an individual financial report for the Company. The consolidated financial report combines the financial report for the Trust and Company for the year. Transactions between the entities have been eliminated in the consolidated financial report of the Group.

Accounting for the Group is carried out in accordance with UIG 1002: Post-Date of Transition Stapling Arrangements. In accordance with the requirement of this interpretation, the Head Trust has been identified as the parent within the Group, and is therefore disclosed in these financial statements as the parent within the Group.

Subsidiaries

Subsidiaries are entities controlled by the Trust. Control exists when the Trust has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

GEO Property Trust and its Controlled Entities
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Notes to the financial statements (continued)
for the year ended 30 June 2009

1 Statement of significant accounting policies (continued)

(c) Principles of consolidation (continued)

Subsidiaries (continued)

The purchase method of accounting is used to account for the acquisition of subsidiaries of the Group (refer to note 1(i)).

Intercompany transactions, balances and unrealised gains on transactions between entities within the stapled Group are eliminated. Unrealised losses are eliminated unless the transaction provides evidence of the impairment of the asset transferred. Investments in subsidiaries are accounted for at cost in the individual financial statements of GEO Property Trust.

Associates

Associates are those entities in which the consolidated entity has significant influence, but not control, over the financial and operating policies. Investments in associates are accounted for in the parent entity financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost.

The stapled entity's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the parent entity's income statement, while in the consolidated financial statements they reduce the carrying amount of the investment.

When the consolidated entity's share of losses exceeds its interest in an associate, the consolidated entity's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the consolidated entity has incurred legal or constructive obligations or made payments on behalf of an associate.

Unrealised gains on transactions between the stapled entity and its associates are eliminated to the extent of the consolidated entity's interest in the entity. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Joint ventures - Jointly controlled assets

The proportionate interests in the assets, liabilities and expenses of a joint venture operation have been incorporated in the financial statements under the appropriate headings. Details of the joint venture are set out in note 37.

Joint venture entities

The interest in a joint venture entity is accounted for in the consolidated financial statements using the equity method. Under the equity method, the share of the profits or losses of the joint venture entity is recognised in the income statement, and the share of movements in reserves is recognised in reserves in the balance sheet. Details relating to the joint venture are set out in note 37.

Profits or losses on transactions establishing the joint venture entity and transactions with the joint venture are eliminated to the extent of the parent entity's ownership interest until such time as they are realised by the joint venture entity on consumption or sale, unless they relate to an unrealised loss that provides evidence of the impairment of an asset transferred.

(d) Segment reporting

A business segment is identified for a Group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is identified when products or services are provided within a particular economic environment subject to risks and returns that are different from those of segments operating in other economic environments.

GEO Property Trust and its Controlled Entities
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Notes to the financial statements (continued)
for the year ended 30 June 2009

1 Statement of significant accounting policies (continued)

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. Revenue is recognised for the major business activities as follows:

Rental income

Rental income from investment properties is recognised on a straight line basis over the lease term. Rental income not received at reporting date is reflected in the balance sheet as a receivable, or if paid in advance as rent in advance. Lease incentives granted are recognised over the lease term, on a straight-line basis, as a reduction of lease income.

Land development and resale

Revenue and costs on the sale of land, residential and commercial development projects are brought to account when the significant risks and rewards of ownership and effective control over the goods have passed to the buyer which is either when the contract becomes unconditional or on settlement depending on the terms of the contract, it is probable that the economic benefits associated with the transaction will flow to the Group and the revenue and costs can be reliably measured.

Construction contracting

Revenue from cost plus contracts is recognised by reference to the recoverable costs incurred during the reporting period plus the appropriate mark-up percentage.

Interest income

Interest income is recognised in the income statement, using the effective interest method. Interest income includes the amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest rate basis.

Interest income is recognised on a gross basis, including withholding tax, if any.

Sale of non-current assets

The net loss or gain on sale of assets is calculated as the difference between the gross proceeds of sale and the carrying amount of the asset at the time of disposal (including incidental costs) and is recognised in other income.

Dividends and distributions

Dividend revenue is recognised net of any franking credits.

Revenue from distributions from controlled entities is recognised by the Trust when declared by the controlled entities. Dividends received out of pre-acquisition reserves are allocated against the carrying amount of the investment and not recognised in revenue.

Revenue from dividends and distributions from other investments is recognised at the earlier of declaration or receipt.

(f) Expense recognition

Expenses, including responsible entity fees, are recognised in the income statement on an accrual basis. Included in other operating expenses are accounting services fees, compliance costs and general legal fees.

GEO Property Trust and its Controlled Entities
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Notes to the financial statements (continued)
for the year ended 30 June 2009

Statement of significant accounting policies (continued)

(g) Leases

Leases of property, plant and equipment, where the Group has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other long term payables. Each lease payment is allocated between the liability and the interest expense. The leased asset is depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(h) Business Combinations

The purchase method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, equity securities issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the share of the identifiable net assets acquired is recorded as goodwill (refer note 22). If the cost of acquisition is less than the fair value of the net assets of the business acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the Stapled Group's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(i) Goodwill

All business combinations are accounted for by applying the purchase method of accounting. Goodwill represents the excess of the cost of an acquisition over the fair value of the stapled entity's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents the stapled entity's investment primary reporting segment (refer note 3).

GEO Property Trust and its Controlled Entities
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Notes to the financial statements (continued)
for the year ended 30 June 2009

1 Statement of significant accounting policies (continued)

(j) Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are stated at fair value. The consolidated entity has an internal valuation process for determining the fair value at each reporting date. An external independent valuer with an appropriate recognised professional qualification and suitable experience values individual properties every three years on a rotation basis or on a more regular basis if considered appropriate and as determined by management. These external values are taken into consideration when determining the fair value of the investment properties.

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. Some of the non-current assets held for sale have been valued on the basis of offers from prospective buyers, which are subject to further due diligence and final negotiations.

Internal valuations are prepared by considering the aggregate of the net annual rents receivable, or potentially receivable from the properties. A yield which reflects the specific risks inherent in the net cash flows and current market conditions is then applied to the net annual rentals to arrive at the property valuation.

Any gain or loss arising from a change in fair value is recognised in the income statement. Rental income from investment property is accounted for as described in accounting policy 1(e).

If an investment property becomes owner-occupied, then it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its cost for accounting purposes. Investment properties are not depreciated.

(k) Non-current assets held for sale

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal Group) are remeasured in accordance with the stapled entity's accounting policies. Thereafter generally the assets (or disposal Group) are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal Group first is allocated to goodwill, and then to remaining assets and liabilities on a pro-rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property and biological assets, which continue to be measured in accordance with the stapled entity's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in the income statement. Gains are not recognised in excess of any cumulative impairment loss.

Investment properties which are classified as Non-current assets held for sale are carried at fair value in accordance with Note 1(k), as the measurement provisions of AASB 5 *Non-current Assets held for Sale and Discontinued Operations* do not apply to investment properties.

(l) Property, plant and equipment

Property that is being constructed or developed for future use as investment property is classified as property, plant and equipment and stated at cost until construction or development is complete, at which time it is reclassified as investment property.

Other property, plant and equipment is stated at historical cost less depreciation.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

GEO Property Trust and its Controlled Entities
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Notes to the financial statements (continued)
for the year ended 30 June 2009

1 Statement of significant accounting policies (continued)

(m) Property, plant and equipment (continued)

Buildings	40 years
Plant and equipment	3-10 years
Leased plant and equipment	2-8 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(m) Investments

Controlled entities

Investments in controlled entities are carried in the Trust and Company financial statements at the lower of cost and recoverable amount.

Investments in equity securities

Financial instruments held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in the income statement.

Other financial instruments held by the consolidated entity are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss recognised directly in equity, except for any impairment losses identified. Where these investments are sold, the cumulative gain or loss previously recognised directly in net assets attributable to securityholders is recognised in the income statement.

Financial instruments classified as held for trading or available-for-sale investments are recognised / derecognised by the consolidated entity on the date it commits to purchase / sell the investments.

(o) Inventories

Land held for resale and development costs

Land held for resale and development costs are stated at the lower of cost and net realisable value. Cost includes the cost of acquisition and development, construction and other relevant expenditure, interest (if the asset is a qualifying asset) or other holding costs.

The cost of land and buildings acquired under contracts entered into but not settled prior to balance date are not taken up as inventories and as liabilities at balance date, unless all contractual conditions have been fulfilled and there is certainty of completion of the purchase evident at balance sheet date.

Borrowing costs included in the cost of land held for resale and development costs are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made. Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

(p) Receivables

Financial assets that are classified as loans and receivables include accounts receivable and are carried at amortised cost using the effective interest rate (where relevant), less impairment losses.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 120 days from the date of recognition for land development and resale debtors, and no more than 30 days for other debtors.

GEO Property Trust and its Controlled Entities
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Notes to the financial statements (continued)
for the year ended 30 June 2009

1 Statement of significant accounting policies (continued)

(p) Receivables (continued)

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the provision is recognised in the income statement.

(q) Trade and other payables

Trade and other payables are stated at their amortised cost. Trade payables are non-interest bearing and are normally settled within 60 days.

(r) Securityholders funds

Where the Trust Constitution contains certain terms which limit the life of the Trust, the amount attributable to ordinary securityholders is classified as a liability in accordance with AASB 132: *Financial Instruments Presentation*. Related movements in net assets attributable to securityholders are classified as finance costs.

On 30 November 2006, the Trust Constitution was amended, following unitholder approval, to remove the terms which limit the life of the Trust and remove the redeemable nature of the units. On that date, amounts attributable to ordinary securityholders were reclassified as equity. From that date on, profits attributable to ordinary securityholders are recorded in the income statement.

Amounts attributable to shareholders of the Company are classified within equity but identified as a minority interest because the Trust has been identified as the accounting acquirer in accordance with AASB Interpretation 1002.

(s) Preferred units

Prior to the change in the Trust constitution in November 2006, preferred units issued by the Trust were recognised as a liability in accordance with AASB 132: *Financial Instruments Presentation*. Dividends on these preferred units were recognised in the income statement as interest expense within finance costs.

(t) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(u) Impairment

The carrying amounts of the consolidated entity's assets, other than investment property (see accounting policy 1(k)), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see below).

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement unless the asset has previously been re-valued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the income statement.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of goodwill allocated to the cash-generating unit (Group of units) and then, to reduce the carrying amount of the other assets in the unit (Group of units) on a pro rata basis.

GEO Property Trust and its Controlled Entities
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Notes to the financial statements (continued)
for the year ended 30 June 2009

1 Statement of significant accounting policies (continued)

(u) Impairment (continued)

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in the income statement even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in the income statement is the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement.

Calculation of recoverable amount

The recoverable amount of receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred. Significant receivables are individually assessed for impairment. Impairment testing of significant receivables that are not assessed as impaired individually is performed by placing them into portfolios of significant receivables with similar risk profiles and undertaking a collective assessment of impairment. Non-significant receivables are not individually assessed. Instead, impairment testing is performed by placing non-significant receivables in portfolios of similar risk profiles, based on objective evidence from historical experience adjusted for any effects of conditions existing at each balance date.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

Impairment losses, other than in respect of goodwill, equity instruments classified as available for sale and financial assets carried at amortised cost, are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount.

An impairment loss in respect of goodwill is not reversed.

An impairment loss in respect of a held-to-maturity security or receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as available-for-sale is not reversed through the income statement.

If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss shall be reversed, with the amount of the reversal recognised in the income statement.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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Notes to the financial statements (continued)
for the year ended 30 June 2009

1 Statement of significant accounting policies (continued)

(v) Derivatives

The consolidated entity uses derivative financial instruments to hedge interest rate risks. In accordance with its investment strategy, the entity does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are recognised initially at fair value and subsequently measured at fair value. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on re-measurement to fair value is recognised immediately in the income statement. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged. Gains or losses on fair value hedges are recognised in profit and loss, and gains or losses on cash flow hedges are recognised directly in equity.

The fair value of interest rate swaps is the estimated amount that the entity would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties. The fair value of forward exchange contracts is their quoted market price at the balance sheet date, being the present value of the quoted price.

(w) Interest-bearing liabilities

Interest-bearing liabilities are recognised initially at fair value adjusted for attributable transaction costs. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

Interest expense is accrued at the effective interest rate.

(x) Finance costs

Distributions paid and payable on preferred units (and on ordinary units prior to 30 November 2006) are recognised in the income statement as finance costs, and as a liability where not paid. Finance costs also include interest payable on borrowings calculated using the effective interest method.

Ancillary costs incurred in connection with the arrangement of borrowings are capitalised and amortised over the life of the borrowings.

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

(y) Income tax

The Trust

Under current legislation, the Trust is not subject to income tax, provided that the taxable income is fully distributed to unitholders. Tax allowances for building and plant and equipment depreciation are distributed to unitholders in the form of tax deferred components of distributions. Realised capital losses are not distributed to unitholders but are retained in the Trust to be offset against any future recognised capital gains.

The Company

Income tax on the income statement for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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Notes to the financial statements (continued)
for the year ended 30 June 2009

1 Statement of significant accounting policies (continued)

(y) Income tax (continued)

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences are not provided for: initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future and the timing of the reversal can be controlled.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax consolidation legislation

GEO Property Group Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation forming a tax consolidation Group. The head entity and the controlled entities in the tax consolidated Group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated Group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, the head entities of the tax consolidation Group also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the relevant tax consolidated Group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group. Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

GEO Property Trust and its Controlled Entities
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Notes to the financial statements (continued)
for the year ended 30 June 2009

1 Statement of significant accounting policies (continued)

(z) Goods and services tax

A business segment is identified for a Group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is identified when products or services are provided within a particular economic environment subject to risks and returns that are different from those of segments operating in other economic environments.

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(aa) Issue costs

Costs incurred that are directly in connection with the issue of units or shares are netted against the funds raised.

(ab) Provisions

A provision is recognised when there is a legal, equitable or constructive obligation as a result of a past event and it is probable that a future sacrifice of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision is raised in respect of any distribution to stapled securityholders unpaid at balance date where:-

- (i) the distribution is in respect of amounts required to be distributed under the Trust's Constitution; or
- (ii) the distribution has been declared as payable prior to balance date.

A provision for onerous contracts is recognised when the expected benefits to be derived by the consolidated entity from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

Provisions for legal claims and service warranties are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

Where the Group expects some or all of a provision to be reimbursed, such as under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

GEO Property Trust and its Controlled Entities
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Notes to the financial statements (continued)
for the year ended 30 June 2009

1 Statement of significant accounting policies (continued)

(ac) Employee benefits

Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(ad) Earnings per Security

Basic earnings per stapled security

Basic earnings per stapled security is determined by dividing the net profit from continuing operations attributable to the securityholders of the Group by the weighted average number of units outstanding during the year. Basic earnings per stapled security is also determined for the total profit attributable to stapled securityholders, including any profit or loss from discontinued operations.

