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: 28 August 2008

ASX ANNOUNCEMENT/MEDIA RELEASE

GEO PROPERTY GROUP EXCEEDS UNDERLYING EARNINGS FORECAST

HIGHLIGHTS – FULL YEAR TO 30 JUNE, 2008

- Operating profit of $35.4m (8.3cents per security) compared with forecast of 8.1 cents per security
- Net Tangible Assets of 58.6 cents per security. If the unaudited estimated mark-to-market value of the development projects of ~15 cents per security were included, NTA would be 74 cents per security
- Residential landbank of 6,102 lots (including share of joint ventures)
- Debt facility re-negotiated and gearing reduced
- Trust's Responsible Entity purchased and management internalised
- Sales of 969 land and/or house and land product
- First 200 land allotments from the Eynesbury Joint Venture in Victoria
- Gearing as at 30 June 2008 of 39.5% further reduced to 34.5% as at 28 August 2008

GEO Property Group (ASX:GPM) today reported strong underlying earnings as its core Communities Development business recorded increased sales and healthy margins.

However, the result was impacted by a number of non-recurring items including the non-cash writedowns of the value of some of the Group's property assets, costs from restructuring debt and legacy issues related the Group's separation of GEO's management from Octaviar Limited (previously known as MFS Limited).

For the year to 30 June, 2008, the Group reported a net loss after tax of $66 million and a loss per share of 15.66 cents. It delivered an operating profit of $35.4 million, up 162% from $13.5 million the previous year, and Operating EPS from continuing operations of 8.31 cents, up 12.4 per cent from 7.39 cents the previous year.

Net Tangible Assets as at 30 June 2008 are 58.6 cents per security. However, if the unaudited estimated mark-to-market value of the development projects at that date of 15 cents per security was included, NTA would be 74 cents per security.

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

SHARE REGISTRY
Computershare Investor Services Pty Limited
Level 19, 307 Queen Street
Brisbane QLD 4000
Telephone: 1300 651 684

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

Managing Director Guy Farrands said ”Although the restructure had incurred unavoidable costs the Group had emerged from a difficult year stronger than before with reduced gearing, a greater focus on capital management and complete independence from Octaviar.

“It is important to remember the size of the loss is primarily due to unrealised falls in the value of some of our assets and a number of one-off costs associated with our separation from Octaviar. The loss is in no way a reflection on the underlying performance of the business, which has exceeded forecast, or our employees or our long term future”

“The past year has been a challenging one with a worldwide financial crisis precipitating the collapse of Octaviar Limited and a reassessment by lenders and the market of appropriate debt levels,” Mr. Farrands said. “It is testament to the dedication and belief of our employees, securityholders and creditors that despite these difficulties we achieved an increased operating profit and a greatly-improved business structure.”

“It is further proof of the Group’s underlying strength that we were able to exceed operating profit forecasts and deliver on our distributions forecast of 8.9 cents per stapled security. This income has been generated from an excellent portfolio of assets which, regardless of other factors affecting the Group, ensures the long-term viability of the business.”

Capital Realisation Program

During the year the Group identified $240 million of assets for sale as part of its capital realisation program with $190 million of the capital to come from the sale of Trust assets and $50 million from sales and joint venturing Communities Development projects.

As at 30 June 2008, $68 million worth of assets – or 28 per cent of the planned total – had been settled. A further $49 million has been settled since June 30, and terms have been agreed over $46 million worth of assets which are currently being documented. The program is expected to be largely complete by 31 December 2008, with Group gearing cut to a conservative level of around 30-35 per cent.

Communities Development

The Communities Development Division performed strongly in 2007/08, achieving 969 land or house and land product settlements. In addition to these, the first 200 land allotments were settled at the Eynesbury joint venture in Victoria. Despite production delays in the first half due to wet weather in South-East Queensland, Communities Development was able to recover through increased production in the second half.

In February, July and August 2008 GEO entered into three new joint venture property development arrangements with Bank of Scotland International as part of profit improvement and capital and risk management programs. One parcel of land is Gladstone, Queensland the second in Cornell’s Hill on the Northern outskirts of Melbourne with the third in the Mt Cotton Estate in Brisbane.

Property Investment

Management of the GEO Property Trust was internalised in May 2008 through its acquisition from Octaviar Limited. Continued rationalisation and restructuring was undertaken throughout the year with the investment team focused on improving the quality of the asset base. When the capital realisation process is complete the Trust is expected to have a portfolio of approximately $160 million.

Significant progress has also been made on key non-residential development projects. The $25.3 million M5 Bankstown Business Park in NSW, is due for occupation in September 2008 and the $22 million Riverfront Plaza shopping centre at Kempsey, NSW, is expected to open for trade in November.

Profit Outlook and Distribution Policy

The Board expects that the Group’s 2009 operating profit will be around that of 2008 providing there is no further deterioration in economic and market conditions and the Group’s deleveraging program proceeds as planned.

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There is no guarantee that this profit will be achieved. Owing to the current economic climate, there is greater likelihood than usual that this estimate of profit will not be achieved. Investors should refer to the Group's presentation lodged with ASX today for more information and further qualifications.

The Group has revised its long term distribution policy objective to be 100% of trust taxable profit and 60-80% of company profit. The estimated distribution for the year ended 30 June 2009 is 6 cents per security per annum, payable quarterly at the rate of 1.5 cents per security, implying a payout ratio this year of 70-75%.

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

ENDS

Guy Farrands
Managing Director and CEO
GEO Property Group
(02) 9233 8065

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Appendix 4E

Preliminary final report

1. Company details

Name of entity

GEO Property Group

ARSN or equivalent company reference	Financial period ended ('current period')	Financial period ended ('previous period')
104 482 206	30 June 2008	30 June 2007

2. Results for announcement to the market

		2008 A$'000	2007 A$'000	% change
2.1	**Total revenue and other income**	304,734	211,030	44
2.2	**Profit/(loss) from continuing operations**	(66,453)	13,450	(594)
2.3	**Net profit/(loss) for the period attributable to stapled security holders**	(66,453)	11,642	(671)

		Amount per security (cents per security)
2.4	**Distributions**	
	Interim distributions (unfranked)	6.675
	Final distribution (unfranked) **Record date for final distribution was 30 June 2008** **Final distribution was paid to unitholders on 14 July 2008**	2.225

3. Consolidated Income Statements

	Current period $A'000	Previous period $A'000
Development and construction revenue	331,248	158,442
Rental revenue	28,046	34,266
Interest income	2,684	2,288
Dividends received	307	262
Total revenue	**362,285**	**195,258**
Net loss on fair value of financial assets	(4,411)	(949)
Net loss on sale of financial assets	(7,759)	(537)
Net gain on sale of investment properties	2,745	4,969
Net loss in fair value of investment properties	(52,995)	11,782
Share of net profits/(losses) of associates and joint ventures accounted for using equity method	428	507
Other income	1,441	-
Total revenue and other income	**301,734**	**211,030**
Cost of development property sold	269,415	134,410
Property marketing expenses	8,021	5,887
Investment property expenses	6,988	7,464
Employee benefits expense	13,896	7,768
Depreciation and amortisation expense	2,586	1,062
Finance costs (excluding distributions to ordinary unit holders)	26,188	33,867
Internalisation of Responsible Entity	2,977	-
Impairment on Goodwill on acquisition of the Responsible Entity	2,511	-
Responsible entity fees	3,887	4,674
Impairment of receivables	11,108	-
Other operating expenses	10,511	5,684
Profit/(loss) before tax and distributions	**(56,354)**	**10,214**
Income tax (expense)/benefit	(10,099)	3,236
Profit/(loss) from continuing operations	**(66,453)**	**13,450**
Loss from discontinued operations (net of tax)	-	(1,808)
Profit/(loss) for the year before amounts attributable to stapled security holders	**(66,453)**	**11,642**
Distributions to unitholders (finance cost)	-	5,588
Profit for the year	**(66,453)**	**6,054**

3.1 Individually significant revenues and expenses

	$'000
Net (loss) after tax	**(66,453)**
Less non-recurring items:	
Goodwill on acquisition of Responsible Entity written off	(2,511)
Impairment of receivables related to the acquisition of Responsible Entity	(8,700)
Legal and other costs associated with acquisition of Responsible Entity, name change and re-branding	(2,977)
Re-financing costs and write-off of previously capitalised borrowing costs	(6,976)
Fair value adjustments of investment properties and inventory	(52,995)
Legal and other costs associated with disposal of investment properties	(2,350)
Impairment of financial assets	(4,411)
Loss on sale of financial assets	(8,131)
Deferred tax asset de-recognised	(12,779)
Total non-recurring costs	**(98,830)**
Operating profit after tax before non-recurring costs	**35,377**

3.2 Other Disclosures in accordance with AASB 101

All income statement disclosures required by AASB 101 have been included on the face of the income statement.

4. Consolidated Balance Sheet

	Current period $A'000	Previous period $A'000
Current Assets		
Cash & cash equivalents	6,202	19,420
Trade and other receivables	117,134	101,665
Inventories	172,299	144,628
Other financial assets at fair value through profit and loss	-	4,411
Non-current assets classified as held for sale	90,550	42,410
Current tax assets	3,727	656
Other current assets	14,437	4,179
Total current assets	**404,349**	**317,369**
Non-current assets		
Receivables	22,262	-
Inventories	119,809	175,685
Available-for-sale financial assets	-	2,920
Investment properties	93,765	277,588
Property, plant and equipment	51,988	51,400
Investments accounted for using the equity method	25,740	26,678
Goodwill	50,375	50,359
Deferred tax assets	-	8,363
Other non-current assets	1,158	1,167
Total non-current assets	**365,097**	**594,160**
TOTAL ASSETS	**769,446**	**911,529**
Current liabilities		
Trade and other payables	59,413	73,417
Other current liabilities	30	143
Interest bearing liabilities	10,025	21,605
Provisions	11,976	10,114
Total current liabilities	**81,444**	**105,279**
Non-current liabilities		
Payables	54,934	35,534
Interest bearing liabilities	331,364	385,009
Deferred tax liabilities	1,260	-
Provisions	258	115
Total non-current liabilities	**387,816**	**420,658**
NET ASSETS	**300,186**	**385,592**
Represented by:		
Contributed Equity	392,112	380,813
Undistributed income	(102,154)	14,847
Reserves	10,228	(1,315)
Equity holders of the company (minority interest)	-	(8,753)
TOTAL EQUITY	**300,186**	**385,592**

5. Consolidated statement of cash flows

	Current period $A'000	Previous period $A'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	294,086	177,151
Payments to suppliers and employees and for land (inclusive of GST)	(238,701)	(192,990)
Interest received	1,675	731
Borrowing costs paid	(31,090)	(43,654)
Responsible entity fees	(3,887)	(4,717)
Income tax paid	(3,548)	(1,906)
Net cash (outflow)/inflow from operating activities	**18,535**	**(65,385)**
Cash flows from investing activities		
Purchase of Villa World including overdraft acquired	-	(150,977)
Sale of Guardian net of cash disposed of	-	10,676
Payment for purchase of Responsible Entity, not of cash acquired	(3,936)	-
Movement in investments	2,599	1,483
Proceeds from sale of investment properties	113,412	114,954
Payments for investment properties	-	(129,547)
Additional contributions to joint ventures	(1,665)	-
Proceeds from disposal of property, plant & equipment	320	-
Loans to related parties	(24,258)	-
Repayment of loans by related parties	14,029	-
Loans to other party	(4,778)	
Repayment of loan by other party	24,212	-
Purchase of property plant & equipment	(50,384)	(45,294)
Net cash inflow (outflow) from investing activities	**69,551**	**(198,705)**
Cash flows from financing activities		
Proceeds from share issue	-	200,791
Share issue costs	-	(1,206)
Proceeds from borrowings	99,014	587,945
Proceeds from borrowings related party	25,925	1,136
Repayment of borrowings	(181,539)	(471,920)
Repayment of borrowings from related party	(14,298)	-
Pre-acquisition dividend paid (Villa World)	-	(23,324)
Distributions paid	(30,406)	(10,273)
Net cash inflow/(outflow) from financing activities	**(101,304)**	**283,149**
Net (decrease)/increase in cash and cash equivalents	(13,218)	19,059
Cash and cash equivalents at beginning of the year	19,420	361
Cash and cash equivalents at end of the year	**6,202**	**19,420**
Reconciliation to cash at the end of the year:		
Cash and cash equivalents	6,202	19,420
Bank overdraft	-	-

5.1 Reconciliation of cash

Reconciliation of cash held at the end of the period (as shown in the condensed consolidated statement of cash flows) to the related items in the accounts is as follows:	Current period $A'000	Previous period $A'000
Cash on hand and at bank	6,202	19,420
Total cash at end of period	6,202	19,420

6. Distributions

Distributions recognised in the current year by the Trust are:

2008	Cents per unit	Total amount ($A'000's)	Date of payment
September	2.225	9,349	15 October 2007
December	2.225	9,437	15 January 2008
March	2.225	9,498	15 April 2008
June	2.225	9,497	14 July 2008
Total	**8.900**	**37,781**	

7. Dividend and Distribution Reinvestment Plan

The distribution plans shown below are in operation.

The GEO Property Group Distribution Reinvestment Plan has been suspended.

The last date(s) for receipt of election notices for the dividend or distribution plans	No later than 10 business days before payment of dividend or distribution

8. NTA backing

	Current period	Previous period
Net tangible asset backing per stapled security	58.5 cents	80.2 cents

9. Loss of control over entities

Name of entity (or group of entities)	Guardian Aged Care Group	
Date sold	22 December 2006	
Consolidated entity's share of loss from discontinued operation (net of tax)	Current period $A'000	Previous period $A'000
	-	1,808
Consolidated profit from ordinary activities of the controlled entity (or group of entities) whilst controlled during the whole of the previous corresponding period $A (where material)	N/A	

10. Details of associates and joint venture entities

Name of associate/joint venture	Reporting entity's percentage holding	
	Current period %	Previous period %
Hervey Bay (JV) Pty Ltd	75	75
Eynesbury Development JV	50	50
Dolphin Arcade JV	-	50
Ravil Projects Pty Ltd	-	50
Eynesbury Holdings Pty Ltd	50	50
Eynesbury Golf Pty Ltd	50	50
Expression Homes Pty Ltd	50	50
GPDQ Pty Ltd	50	-

	Current period $A'000	Previous period $A'000
Aggregate share of profits (losses) from associates and joint ventures	428	507

11. Significant information

Details of any other significant information needed by a unitholder to make an informed assessment of the entity's financial performance and financial position (eg contingent liabilities, subsequent events, AIFRS etc).

Key Highlights

- Strong operating profit of $35.3m (8.3 cents per security)
- Sales of 969 land and/or house and land product. In addition to these settlements were the first 200 land allotments from the Eynesbury Joint Venture in Victoria.
- Net Tangible Assets are 58.5 cents per security.
- The unaudited estimate of current value of communities development inventory is approximately $63 million higher (14.9 cents per security) than the carrying value reflected in the balance sheet.
- Significant progress on the development of M5 Bankstown Business Park (NSW) with an end value of $25.3 million. This property will be ready for occupation in September 2008.
- Significant progress on the construction of Riverfront Plaza shopping centre at Kempsey NSW with an end value of $20.7 million. Occupation will commence in October 2008.
- Land bank of 6,102 lots (including share of joint ventures) with an estimated end value of $1.447 billion.
- Debt facility re-negotiated and significant progress achieved towards de-levering.
- Responsible Entity purchased and management internalised.

Subsequent Events

- *Sale of interest rate swap*

  At balance date there were $300 million of interest rate swaps as part of the Group's interest rate hedges. With the progress of the Capital Realisation Programme some portion of the swaps became ineffective and as such the Board decided to sell $50 million of the interest rate swap on 18 July realising a profit of $1.4 million.

- *Termination of purchase contract of investment property*

  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 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 repayment of the deposit was sought. On the same day, the seller terminated the contract but rejected GEO Property Group's claims that they were in breach of the contract.

  The matter is being contested in the Supreme Court of Qld. GEO is confident of its position on both the valid termination of the contract and the potential recovery of the deposit paid.

- *Joint Ventures with Bank of Scotland International (BOSI)*

  In July and August 2008 GEO entered into two new joint venture property development arrangements with BOSI. One parcel of land is within the Mt Cotton Estate in Brisbane and the other is in Cornells Hill on the Northern outskirts of Melbourne.

- *Share-based payments*

  Subsequent to year end, the share-based payment options were modified and it has been decided that the options will be settled in cash rather than stapled shares in the stapled entity.

Subsequent Events (continued)

Other than the matters discussed 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.

