

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



ASX ANNOUNCEMENT/MEDIA RELEASE

SECURITYHOLDER COMMUNICATION

The following letter from the Board Chairman, Richard Anderson, will be circulated to all securityholders.

Guy Farrands
Managing Director and CEO
GEO Property Group

Date: 15 May 2008

Sydney	Gold Coast	Melbourne	SHARE REGISTRY
Level 13 167 Macquarie St Sydney NSW 2000	Ground Level 9 Ouyan Street Bundall Qld 4217	Level 2 600 Victoria Street Richmond Vic 3121	Computershare Investor Services Pty Ltd Level 19, 307 Queen Street Brisbane QLD 4000
Tel: 02 8259 7251	Tel: 07 5588 8888	Tel: 03 8412 3333	Tel: 1300 651 684

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

15 May 2008

Dear Securityholder

I am pleased to provide you with an outline summary update on recent developments at GEO Property Group (GEO).

GEO Signs Agreement for Management Internalisation

GEO has exchanged binding agreements with Octaviar Limited (formerly MFS Limited) for the purchase of all of the shares in the responsible entity of GEO Property Trust. Once the sale is settled, GEO Property Group will become internally managed rather than being externally managed by a subsidiary of Octaviar Limited.

This internalisation of management, particularly because it involves a severing of the management arrangements with what was previously the MFS Group, is considered to be in the interests of the members of GEO Property Group. Craig White, formerly the Chief Executive Officer of Octaviar Limited, has resigned as a director of GEO.

GEO paid Octaviar \$2.5m for these management rights. Over the medium to longer term this is expected to be accretive to earnings.

Profit for Year Ending 30 June 2008

GEO's forecast earnings of 8.1 cents per stapled security (after fair value adjustments) have been reviewed. The directors believe this level of profit will be achieved after adding back one-off items, for example the costs relating to the internalisation of management, the write downs / losses on sale of investment property and the loss on sale of securities.

2009 operating profit expected to be at least equal to 2008

On 24 April 2008 GEO announced that profit for the year ended 30 June 2009 should be at least equal to the 2008 operating profit. This is contingent on no deterioration in economic conditions since that date and de-leveraging proceeding as planned. Securityholders should be aware that the housing markets in which GEO operates and from which it derives a material proportion of its profits are becoming increasingly difficult to assess.

For further assumptions that underlie both the 2008 profit forecast and the profit expectations for the 2009 year please see our Market Update Presentation dated 24 April 2008 that is also available at www.geopg.com.au under Investor Relations, ASX Announcements.

Distribution Policy is under review

GEO currently expects to maintain its distribution of 2.225 cents per security for the quarter ending June 2008, totalling 8.9 cents per stapled security for the full year, in comparison with expected profit of 8.1 cents per security after adjustments. This distribution rate is expected to be confirmed in due course. The distribution rate and payout ratio for the September 2008 quarter onwards are under review.

De-leveraging program proceeding in accordance with expectations

The Group has identified approximately \$230m of assets that will be sold under its capital realisation program. Of this, approximately \$180m is expected to be realised from the sale of leased investments and \$50m through the sale or joint venture of communities development projects.

The program is proceeding well. The position is:

Property	Sale Price (\$m)	Book value 31 Dec 07 (\$m)
Settled / unconditional		
Previously announced	39.7 ¹	44.9
294 Woodville Road, Villawood	15.2	17.5
172 Moreland Road, Brunswick	13.0	13.3
Sub Total	67.9	75.7
Trust terms agreed in Due Diligence / documentation	40.1	
Sub Total	108.0	
In advanced negotiation	41.0	
Communities Development joint ventures, terms agreed in due diligence/documentation ²	18.7	
TOTAL	167.7	

1 Does not include recovery of the \$3m owed by a defaulting original purchaser

2 Represents sale proceeds net of re-investment into joint venture

Gearing following the completion of the de-leveraging program is expected to be between 30 and 35%, a reduction from approximately 50%. For the 2009 financial year approximately 25-30% of earnings before interest and tax is expected to be received from lease rent.

This letter is an outline summary only. For full information please see our announcement dated 14 May 2008 that is available at www.geopg.com.au under Investor Relations, ASX Announcements.

GEO Property Group stapled securities recommenced trading on 15 May 2008. GEO'S ASX code is now GPM.

Finally, as you know this has been a very difficult time for all connected with GEO. On behalf of the board and our staff I want to thank securityholders for their strong support over this period.

Yours faithfully



Richard Anderson OAM
Chairman