Diluted earnings per stapled security

Diluted earnings per stapled security adjusts the figures used in the determination of basic earnings per stapled security to take into account the after income tax effect of interest and other financing costs associated with dilutive potential stapled securities and the weighted average number of additional stapled securities that would have been outstanding assuming the conversion of all dilutive potential stapled securities.

(ae) Rounding of amounts

The GEO Property Group is of a kind referred to in ASIC Class Order (CO) 98/0100 dated 10 July 1998 (updated by CO 05/641 effective 28 July 2005 and CO 06/51 effective 31 January 2006), relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

GEO Property Trust and its Controlled Entities
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Notes to the financial statements (continued)
for the year ended 30 June 2009

1 Statement of significant accounting policies (continued)

(af) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2009 reporting periods. The Group's and the parent entity's assessment of the impact of these new standards and interpretations is set out below.

- (i) *AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 (effective from 1 January 2009)*

AASB 8 will result in a significant change in the approach to segment reporting, as it requires adoption of a 'management approach' to reporting on financial performance. The information being reported will be based on what the key decision-makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. The Group will adopt AASB 8 from 1 July 2009. It is likely to result in an increase in the number of reportable segments presented. In addition, the segments will be reported in a manner that is more consistent with the internal reporting provided to the chief operating decision-maker. As goodwill is allocated by management to groups of cash-generating units on a segment level, the change in reportable segment may also require a reallocation of goodwill. However, this is not expected to result in any additional impairment of goodwill.

- (ii) *Revised AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 (effective from 1 January 2009)*

The revised AASB 123 has removed the option to expense all borrowing costs and - when adopted - will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. It is likely that there will be no material impact on the financial report of the Group, as the Group already capitalises borrowing costs relating to qualifying assets.

- (iii) *Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 (effective from 1 January 2009)*

The September 2007 revised AASB 101 requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period. The Group will apply the revised standard from 1 July 2009.

- (iv) *AASB 2008-1 Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations (effective from 1 January 2009)*

AASB 2008-1 clarifies that vesting conditions are service conditions and performance conditions only and that other features of a share-based payment are not vesting conditions. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The Group will apply the revised standard from 1 July 2009, but it is not expected to affect the accounting for the Group's share-based payments.

GEO Property Trust and its Controlled Entities
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Notes to the financial statements (continued)
for the year ended 30 June 2009

1 Statement of significant accounting policies (continued)

(af) New accounting standards and interpretations (continued)

- (v) Revised AASB 3 *Business Combinations*, AASB 127 *Consolidated and Separate Financial Statements* and AASB 2008-3 *Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127* (effective 1 July 2009)

The revised AASB 3 continues to apply the acquisition method to business combinations, but with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently remeasured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs must be expensed. This is different to the Group's current policy which is set out in note 1(i) above.

The revised AASB 127 requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses, see note 1(b)(i). The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss. This is consistent with the Group's current accounting policy if significant influence is not retained.

The Group will apply the revised standards prospectively to all business combinations and transactions with non-controlling interests from 1 July 2009.

- (vi) AASB 2008-6 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project* (effective 1 July 2009)

The amendments to AASB 5 *Discontinued Operations* and AASB 1 *First-Time Adoption of Australian-Equivalents to International Financial Reporting Standards* are part of the IASB's annual improvements project published in May 2008. They clarify that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control. Relevant disclosures should be made for this subsidiary if the definition of a discontinued operation is met. The Group will apply the amendments prospectively to all partial disposals of subsidiaries from 1 July 2009.

- (vii) AASB 2008-7 *Amendments to Australian Accounting Standards - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate* (effective 1 July 2009)

In July 2008, the AASB approved amendments to AASB 1 *First-time Adoption of International Financial Reporting Standards* and AASB 127 *Consolidated and Separate Financial Statements*. The Group will apply the revised rules prospectively from 1 July 2009. After that date, all dividends received from investments in subsidiaries, jointly controlled entities or associates will be recognised as revenue, even if they are paid out of pre-acquisition profits, but the investments may need to be tested for impairment as a result of the dividend payment. Under the entity's current policy, these dividends are deducted from the cost of the investment. Furthermore, when a new intermediate parent entity is created in internal reorganisations it will measure its investment in subsidiaries at the carrying amounts of the net assets of the subsidiary rather than the subsidiary's fair value.

GEO Property Trust and its Controlled Entities
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Notes to the financial statements (continued)
for the year ended 30 June 2009

1 Statement of significant accounting policies (continued)

(af) New accounting standards and interpretations (continued)

- (viii) AASB Interpretation 15 *Agreements for the Construction of Real Estate* (effective 1 January 2009)

AASB-I 15 clarifies whether AASB 118 *Revenue* or AASB 111 *Construction Contracts* should be applied to particular transactions. The Group intends to apply the interpretation from 1 July 2009. It has reviewed its current agreements for the sale of real estate in light of the new guidance and concluded that there would be no change to the accounting for these agreements if AASB-I 15 was adopted in the current financial year. Consequently, it does not expect to make any adjustment on the initial application of AASB-I 15.

- (ix) AASB 2008-8 Amendment to IAS 39 *Financial Instruments: Recognition and Measurement* (effective 1 July 2009)

AASB 2008-8 amends AASB 139 *Financial Instruments: Recognition and Measurement* and must be applied retrospectively in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. The amendment makes two significant changes. It prohibits designating inflation as a hedgeable component of a fixed rate debt. It also prohibits including time value in the one-sided hedged risk when designating options as hedges. The Group will apply the amended standard from 1 July 2009. It is not expected to have a material impact on the Group's financial statements.

(ag) Performance Rights Plan (Plan)

Security-based compensation benefits are provided to employees via the Performance Rights Plan. The characteristics of this plan indicate that it is an equity-based share-based payment as the holders are entitled to the securities as long as they meet the Groups service criteria.

The fair value of securities granted under the Plan are recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the vesting period during which employees become unconditionally entitled to the securities.

At each balance sheet date, the entity revises its estimate of the number of securities that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

GEO Property Trust and its Controlled Entities
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Notes to the financial statements (continued)
for the year ended 30 June 2009

2 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Income taxes

The Group is subject to income taxes in Australia.

Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

(ii) Investment properties

Uncertainty around property valuations

The market for many types of real estate around the globe has been severely affected by the recent volatility in global financial markets. The lower levels of liquidity and volatility in the banking sector have translated into a general weakening of market sentiment towards real estate and the number of real estate transactions has significantly reduced.

Fair value of investment property is the price at which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction. A "willing seller" is not a forced seller prepared to sell at any price. The best evidence of fair value is given by current prices in an active market for similar property in the same location and condition.

The current lack of comparable market evidence relating to pricing assumptions and market drivers means that there is less certainty in regard to valuations and the assumptions applied to valuation inputs. The period of time needed to negotiate a sale in this environment may also be significantly prolonged.

The fair value of investment property has been adjusted to reflect market conditions at the end of the reporting period. While this represents the best estimates of fair value as at the balance sheet date, the current market uncertainty means that if investment property is sold in future the price achieved may be higher or lower than the most recent valuation, or higher or lower than the fair value recorded in the financial statements.

(iii) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1(u). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions. Refer to note 22 for details of these assumptions and the potential impact of changes to the assumptions.

(iv) Inventory

The inventory of the Group is stated as the lower of cost and net realisable value in accordance with the accounting policy stated in note 1(o). The net realisable value amount has been determined based on the current future estimated cash flow of the projects.

GEO Property Trust and its Controlled Entities
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Notes to the financial statements (continued)
for the year ended 30 June 2009

3 Segment information

Description of segments

Business segments

The consolidated entity is organised into the following divisions by business segment.

Property development

GEO Property Group Limited develops and sells residential and commercial land and buildings in Queensland, New South Wales and Victoria.

Property investment

The Trust operates in the property investment industry. The investment income, net operating income and segment assets relate to operations in the property investment industry in Australia and, formerly in New Zealand.

Geographic segments

The consolidated Group operates predominantly in one geographical segment, being Australia.

GEO Property Trust and its Controlled Entities
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Notes to the financial statements (continued)
for the year ended 30 June 2009

3. Segment information (continued)

2009	Property development	Total continuing operations	Discontinued operations (Property investments)	Inter-segment eliminations/ unallocated	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Income Statement					
Rental income	-	-	15,716	-	15,716
Sales to external customers	211,280	211,280	-	-	211,280
Share of net profits of associates and joint venture entities	-	-	-	(392)	(392)
Other revenue/income	-	-	-	8,729	8,729
Total	211,280	211,280	15,716	8,337	235,333
Segment result*	8,919	8,919	13,346	461	22,726
Change in fair value of property assets	(21,682)	(21,682)	(41,222)	-	(62,904)
Change in fair value of other assets	(64,153)	(64,153)	(1,075)	77	(65,151)
Change in fair value of interest rate swaps	-	-	-	(26,074)	(26,074)
Impairment of loan receivables	(16,074)	(16,074)	(1,905)	-	(17,979)
Net profit/(loss) on payment of interest rate swaps	-	-	-	(2,028)	(2,028)
Net profit/(loss) on sale of property assets	(92,990)	(92,990)	(32,699)	(27,564)	(153,253)
Income tax (expense) / benefit	21,627	21,627	-	-	21,627
Profit/(loss) for the year	(71,363)	(71,363)	(32,699)	(27,564)	(131,626)
Balance Sheet					
Segment assets	240,076	240,076	125,586	27,109	392,771
Total assets	240,076	240,076	125,586	27,109	392,771
Segment liabilities	(62,990)	(62,990)	(34,841)	(145,675)	(243,506)
Total liabilities	(62,990)	(62,990)	(34,841)	(145,675)	(243,506)
Other segment information					
Investments in associates and joint ventures	6,742	6,742	-	-	-
Acquisitions of property, plant and equipment and other	805	805	-	-	-
Depreciation and amortisation expense	2,065	2,065	-	-	-
Impairment of goodwill	50,389	50,389	-	-	-
* Included within the segment result are unallocated items such as interest expense of \$10.6 million, interest income of \$1.6 million, and administrative/overhead expenses of \$3.7 million.					

GEO Property Trust and its Controlled Entities
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Notes to the financial statements (continued)
for the year ended 30 June 2009

Segment information (continued)

2008

	Property development	Total continuing operations	Discontinued operations (Property investments)	Inter-segment eliminations/ unallocated	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Income Statement					
Rental Income	161	161	27,885	-	28,046
Sales to external customers	331,248	331,248	-	-	331,248
Share of net profits of associates and joint venture entities	428	428	-	-	428
Other revenue/income	5,045	5,045	-	(613)	4,432
Total	336,882	336,882	27,885	(613)	364,154
Segment result*					
Change in fair value of property assets	(14,835)	(14,835)	15,231	5,670	6,066
Change in fair value of financial assets	(5,666)	(5,666)	(47,329)	-	(52,995)
Net profit/(loss) on sale of financial assets	-	-	-	(4,411)	(4,411)
Net profit/(loss) on sale of property assets	-	-	-	(7,759)	(7,759)
Profit/(loss) before income tax	(20,501)	(20,501)	2,745	-	2,745
Income tax (expense) benefit	(10,099)	(10,099)	(29,353)	(6,500)	(56,354)
Profit/(loss) for the year	(30,600)	(30,600)	(29,353)	(6,500)	(66,453)
Balance Sheet					
Segment assets	533,157	533,157	669,324	(433,035)	769,446
Total assets	533,157	533,157	669,324	(433,035)	769,446
Segment liabilities	(573,023)	(573,023)	(327,128)	430,891	(469,260)
Total liabilities	(573,023)	(573,023)	(327,128)	430,891	(469,260)
Other segment information					
Investments in associates and joint ventures	25,740	25,740	-	-	25,740
Acquisitions of property, plant and equipment and other	4,534	4,534	45,850	-	50,384
Depreciation and amortisation expense	2,586	2,586	-	-	2,586
Impairment of goodwill	2,511	2,511	-	-	2,511

* Included within the segment result are unallocated items such as interest expense of \$26.2 million, interest income of \$2.7 million, and administrative/overhead expenses of \$7.1 million.

GEO Property Trust and its Controlled Entities

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Notes to the financial statements (continued) for the year ended 30 June 2009

4. Distributions paid and payable

Consolidated and parent

	2009		2008	
	\$'000	Cents per unit	\$'000	Cents per unit
Ordinary units				
Distributions paid: -				
September quarter	6,403	1.500	9,349	2.225
December quarter	2,134	0.500	9,437	2.225
March quarter	-	-	9,498	2.225
June quarter	-	-	9,497	2.225
	<u>8,537</u>	<u>2.000</u>	<u>37,781</u>	<u>8.900</u>
Preferred units				
Distributions paid:-				
September quarter	-	-	-	-
December quarter	-	-	-	-
March quarter	-	-	-	-
June quarter	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

5 Earnings per stapled security

	2009 Cents	2008 Cents
a) Basic and diluted earnings per security		
Earnings per stapled security		
Profit/(loss) from continuing operations attributable to the stapled securityholders	(23.1)	(8.7)
Loss from discontinuing operations	<u>(7.7)</u>	<u>(7.0)</u>
Profit/(loss) attributable to the stapled securityholders	<u>(30.8)</u>	<u>(15.7)</u>
b) Reconciliation of earnings used in calculation		
Stapled Securityholders		
Profit/(loss) from continuing operations	(98,927)	(37,100)
Loss from discontinued operations attributable to stapled securityholders	<u>(32,699)</u>	<u>(29,353)</u>
Profit/(loss) attributable to stapled securityholders used in calculating basic earnings per security	<u>(131,626)</u>	<u>(66,453)</u>

c) Weighted average number of stapled securities

Weighted average number of stapled securities used as the denominator in calculating basic and diluted earning per stapled security is 426,862,630 (2008: 424,158,693).

d) Diluted earnings per stapled security

Neither the Trust nor the Company have issued any other securities that may result in a dilution of earnings attributable to unitholders in the Trust or shareholders in the Company. Diluted earnings per stapled security is therefore the same as basic earnings per stapled security.