12. Commentary on results of the period

Earning per stapled security (EPS)

	Current Period	Previous Period
Earnings per stapled security - AUD cents		
Operating EPS from continuing operations	8.34	7.39
EPS from Non-recurring items	(24.00)	-
EPS from amounts attributable to stapled security holders	(15.66)	6.40
Earnings reconciliation – A$'000		
Operating EPS from continuing operations	35,377	13,450
EPS from Non-recurring items	(102,830)	-
Net profit/(loss) after tax from continuing operations	(66,453)	13,450
Profit/(loss) attributable to stapled security holders	(66,453)	11,642
Weighted average number of securities used as the denominator		
Basic	424,158,693	181,869,757
Diluted	424,158,693	181,869,757

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

13. This report is based on accounts to which one of the following applies:
(Tick one)

- [x] The accounts have been audited.
- [ ] The accounts have been subject to review.
- [ ] The accounts are in the process of being audited.
- [ ] The accounts are in the process of being reviewed.
- [ ] The accounts have not yet been audited or reviewed.

14. If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, details are described below.

N/A

Sign here: ______________________ **Guy Farrands** **Director**

Date: **28 August 2008**

PROPERTY GROUP

GEO Property Trust

and its controlled entities

ASRN 104 482 206

Annual Report
30 June 2008

GEO
PROPERTY GROUP

SECURITYHOLDERS' INFORMATION

GEO PROPERTY GROUP

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Website:	www.geopg.com.au
Email:	info@geopg.com.au

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)
Fax:	+61 7 3237 2152 or +61 3 9415 4000 (outside Australia)
Website:	www.computershare.com.au
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CONTENTS

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 the GEO Property Group for the year ended 30 June 2008.

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

On 30 November 2006 the unitholders of the Trust appointed GEO Management Limited ("GEOML"), formerly known as MFS Diversified Group Management Limited, as Responsible Entity of the Trust. On 16 May 2008, the GEO Property Group Limited purchased the Responsible Entity from Octaviar Limited for $2.5 million plus the fair value of the assets and liabilities of the Responsible Entity. The total consideration for the purchase was $10.5 million.

As at 30 June 2008, the Board comprised of three directors, two of which are independent, non-executive directors, being Richard Anderson and John Potter. Guy Farrands was the only executive director at this time. Subsequent to the year end, on 18 August 2008, Robert Bosiljevac was appointed as executive director of the Group.

Directors

Directors	Experience and other directorships	Interest in stapled securities
Richard Anderson OAM, BCom, FCA, FCPA **Independent Chairman** **Non-Executive Director**	Age: 62 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.	Direct 255,454
Guy Farrands Grad Dip Man, FAPI **Managing Director and CEO**	Age: 45 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 1,084,280

Directors' report (continued)

Directors	Experience and other directorships	Interest in stapled securities
John Potter **Independent Non-Executive Director**	Age: 56 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 28,666,098
Robert Bosiljevac LLB Dip Bldg **Executive Director**	Age: 35 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. 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

Past directors	Position	Appointment and resignation dates
Anthony Bawden	Non-Executive Director	Appointed 23 November 2006, resigned 25 October 2007
Barry Cronin	Alternate Director to John Potter	Appointed 4 October 2007, resigned 31 March 2008
Brent Hailey	Executive director	Appointed 23 November 2006, resigned 7 September 2007
Michael Hiscock	Non-Executive Chairman	Appointed 2 June 2006, resigned 22 January 2008
Michael King	Executive Director	Appointed 4 October 2005, resigned 21 January 2008
Craig White	Non-Executive Director	Appointed 2 June 2006, resigned 12 May 2008

Directors' report (continued)

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	Board Meetings		Audit and Risk Committee Meetings		Remuneration and Nomination Committee Meetings		Investment Approval Committee Meetings	
Directors	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Richard Anderson	12	12	6	6	2	2	-	-
Guy Farrands	12	12	-	-	1	1	2	2
John Potter	12	8	-	-	-	-	3	2
Past directors								
Anthony Bawden	3	3	-	-	-	-	2	2
Barry Cronin (alternate to John Potter)	2	2	-	-	-	-	-	-
Brent Hailey	1	1	-	-	-	-	1	1
Michael Hiscock	5	5	5	5	2	2	-	-
Michael King	4	4						
Craig White	11	9	6	4	-	-	2	-

Responsible Entity	Board Meetings		Audit and Risk Committee Meetings		Remuneration and Nomination Committee Meetings		Investment Approval Committee Meetings	
Directors	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Richard Anderson	13	13	6	6	2	2	-	-
Guy Farrands	13	13	-	-	1	1	2	2
John Potter	13	9	-	-	-	-	3	2
Past directors								
Anthony Bawden	3	3	-	-	-	-	2	2
Barry Cronin (alternate to John Potter)	2	2	-	-	-	-	-	-
Brent Hailey	2	2	-	-	-	-	1	1
Michael Hiscock	6	6	5	5	2	2	-	-
Michael King	5	5	-	-	-	-	-	-
Craig White	12	10	6	4	-	-	2	-

The meeting listing includes a number of non-scheduled meetings which tend to be called at short notice and all instances of non-attendance in relation to these meetings were due to prior commitments including being overseas at the time.

Company Secretary

Caroline Barton BMS, Grad Dip CSP, was appointed the Company Secretary of both GEO Property Group Limited and GEO Management Limited in November 2006. She was appointed Company Secretary of Villa World Limited in 1993 and continued in this role following delisting on 21 December 2006.

Directors' report (continued)

Key management personnel

Caroline Barton – Group General Manager Corporate Services/Company Secretary

BMS, Grad Dip CSP

Caroline has been involved in the property development industry since 1986 and has held various management roles during this period including Chief Financial Officer and Company Secretary of Villa World Limited. Her expertise is in financial accounting, compliance and regulatory and financial reporting. Prior to her involvement in the property development industry she held accounting and audit roles with two firms of Chartered Accountants.

Nick Deed – General Manager Southern Region

Cert Tech (Civil Eng)

Nick has had 20 years experience in the property development industry and joined the Group in 2001. Prior to this he held senior roles with consulting engineering groups. His extensive experience includes exposure within the residential, commercial and industrial property sectors. Nick's current role oversees all areas of the development activities within Victoria.

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 internationally recognised businesses such as Pirelli Cables Australia Limited, DuPont Australia Limited, Hunter Douglas Limited, Cordukes Limited and the Sydney Opera House.

Dean McMahon – Group General Manager Marketing & Product Development

Real Estate Licence

Dean has had 19 years experience in property sales, marketing and development. His career in sales and marketing with Villa World Limited began in 1994 and provided the base for his move into sales management in 2001. The furthering of his managerial experience led him to his current position where he has direct responsibility for all aspects of the Group's sales and marketing activities throughout Australia.

Scott Payten – Group General Manager Business 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.

Lynn-Maree Travers – Group General Manager Property Investments

BBus, CSMA, Grad Cert in SC Mgt, Grad Cert Applied Finance & Investment (FINSIA), Real Estate Licence

Lynn-Maree has extensive experience in the property industry having been involved in the industry for over 27 years. She has had involvement in the ongoing management and redevelopment of commercial properties for both private and institutional investors including a variety of major shopping centres. This included day to day management as well as the implementation of strategic development programmes. Lynn-Maree has worked for the Group since its ASX listing in 2003. Prior to that she held management positions at Jones Lang LaSalle for over 14 years.

Directors' report (continued)

Key management personnel (continued)

Stuart Whitewood – Group General Manager Project Delivery

BEng (Civil), MIEAust, MAICD

Stuart has worked within the property development industry since 1992 and has been involved in a variety of residential, commercial and industrial projects with both private and public companies. Stuart was a Director of Citie Centre Limited when it merged with Villa World Limited in 2000. His current role involves overseeing the Group's development and construction functions.

Principal activities

The Group is an integrated property Group with activities in property investment, communities development (residential and commercial property development) and asset and capital management.

Distributions

Ordinary unitholders received distributions for the year of 8.9 cents per unit (2007: 8.5 cents per unit).

8,741,907 new units (2007: 1,215,768 units) were issued under the Distribution Re-investment Plan in respect of the distributions referred to above.

No dividends have been declared in respect of shares in GEO Property Group Limited (2007: $nil).

Review of operations and significant changes in the state of affairs

Consolidated results for the year

The consolidated result for the year ended 30 June 2008 was a net loss after tax from continuing operations (and before amounts attributable to ordinary unitholders) of $66.5 million (2007: net profit of $13.5 million). This equates to a loss from continuing operations per stapled security of 15.66 cents (2007: earnings per stapled security of 7.40 cents).

Key highlights for the year include:

- Sales of 969 land and/or house and land product. In addition to these settlements are the first 200 land allotments from the Eynesbury Joint venture in Victoria.
- Net Tangible Assets per share are 58.5 cents.
- The current value of communities development inventory is approximately $63 million higher (14.9 cents per share) than the carrying value reflected in the balance sheet.
- Significant progress on the development of M5 Bankstown Business Park (NSW) with an end value of $25.3 million. This property will be ready for occupation in September 2008.
- Significant progress on the construction of Riverfront Plaza shopping centre at Kempsey NSW with an end value of $20.7 million. Occupation will commence in October 2008.
- Land bank of 6,102 lots (including share of joint ventures) with an estimated end value of $1.447 billion.

Included in the result for the year ended 30 June 2008 are a number of losses, which are considered to be non-recurring. The underlying business of the Group has performed strongly, generating a profit before tax of $35.4 million (8.3 cents per share). The details of the non-recurring losses are described in more detail in the table below:

Directors' report (continued)

	$'000
Net loss after tax	**66,453**
Less non-recurring items:	
Goodwill on acquisition of Responsible Entity written off	(2,511)
Impairment of receivables related to the acquisition of Responsible Entity	(8,700)
Legal and other costs associated with acquisition of Responsible Entity, name change and re-branding	(2,977)
Re-financing costs and write-off of previously capitalised borrowing costs	(6,976)
Fair value adjustments of investment properties and inventory	(52,995)
Legal and other costs associated with disposal of investment properties	(2,350)
Impairment of financial assets	(4,411)
Loss on sale of financial assets	(8,131)
Deferred tax asset de-recognised	(12,779)
Total non recurring costs	**(101,830)**
Net profit after tax before non recurring costs	**35,377**

Impact of Octaviar Limited (formerly MFS Limited)

Internalisation

The impact of global issues on the market price of GEO Property Group stapled securities has been exacerbated by the Group's former relationship with Octaviar Limited.

The Responsible Entity, GEO Management Limited, was acquired on 16 May 2008 from Octaviar Limited ("Octaviar") for $2.5 million plus the fair value of the assets and liabilities of the company as part of a business combination transaction. The total consideration for the purchase was $10.5 million.

Nineteen individuals previously employed by an Octaviar subsidiary, were offered new employment contracts with GEO Property Group.

Land Fund

An Octaviar-sponsored land development fund to be jointly managed by Octaviar Limited (as responsible entity) and GEO Property Group (as development manager), was announced to undertake two projects on 7 November 2007. Octaviar Limited was unable to continue with its participation in this fund. GEO Property Group has continued with one of the proposed developments through a joint venture partnership.

The second parcel of land was re-acquired at fair value by GEO Property Group as part of the business combination transaction mentioned above.

The Octaviar Land Fund was released from paying an $8.7 million debt to GEO Property Group which arose when the contract to acquire the second parcel of land was assigned to the Land Fund in June 2007.

Directors' report (continued)

Debt restructure

The terms of the Multi-Option Facility Agreement between GEO Management Limited, GEO Property Group, and a consortium of bankers includes certain financial undertakings in respect of these borrowings. The December 2007 reporting period was the first at which GEO Property Group was required to report its performance in relation to the financial ratios.

As at 31 December 2007 there was non-compliance with one of the ratios. The ratio was included in the Facility Agreement based on an Information Memorandum prepared by a consultant in April 2007 which contained flawed information.

The banks that are the participants to the Multi-Option Facility Agreement agreed in principle that this ratio was inappropriate based on the current organisation of the Group into property investment and property development divisions.

New financial undertakings were agreed which included a staged reduction in facility by $125 million to $325 million by June 2009. An initial reduction of $50 million was achieved in June 2008 – six months ahead of schedule. The facility remains in place until June 2012.

Costs of $1.9 million were incurred in renegotiating this facility. As a result of the agreed reduction in the facility the unamortised June 2007 establishment costs of $4.8 million were expensed.

Carrying value of assets

Property values have generally declined as a result of the tightening global credit situation.

The directors have carefully considered the carrying values of assets particularly as many assets are to be sold to achieve the debt reduction targets.

Write downs of $49.4 million of Trust properties (14.3% of the December 2007 value) have been taken into account.

Other non-property assets held in the Trust have been written down by $12.5 million. This includes $4.4 million of an investment in an Octaviar Limited investment fund.

Financial resources

Due to related party loan arrangements with the trust, the likelihood of the Company being able to recoup the tax losses is not probable in the near future. The deferred tax asset has been de-recognised as at 30 June 2008.

Stapled securities on issue

The following table summarises the movements in units in stapled securities during the year to 30 June 2008:-

	2008	2007
Stapled securities at beginning of year	418,120,723	78,795,021
Issued to acquire Villa World Limited	-	113,921,045
Issued in capital raising (PDS 8 May 2007)	-	224,188,889
Issued via Distribution Reinvestment Plan	8,741,907	1,215,768
Stapled securities on issue at end of year	**426,862,630**	**418,120,723**

Value of assets in Trusts and its controlled entities

As at 30 June 2008, the carrying value of the consolidated entity's assets was $769.4 million (30 June 2007: $911.5 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.

Directors' report (continued)

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.

Likely developments and expected results of operations

Further information about likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group.

Events subsequent to balance date

Subsequent events

Sale of interest rate swap

At balance date there were $300 million interest rate swaps as part of the Group's interest rate hedges. With the progress of the Capital Realisation Programme some portion of the swaps became ineffective and as such the Board decided to sell $50 million of the interest rate swap on 18 July 2008 realising a profit of $1.4 million.

Termination of purchase contract of investment property

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 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 repayment of the deposit was sought. On the same day, the seller terminated the contract but rejected GEO Property Group's claims that they were in breach of the contract.

The matter is being contested in the Supreme Court of Qld. GEO is confident of its position on both the valid termination of the contract and the potential recovery of the deposit paid.

Joint Ventures with Bank of Scotland International (BOSI)

In July and August 2008 GEO entered into two new joint venture property development arrangements with BOSI. One parcel of land is within the Mt Cotton Estate in Brisbane and the other is in Cornell's Hill on the Northern outskirts of Melbourne.

Share-based payments

Subsequent to year-end, the share-based payment options were modified and it has been decided that the options will be settled in cash rather than stapled shares in the stapled entity.

Other than the 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.

Directors' report (continued)

Responsible Entity's remuneration

Following the purchase of the Responsible Entity on 16 May 2008 and in accordance with the amended 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 from 16 May 2008 to 30 June 2008. The fees are eliminated on consolidation of the stapled Group.

	2008	2007
	$	$
Management fees	79,837	-
Total fees paid to Responsible Entity	79,837	-

Before the purchase of the Responsible Entity by GEO Property Group Limited and in accordance with the Trust's Constitution, the Responsible Entity was entitled to receive:

(a) Base management fee equal to 0.55% (inclusive of GST) per annum of the gross asset value of the consolidated Group (excluding intra-Group loans) up to a gross asset value of $1 billion and 0.45% (plus GST) per annum thereafter;

(b) Performance fee of 5.5% (inclusive of GST) of the Group's outperformance up to 2%p.a. over a benchmark index and 15.5% (inclusive of GST) of outperformance of over 2% p.a. above the index, capped so that the Performance fee does not exceed 0.3% p.a. of the gross consolidated assets of the Group;

(c) Asset acquisition fee of 1.1% (inclusive of GST) of the purchase price of any asset acquired by the Trust; or 0.50% (plus GST) of any asset acquired by the Company where the asset was introduced by Octaviar Limited;

(d) Asset disposal fee of 0.55% (inclusive of GST) of the sale price of any asset sold by the Trust;

(e) Development management fee of 3.3% - 5.5% (inclusive of GST) of the total development costs of the Trust;

(f) Debt arrangement fee of 0.275% (inclusive of GST) of the gross value of debt finance arranged on behalf of the Company and Trust; and

(g) Reimbursement of accounting, compliance and other on-charges as permitted by the Management Agreement.