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Notes to the financial statements (continued)
for the year ended 30 June 2009

6 Revenue

	Consolidated		Parent	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
From continuing operations				
<i>Sales revenue</i>				
Revenue from land, residential and commercial development activities	208,744	327,814	-	-
Nursery and plant sales	890	537	-	-
Project management fees	1,590	1,630	-	-
Commissions Received	56	1,267	-	-
	<u>211,280</u>	<u>331,248</u>	<u>-</u>	<u>-</u>
<i>Other revenue</i>				
Rental revenue	-	161	-	-
Interest income	1,633	2,684	20,999	43,914
Dividend income	-	307	-	307
	<u>212,913</u>	<u>334,400</u>	<u>20,999</u>	<u>44,221</u>

7 Finance costs

	Consolidated		Parent	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
<i>Loan interest and charges</i>				
Other financial institutions	18,974	31,090	16,522	28,997
Unwind of discount deferred consideration	2,084	4,553	-	-
Borrowing costs	10	8,023	-	7,193
	<u>21,068</u>	<u>43,666</u>	<u>16,522</u>	<u>36,190</u>
Amount Capitalised	(10,430)	(17,478)	(480)	(769)
Total finance costs included within the income statement	<u>10,638</u>	<u>26,188</u>	<u>16,042</u>	<u>35,421</u>

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Notes to the financial statements (continued) for the year ended 30 June 2009

7 Finance costs (continued)

Capitalised borrowing costs

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted interest rate applicable to the entity's outstanding borrowings during the year, including line fees and margins, in this case 8.12% (2008 – 8.95%).

8 Other expenses

	Consolidated		Parent	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Legal and professional costs	1,820	2,709	-	-
Administration costs	1,410	1,215	-	-
Other costs	1,567	921	-	-
	<u>4,797</u>	<u>4,845</u>	<u>-</u>	<u>-</u>

9 Auditors' remuneration

	Consolidated		Parent	
	2009	2008	2009	2008
	\$	\$	\$	\$
<i>Audit services provided by KPMG:</i>				
Audit and review of financial reports	7,402	8,000	-	-
Other regulatory audit services	13,235	29,859	4,322	8,732
Audit of property outgoings	11,800	55,410	5,700	33,210
	<u>32,437</u>	<u>93,269</u>	<u>10,022</u>	<u>41,942</u>
<i>Other services provided by KPMG</i>				
Taxation services	204,540	430,913	60,210	239,766
	<u>236,977</u>	<u>524,182</u>	<u>70,232</u>	<u>281,708</u>
<i>Audit services provided by PWC:</i>				
Audit and review of financial reports- prior year	-	237,456	-	-
Audit and review of financial reports	429,036	543,623	141,476	137,550
	<u>429,036</u>	<u>781,079</u>	<u>141,476</u>	<u>137,550</u>
<i>Other services provided by PWC:</i>				
Taxation services	23,200	61,417	6,200	-
Other services	36,500	289,342	4,500	-
	<u>488,736</u>	<u>1,131,838</u>	<u>152,176</u>	<u>137,550</u>
Total auditors' remuneration	<u>725,713</u>	<u>1,656,020</u>	<u>222,408</u>	<u>419,258</u>

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Notes to the financial statements (continued)
for the year ended 30 June 2009

10 Discontinued operation

Description

The Group has announced its intention through several ASX announcements of its intention to sell down the assets in the Trust to reduce the level of debt for the Group and to concentrate on the communities' development business of the Group.

As a result of the new direction of the Group, operations of the Trust segment has been classified as a disposal group held for sale in the income statement and balance sheet.

Financial information relating to the discontinued operation for the period is set out further below:

(a) Financial performance and cash flow information

	Consolidated	Consolidated
	30 June 2009	30 June 2008
	\$'000	\$'000
Revenue	15,716	27,885
Expenses	(4,275)	(6,988)
Net income from discontinued operations	11,441	20,897
Net gain/(loss) on disposal of investment properties	(1,843)	2,745
Net gain/(loss) in fair value of investment properties	(41,222)	(52,995)
Net gain/(loss) in fair value of other assets	(1,075)	-
Net profit/(loss) before income tax	(32,699)	(29,353)
Income tax (expense)/benefit	-	-
Profit/(loss) from discontinued operations	(32,699)	(29,353)
	Consolidated	Consolidated
	30 June 2009	30 June 2008
	\$'000	\$'000
Net cash inflow/(outflow) from operating activities	6,422	11,819
Net cash inflow/(outflow) from investing activities	112,308	60,518
Net cash inflow/(outflow) from financing activities	-	-
Net increase/(decrease) in cash generated by the division	118,730	72,337

(b) Carrying amounts of assets and liabilities

The carrying amounts of assets and liabilities as at 30 June 2009 were:

	Note	Consolidated	Parent
		30 June 2009	30 June 2009
		\$'000	\$'000
Investment properties held for sale		68,945	68,945
Investment in sub trusts		-	13,665
Receivables and other assets		3,516	3,686
Total assets	10(d)	72,461	86,296
Trade and other payables		3,194	3,183
Total liabilities	10(d)	3,194	3,183
Net assets		69,267	83,113

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Notes to the financial statements (continued) for the year ended 30 June 2009

10 Discontinued operation (continued)

(c) Disposal group classified as held for sale

	note	Consolidated 30 June 2009 \$'000	Parent 30 June 2009 \$'000
Assets classified as a disposal group (see note 10(b))		72,461	86,296
Total assets		<u>72,461</u>	<u>86,296</u>
Liabilities classified as a disposal group (see note 10(b))		3,194	3,183
Total liabilities		<u>3,194</u>	<u>3,183</u>

Two development estates were classified as part of a disposal group as at 31 December 2008. Subsequent to 31 December 2008, the Board has decided to develop the land and as such the assets and liabilities related to these developments estate were no longer part of a disposal group as at 30 June 2009.

(d) Investment properties classified as a disposal group

	note	Consolidated 30 June 2009 \$'000	Parent 30 June 2009 \$'000
Reclassification of assets from:			
Investment properties classified as held for sale	15	90,550	55,542
Investment properties in property, plant and equipment	19	41,078	35,244
Investment properties	18	93,765	43,515
Sub total		<u>225,393</u>	<u>134,301</u>
Sale of investment properties		(128,316)	(41,091)
Loss on sale of investment properties		(1,843)	(1,393)
Impairment of investment properties		(41,222)	(34,728)
Capital expenditure and others		14,933	11,856
Total		<u>68,945</u>	<u>68,945</u>

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Notes to the financial statements (continued)
for the year ended 30 June 2009

11 Income tax expense

	Consolidated		Parent	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
(a) Income tax expense /(benefit)				
Current tax	-	477	-	-
Deferred tax	(21,627)	9,622	-	-
Aggregate income tax expense	(21,627)	10,099	-	-
Income tax expense is attributable to:				
Profit from continuing operations	(21,627)	10,099	-	-
Profit from discontinued operations	-	-	-	-
	(21,627)	10,099	-	-
 Deferred income tax (revenue) / expense included in income tax expense comprises:				
Decrease / (increase) in deferred tax assets (note 23)	4,559	(7,985)	-	-
(Decrease) / increase in deferred tax liabilities (note 23)	(26,186)	17,607	-	-
	(21,627)	9,622	-	-
 (b) Numerical reconciliation of income tax expense to prima facie tax payable				
Profit/(loss) from continuing operations before tax	(120,554)	(27,001)	-	-
Profit/(loss) from discontinuing operations before tax	(32,699)	(29,353)	-	-
	(153,253)	(56,354)	-	-
Tax at the Australian tax rate of 30% (2008: 30%)	(45,976)	(16,906)	-	-
Tax effect of amounts which are not deductible/(assessable) in calculating taxable income:	15,087	-	-	-
Non-taxable operations (trusts and sub-trusts)	16,879	(9,442)	-	-
Tax losses not recognised / (utilised)	(7,934)	17,781	-	-
(Over)/under provision of income tax in prior year	317	(2,306)	-	-
Other	-	774	-	-
Difference in prima facie tax payable on discontinued operations and capital gains tax payable on sale of underlying business	-	-	-	-
Total income tax expense/(benefit)	(21,627)	(10,099)	-	-

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Notes to the financial statements (continued) for the year ended 30 June 2009

11 Income tax expense (continued)

(c) Tax losses

During the year prima facie taxable income of \$26.5 million was generated in GEO Property Group Limited. The taxable income has been offset against the \$59.4 million of unused tax losses as at 30 June 2008. A deferred tax asset of \$10.6 million on the remaining unused tax losses of \$35.2 million has not been recognised as at 30 June 2009.

As at 30 June 2009, there are tax losses of \$11.8 million in the Trust. These losses have arisen due to the closed out of the interest rate swaps costing \$19.8 million. There are also capital losses totally \$8.1 million as at 30 June 2009.

(d) Tax consolidation legislation

GEO Property Group Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 12 December 2006. The accounting policy in relation to this legislation is set out in note 1(y).

On adoption of the tax consolidation legislation, the entities in the tax consolidated groups entered into tax sharing agreements which, in the opinion of the Directors, limits the joint and several liability of the wholly-owned entities in the case of a default by the head entity, GEO Property Group Limited.

The entities have also entered into a tax funding agreements under which the wholly-owned entities fully compensate for any current tax payable assumed and are compensated by the head entities for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to GEO Property Group Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entities, which are issued as soon as practicable after the end of each financial year. The head entities may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. The funding amounts are recognised as current intercompany receivables or payables.

(e) Franking account

An amount of \$20.1 million (2008: \$23.8 million) is held as franking credits in GEO Property Group Limited. A tax refund of \$3.7 million was received during the financial year.

12 Cash and cash equivalents

	Consolidated		Parent	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Cash at bank on hand	546	1,702	171	248
Call deposits	2,500	4,500	-	-
Cash and cash equivalents	3,046	6,202	171	248

13 Receivables

	Consolidated		Parent	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
<i>Current assets</i>				
Trade receivables	29,603	116,266	-	3,244
Less: provision for impairment loss	-	(2,698)	-	(2,649)
	29,603	113,568	-	595
 Loans to joint ventures	 -	 -	 -	 -
Other receivables	2,464	3,566	-	-
	32,067	117,134	-	595

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Notes to the financial statements (continued)
for the year ended 30 June 2009

13 Receivables (continued)

	Consolidated		Parent	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
<i>Non-current assets</i>				
Trade receivables	-	6,448	-	-
Loan to joint ventures (note 34)	20,145	15,814	-	-
Provision for impairment loss (note 34)	(16,070)	-	-	-
Related party receivable (note 34)	-	-	185,020	497,307
	<u>4,075</u>	<u>22,262</u>	<u>185,020</u>	<u>497,307</u>

(a) Impaired receivables

As at 30 June 2009 current receivables of the Group with a nominal value of \$18.392 million (2008: \$2.698 million) were impaired. The amount of the provision was \$18.392 million (2008: \$2.698 million). The majority of the impairment relates to the loans receivable from joint venture entities namely GPDQ Pty Ltd for \$10.8 million and \$5.27 million for Eynesbury Joint Venture. The other impaired receivables relate to rental revenue due from tenants and other amounts receivable from third parties.

As at 30 June 2009 current receivables of the Parent with a nominal value of \$4.607 million (2008: \$2.649 million) were impaired. The amount of the provision was \$4.609 million (2008: 2.649 million). The individually impaired receivables relate to rental revenue due from tenants and other amounts receivable from third parties.

	Consolidated		Parent	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
At 1 July	2,698	317	2,698	-
Reallocated to disposal group	(2,698)	-	(4,607)	-
Provision for impairment for joint venture loans to related parties	16,070	-	-	-
Provision for impairment recognised during the year	2,322	11,081	1,909	2,698
Receivable written off during the year as uncollectible	-	(8,700)	-	-
	<u>18,392</u>	<u>2,698</u>	<u>-</u>	<u>2,698</u>

The creation and release of the provision for impaired receivables has been included in 'other expenses' in the income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The ageing of current receivables is as follows:

	Consolidated		Parent	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
1 to 3 months	29,238	113,443	-	461
3 to 6 months	353	69	-	134
Over 6 months	12	6,504	-	-
	<u>29,603</u>	<u>120,016</u>	<u>-</u>	<u>595</u>

(b) Past due but not impaired

As of 30 June 2009, trade receivables of the Group of \$365,000 (2008: \$1.967 million) were past due but not impaired. These relate to number of independent customers for whom there is no recent history of default.

GEO Property Trust and its Controlled Entities

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Notes to the financial statements (continued) for the year ended 30 June 2009

14 Inventories

	Consolidated		Parent	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
<i>Current assets</i>				
Nursery and sundry stocks	1,588	1,598	-	-
Land and developments held for resale	119,318	170,701	-	-
	<u>120,906</u>	<u>172,299</u>	<u>-</u>	<u>-</u>
<i>Non-current assets</i>				
Land and developments held for resale	116,996	119,809	-	-
	<u>237,902</u>	<u>292,108</u>	<u>-</u>	<u>-</u>

Write-downs of inventories to net realisable value recognised as an expense during the year ended 30 June 2009 amounted to \$21.7 million (2008: \$5.7 million). The expense has been included as impairment of development land in the consolidated income statement.

15 Non-current assets held for sale

	Note	Consolidated		Parent	
		2009	2008	2009	2008
		\$'000	\$'000	\$'000	\$'000
Investment & Development properties held for sale					
Location					
Opening value		90,550	-	55,542	-
Transfer in - Queensland		-	60,613	-	32,892
Transfer in - New South Wales		-	22,650	-	22,650
Transfer in - Victoria		-	7,287	-	-
Transfer to asset of disposal group classified as held for sale	10(d)	(90,550)	-	(55,542)	-
Closing value		<u>-</u>	<u>90,550</u>	<u>-</u>	<u>55,542</u>

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Notes to the financial statements (continued)
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16 Current tax asset

	Consolidated		Parent	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Income tax asset	2	3,727	-	-
	<u>2</u>	<u>3,727</u>	<u>-</u>	<u>-</u>

17 Other assets

	Consolidated		Parent	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
<i>Current assets</i>				
Accrued income	-	209	-	142
Prepayments	775	2,311	-	795
Deposits	-	1,240	-	-
Derivative receivable	-	10,156	-	10,156
Other	58	521	-	-
	<u>833</u>	<u>14,437</u>	<u>-</u>	<u>11,093</u>
<i>Non-current assets</i>				
Rent receivable	-	1,158	-	447
	<u>-</u>	<u>1,158</u>	<u>-</u>	<u>447</u>

18 Investment properties

	Consolidated		Trust	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July	93,765	277,588	43,515	171,245
Disposals	-	(82,776)	-	(64,554)
Expenditure capitalised	-	2,506	-	2,050
Transfer to non-current assets held for sale	-	(75,689)	-	(47,254)
Fair value adjustments	-	(27,864)	-	(17,972)
Transfer to assets of disposal group classified as held for sale (note 10(d))	(93,765)	-	(43,515)	-
Balance at 30 June	<u>-</u>	<u>93,765</u>	<u>-</u>	<u>43,515</u>

The carrying amount of investment property is the fair value of the property as determined by the Responsible Entity, using a combination of internal valuation systems and processes and external independent valuations. Fair values were determined using the capitalisation of net rental income and discounted cash flow techniques, and also having regard to recent market transactions for similar properties in the same location as the consolidated entity's investment properties.

Investment properties comprise a number of commercial, retail, industrial and hotel properties that are leased to third parties. The consolidated entity owns the freehold to all properties.

GEO Property Trust and its Controlled Entities

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Notes to the financial statements (continued) for the year ended 30 June 2009

18 Investment properties (continued)

Leases as lessor

The consolidated entity leases out investment properties under operating leases. The future minimum lease payments receivable under non-cancellable leases are as follows:

	Consolidated		Parent	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Less than one year	5,290	14,369	5,290	8,584
Between one and five years	18,948	41,284	18,948	7,360
More than five years	7,275	6,542	7,275	6,518
	<u>31,513</u>	<u>62,195</u>	<u>31,513</u>	<u>22,462</u>

Details of "Investment Properties" are set out below:

	Acquisition date	Original purchase price \$'000	Most recent independent valuation date	Independent valuation amount \$'000	Carrying value 30 June 2009 \$'000	Carrying value 30 June 2008 \$'000
Retail						
Gympie Road, Carseildine, QLD *	Mar 2006	32,441	June 2008	35,500	-	35,500
					<u>-</u>	<u>35,500</u>
Industrial						
Burnside Road, Stapylton, QLD *	Nov 2003	12,466	Dec 2006	19,750	-	19,750
North Rock Road, North Rocks, NSW	Nov 2006	19,100	June 2008	19,500	-	19,500
					<u>-</u>	<u>39,250</u>
Office						
Brunswick Street, Fortitude Valley, QLD *	Jan 2007	18,500	June 2008	16,000	-	19,015
					<u>-</u>	<u>19,015</u>
Total Investment Properties					<u>-</u>	<u>93,765</u>

*All the investment properties listed in the comparative year has been reclassified as a disposal group and have been sold during the financial year ended 30 June 2009, except for the investment property located at North Rocks. The property was independently valued at 31 December 2008 at \$16.25 million and is included as part of a disposal group (see note 10).

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Notes to the financial statements (continued)
for the year ended 30 June 2009

19 Property, plant and equipment

<i>Consolidated</i>	Construction in progress \$'000	Land and buildings \$'000	Plant and equipment \$'000	Leased plant & equipment \$'000	Total \$'000
Year ended 30 June 2009					
Opening net book amount	41,078	7,512	3,374	24	51,988
Additions	-	-	805	-	805
Transfer to assets disposal group	(41,078)	-	-	-	(41,078)
Disposals	-	-	(201)	(24)	(226)
Depreciation charge	-	(5)	(2,060)	-	(2,065)
Closing net book amount	-	7,507	1,918	-	9,425
At 30 June 2009					
Cost	-	7,530	8,965	-	16,495
Accumulated depreciation	-	(23)	(7,047)	-	(7,070)
Net book amount	-	7,507	1,918	-	9,425
Year ended 30 June 2008					
Opening net book amount	24,218	22,250	4,733	199	51,400
Additions	45,850	3,080	1,412	42	50,384
Revaluation	(16,465)	-	-	-	(16,465)
Transfer to assets held for sale	(12,525)	-	-	-	(12,525)
Transfer to inventory	-	(17,813)	-	-	(17,813)
Transfer to plant and equipment	-	-	-	(149)	(149)
Disposals	-	-	(229)	(29)	(258)
Depreciation charge	-	(5)	(2,542)	(39)	(2,586)
Closing net book amount	41,078	7,512	3,374	24	51,988
At 30 June 2008					
Cost	41,078	7,531	8,900	53	57,562
Accumulated depreciation	-	(19)	(5,526)	(29)	(5,574)
Net book amount	41,078	7,512	3,374	24	51,988
Parent					
Year ended 30 June 2009					
Opening net book amount	35,244	-	-	-	-
Transfer to assets disposal group	(35,244)	-	-	-	-
Depreciation charge	-	-	-	-	-
Closing net book amount	-	-	-	-	-
At 30 June 2009					
Cost	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-
Net book amount	-	-	-	-	-
Year ended 30 June 2008					
Opening net book amount	24,218	-	-	-	24,218
Additions	40,018	-	-	-	40,018
Revaluation	(16,465)	-	-	-	(16,465)
Transfer to assets held for sale	(12,527)	-	-	-	(12,527)
Depreciation charge	-	-	-	-	-
Closing net book amount	35,244	-	-	-	35,244
At 30 June 2008					
Cost	35,244	-	-	-	35,244
Accumulated depreciation	-	-	-	-	-
Net book amount	35,244	-	-	-	35,244

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Notes to the financial statements (continued)
for the year ended 30 June 2009

20 Investments accounted for using the equity method

	Consolidated		Parent	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Interest in joint ventures (note 37 (b))	12,594	25,740	-	-
	<u>12,594</u>	<u>25,740</u>	<u>-</u>	<u>-</u>

Interest in joint ventures

The interests in Expression Homes Pty Ltd, GPDQ Pty Ltd, Eynesbury Holdings Pty Ltd, Eynesbury Pastoral Trust, Eynesbury Golf Pty Ltd Cotton Ventures Pty Ltd and Cornell's Hills Pty Ltd are accounted for in the consolidated financial statements using the equity method of accounting (refer to note 37).

21 Non-current assets - Other financial assets

	Consolidated		Parent	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Investments in GEO Property Group Limited	-	-	146,747	-
Investments in subsidiary trusts	-	-	-	33,936
Impairment of investments in sub-trusts	-	-	-	(9,622)
	<u>-</u>	<u>-</u>	<u>146,747</u>	<u>24,314</u>

These financial assets are carried at cost less provision for diminution in value. The impairment of the investment in subsidiary trusts of \$9.622 million relates to the write-down of the investments held by the head trust in those entities.

During the year, the intercompany loan between the Trust and the Company was re-structured. This resulted in \$146 million being reclassified as an investment in the Company rather than a receivable. The restructure was performed in order to reflect the capital injected in the Company for the acquisition of Villaworld Ltd.

22 Goodwill

	Consolidated	
	30 June 2009	30 June 2008
	\$'000	\$'000
Opening net book amount	50,375	50,359
Acquisition of subsidiary	14	2,500
Additions – other	-	27
Impairment charge	(50,389)	(2,511)
Closing net book amount	<u>-</u>	<u>50,375</u>
Cost	52,900	52,886
Accumulated impairment	<u>(52,900)</u>	<u>(2,511)</u>
Net book amount	<u>-</u>	<u>50,375</u>

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Notes to the financial statements (continued)
for the year ended 30 June 2009

22 Goodwill (continued)

During the previous financial year ended 30 June 2008, GEO Property Group Ltd acquired the Responsible Entity, GEO Management Limited (formerly MFS Diversified Group Management Limited). At the time the Group recognised \$2.5 million of goodwill. The goodwill was later fully impaired during the year ended 30 June 2008.

In the financial year ended 30 June 2007, the Group recognised \$52.164 million of goodwill on the acquisition of Villa World Limited and its controlled entities.

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to business segment and country of operation. The goodwill allocation to CGUs is presented below.

	Consolidated	
	30 June 2009	30 June 2008
	\$'000	\$'000
Property development	-	50,375

The Group operates in one geographical segment, being Australia.

In accordance with AASB136 "Impairment of Assets" the carrying amount of goodwill attributed to the property development cash generating unit at balance sheet date has been assessed for impairment.

The carrying amount of the property development segment has been reduced to its recoverable amount through recognition of an impairment loss against goodwill as at 31 December 2008. This loss of \$50.4 million has been disclosed as a separate line item on the face of the consolidated income statement.

The recoverable amount of the goodwill allocated to the property development CGU has been assessed based on its value in use, determined by reference to a detailed financial model of the development business. The cash flow model has been projected for two years from balance date.

The model relies on a growth rate extrapolation in terms of net cash inflows from the sale of development projects from year two onwards and also includes the cash inflows from the current developments on hand based on their expected time of completion and sale for the next two years. The model is driven by the feasibility reports performed for each of the development project which outline the expected cash inflows and outflows on an individual development basis.

In performing the value-in-use calculations, the Group has applied a post-tax discount rate to discount the forecast future post tax cash flows. The equivalent pre-tax discount rate is 14.35% (30 June 2008: 12.1%

Management has considered the adverse trend in sales volumes in conjunction with the current economic environment and has subsequently incorporated the expected downturn into the Group's cash-flow models. The Group is also committed to significant cash outflows for payment in relation to land previously acquired on deferred settlement terms, negatively impacting on the cash flow forecasts of the Group.

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Notes to the financial statements (continued)
for the year ended 30 June 2009

23 Deferred tax asset/(liabilities)

	Consolidated		Parent	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
The net deferred tax (liabilities)/assets comprise of temporary differences attributable to:				
Tax losses	-	-	-	-
Inventories	14,661	22,108	-	-
Structural / formation costs	49	84	-	-
Equity accounted investments	9,457	6,296	-	-
Accruals	56	69	-	-
Employee benefits	187	338	-	-
Provisions	1,488	1,848	-	-
Property, plant and equipment	601	353	-	-
Other	330	293	-	-
Total deferred tax assets	26,829	31,389	-	-
Set-off of deferred tax liabilities pursuant to set-off provisions	(6,463)	(32,649)	-	-
Net deferred tax assets/(liabilities)	20,366	(1,260)	-	-

	Consolidated		Parent	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
The deferred tax liabilities are comprised of:				
Trade debtors	(6,315)	(32,371)	-	-
Other current debtors	(88)	(278)	-	-
Other assets	(60)	-	-	-
Total	(6,463)	(32,649)	-	-
Set off by deferred tax assets	26,829	31,389	-	-
Net deferred tax assets/(liabilities)	20,366	(1,260)	-	-

24 Payables

	Consolidated		Parent	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
<i>Current liabilities</i>				
Trade payables *	22,622	34,156	-	1,989
Accrued expenses	6,785	23,882	-	4,586
Other payables **	3,593	1,375	-	6
	33,000	59,413	-	6,581
<i>Non-current liabilities</i>				
Real estate purchases	9,050	50,531	-	-
Derivative payable	6,274	-	6,274	-
Other payables	2,364	4,403	-	-
	17,688	54,934	6,274	-

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Notes to the financial statements (continued)
for the year ended 30 June 2009

24 Payables (continued)

* Includes \$17.5 million (2008:\$17.9 million) payable for the purchase of inventory, due within 12 months of the reporting date.

** Includes accrued expenses, retentions, deferred finance charges and annual leave provisions.

Derivative financial instruments

The Group is party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in interest rates in accordance with the Group's financial risk management policies (refer to note 30).

Interest rate swap contracts – cash flow hedges

Bank loans of the Group currently bear a variable interest rate of 4.95% (including line and facility fee). It is policy to protect part of the loans from exposure to increasing interest rates. Accordingly, the Group has entered into interest rate swap contracts under which it is obliged to receive interest at variable rates and to pay interest at fixed rates.

Swaps currently in place cover approximately 69% (2008: 95%) of the loan principal outstanding. The fixed interest rates range between 6.816% and 6.859% (2008: 6.783% and 6.859%).

The swap rates outlined above do not include any margin and line fees applicable under the Multi Option Facility Agreement.

At 30 June 2009, the notional principal amounts and period of expiry of the interest rate swap contracts are as follows:

	Consolidated		Parent	
	2009	2008	2008	2008
	\$'000	\$'000	\$'000	\$'000
1 – 2 years	-	-	-	-
3 – 4 years	50,000	100,000	50,000	100,000
4 – 5 years	50,000	100,000	50,000	100,000
6 – 7 years	-	100,000	-	100,000
9 – 10 years	-	-	-	-
	100,000	300,000	100,000	300,000

The contracts require settlement of net cash receivable or payable each month. The settlement dates coincide with the dates on which any gain or loss is payable or receivable on the underlying debt. The contracts are settled on a net basis. As at 31 December 2008, the swaps were deemed ineffective and hedge accounting was ceased. At this date, losses of \$32.4 million were reclassified from equity (cash flow hedge reserve) to the income statement.

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Notes to the financial statements (continued)
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24 Payables (continued)

Derivative financial instruments (continued)

Subsequent to this, all fair value movement in the interest rate swaps of \$6.3 million up to 30 June 2009 have been recognised in the income statement. In addition, the Group has also terminated \$200 million of interest rate swaps during the year for a total net cost of \$18.4 million

The gain or loss on remeasuring the hedging instruments at fair value is recognised in the income statement as hedge accounting was not longer applicable from 31 December 2008 when the swaps were deemed ineffective.

At balance date for both the Group and the parent entity, these contracts were liabilities with fair value of \$6.3 million (2008: assets of \$10.2 million).

Risk management is carried out under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as mitigating interest rate risks.

25 Other current liabilities

	Consolidated		Parent	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Rent in advance	-	30	-	30
Others	560	-	-	-
	<u>560</u>	<u>30</u>	<u>-</u>	<u>30</u>

26 Interest bearing liabilities

	Consolidated		Parent	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
<i>Current liabilities</i>				
Secured				
Finance leases	-	25	-	-
Bank overdraft	1,675	-	-	-
Bank loans	-	10,000	-	10,000
Total current borrowings	<u>1,675</u>	<u>10,025</u>	<u>-</u>	<u>10,000</u>
<i>Non-current liabilities</i>				
Secured				
Bank loans	144,000	300,000	144,000	300,000
Unsecured				
Loans from related entities (note 34)	39,788	31,364	-	-
Total non-current borrowings	<u>183,788</u>	<u>331,364</u>	<u>144,000</u>	<u>300,000</u>

This note provides information about the contractual terms of the consolidated entity's interest-bearing loans and borrowings. For more information about the consolidated entity's exposure to interest rate risk, see note 30.

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Notes to the financial statements (continued)
for the year ended 30 June 2009

26 Interest bearing liabilities (continued)

Syndicated loan facilities

(a) Financing arrangements

Unrestricted access was available at balance date to the following lines of credit:

	Consolidated		Parent	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Financing facilities				
Total facilities				
Syndicated loan (secured)	200,000	375,000	200,000	375,000
Finance leases	-	25	-	-
	<u>200,000</u>	<u>375,025</u>	<u>200,000</u>	<u>375,000</u>
Facilities utilised at reporting date				
Syndicated loan (secured)	144,000	310,000	144,000	310,000
Finance leases	-	25	-	-
	<u>144,000</u>	<u>310,025</u>	<u>144,000</u>	<u>310,000</u>
Facilities unutilised at reporting date				
Syndicated loan (secured)	56,000	65,000	56,000	65,000
Finance leases	-	-	-	-
	<u>56,000</u>	<u>65,000</u>	<u>56,000</u>	<u>65,000</u>

As at 30 June 2009, the Group has a \$200 million (30 June 2008: \$375 million) Multi-Option facility with a syndicate of bankers led by BOS International. The Group has also an additional \$20 million (2008: \$25 million) working capital facility with ANZ bank, of which \$11.6 million has been used for bank guarantees as disclosed in note 32.

The borrowings are in the name of GEO Management Limited as Responsible Entity for the Trust. The Trust on-lends to the Company its funding needs of the development business.