Set out below are the fees paid or payable by the Group to the Responsible Entity during the period from 1 July 2007 to 16 May 2008:

	2008	2007
	$	$
Management fees	3,742,880	4,213,636
Acquisition fees	-	3,510,271
Asset disposal fees	476,491	297,962
Reimbursement of expenses	-	460,207
Development Fees	851,474	-
Total fees paid to Responsible Entity	5,070,845	8,482,076

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 Compensation – One Off Retention Plan
9. Additional Benefits
10. Additional Information
11. 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 and John Potter
Executive Directors -	Guy Farrands
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:

1. Reviewing and making recommendations to the Board on remuneration strategy and policies for Group employees.
2. Annually reviewing and making recommendations to the Board on the executive directors' and Key Management Personnel's remuneration and performance.
3. 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 earning per security ("EPS") and total securityholder returns ("TSR")
- Be fair and consistent
- Manage total rewards with emphasis on the "at risk" element as a motivator for senior executives.

Directors' report (continued)

2 Review of Remuneration Policy and Strategy

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.

Executive directors

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.

Key Management Personnel

During the year ended 30 June 2008, the Board implemented the strategy for the Key Management Personnel' remuneration, based on a review which had taken place during the year.

Amounts of remuneration

In the prior financial year and up to the 16 May 2008, neither the Trust nor the Responsible Entity employed any personnel. The executive directors and key management personnel were then employed by a related party of the Responsible Entity, Octaviar Administration Pty Ltd (formerly known as MFS Administration Pty Ltd).

Following the acquisition of the Responsible Entity on the 16 May 2008, all executive and non-executive directors and key management personnel are employed by the Group.

The key management personnel of the Group for the financial year ended 30 June 2008 are the directors of GEO Property Group and those executives that report directly to the Managing Director and CEO being:

- Caroline Barton –*Group General Manager Corporate Services/Company Secretary*
- Nick Deed – *General Manager Southern Region*
- Lindsay Kelly – *Chief Financial Officer, from 19 May 2008*
- Michael Laffoley – *Chief Financial Officer, up to 16 November 2007*
- Dean McMahon – *Group General Manager Marketing & Product Development*
- Scott Payten – *Group General Manager Business Development*
- Lynn-Maree Travers – *Group General Manager Property Investments*
- Stuart Whitewood – *Group General Manager Project Delivery*

Directors' report (continued)

3 Performance Appraisal System

During 2008 the performance appraisal system was revised throughout GEO Property Group to ensure that employees 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 Managing Director and Chief Executive Officer's objectives are formulated and then agreed with the Remuneration and Nomination Committee and the Board. Once approved, these objectives cascade down to the Key Management Personnel, their direct reports and then to the rest of the Group's employees.

GEO Property 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.

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

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

Remuneration Mix

Remuneration packages within GEO Property Group's Remuneration Framework comprises:

- 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 securityholders 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 2007 and 2008.

Directors' report (continued)

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

COMPONENT(S) TOTAL REMUNERATION PACKAGE								
	TFR		STI		LTI		AT RISK	
	2008	2007	2008	2007	2008	2007	2008	2007
Executive directors								
G Farrands	100%	-	-	-	-	-	-	-
B Hailey*	46%	64%	54%	13%	-	23%	54%	36%
Other key management personnel of the Group								
C Barton	59%	58%	16%	16%	25%	26%	41%	42%
N Deed	74%	84%	9%	10%	17%	6%	26%	16%
L Kelly	100%	-	-	-	-	-	-	-
M Laffoley*	60%	100%	40%	-	-	-	40%	-
D McMahon	72%	76%	20%	17%	8%	7%	28%	24%
S Payten	76%	84%	21%	15%	3%	1%	24%	16%
LM Travers	75%	75%	21%	24%	4%	1%	25%	25%
S Whitewood	72%	77%	16%	14%	12%	9%	28%	23%

** Ceased employment with the Group during the financial year ended 30 June 2008*

Performance Measures

Performance measures for STI and LTI include both financial and non-financial objectives. The financial KPIs for STI are at two levels: corporate (achievement of earnings per security target set by the Board) and, where appropriate, personal (e.g. increase in funds under management or acquisitions).

Personal non-financial KPIs vary from individual to individual but include improved operational efficiency, personal and staff development.

Performance measures for LTI are purely financial and include the achievement of earnings per security and total securityholder return targets set by the Board, details of which are set out below.

Short Term Incentives

Under the current reward strategy a target for STI is calculated as a percentage of TFR. The target STI for executive directors and Key Management Personnel for the financial years ending 30 June 2007 and 2008 are set out earlier under 4.1 Remuneration Mix.

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.

Generally, half of any STI award is related to achievement of group profit targets and the remainder for personal performance. The Board has reserved the right to alter these proportions in exceptional circumstances.

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. As stated earlier, the Remuneration and Nomination Committee and then the Board must approve any STI above 100% of TFR.

Directors' report (continued)

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

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 secuirty if vesting conditions are met
- Calculated relative to relevant ASX index

TSR	0-50% of index	50-74% of index	75-100% of index
Vesting	Zero	Pro-rata according to percentile achieved	100.0%

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. Other major provisions of the agreements relating to remuneration are set out below.

	Base fee inclusive of superannuation	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	130,800	Rolling	Annual	-	-	-
J Potter	76,300	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 2008 relating to remuneration are set out in the table below:

Directors' report (continued)

5 Service Agreements (continued)

	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%	-	-
Key management personnel							
C Barton	$ 233,129	Rolling	3 months	Annual	20%	20%	115,613
N Deed	$ 363,129	Rolling	3 months	Annual	50%	20%	490,613
L Kelly	$ 300,000	Fixed until 28 February 2009	2 months	Annual	33%	-	-
D McMahon	$ 263,129	Rolling	3 months	Annual	50%	20%	115,613
S Payten	$ 333,129	Rolling	3 months	Annual	50%	20%	115,613
LM Travers	$ 313,129	Rolling	3 months	Annual	50%	20%	115,613
S Whitewood	$ 363,129	Rolling	3 months	Annual	50%	20%	115,613

Managing Director and Chief Executive Officer

The Managing Director and Chief Executive Officer, G Farrands has agreed that the terms of his contract are to be renegotiated effective from the first anniversary of its signing. At that time, it is expected that Mr Farrands contract will include terms that are typical of those for other key management personnel including equity grants that vest subject to performance hurdles.

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 additional to main Board work. This additional workload in 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.

Directors' report (continued)

6 Remuneration – Non-Executive Directors (continued)

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 2008 was $334,342 (2007 $225,267).

No director's fees are paid to the executive directors.

7 Details of Remuneration

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	Total
Non-Executive Directors							
R Anderson	97,826	-	-	8,804	-	-	106,630
J Potter	70,000	-	-	6,300	-	-	76,300
C White*	-	-	-	-	-	-	-
B Cronin*	51,998	-	-	-	-	-	51,998
M Hiscock*	61,205	-	-	5,509	-	-	66,714
A Bawden*	30,000	-	-	2,700	-	-	32,700
Sub-total	**311,029**	**-**	**-**	**23,313**	**-**	**-**	**334,342**
Executive Directors							
G Farrands^	514,188	-	-	12,187	-	-	526,375
B Hailey*	103,085	125,000	-	3,030	-	-	231,115
Total	**928,302**	**125,000**	**-**	**38,530**	**-**	**-**	**1,091,832**
Key Management Personnel							
C Barton	207,766	60,000	-	13,521	88,550	6,116	375,953
N Deed^	267,580	35,000	-	13,129	34,466	28,476	378,651
L Kelly#	34,572	-	-	1,582	-	-	36,154
M Laffoley##	83,057	60,000	-	5,050	-	-	148,107
D McMahon	244,340	70,000	-	13,607	24,619	6,116	358,682
S Payten	256,349	60,000	15,722	13,521	4,515	6,116	356,223
LM Travers^	249,323	73,103	-	13,529	11,616	6,116	353,687
S Whitewood^	293,012	70,000	-	13,592	40,538	6,116	423,258
Total	**1,635,999**	**428,103**	**15,722**	**87,531**	**204,304**	**59,056**	**2,430,715**

* Resigned 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.

Directors' report (continued)

7 Details of Remuneration (continued)

Details of Remuneration Earned or Paid During the Year Ended 30 June 2007

	Short-term Employee Benefits			Post Employment Benefits		Share Based Payments	
	Cash Salary and Fees	Cash Bonus	Non-Monetary Benefits	Superann-uation	Long service leave	Performanc e Rights	Total
Non-Executive Directors							
M Hiscock - Chairman	64,167	-	-	5,775	-	-	69,942
R Anderson	52,500	-	-	4,725	-	-	57,225
A Bawden	45,000	-	-	4,050	-	-	49,050
J Potter	45,000	-	-	4,050	-	-	49,050
Sub-total	**206,667**	**-**	**-**	**18,600**	**-**	**-**	**225,267**
Executive Directors							
B Hailey	356,113	79,095	12,992	9,271		132,954	590,425
Total	**562,780**	**79,095**	**12,992**	**27,871**	**-**	**132,954**	**815,692**
Key Management Personnel							
C Barton	148,595	45,000	-	10,572	71,634		275,801
N Deed^	174,814	24,000	12,712	12,686	13,052		237,264
M Laffoley##	139,212		-	7,807	-	-	147,019
D McMahon	139,428	35,000	6,099	10,572	14,057	-	205,156
S Payten	143,595	30,000	18,003	10,572	1,708		203,878
LM Travers^	145,732	48,766	-	9,759	2,707		206,964
S Whitewood^	168,595	35,000	8,942	10,572	22,441		245,550
Total	**1,059,971**	**217,766**	**45,756**	**72,540**	**125,599**	**-**	**1,521,632**
Other Company and Group executives							
J Jameson^	136,649	150,000	-	12,420		-	299,069

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

M Laffoley ceased employment as CFO with the Group on 16 November 2007.

Directors' report (continued)

8. Shared based compensation – One off Retention Plan

In May 2008, a number of executives were advised options to acquire stapled securities of the Group as part of a proposed Performance Rights Plan (Plan) would be granted. During the period GEO Property Group experienced considerable disruption, including:

- Breach of debt covenants leading to suspension of trading of GEO Property Group's stapled securities
- Departure of Chief Executive
- Difficulties concerning the parent company of GEO Property Group's manager, Octaviar Limited

It was decided to offer key staff members one off share based retention bonuses to ensure that they remained with the Group during this period of disruption. The loss of experienced senior staff would have been very detrimental to GEO Property Group's business. Subsequent to year end these arrangements have been surrendered by staff and replaced by cash retention bonuses otherwise on the same terms.

Under the Plan, the Plan Securities were to be acquired on market and held in a trust and were to transfer to the executives on vesting. While the Plan Securities are the subject of vesting criteria (detailed below), the Plan Securities cannot be sold, transferred or otherwise disposed of and do not carry any rights towards receiving distributions from the Group.

For the vesting criteria to be met, the executive must be an employee of GEO Property Group at the time of when they become exercisable.

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 or future reporting periods 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	50 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 stapled security of GEO Property Group.

Options provided as part of employment with the Group:

Name	**Number of options granted during the year**	**Number of options vested during the year**
	2008	**2008**
Non-Executive directors		
R Anderson	-	-
J Potter	-	-
Sub-total	**-**	**-**
Executive director		
G Farrands	-	-
Total	**-**	**-**

Directors' report (continued)

8. Shared based compensation – One off Retention Plan (continued)

Options provided as part of employment with the Group (continued):

Name	Number of options granted during the year	Number of options vested during the year
	2008	2008
Other key management personnel of the Group		
C Barton	115,613	-
N Deed	490,613	-
L Kelly	-	-
D McMahon	115,613	-
S Payten	115,613	-
LM Travers	115,613	-
S Whitewood	115,613	-
Total	**1,068,678**	**-**

The assessed fair value at grant date of options granted to the individuals is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables above. Fair values at grant date are determined taking into account the share price at grant date and expected distribution yield for the term of the option. The valuation inputs for options granted during the year ended 30 June 2008 included:

(a) options are granted for no consideration and vest based on the executive remaining in employment of the Group.
(b) exercise price: Nil
(c) grant date: 14 May 2008 and 19 May 2008
(d) expiry date: 31 March 2009
(e) share price at grant date: 14 May 2008: 50 cents, 19 May 2008: 39 cents

9 Additional Benefits

GEO Property 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 GEO Property Group.

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

10 Additional information

All service and performance criteria were met by executives eligible for a bonus with respect to their performance in the 30 June 2007 financial year.

These bonuses were paid during the year and no amounts were forfeited. No part of the bonuses is payable in future years. Bonuses with respect to performance within the 30 June 2008 financial year have been accrued, however these amounts have not yet been approved by the Remuneration and Nomination Committee or attributed to these executives.

Directors' report (continued)

10 Additional information (continued)

The options that have been granted during year are subject to performance criteria and will vest on 31 March 2009. During the financial year, none of these options have been forfeited.

Share based compensation

Further details relating to options are set out below.

Name	A Remuneration consisting of options	B Value at grant date $
R Anderson	-	-
G Farrands	-	-
J Potter	-	-
C Barton	1.6%	6,116
N Deed	7.5%	28,476
L Kelly	-	-
D McMahon	1.7%	6,116
S Payten	1.7%	6,116
LM Travers	1.7%	6,116
S Whitewood	1.4%	6,116

A = The percentage of the value of remuneration consisting of options, based on the value of options expensed during the current year.

B = The value at grant date calculated in accordance with AASB 2 *Share-based Payment* of options granted during the year as part of remuneration.

11 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.

	2008	2007*
Profit/(loss) for the year before amounts attributable to ordinary unitholders ($'000)	(66,453)	11,642
Earnings/(loss) per share	(15.66) cents	7.40 cents
Distribution per unit	8.9 cents	8.5 cents
Security price as at end of financial year	26 cents	88 cents
Percentage increase / (decrease) in security price	(238.5%)	(9.1%)
Return on capital employed	(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 2008 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.

Directors' report (continued)

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

No insurance premiums are paid out of the Group assets in relation to insurance cover for the Responsible Entity, its officers and employees of the Group, the Compliance Committee or the auditors of the Group.

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.

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 25 and forms part of the Directors' report for the period ended 30 June 2008.

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

Guy Farrands

Director

Bundall

28 August 2008

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 2008, 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
28 August 2008

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 Principles of Good Corporate Governance and Best Practice Guidelines (ASX Guidelines).

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

Board of Directors

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.

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.

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;

Corporate governance statement (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 and 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.

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.

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.

Corporate governance statement (continued)

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.

Corporate governance statement (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 secuirtyholder holding more than 10% of the relevant entity's voting securities, other than as a director of the relevant entity;
- 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 consisted of a majority of "independent" non-executive directors for all but four months of the full financial year and given its current size expects to increase the number of independent directors in the 2009 financial year.

Corporate governance statement (continued)

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:

- overseeing the financial reporting process to ensure the balance, transparency and integrity of published financial reports;
- reviewing the effectiveness of the internal control and risk management framework and assess its effectiveness at identifying, managing and monitoring key risks and making recommendations to the Board regarding same;
- reviewing the independent audit process (including recommendations regarding the appointment and assessment of the performance of the external auditor);
- reviewing the Group's process for monitoring compliance with laws and regulations affecting financial reporting; and
- considering and reporting to the Board on any such other matters as the Board may refer to the committee from time to time.

The majority of Audit and Risk Committee members are required to be independent non-executive directors of the Group. During the financial this was complied with. Currently the Board is acting as 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 2008 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.

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;
- 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;

Corporate governance statement (continued)

Remuneration and Nomination Committee (continued)

- 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.

The majority of Remuneration and Nomination Committee members must be non-executive directors. During the financial year, this was complied with. Currently the full Board is acting as the Remuneration and Nomination Committee. The Chair of the Remuneration and Nomination is an independent non-executive director. The Company Secretary acts as secretary to the Remuneration and Nomination Committee.

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.

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;
- 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.

Corporate governance statement (continued)

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.

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.

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.

Corporate governance statement (continued)

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.

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.

Corporate governance statement (continued)

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 Secuityholder 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, changes in the state of affairs, and details of future developments;
- 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.