Interest is payable based on a margin over bank bill swap rate and the Group has entered into interest rate swap contracts to fix the interest rate at approximately 6.8% on \$100 million of borrowings.

(b) Assets pledged as security

The syndicated loan facility is for a term of five years ending 7 June 2012. It is secured by first registered mortgage over the majority of the Trust's investment properties and the majority of the Company's property inventories. The facility is also secured by mortgage debentures over all assets and undertakings of GEO Property Group Limited and GEO Developments Pty Ltd.

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Notes to the financial statements (continued)
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26 Interest bearing liabilities (continued)

Syndicated loan facilities (continued)

The carrying amounts of assets pledged as security for current and non-current borrowings are:-

	Consolidated		Parent	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Secured by registered mortgage:-				
Investment properties	-	93,765	-	42,515
Non-current assets held for sale	-	93,550	-	54,443
Property, plant & equipment	-	47,184	-	40,343
Assets of disposal group classified as held for sale	74,345	-	74,345	-
Inventories	237,900	132,222	-	-
Assets pledged as security for finance leases:-				
Motor Vehicles	-	25	-	-
	<u>312,245</u>	<u>366,746</u>	<u>74,345</u>	<u>137,301</u>

27 Provisions

	Consolidated		Parent	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
<i>Current liabilities</i>				
Provision for distribution	-	9,498	-	9,498
Warranties	1,476	858	-	-
Other provisions	1,500	1,405	-	-
Employee benefits - annual leave and long service leave	493	215	-	-
	<u>3,469</u>	<u>11,976</u>	<u>-</u>	<u>9,498</u>
<i>Non current liabilities</i>				
Employee benefits - long service leave	132	258	-	-
	<u>132</u>	<u>258</u>	<u>-</u>	<u>-</u>

(a) Warranties

Provision is made for the estimated warranty claims in respect of GEO Developments Pty Ltd built properties which are still under warranty at balance date. These claims are expected to be settled within the structural warranty period.

(b) Movements in provisions

	Service warranties	Other provisions	Total
	\$'000	\$'000	\$'000
Consolidated 2009			
Current			
Carrying amount at start of year	858	1,405	2,263
Additional provisions recognised	1,795	95	1,890
Amounts incurred and charged	(1,177)	-	(1,177)
Carrying amount at end of year	<u>1,476</u>	<u>1,500</u>	<u>2,976</u>

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Notes to the financial statements (continued)
for the year ended 30 June 2009

28 Contributed equity

Issued Capital:

Ordinary securities fully paid

Beginning of the financial year
Securities issued as a result of:
Dividend and distribution reinvestment plan
End of the financial year

Notes	GEO Property Group		Parent – GEO Property Trust		Stapled entity – GEO Property Group Limited	
	2009 Securities	2008 Securities	2009 Units	2008 Units	2009 Shares	2008 Shares
	426,862,630	418,120,723	426,862,630	418,120,723	426,862,630	418,120,723
	-	8,741,907	-	8,741,907	-	8,741,907
	426,862,630	426,862,630	426,862,630	426,862,630	426,862,630	426,862,630

Movement in issued capital

Beginning of the financial year
Dividend and distribution reinvestment plan
Share issue costs
Treasury securities
End of the financial year

	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
	392,112	384,827	388,011	380,813	4,101	4,014
	-	7,392	-	7,305	-	87
	-	(107)	-	(107)	-	-
	(131)		(130)		(1)	
	391,981	392,112	387,881	388,011	4,100	4,101

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Notes to the financial statements (continued)
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28 Contributed equity (continued)

(a) Terms and conditions

Ordinary stapled security

A stapled security consists of one unit in the Trust and one share in the Company stapled together for the purposes of trading in the securities on the Australian Securities Exchange. Each stapled security ranks equally with all other stapled securities for the purposes of distributions and on termination of the Trust. Each stapled security entitles the holder to one vote, either in person or by proxy, at a meeting of the Trust or Company. There is no par value and the Trust and Company do not have a limited amount of authorised Capital.

(b) Dividend and distribution reinvestment plan

Under the Dividend Distribution Reinvestment Plan (DDRP), stapled security-holders may elect to have all or part of their distribution entitlements satisfied by the issue of new stapled securities, rather than being paid in cash. The DDRP has been suspended since 6 March 2008.

(c) Capital risk management

The Group's and the parent entity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for securityholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Consistently with others in the industry, the Group and the parent entity monitor capital on the basis of the leverage ratio. This ratio is calculated as total debt divided by total tangible assets. Total debt is calculated as borrowings (including 'interest bearing liabilities' and 'other financial commitments' as shown in the balance sheet). Total tangible asset is calculated as total assets less intangible assets.

During the financial year ended 30 June 2009, the Group's strategy was to reduce debt and the leverage ratio. As at 30 June 2009, leverage ratio was 36% (2008: 42%).

	Note	Consolidated 2009 \$'000	Consolidated 2008 \$'000
Total borrowings (interest bearing liabilities)	26	145,675	310,025
Less cash	12	(3,046)	(6,202)
Net debt		142,610	303,823
Total tangible assets		392,771	719,071
Leverage ratio		36%	42%

(d) Treasury securities

Treasury securities are securities in GEO Property Group Limited that are held by GEO Planning Pty Ltd as trustee for GEO Property Group Employee Plan Trust for the purpose of issuing securities under GEO Employee share scheme (see note 40 for further information)

Date	Details	Number of securities	\$'000
8 September 2008	Acquisition of securities	381,818	105
15 October 2008	Acquisition of securities	118,182	26
Total		500,000	131

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Notes to the financial statements (continued)
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29 Reserves and retained profits

	Consolidated		Parent	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Available-for-sale investments revaluation reserve	-	-	-	-
Hedging reserve – cash flow hedges	-	10,156	-	10,156
Share based reserve	38	72	-	-
	<u>38</u>	<u>10,228</u>	<u>-</u>	<u>10,156</u>
Movements				
<i>Available-for-sale investments revaluation reserve</i>				
Balance 1 July	-	(700)	-	(700)
Balance 30 November 2006	-	-	-	-
Revaluation – gross	-	700	-	700
Balance 30 June	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Hedging reserve – cash flow hedges</i>				
Balance 1 July	10,156	(615)	10,156	(615)
Revaluation – gross	(42,550)	10,771	(42,550)	10,771
Transfer to net profit – gross	32,394	-	32,394	-
Balance 30 June	<u>-</u>	<u>10,156</u>	<u>-</u>	<u>10,156</u>
<i>Share-based payments reserve</i>				
Balance 1 July	72	-	-	-
Options settled in cash	(72)	-	-	-
Options issued to employees of subsidiaries	38	72	-	-
Balance 30 June	<u>38</u>	<u>72</u>	<u>-</u>	<u>-</u>
<i>Retained profits/(accumulated losses)</i>				
<i>Trust</i>				
Balance 1 July	(58,186)	15,448	(55,971)	16,965
Net profit/(loss) for the year	(56,262)	(35,853)	(58,896)	(35,155)
Distribution paid and payable	(8,529)	(37,781)	(8,537)	(37,781)
Balance 30 June	<u>(122,977)</u>	<u>(58,186)</u>	<u>(123,404)</u>	<u>(55,971)</u>
<i>Retained profits/(accumulated losses) - Company</i>				
Balance 1 July	(43,968)	(13,368)	-	-
Adjustment to opening retained earnings in respect of business combination achieved in stages (note 36)	(445)	-	-	-
Net profits/(losses) for the year	(75,364)	(30,600)	-	-
Balance 30 June	<u>(119,777)</u>	<u>(43,968)</u>	<u>-</u>	<u>-</u>

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Notes to the financial statements (continued)
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29 Reserves and retained profits (continued)

(i) Available-for-sale investments reserve

Change in the fair value of equities classified as available-for-sale financial assets, are taken to the available-for-sale investments revaluation reserve. Amounts are recognised in profit and loss when the associated assets are sold or impaired.

(ii) Hedging reserve – cash flow hedges

The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised directly in equity. Amounts are recognised in profit and loss when the associated hedged transaction affects profit and loss.

Subsequent to 30 June 2009, a review will be performed on the current hedging strategy of the group. Where any ineffective portions of hedging are identified, this will result in any amounts previously recognised in the hedging reserve to be recycled through the income statement in subsequent financial years.

30 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk, price risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as interest rate swaps to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, ie not as trading or other speculative instruments. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, aging analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as mitigating interest rate risks.

The Group and the parent entity hold the following financial instruments:

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Cash and cash equivalents	3,046	6,202	171	248
Trade and other receivables	36,142	139,396	-	497,902
Derivative financial instruments	-	10,156	-	10,156
	<u>39,188</u>	<u>155,754</u>	<u>171</u>	<u>508,306</u>
Financial liabilities				
Trade and other payables	44,414	114,347	-	6,581
Derivative financial instruments	6,274	-	6,274	-
Borrowings	153,816	341,389	144,000	310,000
Other financial liabilities	560	30	-	30
	<u>205,064</u>	<u>455,766</u>	<u>150,274</u>	<u>316,611</u>

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Notes to the financial statements (continued)
for the year ended 30 June 2009

30 Financial risk management (continued)

(a) Market risk

i. Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not in the entity's functional currency. The Group does not hold any financial assets in foreign currencies.

ii. Price risk

Price risk is the risk that the value of the instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, or factors affecting an industry sector of the market as a whole.

The Group does not have exposure to equity investments publicly traded on the ASX

iii Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. Group policy is to maintain approximately 50% plus up to \$25 million of its borrowings at fixed rate using interest rate swaps to achieve this when necessary. During 2009 and 2008, the Group's borrowings at variable rate were denominated in Australian Dollars.

As at the reporting date, the Group had the following variable rate borrowings and interest rate swap contracts outstanding:

	30 June 2009		30 June 2008	
	Weighted average interest rate %	Balance \$'000	Weighted average interest rate %	Balance \$'000
Bank overdrafts and bank loans	8.12%	145,675	8.95%	310,000
Interest rate swaps (notional principal amount)	6.84%	100,000	6.82%	300,000
Net exposure to cash flow interest rate risk	8.12%	45,675	8.95%	10,000

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Notes to the financial statements (continued)
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30 Financial risk management (continued)

An analysis by maturities is provided in (c) below.

The Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the Group raises long-term borrowings at floating rates and swaps them into fixed rates that are lower than those available if the Group borrowed at fixed rates directly. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

Group sensitivity

At 30 June 2009, if interest rates had changed by +/- 25 basis points from the year-end rates with all other variables held constant, post-tax losses for the year, rounded to the nearest thousand, would have been \$3.8 million lower/higher (2008 – change of 25 bps: \$800,000 lower/higher), mainly as a result of higher/lower interest expense from interest bearing liabilities.

Parent entity sensitivity

The parent entity's main interest rate risk arises from cash equivalents and loans and other receivables with variable interest rates. At 30 June 2009, if interest rates had changed by +/- 25 basis points from the year-end rates with all other variables held constant, post-tax losses, rounded to the nearest thousand, would have been \$1.7 million lower/higher (2008 - change of 25 bps: \$803,000 lower/higher) as a result of higher/lower interest expense from these interest bearing liabilities.

(b) Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as summarised on page 109. For customers without credit rating the Group generally retains title over the goods sold until full payment is received.

Credit risk is the risk that counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the consolidated entity. As the Group's assets are primarily investment and development properties, it has limited exposure to credit risks.

The Group has no significant concentrations of credit risk. The investment property portfolio has a well diversified tenant base and "blue chip" clients in all of the larger tenancies. The development company does not pass clear title to properties sold until they have been paid for in full.

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Notes to the financial statements (continued)
for the year ended 30 June 2009

30 Financial risk management (continued)

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Trade receivables				
<i>Counterparties without credit rating</i>				
Group 1	32,067	119,385	-	-
Group 2	-	631	-	631
Total trade receivables	32,067	120,016	-	631
Cash at bank and short-term bank deposits				
A +	-	1,634	-	-
AA	3,046	68	171	248
AA -	-	4,500	-	-
	3,046	6,202	171	248
Derivative financial assets/(liabilities)				
AA - (BOSI)	(6,274)	10,156	(6,274)	10,156

Group 1 – This Group of receivables is primarily from sale of land and house and land.

Group 2 – This Group of receivables is primarily property tenants of investment properties.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash the availability of funding through an adequate amount of committed credit facilities. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Due to the dynamic nature of the underlying businesses, Group Treasury aims at maintaining flexibility in funding by keeping committed credit lines available. Surplus funds are generally only invested in instruments that are tradeable in highly liquid markets.

The Group is reliant on the availability of the financing facilities made available to it by external providers. The availability of these facilities ensures that the Group is able to pay its debts as and when they become due.

The syndicated loan facility has a five-year term, expiring in June 2012.

Financing arrangements

The Group and the parent entity had access to the following undrawn borrowing facilities at the reporting date:

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
<i>Floating rate</i>				
Expiring beyond one year (bank loans)	56,000	90,000	56,000	90,000

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for the year ended 30 June 2009

30 Financial risk management (continued)

(c) Liquidity risk (continued)

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice.

Maturities of financial liabilities

The tables below analyses the Group's and the parent entity's financial liabilities and net and gross settled derivative financial instruments into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. For interest rate swaps the cash flows have been estimated using forward interest rates applicable at the reporting date.

Group 2009	6 months or less \$'000	6-12 months \$'000	1-2 years \$'000	2-5 years \$'000	More than 5 years \$'000	Total contrac- tual cash flows	Carrying amount (assets)/ liabilities
Real estate purchases							
deferred payments	-	21,700	10,000	-	-	31,700	24,805
Non interest bearing							
loan to related parties	-	-	-	26,377	-	26,377	26,377
Syndicated loan facility	1,675	-	-	144,000	-	145,675	145,675
Total non derivatives	1,675	21,700	10,000	170,377	-	203,752	196,857

Derivatives

Net settled (interest rate swaps)	-	-	-	6,274	-	6,274	6,274
Gross settled							
- (inflow)	-	-	-	(100,014)	-	(100,014)	(100,014)
- outflow	-	-	-	106,288	-	106,288	106,288
Total derivatives	-	-	-	6,274	-	6,274	6,274

Group 2008	6 months or less \$'000	6-12 months \$'000	1-2 years \$'000	2-5 years \$'000	More than 5 years \$'000	Total contrac- tual cash flows	Carrying amount (assets)/ liabilities
<i>Leases</i>	-	24		-	-	24	24
Real estate purchases							
deferred payments	-	17,868	57,200	10,000	-	85,068	68,429
Non interest bearing							
loan to related parties	-	-	-	31,364	-	31,364	31,364
Syndicated loan facility	-	10,000	-	300,000	-	310,000	310,000
Total non derivatives	-	27,892	57,200	341,364	-	426,456	409,817

Derivatives

Net settled (interest rate swaps)	-	-	-	(2,859)	(7,297)	(10,156)	(10,156)
Gross settled							
- (inflow)	-	-	-	(100,412)	(200,977)	(301,389)	(301,389)
- outflow	-	-	-	97,553	193,680	291,233	291,233
Total derivatives	-	-	-	(2,859)	(7,297)	(10,156)	(10,156)

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Notes to the financial statements (continued)
for the year ended 30 June 2009

30 Financial risk management (continued)

(c) Liquidity risk (continued)

Parent 2009	6 months or less \$'000	6-12 months \$'000	1-2 years \$'000	2-5 years \$'000	More than 5 years \$'000	Total contrac- tual cash flows	Carrying amount (assets)/ liabilities
<i>Non-derivatives</i>							
Syndicated loan facility	-	-	-	144,000	-	144,000	144,000
Total non derivatives	-	-	-	144,000	-	144,000	144,000
<i>Derivatives</i>							
Net settled (interest rate swaps)	-	-	-	6,274	-	6,274	6,274
Gross settled							
- (inflow)	-	-	-	(100,014)	-	(100,014)	(100,014)
- outflow	-	-	-	106,288	-	106,288	106,288
Total derivatives	-	-	-	6,274	-	6,274	6,274

Parent 2008	6 months or less \$'000	6-12 months \$'000	1-2 years \$'000	2-5 years \$'000	More than 5 years \$'000	Total contrac- tual cash flows	Carrying amount (assets)/ liabilities
<i>Non-derivatives</i>							
Syndicated loan facility	-	10,000	-	300,000	-	310,000	310,000
Total non derivatives	-	10,000	-	300,000	-	310,000	310,000
<i>Derivatives</i>							
Net settled (interest rate swaps)	-	-	-	(2,859)	(7,297)	(10,156)	(10,156)
Gross settled							
- (inflow)	-	-	-	(100,410)	(200,977)	(301,387)	(301,387)
- outflow	-	-	-	97,551	193,680	291,231	291,231
Total derivatives	-	-	-	(2,859)	(7,297)	(10,156)	(10,156)

d) Fair value

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the tables:

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.

The fair value of financial instruments traded in active markets (such as available-for-sale financial assets) is based on quoted market prices at the reporting date.

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Notes to the financial statements (continued)
for the year ended 30 June 2009

31 Key Management Personnel disclosures

(a) Directors

The following persons were Directors of GEO Property Group during the financial year:

(i) Chairman – non-executive

- R Anderson

(ii) Executive Directors

- G Farrands, Managing Director and CEO
- R Bosiljevac (appointed 18 August 2008)

(iii) Non-executive Directors

- J Potter
- A Bawden (appointed 6 November 2008)
- T Harry (appointed 26 February 2009)

(b) Other key management personnel

The following persons, all of which are or were employed by GEO Developments Pty Ltd, also had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year:

<i>Name</i>	<i>Position</i>	<i>Employer</i>
Scott Payten	Group General Manager Business Development	GEO Developments Pty Ltd
Lindsay Kelly	Chief Financial Officer	GEO Developments Pty Ltd
Caroline Barton*	Group General Manager Corporate Services /Company Secretary	GEO Developments Pty Ltd
Nick Deed*	General Manager Southern Region	GEO Developments Pty Ltd
Dean McMahon*	Group General Manager Marketing & Product Development	GEO Developments Pty Ltd
Lynn-Maree Travers*	Group General Manager Property Investments	GEO Developments Pty Ltd
Stuart Whitewood*	Group General Manager Project Delivery	GEO Developments Pty Ltd

* Left the Group during the financial year ended 30 June 2009

GEO Property Trust and its Controlled Entities
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Notes to the financial statements (continued)
for the year ended 30 June 2009

31 Key Management Personnel disclosures (continued)

(c) Compensation paid to Key Management Personnel

	Consolidated		Parent	
	2009	2008	2009	2008
	\$	\$	\$	\$
Short-term employee benefits	3,324,196	2,079,824	-	-
Long-term benefits	13,552	204,304	-	-
Post-employment benefits	75,598	87,531	-	-
Share-based payments	1,404	59,056	-	-
	<u>3,414,750</u>	<u>2,430,715</u>	<u>-</u>	<u>-</u>

The company has taken advantage of the relief provided by the *Corporations Regulation* 2M.6.04 and has transferred the detailed remuneration disclosures to the Directors' report. The relevant information can be found in the remuneration report on pages 25 to 37.

(d) Equity instrument disclosures relating to Key Management Personnel

(i) Options provided as remuneration and securities issued on exercise of such options

Details of options provided as remuneration and securities issued on the exercise of such options, together with terms and conditions of the options, can be found in the remuneration report on page 25.

(ii) Options holdings

The number of options over ordinary shares in the company held during the financial year by each Director of the Group and other key management personnel of the Group, including their personally related parties, are set out below.

2009 Name	Balance at start of the year	Cancelled	Granted as compensation	Balance at end of the year	Vested and exercisable	Unvested
Directors						
R Anderson	-	-	-	-	-	-
R Bosiljevac	-	-	-	-	-	-
G Farrands	-	-	-	-	-	-
J Potter	-	-	-	-	-	-
A Bawden	-	-	-	-	-	-
T Harry	-	-	-	-	-	-
Other key management personnel of the Group						
L Kelly	-	-	-	-	-	-
S Payten	115,613	(115,613)	-	-	-	-
C Barton *	115,613	(115,613)	-	-	-	-
N Deed *	490,613	(490,613)	-	-	-	-
D McMahon*	115,613	(115,613)	-	-	-	-
LM Travers *	115,613	(115,613)	-	-	-	-
S Whitewood*	115,613	(115,613)	-	-	-	-

* Ceased employment with the Group during the financial year ended 30 June 2009.

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Notes to the financial statements (continued)
for the year ended 30 June 2009

31 Key Management Personnel disclosures (continued)

(d) Equity instrument disclosures relating to Key Management Personnel

2008 Name	Balance at start of the year	Granted as compensation	Exercised	Balance at end of the year	Vested and exercisable	Unvested
Directors						
R Anderson	-	-	-	-	-	-
G Farrands	-	-	-	-	-	-
J Potter	-	-	-	-	-	-
A Bawden	-	-	-	-	-	-
T Harry	-	-	-	-	-	-
R Bosiljevac	-	-	-	-	-	-
Other key management personnel of the Group						
C Barton	-	115,613	-	115,613	-	-
N Deed	-	490,613	-	490,613	-	-
L Kelly	-	-	-	-	-	-
D McMahon	-	115,613	-	115,613	-	-
S Payten	-	115,613	-	115,613	-	-
LM Travers	-	115,613	-	115,613	-	-
S Whitewood	-	115,613	-	115,613	-	-

(iii) Securityholdings

The numbers of securities held during the financial year by each Director of the Group and other key management personnel of the Group, including their personally related parties, are set out below.

2009 Name	Direct Holding	Indirect Holding
Directors		
R Anderson	-	255,454
A Bawden**	-	15,614,685
R Bosiljevac**	-	-
G Farrands	-	1,059,405
T Harry***	-	Nil ⁺
J Potter	-	30,273,686
Key Management Personnel		
C Barton*	100,852	-
N Deed *	21,829	-
L Kelly	-	-
D McMahon *	-	-
S Payten	-	-
LM Travers*	-	-
S Whitewood*	500	-

* Left the Group during the financial year ended 30 June 2009

** appointed during the financial year ended 30 June 2009

+ Troy Harry is the Managing Director of Trojan Equity Limited, who own 85,372,385 securities.

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Notes to the financial statements (continued)
for the year ended 30 June 2009

31 Key Management Personnel disclosures (continued)

(iii) Securityholdings (continued)

2008 Name	Direct Holding	Indirect Holding
Directors		
R Anderson	255,454	-
G Farrands	-	1,084,280
J Potter	-	28,666,098
Key Management Personnel		
C Barton	185,842	-
N Deed	21,829	-
L Kelly	-	-
D McMahon	-	-
S Payten	-	-
LM Travers	-	-
S Whitewood	313,500	-

Loans to Key Management Personnel

For the financial year ended 30 June 2008 and 2009, there were no loans to key management personnel.

Other transactions with Key Management Personnel

For the financial year ended 30 June 2008 and 2009, there were no other transactions to key management personnel.

GEO Property Trust and its Controlled Entities
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Notes to the financial statements (continued)
for the year ended 30 June 2009

32 Contingencies

Details and estimates of contingent liabilities are as follows:

- a) Bank guarantees provided to authorities, councils and land vendors by the Group in relation to certain works to be undertaken or maintained or in support of contractual commitments:

Bank guarantees to the total of \$11.6 million (2008: \$12.3 million) have been provided.

- b) Estimates of material amounts of contingent liabilities not provided for in the financial report:

The Group entities have entered into agreements to indemnify certain employees and former employees against all liabilities that may arise as a result of any claims against them by third parties as a result of the Group's building activities. It is impractical to estimate the amount that may arise from these arrangements.

A controlled entity has contractual arrangements that provide for liquidated damages under certain circumstances. It is impractical to estimate the amount of any liability that may arise from these arrangements.

Termination of purchase contract of investment property

In May 2007 the Trust entered into a contract to acquire Insight Logistics Park, 5 Quarry Road, Yatala, Qld from a third party. On entering into the contract a deposit of \$3.4 million was paid to the vendor. The construction of the building was due for completion by 30 June 2008.

On 3 July 2008 the Trust terminated the contract as the third party had not rectified construction defects which had previously been identified and refund of the deposit was sought. On the same day the vendor terminated the contract but rejected the Trust's Group's claims that the vendor was in breach of the contract.

To date the matter is being contested in the Supreme Court of Queensland. The Trust has received a defence and counter claim in relation to a contract. The seller has counter-claimed with a \$10.75 million plus interest and costs damages claim. The Group remains confident of its position on both the valid termination of the contract, defence of the seller's counterclaim and the potential for the recovery of the deposit paid

Assignment of contractual rights

The Company has assigned its contractual rights in a communities development project to a syndicate of private investors. This property was purchased by the Group in December 2006 on a five year vendor's terms contract of sale. The purchase was subject to strict confidentiality provisions that limit disclosure and accordingly the Group cannot identify the project.

As a result of this sale:

The Group no longer has the obligation to pay the remaining money owing under the vendors terms contract of sale (\$34 million) unless the purchaser defaults in its payments to the vendor. In that case the Group will be entitled to repossess the land on payment of the amount outstanding.

- c) Contingent liabilities in respect of other entities:

Group entities have provided guarantees totalling \$25.1 million (2008: \$41.9 million) in respect of facilities for advances to other entities, including joint venture partners, as part of development projects. The contingent liabilities in respect of amounts drawn at 30 June 2009 totalled \$0.9 million (2008: \$1.3 million).

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Notes to the financial statements (continued)
for the year ended 30 June 2009

33 Commitments

a) Capital commitments

Capital expenditure contracted for at balance sheet date but not recognised as liabilities is as follows:-

	Consolidated		Parent	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
<i>Acquisition and development of investment properties:</i>				
Within one year	977	17,338	370	12,471
Later than one year but not later than five years	-	385	-	385
	<u>977</u>	<u>17,723</u>	<u>370</u>	<u>12,856</u>

b) Lease commitments

	Consolidated		Parent	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:			-	-
Within one year	908	791	-	-
Later than one year but not later than five years	458	1,242	-	-
	<u>1,366</u>	<u>2,033</u>	<u>-</u>	<u>-</u>

34 Related party transactions

Parent Entity

GEO Property Trust is the parent entity within the Group and is the ultimate Australian parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 36.

Transactions with related parties

		Consolidated		Parent	
		2009	2008	2009	2008
	Notes	\$	\$	\$	\$
Impairment of receivables	(i)	-	(8,700,000)	-	-
Purchase of Responsible Entity	(ii)	-	(10,534,443)	-	-
Responsible entity fees	(iii)	(378,600)	(5,070,845)	-	-

- (i) The June 2007 unconditional sale by the wholly owned subsidiary GEO Developments Pty Ltd of its interest in an undisclosed development property in Victoria to the MFS Land Fund fell over in May 2008.

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Notes to the financial statements (continued)
for the year ended 30 June 2009

34 Related party transactions (continued)

Transactions with related parties (continued)

- (ii) From 1 July 2007 to 16 May 2008, payments made to the Responsible Entity were related party transactions. On the 16 May 2008, GEO Property Group Limited acquired the Responsible Entity from Octaviar Limited for \$2.5 million plus the fair value of the assets and liabilities of the company. From that date onwards, all fees paid to the Responsible Entity are eliminated on consolidation.
- (iii) A breakdown of fees paid from the 1 July 2007 to 16 May 2008 to the Responsible Entity is included below.

	2009 \$'000	2008 \$'000
Management fees	378,600	3,742,880
Asset disposal fees	-	476,491
Development Fees	-	851,474
Total fees paid to Responsible Entity	<u>378,600</u>	<u>5,070,845</u>

Loans to/from related parties

	Consolidated 2009 \$	2008 \$	Parent 2009 \$	2008 \$
Loans to subsidiaries				
Balance at beginning of the year	-	-	497,307,353	505,739,793
Advances	-	-	137,667,092	180,964,340
Repayments	-	-	(318,180,641)	(233,095,068)
Reclassified as an equity investment	-	-	(146,747,095)	-
Intercompany interest and distributions	-	-	14,973,563	43,698,288
Balance at end of year	<u>-</u>	<u>-</u>	<u>185,020,272</u>	<u>497,307,353</u>

Loans to joint ventures

Balance at beginning of the year	15,814,117	5,584,852	-	-
Advances	5,430,574	24,257,859	-	-
Repayments	(1,100,286)	(14,028,594)	-	-
Provision for doubtful debts	(16,069,905)	-	-	-
Balance at end of year	<u>4,074,500</u>	<u>15,814,117</u>	<u>-</u>	<u>-</u>

Loans from joint ventures

Balance at beginning of the year	(31,363,943)	(19,737,568)	-	-
Advances	(21,059,449)	(25,924,325)	-	-
Repayments	15,575,838	14,297,950	-	-
Joint venture contribution	(2,940,000)	-	-	-
Balance at end of year	<u>(39,787,554)</u>	<u>(31,363,943)</u>	<u>-</u>	<u>-</u>

Loans from other related parties

Balance at beginning of the year	-	-	-	-
Advances	-	-	-	-
Repayments	-	-	-	-
Interest	-	-	-	-
Balance at end of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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35 Business Combination

(a) Summary of acquisition

On the 22 October 2006, the Group acquired a 75% equity share in Hervey Bay (JV) Pty Ltd. On 7 October 2008, the Group acquired the remaining 25% of share capital in Hervey Bay (JV) Pty Ltd. The acquired business contributed revenues of \$2.9 million and a net loss before tax for the Group of \$5.8 million for the period from 7 October 2008 to 30 June 2009. Of the loss incurred during the period from 7 October 2008 to 30 June 2009, \$8.4 million relates to an impairment of the carrying value of inventory.