Corporate governance statement (continued)

ASX Corporate Governance Council Best Practice Recommendations

Best Practice Recommendations		Compliance
Principle 1: Lay solid foundations for management and oversight		
1.1	Formalise and disclose the functions reserved to the board and those delegated to management.	*Comply*
Principle 2:	**Structure the Board to add value**	
2.1	A majority of the board should be independent directors.	*Qualified compliance**
2.2	The chairperson should be an independent director.	*Comply*
2.3	The roles of the chairperson and chief executive officer should not be exercised by the same individual.	*Comply*
2.4	The board should establish a nomination committee.	*Comply*
2.5	Provide the information indicated in *Guide to reporting on Principle 2*	*Comply*
Principle 3:	**Promote ethical and responsible decision-making**	
3.1	Establish a code of conduct to guide the directors, the chief executive officer, the general manager/chief financial officer and any other key executives as to: 3.1.1 the practices necessary to maintain confidence in the company's integrity. 3.1.2 the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	*Comply*
3.2	Disclose the policy concerning trading in company securities by directors, officers and employees.	Comply
3.3	Provide the information indicated in *Guide to reporting on Principle 3.*	*Comply*
Principle 4:	**Safeguard integrity in financial reporting**	
4.1	Require the chief executive officer and the general manager/chief financial officer to state in writing to the board that the company's financial reports present a true and fair view, in all material respects, of the company's financial condition and operational results and are in accordance with relevant accounting standards.	*Comply*
4.2	The board should establish an audit committee.	*Comply*

Corporate governance statement (continued)

ASX Principle		Compliance
4.3	Structure the audit committee so that is consists of:	
	• Only non-executive directors	*Qualified compliance**
	• A majority of independent directors	*Qualified compliance**
	• An independent chairperson, who is not chairperson of the board	*Does not comply***
	• At least three members	*Comply*
4.4	The audit committee should have a formal operating charter.	*Comply*
4.5	Provide the information indicated in *Guide to reporting on Principle 4.*	*Comply*
Principle 5:	**Make timely and balanced disclosure**	
5.1	Establish written policies and procedures designed to ensure compliance with ASX listing rule disclosure requirements and to ensure accountability at a senior management level for that compliance.	*Comply*
5.2	Provide the information indicated in *Guide to reporting on Principle 5*	*Comply*
Principles 6:	**Respect the rights of shareholders**	
6.1	Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.	*Comply*
6.2	Request the external auditor to attend the annual general meeting (AGM) and be available to answer shareholder questions about the audit.	*Comply*
Principle 7:	**Recognise and manage risk**	
7.1	The board or appropriate board committee should establish policies on risk oversight and management.	*Comply*
7.2	The chief executive officer and the general manager/chief financial officer (or equivalent) should state to the board in writing that: 7.2.1 the statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board 7.2.2 the company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.	*Comply*
7.3	Provide the information indicated in *Guide to reporting on Principle 7*	*Comply*

Corporate governance statement (continued)

ASX Principle		Compliance
Principle 8: Encourage enhanced performance		
8.1	Disclose the process for performance evaluation of the board, its committees and individual directors, and key executives.	*Comply*
Principle 9: Remunerate fairly and responsibly		
9.1	Provide disclosure in relation to the company's remuneration policies to enable investors to understand: (i) The costs and benefits of those policies and (ii) The link between remuneration paid to directors and key executives and corporate performance.	*Comply*
9.2	The board should establish a remuneration committee.	*Comply*
9.3	Clearly distinguish the structure of non-executive directors' remuneration from that of executives.	*Comply*
9.4	Ensure that payment of equity-based executive remuneration is made in accordance with thresholds set in plans approved by shareholders.	*N/A*
9.5	Provide the information indicated in *Guide to reporting on Principle 9*	*Comply*
Principle 10: Recognise the legitimate interests of shareholders		
10.1	Establish and disclose a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders.	*Comply*

* The majority of the Board were not independent directors for the full financial year, however the Board considers that the benefits of the Group having them as non-executive directors significantly outweigh any perceived disadvantage to the Group arising from the fact that they do 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 expects to increase the number of independent directors in the 2009 financial year.

** As a result of the reduced number of board members the full board will, for the time being, act as the board committees with the exception of the Compliance Committee until such time as additional independent directors are appointed to the board.

GEO Property Trust and its controlled entities

ARSN 104 482 206

Income statements
For the year ending 30 June 2008

		Consolidated		Parent	
		2008	2007	2008	2007
	Notes	$'000	$'000	$'000	$'000
Development and construction revenue		331,248	158,442	-	-
Rental revenue		28,046	34,266	16,713	18,452
Interest revenue		2,684	2,288	43,914	18,264
Distribution Income		-	-	6,508	21,701
Dividends received		307	262	307	-
Revenue from continuing operations	6	362,285	195,258	67,442	58,417
Net loss on fair value of financial assets		(4,411)	(949)	(4,411)	(949)
Net loss on sale of financial assets		(7,759)	(537)	(8,131)	-
Net gain on sale of investment properties		2,745	4,969	1,390	254
Net gain/(loss) in fair value of investment properties and other assets		(52,995)	11,782	(36,101)	1,072
Share of net profits/(losses) of associates and joint ventures accounted for using the equity method		428	507	-	-
Loss on investment in sub-trust		-	-	(586)	(3,215)
Other income		1,441	-	(25)	-
Total revenues and other income		301,734	211,030	19,578	55,579
Cost of development property sold		269,415	134,410	-	-
Property marketing expenses		8,021	5,887	-	-
Investment property expenses		6,988	7,464	3,737	3,140
Employee benefits expense		13,896	7,768	-	-
Depreciation and amortisation expense		2,586	1,062	-	-
Finance costs (excluding amounts attributable to ordinary unitholders)	7	26,188	33,867	35,421	26,436
Responsible entity fees		3,887	4,674	1,706	3,462
Internalisation of Responsible Entity		2,977	-	-	-
Impairment of Goodwill on acquisition of the Responsible Entity		2,511	-	-	-
Impairment of receivables		11,108	-	2,314	-
Impairment of investments in sub-trusts	22	-	-	9,622	-
Other operating expenses	8	10,511	5,684	1,933	1,891
Profit/(loss) before income tax and amounts attributable to ordinary unitholders		(56,354)	10,214	(35,155)	20,650
Income tax (expense)/benefit	11	(10,099)	3,236	-	-
Profit/(loss) from continuing operations		(66,453)	13,450	(35,155)	20,650
Loss from discontinued operations	10	-	(1,808)	-	-
Profit for the year before amounts attributable to ordinary unitholders		(66,453)	11,642	(35,155)	20,650
Amounts attributable to ordinary unitholders (finance cost)	7	-	5,588	-	5,588
Profit for the year		(66,453)	6,054	(35,155)	15,062

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

GEO Property Trust and its controlled entities

ARSN 104 482 206

Income Statements
For the year ending 30 June 2008

	Notes	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent 2008 $'000	Parent 2007 $'000
Profit/(loss) is attributable to:					
Equity holders of the Trust		(33,853)	22,005	(35,155)	15,062
Equity holders of the Company (minority interest)		(30,600)	(15,951)	-	-
		(66,453)	6,054	(35,155)	15,062

	Notes	2008 Cents	2007 Cents
Earnings/(loss) per Trust Unit:			
Basic earnings per share from continuing operations attributable to stapled securityholders	5	(15.66)	7.40
Basic earnings per share attributable to stapled securityholders	5	(15.66)	6.40
Diluted earnings per share from continuing operations attributable to stapled securityholders	5	(15.66)	7.40
Diluted earnings per share attributable to stapled securityholders	5	(15.66)	6.40

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

GEO Property Trust and its controlled entities

ARSN 104 482 206

Balance Sheets
As at 30 June 2008

	Notes	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent 2008 $'000	Parent 2007 $'000
ASSETS					
Current assets					
Cash and cash equivalents	12	6,202	19,420	248	11,959
Trade and other receivables	13	117,134	101,665	595	256
Inventories	14	172,299	144,628	-	-
Other financial assets at fair value through profit or loss	15	-	4,411	-	4,411
Non-current assets classified as held for sale	16	90,550	42,410	55,542	15,994
Current tax assets	17	3,727	656	-	-
Other current assets	18	14,437	4,179	11,093	961
Total current assets		404,349	317,369	67,478	33,581
Non-current assets					
Receivables	13	22,262	-	497,307	505,740
Inventories	14	119,809	175,685	-	-
Available-for-sale financial assets	15	-	2,920	-	2,920
Investment properties	19	93,765	277,588	43,515	171,245
Property, plant and equipment	20	51,988	51,400	35,244	24,218
Investments accounted for using the equity method	21	25,740	26,678	-	-
Other financial assets	22	-	-	24,314	45,240
Goodwill	23	50,375	50,359	-	-
Deferred tax assets	24	-	8,363	-	-
Other non-current assets	18	1,158	1,167	447	342
Total non-current assets		365,097	594,160	600,827	749,705
Total assets		769,446	911,529	668,305	783,286
LIABILITIES					
Current liabilities					
Trade and other payables	25	59,413	73,417	6,581	12,082
Other current liabilities	26	30	143	30	109
Interest bearing liabilities	27	10,025	21,605	10,000	-
Provisions	28	11,976	10,114	9,498	9,408
Total current liabilities		81,444	105,279	26,109	21,599
Non-current liabilities					
Payables	25	54,934	35,534	-	-
Interest bearing liabilities	27	331,364	385,009	300,000	365,224
Provisions	28	258	115	-	-
Deferred tax liabilities	24	1,260	-	-	-
Total non-current liabilities		387,816	420,658	300,000	365,224
Total liabilities		469,260	525,937	326,109	386,823
NET ASSETS		300,186	385,592	342,196	396,463

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

GEO Property Trust and its controlled entities
ARSN 104 482 206

Balance Sheets
As at 30 June 2008

		Consolidated		Parent	
		2008	2007	2008	2007
	Notes	$'000	$'000	$'000	$'000
EQUITY					
Capital and reserves attributable to stapled securityholders as:-					
Trust					
Contributed Equity	29	388,011	380,813	388,011	380,813
Retained earnings/(losses)	30	(58,186)	15,448	(55,971)	16,965
Reserves	30	10,226	(1,315)	10,156	(1,315)
Total equity attributable to unitholders		340,051	394,946	342,196	396,463
Company					
Contributed equity	29	4,101	4,014	-	-
Retained profits/(Accumulated losses)	30	(43,968)	(13,368)	-	-
Reserves	30	2	-	-	-
Total equity attributable to shareholders (minority interest)		(39,865)	(9,354)	-	-
Total Equity		300,186	385,592	342,196	396,463

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

Statement of changes in equity
for the year ended 30 June 2008

	Notes	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent 2008 $'000	Parent 2007 $'000
Total equity at the beginning of the financial year		385,592	(2,044)	396,463	-
Net income recognised directly in equity					
Change in fair value of available-for-sale financial assets, net of tax	30	700	(320)	700	(320)
Share based payment expense	30	72	-	-	-
Change in the fair value of cash flow hedges, net of tax	30	10,771	(1,992)	10,771	(1,992)
		11,543	(2,312)	11,471	(2,312)
Net profit/(loss) for the year		(66,453)	6,054	(35,155)	15,062
Total recognised income and expenses for the year		(54,910)	3,742	(23,684)	12,750
Transactions with equity holders in their capacity as equity holders:					
Transfer from amount attributable to ordinary unitholders (liability)*		-	206,476	-	203,934
Dividend re-investment plan		7,285	-	7,198	-
Contributions of equity, net of transaction costs		-	195,040	-	191,813
Distributions paid or payable		(37,781)	(17,622)	(37,781)	(12,034)
		(30,496)	383,894	(30,583)	383,713
Total equity at the end of the financial year		300,186	385,592	342,196	396,463

* Prior to 30 November 2006 ordinary unitholders funds were treated as liabilities rather than equity. Refer also note 1(r).

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

GEO Property Trust and its controlled entities
ARSN 104 482 206

Cash flow statements
For the year ended 30 June 2008

	Notes	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent 2008 $'000	Parent 2007 $'000
Cash flows from operating activities					
Receipts from customers (inclusive of GST)		294,086	177,151	22,956	20,481
Payments to suppliers and employees and for land (inclusive of GST)		(238,701)	(192,990)	(12,881)	(6,207)
Interest received		1,675	731	-	-
Borrowing costs paid		(31,090)	(43,654)	(28,996)	(22,067)
Responsible entity fees		(3,887)	(4,717)	(1,706)	(5,652)
Income tax paid		(3,548)	(1,906)	-	-
Net cash (outflow)/inflow from operating activities		18,535	(65,385)	(20,627)	(13,445)
Cash flows from investing activities					
Purchase of Villa World including overdraft acquired		-	(150,977)	-	-
Payment for purchase of Responsible Entity, net of cash acquired		(3,936)	-	-	-
Sale of Guardian net of cash disposed of		-	10,676	-	-
Sale of investments		2,599	1,483	2,227	(1,600)
Proceeds from sale of investment properties		113,412	114,954	74,306	67,324
Payments for investment properties		-	(129,547)	-	(116,639)
Additional contribution in joint ventures		(1,665)	-	-	-
Purchase of property plant & equipment		(50,384)	(45,294)	(40,018)	(18,367)
Proceeds from disposal of property, plant & equipment		320	-	-	-
Loans to related parties		(24,258)	-	(285,355)	(569,356)
Repayment of loans by related parties		14,029	-	337,486	284,360
Loan to other party		(4,778)	-	-	-
Repayment of loan by other party		24,212	-	-	-
Distributions received		-	-	143	21,701
Interest received		-	-	215	18,264
Return of capital from sub-trust		-	-	11,304	10,686
Net cash inflow (outflow) from investing activities		69,551	(198,705)	100,308	(303,627)
Cash flows from financing activities					
Proceeds from share issue		-	200,791	-	197,763
Share issue costs		-	(1,206)	-	(1,038)
Proceeds from borrowings		99,014	587,945	99,014	586,978
Proceeds from borrowings related party		25,925	1,136	-	1,179
Repayment of borrowings		(181,539)	(471,920)	(159,912)	(445,813)
Repayment of borrowings from related party		(14,298)		-	
Pre-acquisition dividend paid (Villa World)		-	(23,324)	-	-
Distributions paid		(30,406)	(10,273)	(30,494)	(10,274)
Net cash inflow/(outflow) from financing activities		(101,304)	283,149	(91,392)	328,795
Net (decrease)/increase in cash and cash equivalents		(13,218)	19,059	(11,711)	11,724
Cash and cash equivalents at beginning of the year		19,420	361	11,959	236
Cash and cash equivalents at end of the year		6,202	19,420	248	11,960

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

Cash flow statements
For the year ended 30 June 2008

	Notes	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent 2008 $'000	Parent 2007 $'000
Reconciliation to cash at the end of the year:					
Cash and cash equivalents		6,202	19,420	248	11,960
		6,202	19,420	248	11,960

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

Contents of the notes to the financial statements

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 domiciled in Australia. The consolidated financial report of the Trust for the financial year ended 30 June 2008 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 28 August 2008.

(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.

1 Statement of significant accounting policies (continued)

(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.

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 38.

1 Statement of significant accounting policies (continued)

(c) *Principles of consolidation (continued)*

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 38.

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.

(e) *Foreign currency translation*

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is the functional and presentation currency of the Trust and the Company.

Transactions and balances

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges. As at balance sheet date the Group has not entered any hedge transactions, as the risk to the Group from foreign-denominated transactions is insignificant.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the foreign exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss.

(f) *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:

1 Statement of significant accounting policies (continued)

(f) Revenue recognition (continued)

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.

(g) 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.

1 Statement of significant accounting policies (continued)

(h) 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.

(i) 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 23). 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.

(j) 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).

1 Statement of significant accounting policies (continued)

(k) *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. Many 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 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(f).

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.

(l) *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 profit or loss. 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.

(m) *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:

Buildings	40 years
Plant and equipment	3-10 years

1 Statement of significant accounting policies (continued)

(m) Property, plant and equipment (continued)

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.

(n) 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 unitholders 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), rates 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.

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.

1 Statement of significant accounting policies (continued)

(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 unitholders is classified as a liability in accordance with AASB 132: *Financial Instruments Presentation*. Related movements in net assets attributable to unitholders 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 unitholders were reclassified as equity. From that date on, profits attributable to ordinary unitholders 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.

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 profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

1 Statement of significant accounting policies (continued)

(u) Impairment (continued)

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 profit or loss.

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 profit or loss, 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.

(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.

1 Statement of significant accounting policies (continued)

(v) Derivatives (continued)

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 profit or loss. 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 profit or loss 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.

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.

1 **Statement of significant accounting policies (continued)**

(y) Income tax (continued)

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.

(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.

1 Statement of significant accounting policies (continued)

(z) Goods and services tax (continued)

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.

(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.

1 Statement of significant accounting policies (continued)

(ad) Earnings per Share

Basic earnings per stapled security

Basic earnings per stapled security is determined by dividing the net profit from continuing operations attributable to the unitholders 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 share

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

(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.