If the acquisition had occurred on 1 July 2008, consolidated revenues from continuing operations would have been \$213.8 million, and consolidated losses for the period ended 30 June 2009 would have been \$131.2 million.

Details of net assets acquired and goodwill are as follows:

	30 June 2009 \$'000
Purchase consideration (refer to (b) below)	
Deferred consideration	3,140
Cash paid	7,508
Direct costs relating to the acquisition	85
Total purchase consideration	<u>10,733</u>
Fair value of net identifiable assets acquired (refer to (c) below)	10,733
Goodwill on acquisition	<u>-</u>
	<u>10,733</u>

The fair value of assets and liabilities acquired are based on independent valuations and discounted cash flow models.

(b) Purchase consideration

	30 June 2009 \$'000
Outflow of cash to acquire subsidiary, net of cash acquired	
Deferred consideration	3,140
Total consideration	<u>3,140</u>
Cash consideration	-
Less balances acquired	
Cash	196
Outflow/(inflow) of cash	<u>(196)</u>

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Notes to the financial statements (continued)
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35 Business Combination (continued)

(c) Assets and liabilities acquired

The assets and liabilities arising from the acquisition are as follows:

	Acquiree's carrying amount \$'000	Fair value \$'000
Cash and cash equivalents	196	196
Trade and other receivables	16	16
Inventory	32,339	29,688
Trade and other payables	(227)	(227)
Interest bearing liabilities	(18,940)	(18,940)
Net identifiable assets acquired	<u>13,384</u>	<u>10,733</u>

The acquisition of Hervey Bay (JV) Pty Ltd has been treated as a business combination achieved in stages in accordance with AASB 3 *Business Combinations*. As part of calculating the goodwill on the business combination, each tranche of shares acquired has been considered separately. Goodwill has been calculated on the initial acquisition of 75% and again on the acquisition of the remaining 25%.

On considering goodwill on each tranche, total goodwill of \$457,000 has been calculated from the acquisition of the 25%. No goodwill was acquired as part of the initial acquisition of 75%.

However, the Group has previously recorded an impairment of \$2,000,000 against the equity accounted investment of Hervey Bay (JV) Pty Ltd, prior to 100% being acquired. As such, as this impairment existed, no goodwill has been recognised on the business combination, but was written off against opening retained earnings.

In addition, on consolidation of Hervey Bay (JV) Pty Ltd, the \$2,000,000 previous impairment booked by the Group has been reversed against opening retained earnings. This impairment reflected an impairment of the land held by Hervey Bay (JV) Pty Ltd.

In accounting for the business combination achieved in stages, the Group is required to reflect its share of the impairment of the underlying land prior to 100% control being obtained. The Group's share of this impairment write-down was \$1,988,000. This has been recognised against opening retained earnings.

As such, the net adjustment against opening retained earnings at 1 July 2008 is \$445,000.

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Notes to the financial statements (continued)
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36 Subsidiaries

The consolidated financial statements incorporate the assets, liabilities, and results of the following subsidiaries in accordance with the accounting policy described in note 1 (c). All subsidiaries are incorporated in Australia.

	Interest held	
	2009	2008
	%	%
Parent entity		
GEO Property Trust		
Controlled entities		
Landmark Diversified Portfolio No.7 Syndicate	100	100
Landmark Yatala Industrial Park Property Syndicate	100	100
GEO Homemaker Centres Property Trust	100	100
GEO Property Group Limited	100	100
GEO Administration Pty Ltd*	100	100
GEO Communities Pty Ltd*	100	100
GEO Construction Pty Ltd*	100	100
GEO Developments Pty Ltd	100	100
GEO Management Limited	100	100
GEO Planning Pty Ltd	100	100
GEO Realty Pty Ltd	100	100
GEO (Vic) Pty Ltd	100	100
GPG Finance Pty Ltd*	100	100
Hervey Bay (JV) Pty Ltd**	100	75
Hendon Park Developments Pty Ltd*	100	100
Black Dolphin (QLD) Pty Ltd*	100	100
GEO Property Group Performance Rights Plan Trust	100	100
GEO Property Group Employee Plan Trust	100	100

** these entities are currently dormant*

*** Hervey Bay (JV) Pty Ltd was equity accounted in the prior year*

37 Interests in joint ventures

(a) Jointly controlled assets

A controlled entity has entered into a joint venture operation called Eynesbury Development Joint Venture to develop land for residential use. The controlled entity has a 50% participating interest in this joint venture and is entitled to 50% of its output.

The Group's interests in the assets employed in the joint venture are included in the consolidated balance sheet, in accordance with the accounting policy described in note 1(b), under the following classifications:

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Notes to the financial statements (continued)
for the year ended 30 June 2009

37 Interests in joint ventures (continued)

	Consolidated		Parent	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Current assets				
Cash and cash equivalents	33	1,634	-	-
Receivables	1,525	5,859	-	-
Inventories	30,004	27,323	-	-
Other	2,164	1,661	-	-
Total current assets	33,726	36,477	-	-
Non-current assets				
Property, plant and equipment - at cost	2,953	2,835	-	-
Accumulated depreciation	(171)	(105)	-	-
	2,782	2,730	-	-
Others	778	1,651	-	-
Total non-current assets	3,560	4,381	-	-
Share of assets employed in joint venture	37,286	40,858	-	-
Current liabilities				
Accounts payable	830	2,162	-	-
Other	1,571	2,697	-	-
Total current liabilities	2,401	4,859	-	-
Non-current liabilities				
Borrowings	36,917	36,552	-	-
Total non-current liabilities	36,917	36,552	-	-
Share of liabilities employed in joint venture	39,318	41,411	-	-
Net assets/(liabilities)	(2,032)	(553)	-	-

(b) Jointly controlled entities

The Group has the following interests in jointly controlled entities:-

Entity	% Owned	Purpose
Eynesbury Holdings Pty Ltd	50%	The owner of the Eynesbury Development Joint Venture land.
Eynesbury Pastoral Trust	50%	The owner of the Eynesbury Development Joint Venture land.
Eynesbury Golf Pty Ltd	50%	The operation of the golf course and homestead facilities at Eynesbury, Victoria.
Expression Homes Pty Ltd	50%	Residential development and construction projects primarily in Victoria
GPDQ Pty Ltd	50%	Residential development in Gladstone, Queensland
Cornell's Hill Pty Ltd	50%	Residential development in Doreen, Victoria
Cotton Ventures Pty Ltd	50%	Residential development in Mt Cotton, Queensland

The interests in these joint venture entities are accounted for in the consolidated financial statements using the equity method of accounting.

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Notes to the financial statements (continued)
for the year ended 30 June 2009

37 Interests in joint ventures (continued)

(b) Jointly controlled entities (continued)

The carrying amounts of these joint venture interests at balance date were:

	Consolidated		Parent	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Eynesbury Holdings Pty Ltd	-	13,919	-	-
Eynesbury Pastoral Trust	5,851	6,244	-	-
Eynesbury Golf Pty Ltd	-	-	-	-
Expression Homes Pty Ltd	16	22	-	-
Hervey Bay (JV) Pty Ltd	-	5,555	-	-
GPDQ Pty Ltd	-	-	-	-
Cornell's Hill Pty Ltd	3,098	-	-	-
Cotton Ventures Pty Ltd	3,629	-	-	-
	<u>12,594</u>	<u>25,740</u>	<u>-</u>	<u>-</u>

38 Events subsequent to balance date

The following events occurred subsequent 30 June 2009:

- Interest rate swaps of \$20 million were close out on 7 July 2009 at a cash cost of \$1.4 million.
- The Group made an additional cash loan of \$4.5 million to the Eynesbury joint venture making a total of \$7.5 million in the last four months. This project is a long life project and at this stage there is no reason to believe that this additional loan will not be recoverable
- The Group has received a defence and counter claim in relation to a contract for the purchase of Insight Logistics Park, 5 Quarry Road, Yatala, Qld, which was terminated in July 2008. The Group has taken action to recover a \$3.4 million deposit paid and the seller has counter-claimed with a \$10.75 million plus interest and costs damages claim. the Group remains confident of its position on both the valid termination of the contract, defence of the seller's counterclaim and the potential for the recovery of the deposit paid.
- On 12 August 2009, the Group sold the Domayne Centre at 4 Blaxland Road Campbelltown NSW to an undisclosed purchaser for \$7.990 million with settlement due no later than 31 March 2010.

Other than the events stated above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Responsible Entity, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

GEO Property Trust and its Controlled Entities
ARSN 104 482 206

Notes to the financial statements (continued)
for the year ended 30 June 2009

39 Reconciliation of profit after income tax to net cash inflow from operating activities

	Consolidated		Parent	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Profit/(loss) for the year	(131,626)	(66,453)	(58,896)	(33,155)
Depreciation and amortisation	2,065	2,586	-	-
Dividend & interest income	-	-	(14,973)	(50,729)
Capitalised interest & fees	8,346	8,023	(496)	(769)
Net (gain) / loss on disposal of investment properties	1,843	(2,745)	2,526	(1,390)
Net (gain) / loss in fair value of investment properties and other assets	62,982	52,995	34,728	36,101
Net (gain) loss in fair value of investments	13,687	4,411	-	4,411
Net loss on subs wind-up of subs trust	-	-	-	586
Net loss on sale of investments	-	7,759	-	8,131
Share of loss from associate	392	-	-	-
Impairment of financial assets/liabilities	26,074	-	26,074	-
Impairment of receivables	18,392	11,108	1,892	2,314
Impairment of goodwill	50,389	2,511	-	-
Impairment of investment in subsidiary	-	-	1,036	9,622
(Increase)/decrease in trade debtors	89,772	(15,469)	(3,352)	(339)
Decrease/(increase) in inventories	54,208	28,205	-	-
Increase/(decrease) in payables	(65,558)	(14,004)	(3,428)	(5,501)
Decrease/(increase) in net deferred tax assets	(21,622)	-	-	-
(Decrease)/Increase in provision for income tax payable	-	3,071	-	-
Decrease/(increase) in other operating assets and liabilities	(6,629)	(3,517)	(3,283)	9,993
Increase/(decrease) in other provisions	210	54	-	98
Net cash inflow from operating activities	<u>102,925</u>	<u>18,535</u>	<u>(18,172)</u>	<u>(20,627)</u>

40 Share-based payments

(a) Employee option plan

In May 2008, a number of executives and employees were granted options to acquire stapled securities of the Group as part of the Performance Rights Plan (Plan). During the financial year ended 30 June 2009, those security-based payment options were modified and were settled in cash rather than securities in the stapled entity.

GEO Property Trust and its Controlled Entities
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Notes to the financial statements (continued)
for the year ended 30 June 2009

40 Share-based payments (continued)

(a) Employee option plan (continued)

In the prior year, options were granted to executives on a number of different dates as follows:

Grant date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Forfeited during the year Number	Balance at end of the year Number	Vested and exercisable at end of the year Number	Unvested
19 May 2008	31 March 2009	n/a	693,678	-	-	(693,678)		-	-
14 May 2008	31 January 2009	n/a	179,996	-	-	(179,996)		-	-
14 May 2008	31 March 2009	n/a	375,000	-	-	(375,000)		-	-

Employee share scheme

A scheme under which securities may be issued by the Group to employees for no cash consideration was approved by the Board on February 2008. All Australian resident permanent employees are eligible to participate in the scheme. Employees may elect not to participate in the scheme.

On 31 July 2008, GEO Planning Pty Ltd as trustee for GEO Property Group Employee Plan Trust was formed to administer the employee securities scheme. GEO Planning Pty Ltd has been consolidated in accordance with Note 1(c)

Under the scheme, eligible employees may be granted up to \$1,000 worth of fully paid ordinary GEO Property Group securities for no cash consideration.

Securities issued by the trust to the employees are acquired on-market prior to the issue. Securities held by the trust and not yet issued to employees at the reporting date are shown as treasury securities in the consolidated financial report, see note 28.

For the vesting criteria to be met, the employee must be an employee of GEO Property Group for at least one year from the date the rights were granted.

Grant date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Forfeited during the year Number	Balance at end of the year Number	Vested and exercisable at end of the year Number	Unvested
25 November 2008	24 November 2009	n/a	-	420,780	-	-	420,780	-	-

GEO Property Trust and its Controlled Entities
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Notes to the financial statements (continued)
for the year ended 30 June 2009

40 Share-based payments (continued)

(b) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expenses were as follows:

	Consolidated		Parent	
	2009	2008	2009	2008
	\$	\$	\$	\$
Options settled in cash for Key Management Personnel	(72,197)	(72,197)	-	-
Options issued under employee share plan	38,882	-	-	-
	<u>(33,315)</u>	<u>(72,197)</u>	<u>-</u>	<u>-</u>

GEO Property Trust and its Controlled Entities
ARSN 104 482 206

Directors' Declaration
for the year ended 30 June 2009

In the opinion of the Directors of GEO Management Limited, the Responsible Entity of GEO Property Trust ("the Trust"),

- (a) the financial statements and notes, set out on pages 59 to 129 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2009 and of its performance, as represented by the results of its operations and cash flows, for the year ended on that date; and
- (b) there are reasonable grounds to believe that GEO Property Group will be able to pay its debts as and when they become due and payable.
- (c) the audited remuneration disclosures set out on pages 25 to 37 of the Directors report comply with AASB 124 *Related Part Disclosures* and the *Corporations Regulations 2001*.

The Directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of the Directors of the Responsible Entity, GEO Management Limited.

Dated at Bundall this 27th day of August 2009.



Guy Farrands
Director

PricewaterhouseCoopers
ABN 52 780 433 757

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Independent auditor's report to the members of GEO Property Group

Report on the financial report

We have audited the accompanying financial report of GEO Property Trust (the Trust), which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both GEO Property Trust and the GEO Property Group (the consolidated entity). The consolidated entity comprises the Trust and GEO Property Group Limited and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of GEO Management Limited, as the responsible entity for the Trust, are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

**Independent auditor's report to the members of
GEO Property Group (continued)**

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

- (a) the financial report of GEO Property Group is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Trust's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the consolidated financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 25 to 36 of the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the Remuneration Report of GEO Property Group for the year ended 30 June 2009, complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

Timothy J Allman
Partner

Brisbane
27 August 2009

GEO Property Trust and its Controlled Entities
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ASX Additional Information

Additional information required by the Australian Securities Exchange Limited listing rules and not disclosed elsewhere in this report is set out below.

Securityholdings (as at 26 August 2009)

Substantial securityholders

The following holdings were listed in the register of substantial securityholders as at 26 August 2009:

Securityholder	Number of securities held
Trojan Equity Limited	85,372,385
Praylon Pty Ltd	27,489,628

On-market buy-back

There is no current on-market buy-back.