(af) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2008 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*

AASB 8 and AASB 2007-3 are effective for annual reporting periods commencing on or after 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 has not yet decided when to adopt AASB 8. Application of AASB 8 may result in different segments, segment results and different types of information being reported in the segment note of the financial report. However, at this stage, it is not expected to affect any of the amounts recognised in the financial statements.

(ii) Revised AASB 123 *Borrowing Costs* and AASB 2007-6 *Amendments to Australian Accounting Standards arising from AASB 123* [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]

The revised AASB 123 is applicable to annual reporting periods commencing on or after 1 January 2009.

It 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. There will be no impact on the financial report of the Group, as the Group already capitalises borrowing costs relating to qualifying assets.

1 Statement of significant accounting policies (continued)

(af) New accounting standards and interpretations (continued)

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

A revised AASB 101 was issued in September 2007 and is applicable for annual reporting periods beginning on or after 1 January 2009. It 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 intends to apply the revised standard from 1 July 2009.

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

AASB 2008-1 was issued in February 2008 and will become applicable for annual reporting periods beginning on or after 1 January 2009. The revised standard 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.

(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*

Revised accounting standards for business combinations and consolidated financial statements were issued in March 2008 and are operative for annual reporting periods beginning on or after 1 July 2009, but may applied earlier. The Group has not yet decided when it will apply the revised standards. However, the new rules generally apply only prospectively to transactions that occur after the application date of the standard. Their impact will therefore depend on whether the Group will enter into any business combinations or other transactions that affect the level of ownership held in the controlled entities in the year of initial application.

For example, under the new rules:

- all payments (including contingent consideration) to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments subsequently remeasured at fair value through income
- all transaction cost will be expensed
- the Group will need to decide whether to continue calculating goodwill based only on the parent's share of net assets or whether to recognise goodwill also in relation to the non-controlling (minority) interest, and
- when control is lost, any continuing ownership interest in the entity will be remeasured to fair value and a gain or loss recognised in profit or loss.

1 Statement of significant accounting policies (continued)

(af) New accounting standards and interpretations (continued)

(vi) Improvements to Australian Accounting Standards: AASB 2008-5 and AASB 2008-6

In July 2008, the AASB issued a number of improvements to existing Australian Accounting Standards Standards. The amendments will generally apply to financial reporting periods commencing on or after 1 January 2009, except for some changes to AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* regarding the sale of the controlling interest in a subsidiary which will apply from 1 July 2009. The Group does not expect that any adjustments will be necessary as the result of applying the revised rules.

(vii) IFRIC Interpretation 15 *Agreements for the Construction of Real Estate*

IFRIC Interpretation 15 was issued in July 2008 and applies to reporting periods commencing on or after 1 January 2009. The interpretation provides guidance on determining whether an agreement is a construction contract, an agreement for the rendering of services or for the sale of goods. The group does not expect that any adjustments will be necessary as a result of applying this interpretation.

(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.

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.

Critical accounting estimates and assumptions

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) 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 23 for details of these assumptions and the potential impact of changes to the assumptions.

2 Critical accounting estimates and judgements (continued)

(ii) Income taxes

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations.

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.

(iii) Impairment of available-for-sale financial assets

The Group and the parent entity made a significant judgement about the impairment of a number of its available-for-sale financial assets.

The Group follows the guidance of AASB 139 *Financial Instruments: Recognition and Measurement* on determining when an available-for-sale financial asset is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost and the financial health of and near term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

If the decline in fair value below cost was considered significant or prolonged, the Group and the parent entity would have suffered an additional loss of $100,000 in its 2007 financial statements, being the transfer of the accumulated fair value adjustments recognised in equity on the impaired available-for-sale financial assets to the income statement. In the 2008 financial year, the fair value of the relevant assets has increased again and is now above cost.

(iv) Investment properties

The investment properties of the group are stated at fair value. Fair value if determined through a combination of internal and external valuations as detailed in note 1(k) and note 19. The estimation of fair value is considered to involve a certain level of judgement by either internal or external sources. As such, the group evaluates any key assumptions used in these valuations to ensure that the fair value is appropriate and meets the measurement requirements of AASB 140 *Investment Properties.*

3 Segment information

Description of segments

Business segments

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

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 New Zealand.

Property development

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

Geographic segments

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

3. Segment information (continued)

2008	Property investment $'000	Property development $'000	**Total continuing operations $'000**	Inter-segment eliminations/ unallocated $'000	**Total $'000**
Income Statement					
Rental Income	27,885	161	**28,046**	-	**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	43,980	5,045	**49,025**	(44,593)	**4,432**
Total	71,865	336,882	**408,747**	(44,593)	**364,154**
Segment result*	23,093	(14,835)	**8,258**	(2,192)	**6,066**
Change in fair value of property assets	(47,329)	(5,666)	**(52,995)**	-	**(52,995)**
Change in fair value of financial assets	(4,411)	-	**(4,411)**	-	**(4,411)**
Net profit/(loss) on sale of financial assets	(7,759)	-	**(7,759)**	-	**(7,759)**
Net profit/(loss) on sale of property assets	2,745	-	**2,745**	-	**2,745**
Profit/(loss) before income tax	(33,661)	(20,501)	**(54,162)**	(2,192)	**(56,354)**
Income tax (expense) benefit	-	(10,099)	**(10,099)**	-	**(10,099)**
Profit/(loss) for the year	(33,661)	(30,600)	**(64,261)**	(2,192)	**(66,453)**
Balance Sheet					
Segment assets	669,324	533,157	**1,202,481**	(433,035)	**769,446**
Total assets	669,324	533,157	**1,202,481**	(433,035)	**769,446**
Segment liabilities	(327,128)	(573,023)	**(900,151)**	430,891	**(469,260)**
Total liabilities	(327,128)	(573,023)	**(900,151)**	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	45,850	4,534	**50,384**	-	**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.*

Segment information (continued)

2007	Property investment	Property development	Total continuing operations	Discontinued operation (Aged care)	Inter-segment eliminations/ unallocated	Total
Income Statement	$'000	$'000	**$'000**	$'000	$'000	**$'000**
Rental Income	34,266	-	**34,266**	-	-	**34,266**
Sales to external customers	-	158,442	**158,442**	-	-	**158,442**
Share of net profits of associates and joint venture entities	-	507	**507**	-	-	**507**
Other revenue/income	-	730	**730**	-	1,820	**2,550**
Total revenue and other income	34,266	159,679	**193,945**	-	1,820	**195,465**
Segment result*	21,633	9,767	**31,400**	(1,808)	(36,451)	**(6,859)**
Change in fair value of property assets	11,782	-	**11,782**			**11,782**
Change in fair value of financial assets	(949)	-	**(949)**			**(949)**
Net profit/(loss) on sale of financial assets	(537)	-	**(537)**			**(537)**
Net profit/(loss) on sale of property assets	4,969	-	**4,969**			**4,969**
Profit before income tax	36,898	9,767	**46,665**	(1,808)	(36,451)	**8,406**
Income tax/(expense) benefit	-	3,236	**3,236**	-	-	**3,236**
Profit for the year	36,898	13,003	**49,901**	(1,808)	(36,415)	**11,642**
Balance Sheet						
Segment assets	782,518	530,976	**1,313,494**	-	(401,965)	**911,529**
Total assets	782,518	530,976	**1,313,494**	-	(401,965)	**911,529**
Segment liabilities	387,549	540,332	**927,881**	-	(401,944)	**525,937**
Total liabilities	387,549	540,332	**927,881**	-	(401,944)	**525,937**
Other segment information						
Investments in associates and joint ventures	-	26,678	**26,678**	-	-	**26,678**
Acquisitions of property, plant and equipment and other	19,626	26,152	**45,778**	-	-	**45,778**
Depreciation and amortisation expense	-	1,074	**1,074**	-	-	**1,074**

** Included within the segment result are unallocated items such as interest expense of $33.9m, interest income of $2.3m, and administrative/overhead expenses of $4.4 m.*

4. Distributions paid and payable

Consolidated and parent	2008 $'000	2008 Cents per unit	2007 $'000	2007 Cents per unit
Ordinary units				
Distributions paid: -				
September quarter	9,349	2.225	1,579	2.000
December quarter	9,437	2.225	3,861	2.000
March quarter	9,498	2.225	4,353	2.250
June quarter	9,497	2.225	9,408	2.250
	37,781	8.900	19,201	8.500
Preferred units				
Distributions paid:-				
September quarter	-	-	1,011	5.0562
December quarter	-	-	1,031	5.1546
March quarter	-	-	1,031	5.1574
June quarter	-	-	694	3.4686
	-	-	3,767	18.8368

5 Earnings per stapled security

	2008 Cents	2007 Cents
a) Basic and diluted earnings per share		
Earnings per stapled security		
Profit/(loss) from continuing operations attributable to the stapled securityholders	(15.66)	7.40
Loss from discontinuing operations	-	(1.00)
Profit/(loss) attributable to the stapled securityholders	(15.66)	6.40
b) Reconciliation of earnings used in calculation		
Stapled Securityholders		
Profit/(loss) from continuing operations	(66,453)	13,450
Loss from discontinued operations attributable to stapled securityholders	-	(1,808)
Profit/(loss) attributable to stapled securityholders used in calculating basic earnings per security	(66,453)	11,642

c) Weighted average number of stapled securities

Weighted average number of stapled securities used as the denominator in calculating basic and diluted earning per share is 424,158,693 (2007:181,869,757).

d) Diluted earnings per share

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.

6 Revenue

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent 2008 $'000	Parent 2007 $'000
From continuing operations				
Sales revenue				
Revenue from land, residential and commercial development activities	327,814	156,057	-	-
Services	537	1,528	-	-
Project management fees	1,630	405	-	-
Commissions Received	1,267	452	-	-
	331,248	158,442	-	-
Other revenue				
Rental income	28,047	34,266	16,713	18,452
Interest income	2,683	2,288	43,914	18,264
Distribution income subsidiary trusts	-	-	6,508	21,701
Distribution income - investment scheme	-	-	-	-
Dividend income	307	262	307	-
	362,285	195,258	67,442	58,417

7 Finance costs

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent 2008 $'000	Parent 2007 $'000
Loan interest and charges				
Related parties	-	329	-	234
Other financial institutions	31,090	31,783	28,997	18,240
Unwind of discount deferred consideration	4,553	3,236	-	-
Interest on preferred units	-	3,767	-	3,767
Borrowing costs	8,023	7,926	7,193	4,195
	43,666	47,041	36,190	26,436
Amount Capitalised	(17,478)	(13,174)	(769)	-
	26,188	33,867	35,421	26,436
Finance costs attributable to ordinary unitholders*	-	5,588	-	5,588
Total finance costs included within the income statement	26,188	39,455	35,421	32,024

* The adoption of AASB139 *Financial Instruments: Recognition and measurement* resulted in the Trust recognising unit holder funds as financial liabilities and not equity up until 30 November 2006. Profits attributable to ordinary unitholders up to that date were therefore classified as financing costs.

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, in this case 8.95% (2007 – 8.34%).

8 Other expenses

	Consolidated		Parent	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Legal and professional costs	4,269	498	1,532	1,424
Administration costs	2,780	1,633	125	136
Other costs	3,462	3,553	276	331
	10,511	5,684	1,933	1,891

9 Auditors' remuneration

	Consolidated		Parent	
	2008	2007	2008	2007
	$	$	$	$
Audit services provided by KPMG:				
Audit and review of financial reports	8,000	(3,388)	-	2,877
Other regulatory audit services	29,859	38,039	8,732	16,472
Audit of property outgoings	55,410	46,095	33,210	12,665
	93,269	80,746	41,942	32,014
Other services provided by KPMG				
Taxation services	430,913	111,400	239,766	15,750
Due diligence services	-	553,600	-	553,600
	524,182	745,746	281,708	601,364
Audit services provided by PWC:				
Audit and review of financial reports-2007	237,456	-	-	-
Audit and review of financial reports-2008	543,623	403,326	137,550	69,433
	781,079	403,326	137,550	69,433
Other services provided by PWC:				
Taxation services	61,417	63,863	-	-
Other services	289,342	218,401	-	-
	1,131,838	685,590	137,550	69,433
Total Auditors' remuneration	1,656,020	1,431,336	419,258	670,797

10 Discontinued operation

Description

On 22 December 2006, a controlled entity, GEO Developments Pty Ltd (formerly Villa World Ltd) sold its 70% stake in the Guardian Aged Care Group to the minority shareholder. The sale was effected by transferring all of the assets and liabilities of the business to entities 100% controlled by interests associated with the minority shareholder.

Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

10 Discontinued operation (continued)

(a) Financial performance and cash flow information

The financial performance and cash flow information presented are for the period 22 September 2006 to 22 December 2006.

	Period Ended 22 Dec 2006 $'000
Revenue	1,694
Expenses	(2,519)
(Loss) before income tax	(825)
Income tax expense	-
(Loss) after income tax of discontinued operations	(825)
Less: loss attributable to minority interest	248
Loss attributable to stapled securityholders	**(577)**
Gain on sale of 70% stake before income tax	3,706
Income tax expense	(4,937)
Loss on sale after income tax	**(1,231)**
Loss from discontinued operations	**(1,808)**

(b) Financial performance and cash flow information

	Period Ended 22 Dec 2006 $'000
Net cash inflow from ordinary activities	34
Net cash inflow from investing activities (includes an inflow of $14.914 million from the sale of the division)	385
Net cash inflow from financing activities (includes repayment of $11.304 million loan on sale of the division)	25,163
Net increase in cash generated by the division	**25,582**

11 Income tax expense

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent 2008 $'000	Parent 2007 $'000
(a) Income tax expense				
Current tax	477	4,364	-	-
Deferred tax	9,622	(2,663)	-	-
Aggregate income tax expense	10,099	1,701	-	-
Income tax expense is attributable to:			-	-
Profit from continuing operations	10,099	(3,236)	-	-
Profit from discontinued operations	-	4,937	-	-
	10,099	1,701	-	-

11 Income tax expense (continued)

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent 2008 $'000	Parent 2007 $'000
Deferred income tax (revenue) / expense included in income tax expense comprises:				
Decrease / (increase) in deferred tax assets (note 24)	(7,985)	(1,135)	-	-
(Decrease) / increase in deferred tax liabilities (note 29)	17,607	(1,528)	-	-
	9,622	(2,663)	-	-

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent 2008 $'000	Parent 2007 $'000
Profit/(loss) from continuing operations before tax	(56,354)	10,214	-	-
Profit/(loss) from discontinuing operations before tax	-	3,129		
	(56,354)	13,343	-	-
Tax at the Australian tax rate of 30% (2007: 30%)	(16,906)	4,003	-	-
Tax effect of amounts which are not deductible/(assessable) in calculating taxable income:				
Non-taxable operations (trusts and sub-trusts)	(9,442)	(6,608)	-	-
Tax losses not recognised	17,781	-	-	-
(Over)/under provision of income tax in prior year	(2,306)	-	-	-
Other	774	308	-	-
Difference in prima facie tax payable on discontinued operations and capital gains tax payable on sale of underlying business	-	3,998	-	-
Total income (tax expense)/benefit	(10,099)	1,701	-	-

(c) Tax losses

A deferred tax asset of $17.8 million on unused tax losses of $59.4 million has not been recognised as at 30 June 2008.

(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.

11 Income tax expense (continued)

(e) Franking Account

An amount of $23,805,074 is held as franking credits in GEO Property Group Limited

12 Cash and cash equivalents

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent 2008 $'000	Parent 2007 $'000
Cash at bank on hand	1,702	19,420	248	11,959
Call deposits	4,500	-	-	-
Cash and cash equivalents	6,202	19,420	248	11,959

13 Receivables

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent 2008 $'000	Parent 2007 $'000
Current assets				
Trade receivables	116,266	85,072	3,244	256
Less: provision for impairment loss	(2,698)	(317)	(2,649)	-
	113,568	84,755	595	256
Loans to joint ventures	-	5,586	-	-
Other receivable	3,566	11,324	-	-
	117,134	101,665	595	256
Non-current assets				
Trade receivables	6,448	-	-	-
Loan to joint ventures (note 35)	15,814	-	-	-
Other receivables	-	-	-	-
Related party receivable (note 35)	-	-	497,307	505,740
	22,262	-	497,307	505,740

(a) Impaired trade receivables

As at 30 June 2008 current trade receivables of the Group with a nominal value of $2.698 million (2007: $0.3 million) were impaired. The amount of the provision was $2.698 million (2007: $0.3 million). The individually impaired receivables relate to rental revenue due from tenants and other amounts receivable from third parties.

As at 30 June 2008 current trade receivables of the Parent with a nominal value of $2.649 million (2007: nil) were impaired. The amount of the provision was $2.649 million (2007: nil). The individually impaired receivables relate to rental revenue due from tenants and other amounts receivable from third parties.

	Consolidated 2008 $'000	Consolidated 2007 $'000
At 1 July	317	850
Provision for impairment recognised during the year	11,081	-
Receivable written off during the year as uncollectible	(8,700)	-
Unused amount reversed	-	(533)
	2,698	317

Notes to the financial statements (continued) for the year ended 30 June 2008

13 Receivables (continued)

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.

(a) Impaired trade receivables (continued)

The ageing of these receivables is as follows:

	Consolidated		Parent	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
1 to 3 months	113,443	84,755	461	256
3 to 6 months	69	-	134	-
Over 6 months	6,504	-	-	-
	120,016	84,755	595	256

(b) Past due but not impaired

As of 30 June 2008, trade receivables of the Group of $1.967 million (2007: nil) were past due but not impaired. These relate to number of independent customers for whom there is no recent history of default.

14 Inventories

	Consolidated		Parent	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Current assets				
Nursery and sundry stocks	1,598	1,162	-	-
Land and developments held for resale	170,701	143,466	-	-
	172,299	144,628	-	-
Non-current assets				
Land and developments held for resale	119,809	175,685	-	-
	119,809	175,685	-	-

Wrte-downs of inventories to net realisable value recognised as an expense during the year ended 30 June 2008 amounted to $5.7 million. The expense has been included in net gain(loss) in fair value of investment properties and other assets.

15 Equity Investments

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent 2008 $'000	Parent 2007 $'000
Current assets				
Designated at fair value through profit and loss				
Related managed investment schemes	-	4,411	-	4,411
	-	4,411	-	4,411
Non current assets				
Available for sale financial instruments				
Listed equities	-	2,920	-	2,920
	-	2,920	-	2,920

16 Non-current assets held for sale

Investment & Development properties held for sale Location	Number of properties	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent 2008 $'000	Parent 2007 $'000
Queensland	10	60,613	42,410	32,892	15,994
New South Wales	3	22,650	-	22,650	-
Victoria	1	7,287	-	-	-
	14	90,550	42,410	55,542	15,994

Many 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. Four properties valued at $37.3 million have unconditional contracts at the 28 August 2008.

The Responsible Entity decided prior to 30 June to sell and commence marketing the above properties.

17 Current tax asset

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent 2008 $'000	Parent 2007 $'000
Income tax asset	3,727	656	-	-
	3,727	656	-	-

18 Other assets

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent 2008 $'000	Parent 2007 $'000
Current assets				
Accrued income	209	421	142	351
Prepayments	2,311	2,776	795	499
Deposits	1,240	870	-	-
Derivative receivable	10,156	-	10,156	-
Other	521	112	-	111
	14,437	4,179	11,093	961
Non-current assets				
Rent receivable	1,158	1,167	447	342
	1,158	1,167	447	342

19 Investment properties

	Consolidated		Trust	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Balance at 1 July	277,588	254,366	171,245	127,222
Acquisitions	-	117,870	-	117,870
Disposals	(82,776)	(80,738)	(64,554)	(64,772)
Expenditure capitalised	2,506	11,677	2,050	301
Transfer to non-current assets held for sale	(75,689)	(36,701)	(47,254)	(10,284)
Fair value adjustments	(27,864)	11,114	(17,972)	908
Balance at 30 June	93,765	277,588	43,515	171,245

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.

At 30 June the consolidated entity had contractual commitments for the acquisition and development of industrial properties at Bankstown and for a retail complex at Kempsey.

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	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Less than one year	14,369	21,043	8,584	12,565
Between one and five years	41,284	49,808	7,360	35,006
More than five years	6,542	39,532	6,518	38,589
	62,195	110,383	22,462	86,160

19 Investment properties (continued)

Details of "Investment Properties" are set out below:

	Acquisition date	Original purchase price	Cost including all additions	Most recent independent valuation date	Independent valuation amount	Carrying value 30 June 2008	Carrying value 30 June 2007
		$'000	$'000		$'000	$'000	$'000
Retail							
Gympie Road, Carseldine, QLD	Mar 2006	32,441	37,296	June 2008	35,500	35,500	40,848
Waterford Plaza, Waterford West, QLD	Nov 2003	11,300	20,684	Dec 2006	24,200	-	23,242
Woodville Road, Villawood, NSW	Apr 2004	15,295	15,295	Dec 2006	17,000	-	17,320
Blaxland Road, Campbelltown, NSW	Apr 2004	14,457	14,750	Dec 2006	14,000	-	13,925
Caltex Portfolio, QLD	Jan 2006	19,900	21,152	Oct 2006	19,880	-	19,535
						35,500	**114,870**
Industrial							
Burnside Road, Stapylton, QLD	Nov 2003	12,466	14,615	Dec 2006	19,750	19,750	22,126
Station Road, Seven Hills, QLD	May 2006	10,900	11,643	Dec 2006	10,300	-	11,219
Loyalty Road, North Rocks, NSW	May 2006	10,500	11,209	Dec 2006	9,400	-	9,400
30 Tullamarine Park Road, Tullamarine, VIC	Nov 2003	6,367	6,600	Dec 2006	8,100	-	8,749
Gilba Road, Girraween, NSW	May 2006	3,700	3,971	Dec 2006	3,700	-	3,510
North Rock Road, North Rocks, NSW	Nov 2006	19,100	20,644	June 2008	19,500	19,500	18,393
						39,250	**73,397**
Office							
Moreland Road, Brunswick, VIC	Nov 2003	9,893	9,938	Dec 2006	10,500	-	10,496
Baroona Road, Milton, QLD	Nov 2003	3,613	3,761	Dec 2006	6,500	-	6,787
Queen Street, Auckland, NZ	Jul 2006	26,995	28,007	Dec 2006	29,631	-	31,698
Brunswick Street, Fortitude Valley, QLD	Jan 2007	18,500	19,587	June 2008	16,000	19,015	18,564
						19,015	**67,545**
Pubs							
Shamrock Hotel & Motel, Mackay, QLD	Nov 2006	15,687	16,587	Nov 2006	15,700	-	15,862
Hermit Park Hotel, Townsville, QLD	Sep 2006	5,700	6,892	Jun 2006	6,100	-	5,914
						-	**21,776**
Total Investment Properties						**93,765**	**277,588**

Notes to the financial statements (continued)
for the year ended 30 June 2008

20 Property, plant and equipment

Consolidated	Construction in progress $'000	Land and buildings $'000	Plant and equipment $'000	Leased plant & equipment $'000	Total $'000
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**
Year ended 30 June 2007					
Opening net book amount	10,302	-	-	-	**10,302**
Acquisition of subsidiary	-	59,984	5,861	552	**66,397**
Additions	19,626	23,403	2,749	-	**45,778**
Disposals	-	-	(238)	(245)	**(483)**
Disposal of subsidiary	-	(61,123)	(2,652)	(35)	**(63,810)**
Transfer to assets held for sale	(5,710)	-	-	-	**(5,710)**
Depreciation charge	-	(14)	(987)	(73)	**(1,074)**
Closing net book amount	24,218	22,250	4,733	199	**51,400**
At 30 June 2007					
Cost	24,218	22,264	5,720	272	**52,474**
Accumulated depreciation	-	(14)	(987)	(73)	**(1,074)**
Net book amount	24,218	22,250	4,733	199	**51,400**

Parent	Construction in progress $'000	Land and buildings $'000	Plant and equipment $'000	Leased plant & equipment $'000	Total $'000
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	40,343	-	-	-	**40,343**
Accumulated depreciation	-	-	-	-	**-**
Net book amount	40,343	-	-	-	**40,343**
Year ended 30 June 2007					
Opening net book amount	10,302	-	-	-	**10,302**
Additions	19,626	-	-	-	**19,626**
Transfer to assets held for sale	(5,710)	-	-	-	**(5,710)**
Depreciation charge	-	-	-	-	**-**
Closing net book amount	24,218	-	-	-	**24,218**
At 30 June 2007					
Cost	24,218	-	-	-	**24,218**
Accumulated depreciation	-	-	-	-	**-**
Net book amount	24,218	-	-	-	**24,218**

21 Investments accounted for using the equity method

	Consolidated		Parent	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Interest in joint ventures (note 38)	25,740	26,678	-	-
	25,740	26,678	-	-

Interest in joint ventures

The interests in Hervey Bay (JV) Pty Ltd, Expression Homes Pty Ltd, GPDQ Pty Ltd, Eynesbury Pastoral Trust and Eynesbury Golf Pty Ltd are accounted for in the consolidated financial statements using the equity method of accounting (refer to note 38).

22 Non-current assets - Other financial assets

	Consolidated		Parent	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Investments in subsidiary trusts	-	-	33,936	45,240
Impairment of investments in sub-trusts	-	-	(9,622)	-
	-	-	24,314	45,240

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.

23 Goodwill

	Consolidated	
	2008	2007
	$'000	$'000
Year ended 30 June 2008		
Opening net book amount	50,359	-
Acquisition of subsidiary	2,500	52,164
Disposal of subsidiary	-	(1,805)
Additions – other	16	-
Additions – costs incurred within one year of GEO Management Ltd acquisition	11	-
Impairment charge*	(2,511)	-
Closing net book amount	50,375	50,359
At 30 June 2008		
- Cost	52,886	50,359
Accumulated impairment	(2,511)	-
Net book amount	50,375	50,359

* The impairment charge relates to the acquisition of the Responsible Entity of GEO Property Group.

23 Goodwill (continued)

Following the acquisition of the Responsible Entity, GEO Management Limited (formerly MFS Diversified Management Group Limited), the Group recognised $2.5 million of goodwill. The goodwill was fully impaired during the year ended 30 June 2008.

In the prior financial year, 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	
	2008	2007
	$'000	$'000
Property Development	50,375	50,359
Aged Care	-	1,805
	50,375	52,164

The Group operate predominantly in one geographical segment, being Australia and New Zealand.

The Aged Care business was disposed of in December 2006 and the goodwill written off.

In accordance with AASB136 "Impairment of Assets" the carrying amount of goodwill attributed to the property development cash generating unit at balance date has been assessed for impairment, and it is considered that no evidence of impairment exist.

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 three years from balance sheet date.

The model does not rely on a growth rate extrapolation in terms of cash inflows from the sale of development projects, but instead includes the cash inflows from the current developments on hand based on their expected time of completion and sale. The model is driven by the feasibility reports performed for each development projects, 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 pre-tax discount rate of 12.1% (2007: 11.6%) to discount the forecast future attributable post-tax cash flows. The equivalent post-tax rates are 11.0% (2007: 8.1%).

Impact of possible changes in key assumptions

Management does not consider any reasonable changes in any key assumptions would cause an impairment.

24 Deferred tax asset/(liabilities)

	Consolidated		Parent	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
The net deferred tax (liabilities)/assets comprise of temporary differences attributable to:				
Tax losses	-	6,462	-	-
Inventories	22,108	10,369	-	-
Structural / formation costs	84	120	-	-
Equity accounted investments	6,296	5,505	-	-
Accruals	69	109	-	-
Employee benefits	338	697	-	-
Provisions	1,848	120	-	-
Property, Plant and Equipment	353	-		
Other	293	22	-	-
Total deferred tax assets	31,389	23,404	-	-
Set-off of deferred tax liabilities pursuant to set-off provisions	(32,649)	(15,041)	-	-
Net deferred tax assets/(liabilities)	(1,260)	8,363	-	-
Deferred tax assets to be recovered within 12 months	-	17,899	-	-
Deferred tax assets to be recovered after more than 12 months	-	5,505	-	-
	-	23,404	-	-

	Consolidated		Parent	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
The deferred tax liabilities are comprised of:				
Trade debtors	(32,371)	(14,432)	-	-
Other current debtors	(277)	(195)	-	-
Property, Plant and Equipment	-	(414)	-	-
Total	(32,648)	(15,041)	-	-
Set off by deferred tax assets	31,389	23,404	-	-
Net deferred tax assets/(liabilities)	(1,259)	8,363		

Deferred tax assets/(liabilities)

2007	Acquisition of Villa World	Impact of entering into tax consolidation Group recognised in goodwill	Movements in deferred tax balances recognised in income	**Closing deferred tax balances**
	$'000	$'000	$'000	**$'000**
Tax losses	-	-	6,463	**6,463**
Inventory	10,677	3,890	(4,198)	**10,369**
Structural / formation costs	137	(17)	-	**120**
Equity accounted investments	2	5,712	(209)	**5,505**
Employee benefits	330	-	367	**697**
Accruals	1,098	-	(989)	**109**
Other provisions	148	32	(60)	**120**
Other	260	-	(239)	**21**
	12,652	9,617	1,135	**23,404**

25 Payables

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent 2008 $'000	Parent 2007 $'000
Current liabilities				
Trade payables *	34,156	55,348	1,989	9,396
Accrued expenses	23,882	12,463	4,586	2,294
Annual leave provision	654	362	-	-
Other payables **	721	4,629	6	(223)
Derivative payable	-	615	-	615
	59,413	73,417	6,581	12,082
Non-current liabilities				
Real estate purchases	50,531	33,364	-	-
Other payables	4,403	2,170	-	-
	54,934	35,534	-	-

* Includes $17.9 million (2007:$39.5 million) payable for the purchase of inventory, due within 12 months of the reporting date.

** Includes accrued expenses, retentions and deferred finance charges.

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 31).

Interest rate swap contracts – cash flow hedges

Bank loans of the Group currently bear an average variable interest rate of 9.08%. 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 95% (2007: 80%) of the loan principal outstanding. The fixed interest rates range between 6.783% and 6.859% (2007: 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 2008, the notional principal amounts and period of expiry of the interest rate swap contracts are as follows:

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent 2008 $'000	Parent 2007 $'000
1 – 2 years	-	-	-	-
3 – 4 years	100,000	-	100,000	-
4 – 5 years	100,000	100,000	100,000	100,000
6 – 7 years	100,000	100,000	100,000	100,000
9 – 10 years	-	100,000	-	100,000
	300,000	300,000	300,000	300,000

25 Payables (continued)

Interest rate swap contracts – cash flow hedges

The contracts require settlement of net interest receivable or payable each month. The settlement dates coincide with the dates on which interest is payable on the underlying debt. The contracts are settled on a net basis. The gain or loss on remeasuring the hedging instruments at fair value is deferred in equity in the hedging reserve, to the extent that the hedge is effective, and reclassified into profit and loss when the hedged interest expense is recognised. The ineffective portion is recognised in the income statement immediately. In the year ended 30 June 2008 no gain was transferred to income statement. At balance date for both the Group and the parent entity, these contracts were assets / (liabilities) with fair value of $10,156,297 (2007: ($614,664)).

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.

26 Other current liabilities

	Consolidated		Parent	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Rent in advance	30	143	30	109
	30	143	30	109

27 Interest bearing liabilities

	Consolidated		Parent	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Current liabilities				
Secured				
Finance leases	25	155	-	-
Bank loans	10,000	-	10,000	-
Commercial bills	-	21,450	-	-
Total current borrowings	10,025	21,605	10,000	-
Non-current liabilities				
Secured				
Bank loans	300,000	365,224	300,000	365,224
Finance leases	-	47	-	-
Unsecured				
Loans from related entities (note 34)	31,364	19,738	-	-
Total non-current borrowings	331,364	385,009	300,000	365,224

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 31.

27 **Interest bearing liabilities (continued)**

(a) **Financing arrangements**

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

	Consolidated		Parent	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Financing facilities				
Total facilities				
Working capital (secured)	25,000	25,000	25,000	25,000
Commercial bills (secured)	-	21,450	-	-
Syndicated loan (secured)	375,000	425,000	375,000	425,000
Finance leases	24	202	-	-
	400,024	471,652	400,000	450,000
Facilities utilised at reporting date				
Working capital (secured)	-	18,458	-	-
Commercial bills (secured)	-	21,450	-	-
Syndicated loan (secured)	310,000	370,898	310,000	370,898
Finance leases	24	202	-	-
	310,024	411,008	310,000	370,898
Facilities unutilised at reporting date				
Working capital (secured)	25,000	6,542	25,000	25,000
Commercial bills (secured)	-	-	-	-
Syndicated loan (secured)	65,000	54,102	65,000	54,102
Finance leases	-	-	-	-
	90,000	60,644	90,000	79,102

Commercial bill facility

The Group had a $21.450 million commercial bill facility secured against the Group's 50% interest in Dolphin Arcade. This facility was repaid in full on 9 July 2007.