Distribution of securityholders (as at 26 August 2009)

Category	Number of securityholders
1-1,000	361
1,001 – 5,000	1,332
5,001 – 10,000	1,244
10,001 – 100,000	2,284
100,000 and over	291
Total	<u>5,512</u>

The total number of securityholders with less than a marketable parcel of 3,226 securities is 1,258.

Classes of units and voting rights

At 30 June 2009, there were 5,514 (2008: 5,992) stapled securityholders. The voting rights attaching to the securities, as set out in section 253C of the Corporations Act are:

- Subject to any rights or restrictions for the time being attached to any class or classes of security:
 - a) At an adjourned meeting the Holders with voting rights who are present either in person or by proxy constitute a quorum and are entitled to pass the resolution; and
 - b) on a show of hands every person present who is a securityholder has one vote, and on a poll every person present in person or by proxy or attorney has one vote for each stapled security held.

GEO Property Trust and its Controlled Entities
ARSN 104 482 206

Twenty largest securityholders (as at 26 August 2009)

Name	Number of securities held	Percentage of capital held
Trojan Equity Limited	85,372,385	20.00
Praylon Pty Ltd	27,489,628	6.44
Baycrown Pty Ltd	20,503,000	4.80
Bawden Custodians Pty Ltd	13,856,685	3.25
Citicorp Nominees Pty Ltd	12,318,931	2.89
Wenola Pty Ltd	9,725,907	2.28
Transport House Limited	9,000,000	2.11
National Nominees Limited	8,534,524	2.00
UBS Wealth Management Australia Nominees Pty Ltd	7,973,566	1.87
Leagou Funds Management Pty Ltd	7,662,216	1.80
J P Morgan Nominees Australia Ltd	7,044,909	1.65
Libbit Holdings Pty Ltd - Bitomsky S/F No 1 A/C	5,500,000	1.29
Libbit Holdings Pty Ltd – Bitomsky Superfund No1 A/C	5,000,000	1.17
IRSS Nominees (22) Ltd	4,895,000	1.15
Abacus Group Holdings Limited	4,430,000	1.04
Octaviar Administration Pty Ltd	4,329,472	1.01
Mr Malcolm John Ross and Mrs June Ross	4,141,479	0.97
Mr Richard Scheinberg	2,800,000	0.66
Citicorp Nominees Pty Limited	2,651,954	0.62
Tracie's Future Pty Ltd	2,516,847	0.59
	245,746,503	57.59



**Notice of Meetings
and
Explanatory Memorandum**

**Annual General Meeting
of
GEO Property Group Limited ACN 117 546 326**

**Meeting of Members of
GEO Property Trust ARSN 104 482 206**

to be held concurrently at
Room 5, First Floor
Gold Coast Convention and Exhibition Centre
Corner Gold Coast Highway and TE Peters Drive,
Broadbeach QLD 4218
on Thursday, 5 November 2009
commencing at 10 am (Queensland time)

NOTICE OF MEETINGS

GEO Property Group

Notice is given that the annual general meeting of GEO Property Group Limited and a meeting of the members of the GEO Property Trust (together '**GEO Property Group**') will be held concurrently at Room 5, Gold Coast Convention and Exhibition Centre, Corner Gold Coast Highway and TE Peters Drive, Broadbeach QLD 4218 on Thursday, 5 November 2009 commencing at 10am (Queensland time).

This notice is issued by GEO Property Group Limited ACN 117 546 326 ('**Company**') and GEO Management Limited ACN 116 506 882, AFSL 304866 ('**Responsible Entity**') as responsible entity of the GEO Property Trust ARSN 104 482 206 ('**Trust**').

AGENDA

The business to be considered at the meetings is as follows:

Ordinary business

1 Financial Statements and Reports

To receive and consider the financial statements of the Company, the Trust and the Group for the financial year ended 30 June 2009 together with the statements and reports of the directors and the auditors accompanying them.

2 Directors' Remuneration Report

To consider and, if thought fit, to pass the following as a resolution of the Company in accordance with section 250R(2) of the *Corporations Act*:

'That the section of the report of the Directors dealing with the remuneration of the Company's Directors, Company Secretary and Senior Executives be adopted.'

This resolution will be determined as if it were an ordinary (majority) resolution but, under section 250R(3) of the Corporations Act, the vote does not bind the Directors or the Company.

3 Re-election of Richard Anderson

To consider and, if thought fit, to pass the following as an ordinary resolution of the Company:

'That Richard Anderson, who retires by rotation in accordance with rule 11.1(d) of the Company's constitution, being eligible and having offered himself for re-election, is re-elected as a director of the Company.'

Information about Mr Anderson appears in the Explanatory Memorandum.

4 Re-election of John Potter

To consider and, if thought fit, to pass the following as an ordinary resolution of the Company:

'That John Potter, who retires by rotation in accordance with rule 11.1(d) of the Company's constitution, being eligible and having offered himself for re-election, is re-elected as a director of the Company.'

Information about Mr Potter appears in the Explanatory Memorandum.

5 Re-election of Anthony Bawden

To consider and, if thought fit, to pass the following as an ordinary resolution of the Company:

'That Anthony Bawden, who was appointed on 6 November 2008 and retires in accordance with rule 11.1(c) of the Company's constitution, being eligible and having offered himself for re-election, is re-elected as a director of the Company.'

Information about Mr Bawden appears in the Explanatory Memorandum.

6 Re-election of Troy Harry

To consider and, if thought fit, to pass the following as an ordinary resolution of the Company:

'That Troy Harry, who was appointed on 26 February 2009 and retires in accordance with rule 11.1(c) of the Company's constitution, being eligible and having offered himself for re-election, is re-elected as a director of the Company.'

Information about Mr Harry appears in the Explanatory Memorandum.

VOTING AND PROXIES

Members entitled to vote

The Directors of the Company and the Responsible Entity, as responsible entity of the Trust, have determined that, for the purposes of the meetings and pursuant to regulation 7.11.37 of the *Corporations Regulations 2001*, shares and units will be taken to be held by the persons who are registered as members as at **7.00 pm** (Queensland time) on **Tuesday, 3 November 2009**. Accordingly, transfers registered after this time will be disregarded in determining entitlements to vote at the meetings.

Voting

All of the proposed resolutions are resolutions of the Company. No voting is required in relation to the Trust.

The voting on the proposed resolutions will be by a show of hands, unless a poll is required under the Corporations Act or ASX Listing Rules or one is demanded.

On a show of hands each Member present in person and each other person present as a proxy, attorney or representative of a Member has one vote.

On a poll for a resolution of the Company each Member present in person has one vote for each fully paid share held by the Member and each person present as proxy, attorney or representative of a Member has one vote for each fully paid share held by the Member that the person represents.

If a Stapled Security is held jointly and more than one Member votes in respect of that Stapled Security, only the vote of the Member whose name appears first in the Register of Members counts.

Quorum

The constitution of the Company provides that 5 members present personally or by representative, attorney or proxy shall be a quorum for a general meeting. The constitution of the Trust provides that a quorum for a meeting of unitholders considering an ordinary resolution is 2 unitholders present in person or by proxy.

Corporations

A corporation which is a Member may elect to appoint a representative in accordance with section 250D of the *Corporations Act 2001* in which case the GEO Property Group will require written evidence of the representative's appointment which must be lodged with or presented to the GEO Property Group before the meeting. A corporation which is a Member may appoint a proxy.

Voting by proxy

1 A Member entitled to attend and vote at a meeting of Members may appoint:

- (a) a person*; or
- (b) if the Member is entitled to cast two or more votes at the meeting, two persons*,

as the Member's proxy or proxies to attend and vote for the Member at the meeting.

* A "person" appointed as a proxy need not be a Member, and may be an individual or a body corporate.

If the "person" appointed is a body corporate, the body corporate may in turn appoint an individual to exercise the body's powers. A proxy may be appointed by reference to an office held by the proxy (e.g. "the Company Secretary").

2 If the Member appoints two proxies and the instrument does not specify the proportion or number of the Member's votes, each proxy may exercise half of the votes. Please use a separate proxy form for each appointment of a proxy.

3 The Group must receive **at least 48 hours before the meeting**:

- (a) the proxy's appointment; and

- (b) if signed by the appointor's attorney, the authority under which the appointment was signed or a certified copy of the authority.

Proxy forms

To ensure that all Members can exercise their right to vote on the proposed Resolutions, a Proxy Form is enclosed.

A Proxy Form may be returned in the reply paid envelope provided.

Alternatively, you may forward your completed Proxy Form by fax or post to:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia
Fax: 1800 783 447 (within Australia)
Fax: +61 3 9473 2555 (outside Australia)

Queries

If you have any queries on the proxy form or on how to ensure that your vote is exercised then call the Share Registry during business hours on:

Phone: 1300 651 684 (within Australia)
Phone: +61 3 9415 4000 (outside Australia)

Submission of written questions to the Company, Responsible Entity or Auditor

A member who is entitled to vote at the meeting may submit written questions to the Company, Responsible Entity or auditor in advance of the meeting:

- (a) about the business of the Company or Trust;
- (b) about GEO Property Group's annual report;
- (c) if the question is directed to the auditor provided it relates to:
 - (i) the content of the auditor's report to be considered at the meeting;
 - (ii) the conduct of the audit or the auditor's independence; or
 - (iii) the accounting policies adopted by GEO Property Group in relation to the preparation of the financial statements.

Any written questions must be submitted to the Company Secretary by:

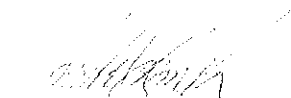
Email: securityholder@geopg.com.au
Fax: +61 7 5588 8800
Post: PO Box 7720, GCMC Bundall, QLD 9726

to be received no later than the fifth business day before the date of the meeting.

The Explanatory Memorandum forms part of this Notice of Meeting.

DATED: 28 September 2009

By order of the Boards of GEO Property Group Limited and GEO Management Limited



Robert Bosiljevac
Company Secretary

EXPLANATORY MEMORANDUM GEO Property Group

This Explanatory Memorandum has been prepared to assist members with the consideration of the resolutions to be put to the Meetings to be held on Thursday, 5 November 2009.

This Explanatory Memorandum should be read with, and forms part of, the accompanying Notice of Meetings.

ORDINARY BUSINESS

Item 1 - Financial Statements and Reports

The *Corporations Act 2001* requires that the report of the directors, the auditor's report and the financial report be laid before the Annual General Meeting. Apart from the matters involving remuneration which are required to be voted upon, neither the *Corporations Act 2001* nor the Company's Constitution requires a vote of members at the Annual General Meeting on such reports or statements. However, members will be given ample opportunity to raise questions with respect to these reports and statements at the meeting or in relation to the reports and statements for the Trust and the Group.

Item 2 - Directors' Remuneration Report

The *Corporations Act 2001* requires that the section of the directors' report dealing with the remuneration of Directors, the Company Secretary and up to 5 senior executives ('**Remuneration Report**') be put to a vote of members for adoption.

The Remuneration Report is found on Page 25 of the Directors Report.

The Chair will give members a reasonable opportunity to ask questions about, or to make comments upon, the Remuneration Report before the resolution is put to the vote. The resolution is advisory only and does not bind the Directors or the Company.

Election of Directors

Items 3 and 4

Under rule 11.1(d) of the constitution of the Company, where there are five or less Directors (after excluding the Managing Director and Directors appointed as an addition to the existing Directors or to fill a casual vacancy), then 2 of the remaining Directors must retire from office.

In accordance with this rule as there are six directors including the Managing Director, Mr Bawden and Mr Harry who were appointed by the Directors and are standing for re-election:

- (a) Richard Anderson retires at the end of the meeting. Mr Anderson, being eligible, presents himself for re-election; and
- (b) John Potter retires at the end of the meeting. Mr Potter, being eligible, presents himself for re-election.

Richard Anderson Independent Non-Executive Director

Prior to the Company's acquisition of Villa World Limited, Richard was a non-executive director of Villa World Limited from September 2002. He is Chairman of Data #3 Limited and a member of the board of Namoi Cotton Co-operative Limited and Lindsay Australia Limited. He is also President of the Guide Dogs for the Blind Association of Queensland, a member of the Council of the Queensland Art Gallery Foundation and Patron of the Brisbane Polo Club. Richard is a Chartered Accountant. He was formerly a partner of PricewaterhouseCoopers and was the firms' Managing Partner in Queensland and a member of the firms' National Committee. He is a Past President of CPA Australia (Queensland Division) and has served on the boards of several other community and charitable organisations. He has been a director of both GEO Property Group Limited and GEO Management Limited since 23 November 2006.

Recommendation

The Directors, with Richard Anderson abstaining, recommend members vote in favour of the resolution.

John Potter
Independent Non-Executive Director

John Potter has undertaken real estate activities on the Gold Coast for over twenty five years and has extensive experience in all aspects of real estate development and investment. John was the founder of Citie Centre Limited which merged with Villa World Limited in 2000. Prior to the Company's acquisition of Villa World Limited, John was a non-executive director of Villa World Limited from November 2003 and prior to that was Villa World Limited's Chief Executive Officer and executive director for 3 years. He has been a director of both GEO Property Group Limited and GEO Management Limited since 23 November 2006.

Recommendation

The Directors, with John Potter abstaining, recommend members vote in favour of the resolution.

Items 5 and 6

Under rule 11.1(c) of the constitution of the Company, Anthony Bawden and Troy Harry who were appointed by the Directors, are required to retire at the end of the meeting. Mr Bawden and Mr Harry being eligible, present themselves for re-election.

Anthony Bawden
Independent Non-Executive Director

Anthony Bawden has been a Director of GEO Management Limited since 6 November 2008 and Director of GEO Property Group Limited since 6 November 2008. Tony has had over 45 years experience in property development and the finance industry and previously over 20 years of involvement with this Group. He was appointed a Director of Villa World Limited on 29 January 1986 and served as Director of MFS Diversified Limited when it merged with Villa World Limited. He retired in October 2007 and rejoined the GEO Property Group Board on 6 November 2008.

Recommendation

The Directors, with Anthony Bawden abstaining, recommend members vote in favour of the resolution.

Troy Harry
Non-Executive Director

Troy Harry has been a Director of GEO Management Limited since 26 February 2009 and Director of GEO Property Group Limited since 26 February 2009. Troy has been involved in stockbroking and investment management for 16 years, spending over five years at ABN AMRO Morgans in Brisbane, before establishing his own business, Trojan Investment Management Pty Ltd in 2003. He has experience in financial analysis, modelling and structuring and in advising and managing investment companies. Troy is currently the Managing Director of Trojan Equity Limited, an investment company listed on ASX. Trojan Equity's focus is on investment in under valued asset situations in the Australian Stock Market, and Troy is solely responsible for managing the Company's investment portfolio. Trojan Equity Limited owns 20% of the issued capital of GEO Property Group.

Recommendation

The Directors, with Troy Harry abstaining, recommend members vote in favour of the resolution.