Syndicated loan facilities

The Group has a $400 million (2007: $450 million) multi-option facility agreement with a syndicate of bankers led by BOS International. $25 million of this facility is currently designated for working capital purposes. The borrowings are in the name of GEO Management Limited as Responsible Entity for the Trust. The Trust on-lends to the Company to meet the funding needs of the development business. The syndicated loan facility is for a term of five years from 6 June 2007 and is secured by mortgages over the majority of the Trust's investment properties, and mortgages over residential property being developed by the Company and its subsidiaries. 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 on $300 million of borrowings.

As at 31 December 2007, a technical breach of a loan covenant arose which resulted in the interest bearing liabilities being classified as a current liability at the half year reporting date. This breach was waived in February 2008 and the definitions of the covenant requirements were then amended prior to 30 June 2008.

27 Interest bearing liabilities (continued)

(b) Assets pledged as security

The syndicated loan facility 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.

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

	Consolidated		Parent	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Secured by registered mortgage:-				
Investment properties	93,765	277,588	42,515	171,245
Non-current assets held for sale	93,550	42,410	54,443	15,994
Property, plant & equipment	47,184	25,013	40,343	-
Inventories	132,222	285,411	-	-
Assets pledged as security for finance leases: -				
Motor Vehicles	25	199	-	-
	366,746	630,621	137,301	187,239

28 Provisions

	Consolidated		Parent	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Current liabilities				
Provision for distribution	9,498	9,408	9,498	9,408
Warranties	858	506	-	-
Other provisions	1,405	83	-	-
Employee benefits - long service leave	215	117	-	-
	11,976	10,114	9,498	9,408
Non current liabilities				
Employee benefits - long service leave	258	115	-	-
	258	115	-	-

(a) Warranties

Provision is made for the estimated warranty claims in respect of GEO Developments Pty Ltd built properties sold 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 2008			
Current			
Carrying amount at start of year	506	83	**589**
Additional provisions recognised	766	1,405	**2,171**
Amounts incurred and charged	(414)	(83)	**(497)**
Carrying amount at end of year	858	1,405	**2,263**

29 Contributed equity

	Notes	GEO Property Group		Parent – GEO Property Trust		Stapled entity – GEO Property Group Limited	
		2008	2007	2008	2007	2008	2007
		Securities	Securities	Units	Units	Shares	Shares
Issued Capital:							
Ordinary securities fully paid							
Beginning of the financial year		418,120,723	-	418,120,723	-	418,120,723	-
Balance at 30 November 2006			190,069,021		190,069,021	-	78,795,021
Securities issued as a result of:							
Dividend and distribution reinvestment plan		8,741,907	1,215,768	8,741,907	1,215,768	8,741,907	1,215,768
Acquisition of Villa World Limited		-	2,647,045	-	2,647,045	-	113,921,045
Institutional placement		-	188,888,889	-	188,888,889	-	188,888,889
Rights issue and priority offer		-	35,300,000	-	35,300,000	-	35,300,000
End of the financial year		426,862,630	418,120,723	426,862,630	418,120,723	426,862,630	418,120,723

	2008	2007	2008	2007	2008	2007
Movement in issued capital	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Beginning of the financial year	384,827	-	380,813	-	4,014	-
Balance at 30 November 2006		189,787	-	189,000	-	787
Securities issued as a result of:						
Dividend and distribution reinvestment plan	7,392	1,095	7,305	1,082	87	13
Acquisition of Villa World Limited	-	2,647	-	1,508	-	1,139
Institutional placement	-	170,000	-	168,111	-	1,889
Rights issue and priority offer	-	30,005	-	29,652	-	353
Share issue costs	(107)	(8,707)	(107)	(8,540)	-	(167)
End of the financial year	**392,112**	**384,827**	**388,011**	**380,813**	**4,101**	**4,014**

29 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.

(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 Board of Directors decided to suspend the DDRP as of 6 March 2008

(c) Institutional placement

In the prior year, $170 million was raised in May 2007 pursuant to an institutional placement of 188,888,889 stapled securities at $0.90 each.

(d) Rights issue and priority offer

In the prior year, on 8 May 2007, the stapled Group invited its securityholders to subscribe to a rights issue and priority offer of 35,300,000 stapled securities at an issue price of $0.85 per security on the basis of 1 security for every 5.5 existing securities held with such securities to be issued on and rank for distributions after 25 June 2007. The issue was fully subscribed.

(e) 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 shareholders 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 assets is calculated as total assets less intangible assets.

During 2008, the Group's strategy, which was unchanged from 2007, was to maintain a leverage ratio of less than 55%.

30 Reserves and retained profits

	Consolidated		Parent	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Available-for-sale investments revaluation reserve	-	(700)	-	(700)
Hedging reserve – cash flow hedges	10,156	(615)	10,156	(615)
Share based reserve	72	-	-	-
Retained profits	-	592	-	-
	10,228	(723)	10,156	(1,315)
Movements				
Available-for-sale investments revaluation reserve				
Balance 1 July	(700)	-	(700)	-
Balance 30 November 2006	-	(380)	-	(380)
Revaluation – gross	700	(320)	700	(320)
Balance 30 June	-	(700)	-	(700)
Hedging reserve – cash flow hedges				
Balance 1 July	(615)	-	(615)	-
Balance 30 November 2006	-	1,377	-	1,377
Revaluation – gross	10,771	(615)	10,771	(615)
Transfer to net profit – gross	-	(1,377)	-	(1,377)
Balance 30 June	10,156	(615)	10,156	(615)
Share-based payments reserve				
Balance 1 July	-	-	-	-
Options issued to employees of subsidiaries	72	-	-	-
Balance 30 June	72	-	-	-
Retained profits - Trust				
Balance 1 July	15,448	-	16,965	-
Balance 30 November 2006	-	10,464	-	13,937
Net profit/(loss) for the year	(35,853)	22,606	(35,155)	20,650
Distribution paid and payable	(37,781)	(17,622)	(37,781)	(17,622)
Balance 30 June	(58,186)	15,448	(55,971)	16,965
Retained profits - Company				
Balance 1 July	(13,368)	-	-	-
Balance 30 November 2006	-	(3,042)	-	-
Net profits for the year	(30,600)	(10,326)	-	-
Balance 30 June	(43,968)	(13,368)	-	-

Prior to 30 November 2006 Unitholders funds were treated as liabilities rather than equity.

30 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 2008, 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.

31 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	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Financial assets				
Cash and cash equivalents	6,202	19,420	248	11,959
Trade and other receivables	139,396	101,665	497,902	505,996
Derivative financial instruments	10,156	-	10,156	-
Financial assets at fair value through profit and loss	-	4,411	-	4,411
Available for sale financial assets	-	2,920	-	2,920
	155,754	128,416	508,306	525,286
Financial liabilities				
Trade and other payables	114,347	108,951	6,581	12,802
Derivative financial instruments	-	615	-	615
Borrowings	341,389	406,614	310,000	365,224
Other financial liabilities	30	143	30	109
	455,766	516,323	316,611	378,750

31 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 previously had exposure to equity investments publicly traded on the ASX. Although the investments previously held by the Group have been sold during this financial year and neither the Group nor the parent entity is exposed to commodity price risk, the table below shows the impact of increases/decreases of this index on the Group and parent entities post tax profit for the prior year ended 30 June 2007:

The analysis is based on the assumption that the equity indexes had increased/decreased by 9.6% with all other variables held constant and all the Group's equity instruments moved according to the historical correlation with the index.

	Impact on post-tax profit		Impact on other components of equity	
Index	2008 $'000	2007 $'000	2008 $'000	2007 $'000
ASX	-	-	-	703

Post-tax profit for the year would increase/decrease as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would increase/decrease as a result of gains/losses on equity securities classified as available-for-sale.

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 70% to 85% of its borrowings at fixed rate using interest rate swaps to achieve this when necessary. During 2008 and 2007, 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 2008		30 June 2007	
	Weighted average interest rate %	Balance $'000	Weighted average interest rate %	Balance $'000
Bank overdrafts and bank loans	8.95%	310,000	8.34%	385,009
Interest rate swaps (notional principal amount)	6.82%	300,000	6.82%	300,000
Net exposure to cash flow interest rate risk	8.95%	10,000	8.34%	85,009

31 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 2008, if interest rates had changed by -/+ 25 basis points from the year-end rates with all other variables held constant, post-tax profit for the year, rounded to the nearest thousand, would have been $800,000 lower/higher (2007 – change of 25 bps: $679,000 lower/higher), mainly as a result of higher/lower interest income from cash and cash equivalents. Equity would have been $3.4 million lower/higher (2007 - $4.2 million lower/higher) mainly as a result of an increase/decrease in the fair value of the cash flow hedges of borrowings.

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 2008, if interest rates had changed by -/+ 25 basis points from the year-end rates with all other variables held constant, post-tax profit, rounded to the nearest thousand, would have been $803,000 lower/higher (2007 - change of 25 bps: $665,000 lower/higher) as a result of lower interest income from these financial assets.

(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 80. 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.

31 Financial risk management (continued)

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent entity 2008 $'000	Parent entity 2007 $'000
Trade receivables				
Counterparties without credit rating				
Group 1	119,385	83,683	-	-
Group 2	631	1,042	631	256
Total trade receivables	120,016	84,725	631	256
Cash at bank and short-term bank deposits				
A +	1,634	1,068	-	-
AA	68	18,352	248	12,300
AA –	4,500	-	-	-
	6,202	19,420	248	12,300
Derivative financial assets/(liabilities)				
AA - (BOSI)	10,156	(615)	10,156	(615)

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. The investment property portfolio is sufficiently diversified to enable the consolidated entity to divest one or more properties within a relatively short time frame if necessary.

Financing arrangements

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

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent entity 2008 $'000	Parent entity 2007 $'000
Floating rate				
Expiring beyond one year (bank loans)	90,000	60,644	90,000	60,644

31 **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 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**
Leases	-	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)

Group 2007	**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**
Non-derivatives							
Leases	-	155	47	-	-	202	202
Real estate purchases deferred payments	-	43,493	32,420	10,000	-	85,913	72,903
Non interest bearing loan to related parties	-	19,738	-	-	-	19,738	19,738
Commercial bill	21,450	-	-	-	-	21,450	21,450
Syndicated loan facility	-	-	-	365,224	-	365,224	365,224
Total non derivatives	21,450	63,386	32,467	375,224	-	492,527	479,517
Derivatives							
Net settled (interest rate swaps)	-	-	-	207	408	615	615
Gross settled (interest rate swaps)							-
- (inflow)	-	-	-	(100,425)	(201,072)	(301,497)	(301,497)
- outflow	-	-	-	100,632	201,480	302,112	302,112
Total derivatives	-	-	-	207	408	615	615

31 **Financial risk management (continued)**

(c) **Liquidity risk (continued)**

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 contractual cash flows	Carrying amount (assets)/ liabilities
Non-derivatives							
Syndicated loan facility	-	10,000	-	300,000	-	310,000	310,000
Total non derivatives	-	10,000	-	300,000	-	310,000	310,000
Derivatives							
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)

Parent 2007	6 months or less $'000	6-12 months $'000	1-2 years $'000	2-5 years $'000	More than 5 years $'000	Total contractual cash flows	Carrying amount (assets)/ liabilities
Non-derivatives							
Syndicated loan facility	-	-	-	365,224	-		365,224
Total non derivatives	-	-	-	365,224	-		365,224
Derivatives							
Net settled (interest rate swaps)	-	-	-	207	408	615	615
Gross settled							
- (inflow)	-	-	-	(100,425)	(201,072)	(301,497)	(301,497)
- outflow	-	-	-	100,632	201,480	302,112	302,112
Total derivatives	-	-	-	207	408	615	615

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.

32 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
- M Hiscock (resigned 22 January 2008)

(ii) Executive directors

- G Farrands, Managing Director and CEO
- B Hailey (resigned 7 September 2007)
- M King (resigned 21 January 2008)
- R Bosiljevac (appointed on 18 August 2008)

(iii) Non-executive directors

- J Potter
- A Bawden (resigned 25 October 2007)
- C White (resigned 12 May 2008)

(b) Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year:

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

* joined on 19 May 2008
** from 1 July 2007 to 16 November 2007

32 Key management personnel disclosures (continued)

(c) Compensation paid to Key Management Personnel

	Consolidated		Parent	
	2008	2007	2008	2007
	$	$	$	$
Short-term employee benefits	2,079,834	1,323,493	-	-
Long-term benefits	204,304	125,599	-	-
Post-employment benefits	87,531	72,540	-	-
Share-based payments	59,056	-	-	-
	2,430,725	1,521,632	-	-

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 13 to 23.

(d) Equity instrument disclosures relating to Key management personnel

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

Details of options provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options, can be found in the remuneration report on page 22.

(ii) Options holdings

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

2008 Name	Balance at start of the year	Granted as compensation	Exercised	Balance at end of the year	Vested and exercisable
Directors					
R Anderson		-	-	-	
G Farrands		-	-	-	
J Potter		-	-	-	
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	-

32 Key management personnel disclosures (continued)

(d) Equity instrument disclosures relating to Key Management Personnel

2007 Name	Balance at start of the year	Granted as compensation	Exercised	Balance at end of the year	Vested and exercisable
Directors	-	-	-	-	-
R Anderson	-	-	-	-	-
G Farrands	-	-	-	-	-
J Potter	-	-	-	-	-
Other key management personnel of the Group					
C Barton	108,000	-	(108,000)*	-	-
N Deed	-	-	-	-	-
L Kelly	-	-	-	-	-
D McMahon	-	-	-	-	-
S Payten	-	-	-	-	-
LM Travers	-	-	-	-	-
S Whitewood	313,500	-	(313,500)*	-	-

** the options were paid out as part of the merger between Villa World Ltd and MFS Diversified Group in the prior financial year.*

(iii) Securityholdings

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

2008 Name	Direct Holding	Indirect Holding
Directors		
R Anderson	255,454	-
A Bawden*	-	-
R Bosiljevac**	-	-
G Farrands	-	1,084,280
B Hailey*	-	-
M Hiscock*	-	-
M King*	-	-
J Potter	-	-
C White*	-	-
Key management personnel		
C Barton	185,842	-
N Deed	21,829	-
L Kelly	-	-
D McMahon	-	-
S Payten	-	-
LM Travers	-	-
S Whitewood	313,500	-

* resigned during the financial year ended 30 June 2008
** appointed on 18 August 2008

32 Key management personnel disclosures (continued)

(iii) Shareholdings (continued)

2007 Name	Direct Holding	Indirect Holding
Directors		
R Anderson	55,454	2,607,894
A Bawden	-	16,139,860
G Farrands	-	-
B Hailey	67,285	2,607,894
M Hiscock	195,000	61,690,329
M King	-	2,607,894
J Potter	1,000,000	30,273,992
C White	59,000	67,223,740
Key management personnel		
C Barton	185,842	-
N Deed	20,193	-
L Kelly	-	-
D McMahon	-	-
S Payten	-	-
LM Travers	-	-
S Whitewood	313,500	-

Loans to Key management personnel

For the financial year ended 30 June 2007 and 2008, there were no loans to key management personnel.

Other transactions with Key management personnel

For the financial year ended 30 June 2007 and 2008, there were no other transactions to key management personnel.

33 Contingencies

Details and estimates of contingent liabilities are as follows:

a) Bank guarantees provided to authorities and councils by the Group in relation to certain works to be undertaken or maintained:

Bank guarantees to the total of $12.3 million (2007:$18.4 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 an investment property in Yatala (Qld) from a third party. The construction of the building was due for completion by 30 June 2008 and a deposit of $3.4 million was paid to the seller.

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

The matter is being contested in the Supreme Court of Qld. GEO is confident of its position.

c) Contingent liabilities in respect of other entities:

Group entities have provided guarantees totalling $41.9 million (2007: $51.3 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 2008 totalled $15 million ($16.7 million).

34 Commitments

a) Capital commitments

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

	Consolidated		Parent	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Acquisition and development of investment properties:				
Within one year	17,338	76,544	12,471	67,194
Later than one year but not later than five years	385	1,650	385	1,650
	17,723	78,194	12,856	68,844

34 Commitments (continued)

b) Lease commitments

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent 2008 $'000	Parent 2007 $'000
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:			-	-
Within one year	791	762	-	-
Later than one year but not later than five years	1,242	2,122	-	-
	2,033	2,884	-	-

35 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

	Notes	Consolidated 2008 $	Consolidated 2007 $	Parent 2008 $	Parent 2007 $
Impairment of receivables	(i)	(8,700,000)	-	-	-
Purchase of Responsible Entity	(ii)	(10,534,443)	-	-	-
Responsible entity fees	(iii)	(5,070,000)	(8,482,076)	-	(8,482,076)
Development and construction revenue	(iv)	-	8,700,000	-	-
Cost of development property sold	(iv)	-	(6,228,627)	-	-
Loan sourcing fee	(v)	-	(300,000)	-	(300,000)
Sale facilitation fee	(vi)	-	(264,830)	-	-
Loan guarantee fee	(vii)	-	(400,000)	-	(400,000)
Purchase of land	(viii)	-	(2,430,000)	-	-
Sale of house	(ix)	-	382,102	-	-

(i) The June 2007 unconditional sale by the wholly owned subsidiary GEO Developments Pty Ltd of its interest in the development property at 790 Bridge Road, Doreen, Victoria to the MFS Land Fund fell over in May 2008.

(ii) From 1 July 2008 to 16 May 2008, payments made to the Responsible Entity were related party transactions. On the 16 May 2008, GEO Property Group 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 were eliminated on consolidation.

Notes to the financial statements (continued) for the year ended 30 June 2008

35 Related party transactions (continued)

Transactions with related parties (continued)

(iii) A breakdown of fees paid from the 1 July 2008 to 16 May 2008 to the Responsible Entity is included below.

	2008 $'000	2007 $'000
Management fees	3,742,880	4,213,636
Acquisition fees	-	3,510,271
Asset disposal fees	476,491	297,962
Reimbursement of expenses	-	460,207
Development Fees	851,474	-
Total fees paid to Responsible Entity	5,070,845	8,482,076

(iv) In the prior year, a fee was paid to Octaviar Administration Pty Ltd for services provided in connection with refinancing and funding for the Trust. During the year to 30 June 2006 a fee was paid to Sagacious Advisory Pty Ltd for services provided in connection with refinancing and funding for the Trust. Both companies are wholly owned subsidiaries of Octaviar Limited.

(v) In the prior year, Octaviar Limited facilitated the sale of the 70% stake in the Guardian Aged Care Group and was paid a fee for this service

(vi) In the prior year, Octaviar Limited guaranteed certain loans during the period and was paid a fee for this service.

(vii) In the prior year, GEO Property Group Limited purchased land at Mariners Cove, Hervey Bay from an entity associated with John Potter. The transaction was on arms length, commercial terms and Mr Potter did not participate in the decision making process.

(viii) In the prior year, Mr Brent Hailey purchased a house and land package from the Group's development at Couture, Banyo. A staff discount of 2% applied to the sale price.

35 Related party transactions (continued)

Loans to/from related parties

	Consolidated 2008 $	Consolidated 2007 $	Parent 2008 $	Parent 2007 $
Loans to subsidiaries				
Balance at beginning of the year	-	-	505,739,793	107,979,353
Advances	-	-	180,964,340	551,594,084
Repayments	-	-	(233,095,068)	(171,595,215)
Interest	-	-	43,698,288	17,761,571
Balance at end of year	-	-	497,307,353	505,739,793
Loans to joint ventures				
Balance at beginning of the year	5,584,852	-	-	-
Recognised on business combination	-	4,470,973	-	-
Advances	24,257,859	3,400,489	-	-
Repayments	(14,028,594)	(2,286,610)	-	-
Interest	-	-	-	-
Balance at end of year	15,814,117	5,584,852	-	-
Loans from joint ventures				
Balance at beginning of the year	(19,737,568)	-	-	-
Recognised on business combination	-	(9,989,389)	-	-
Advances	(25,924,325)	(9,783,788)	-	-
Repayments	14,297,950	35,609	-	-
Interest	-	-	-	-
Balance at end of year	(31,363,943)	(19,737,568)	-	-
Loans from other related parties				
Balance at beginning of the year	-	5,313,653	-	3,821,500
Advances	-	1,915,942	-	1,178,500
Repayments	-	(7,558,646)	-	(5,233,753)
Interest	-	329,051	-	233,753
Balance at end of year	-	-	-	-

Related party holdings of securities in the consolidated entity

The following entities, which were related parties by virtue of the fact that they were controlled, either wholly or in part, by directors of the Responsible Entity until 16 May 2008, held securities in the consolidated entity as set out below:-

35 Related party transactions (continued)

Stapled securities

	Held at 1 July 2007	Purchases	Sales	Held at 30 June 2008
GEO Property Group Management Limited	2,607,894	-	(2,607,894)	-
MFS Investment Management Limited	3,033,411	-	(3,033,411)	-
MFS Premium Income Fund	35,549,102	-	(35,549,102)	-
MFS Aqua Managers Limited	2,500,000	-	(2,500,000)	-
MFS Financial Services Limited	23,533,333	-	(23,533,333)	-
Total	**67,223,740**	**-**	**(67,233,740)**	**-**

Related party investments held by the Trust

During the year ended 30 June 2008 the Trust's investment in other schemes managed by the Responsible Entity or other related parties was written down to nil, as follows:-

	Held at 1 July 2007	Purchases	Impairment	Held at 30 June 2008
MFS Mirage Resorts Investment Trust	4,000,000	-	(4,000,000)	-
Total	**4,000,000**	**-**	**(4,000,000)**	**-**

36 Business Combination

(a) Summary of acquisition

On the 16 May 2008, GEO Property Group Limited acquired 100% of the issued share capital of its Responsible Entity; GEO Management Limited. Disclosures about GEO Management Limited's profit or loss since acquisition and from the beginning of the period would be meaningless as the revenues generated by Responsible Entity are eliminated to nil on Group Consolidation.

In the prior year GEO Property Group Limited acquired 100% of the issued share capital of Villa World Limited. The acquired business contributed revenues of $184.135 million and net profit before tax of $40.763 million to the Group for the period from 22 September 2006 to 30 June 2007. If the acquisition had occurred on 1 July 2006, consolidated revenue would have been $266.530 million, and consolidated profit for the year ended 30 June 2007 before amounts attributable to ordinary unitholders would have been $13.301 million.

Details of net assets acquired and goodwill are as follows:

	2008 $'000	2007 $'000
Purchase consideration (refer to (b) below)		
Securities issued	-	113,921
Cash paid	10,534	68,353
Direct costs relating to the acquisition	-	12,031
Total purchase consideration	10,534	194,305
Fair value of net identifiable assets acquired (refer to (c) below)	8,034	142,141
Goodwill on acquisition	2,500	52,164
	10,534	194,305

The goodwill is attributable to the expected profitability of the acquired business. The fair value of assets and liabilities acquired are based on independent valuations and discounted cash flow models.

36 Business Combination (continued)

(b) Purchase consideration

	2008	2007
	$'000	$'000
Outflow of cash to acquire subsidiary, net of cash acquired		
Cash consideration	10,534	80,384
Less balances acquired		
Cash	6,598	(1,172)
Bank overdraft	-	(76,808)
Outflow of cash	**3,936**	**156,020**

(c) Assets and liabilities acquired

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

	Acquiree's carrying amount	Fair value
	$'000	$'000
Cash and cash equivalents	6,598	6,598
Trade and other receivables	1,589	1,589
Inventory	-	28,707
Trade and other payables	(153)	(153)
Real estate purchases	-	(28,707)
Net identifiable assets acquired	8,034	8,034

(d) Operations disposed of

In the prior year, as part of the acquisition of Villa World Limited the Group acquired a 70% interest in the Guardian Aged Care business. This was subsequently disposed of in December 2006.

37 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	
	2008	2007
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 Pty Ltd	100	-

37 Subsidiaries (continued)

GEO Planning Pty Ltd*	100	100
GEO Realty Pty Ltd	100	100
GEO (Vic) Pty Ltd	100	100
GPG Finance Pty Ltd**	100	-
Hendon Park Developments Pty Ltd**	100	100
Black Dolphin (QLD) Pty Ltd	100	100
GEO Property Group Performance Rights Plan Trust**	100	-
GEO Property Group Employee Plan Trust**	100	-
Citie Centre Pty Ltd**	100	100
Citie Centre 1 Pty Ltd*	100	100
Neil Ward and Associates Pty Ltd*	100	100

**in liquidation*
*** these entities are currently dormant*

38 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 properties for residential housing. 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:

	Consolidated		Parent	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Current assets				
Cash and cash equivalents	1,634	1,068	-	-
Receivables	5,859	162	-	-
Inventories	27,323	20,073	-	-
Other	1,661	53	-	-
Total current assets	36,477	21,356	-	-
Non-current assets				
Property, plant and equipment - at cost	2,835	163	-	-
Accumulated depreciation	(105)	(39)	-	-
	2,730	124	-	-
Inventories	-	22,566	-	-
Others	1,651	-		
Total non-current assets	4,381	22,690	-	-
Share of assets employed in joint venture	40,858	44,046	-	-
Current liabilities				
Accounts payable	2,162	1,977	-	-
Borrowings	-	21,485	-	-
Other	2,697	-		
Total current liabilities	4,859	23,462	-	-
Non-current liabilities				
Borrowings	36,552	19,738	-	-
Total non-current liabilities	36,552	19,738	-	-
Share of liabilities employed in joint venture	41,411	43,200		
Net assets/(liabilities)	(553)	846		

38 Interests in joint ventures (continued)

(b) Jointly controlled entities

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

Entity	% Owned	Purpose
Hervey Bay (JV) Pty Ltd	75%	The development of an 800 lot residential subdivision in Hervey Bay, Queensland.
Eynesbury Holdings Pty Ltd	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

The interests in these joint venture entities are accounted for in the consolidated financial statements using the equity method of accounting. The carrying amounts of these joint venture interests at balance date were:-

	Consolidated		Parent	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Hervey Bay (JV) Pty Ltd	5,555	6,287	-	-
Eynesbury Holdings Pty Ltd	13,919	20,391	-	-
Eynesbury Pastoral Trust	6,244	-	-	-
Eynesbury Golf Pty Ltd	-	-	-	-
Expression Homes Pty Ltd	22	-	-	-
GPDQ Pty Ltd	-	-	-	-
	25,740	26,678	-	-

39 Events subsequent to balance date

Termination of purchase contract of investment property

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 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 repayment of the deposit was sought. On the same day, the seller terminated the contract but rejected GEO's claims that they were in breach of the contract.

The matter is being contested in the Supreme Court of Qld. GEO is confident of its position on both the valid termination of the contract and the potential recovery of the deposit paid.

Joint Ventures with Bank of Scotland International (BOSI)

In July and August 2008 GEO entered into two new joint venture property development arrangements with BOSI. One parcel of land is within the Mt Cotton Estate in Brisbane and the other is in Cornell's Hill on the Northern outskirts of Melbourne.

Share-based payments

Subsequent to year-end, the share-based payment options were modified and it has been decided that the options will be settled in cash rather than stapled shares in the stapled entity.

39 Events subsequent to balance date (continued)

Other than the matters discussed 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.

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

	Consolidated		Parent	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Profit/(loss) for the year	(66,453)	11,641	(33,155)	20,650
Depreciation and amortisation	2,586	1,062	-	4,195
Dividend & interest income	-	-	(50,729)	(39,965)
Capitalised interest & fees	-	-	(769)	(2,789)
Borrowing costs	8,023	-	-	-
Net (gain) loss on disposal of investment properties	(2,745)	(4,969)	(1,390)	(254)
Net (gain) loss in fair value of investment properties	52,995	(11,782)	36,101	(1,072)
Net (gain) loss in fair value of investments	4,411	949	4,411	949
Net loss on subs wind-up of subs trust	-	-	586	3,215
Net loss on sale of investments	7,759	537	8,131	-
Loss on sale of aged care business	-	1,808	-	-
Share on loss from associate	-	-	-	-
Impairment of receivables	11,108	-	2,314	-
Impairment of goodwill	2,511	-	-	-
Impairment of investment in subsidiary	-	-	9,622	-
(Increase)/decrease in trade debtors	(15,469)	(33,809)	(339)	438
Decrease/(increase) in inventories	28,205	(59,346)	-	-
Decrease/(increase) in other operating assets	(3,517)	(1,097)	11,993	(498)
Increase/(decrease) in payables	(14,004)	27,495	(5,501)	1,533
(Decrease)/increase in provision for income taxes payable	3,071	1,973	-	-
Increase/(decrease) in other provisions	54	153	98	153
Net cash inflow from operating activities	18,535	(65,385)	(20,627)	(13,445)

41 Non-cash investing and financing activities

	Consolidated		Parent	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Acquisition of Villa World Limited by means of an equity issue	-	112,782	-	112,782

42 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).

Under the Plan, the Plan Securities will be acquired at market price and held in the executives' names. While the Plan Securities are the subject of vesting criteria (detailed below), the Plan Securities cannot be sold, transferred or otherwise disposed of and do not carry any rights towards receiving distributions from the Group.

For the vesting criteria to be met, the executive must be an employee of GEO Property Group at the time of when they become exercisable.

42 Share-based payments (continued)

(a) Employee Option Plan (continued)

Under the plan, 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
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	-

Fair value of options granted

The assessed fair value at grant date of options granted to the individuals is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables above. Fair values at grant date are determined taking into account the share price at grant date and expected distribution yield for the term of the option. The valuation inputs for options granted during the year ended 30 June 2008 included:

(a) options are granted for no consideration and vest based on the executive remaining in employment of the Group.

(b) exercise price: Nil

(c) grant date: 14 May 2008 and 19 May 2008

(d) expiry date: 31 March 2009

(e) share price at grant date: 14 May 2008: 40 cents, 19 May 2008: 39 cents

(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	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Options issues under employee option plan	72	-	-	-

Subsequent to year-end, the share-based payment options were modified and it has been decided that the options will be settled in cash rather than stapled shares in the stapled entity.

Directors' Declaration
for the year ended 30 June 2008

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 38 to 104 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 2008 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 the 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 13 to 23 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 28th day of August 2008.

Guy Farrands

Director

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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 2008, 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.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

For further explanation of an audit, visit our website http://www.pwc.com/au/financialstatementaudit.

PRICEWATERHOUSECOOPERS

Independent auditor's report to the members of GEO Property Group (continued)

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 2008 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 13 to 24 of the directors' report for the year ended 30 June 2008. 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 2008, complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

Timothy J Allman
Partner

Brisbane
28 August 2008

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 22 August 2008)

Substantial securityholders

The following holdings were listed in the register of substantial securityholders as at 22 August 2008:

Securityholder	Number of securities held
Trojan Equity Limited	39,549,813
HSBC Custody Nominees (Australia) Limited	31,354,588
Praylon Pty Ltd	27,489,628
National Nominees Limited	23,722,367

On-market buy-back

There is no current on-market buy-back.

Distribution of securityholders (as at 22 August 2008)

Category	Number of securityholders
1-1,000	372
1,001 – 5,000	1,431
5,001 – 10,000	1,338
10,001 – 100,000	2,567
100,000 and over	249
Total	5,957

The total number of securityholders with less than a marketable parcel of 2223 securities is 788.

Classes of units and voting rights

At 30 June 2008, there were 5,992 (2007: 6,239) 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.

Twenty largest securityholders (as at 22 August 2008)

Name	Number of securities held	Percentage of capital held
Trojan Equity Limited	39,549,813	9.27
HSBC Custody Nominees (Australia) Limited	31,354,588	7.35
Praylon Pty Ltd	27,489,628	6.44
National Nominees Limited	23,722,367	5.56
JP Morgan Nominees Australia Limited	15,854,147	3.71
RBC Dexia Investor Services Australia Nominees Pty Limited - GSJBW A/C	14,157,090	3.32
Cogent Nominees Pty Limited	12,635,856	2.96
Citicorp Nominees Pty Limited - CFSIL CWLTH Property 1 A/C	12,318,931	2.89
UBS Wealth Management Australia Nominees Pty Ltd	10,101,566	2.37
Shareholding Pty Limited	10,000,000	2.77
Bond Street Custodians Limited - Property Securities A/C	9,159,792	2.15
Queensland Investment Corporation	8,348,358	1.96
Baycrown Pty Ltd	7,148,194	1.67
Citicorp Nominees Pty Limited – CFS WSLE Property Secs A/C	6,349,893	1.49
Libbit Holdings Pty Ltd – Bitomsky S/F No 1 A/C	5,500,000	1.29
Abacus Group Holdings Limited	5,000,000	1.17
IRSS Nominees (22) Limited	4,895,000	1.15
Octaviar Administration Pty Ltd	4,329,472	1.01
Citicorp Nominees Pty Limited - CFSIL CWLTH Property 6 A/C	4,082,230	0.96
Bawden Custodians Pty Ltd – Terton Corp P/L S/F A/C	3,855,966	0.90
	255,852,891	60.39