



## The GEO Group Reports Third Quarter 2020 Results and Increases Fourth Quarter and Full Year 2020 Guidance

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- **3Q20 Net Income Attributable to GEO of \$0.33 per diluted share**
- **3Q20 AFFO of \$0.67 per diluted share**
- **Updated FY20 guidance for Net Income Attributable to GEO of \$1.07-\$1.09 per diluted share and Adjusted Net Income of \$1.21-\$1.23 per diluted share**
- **Updated FY20 AFFO guidance of \$2.43-\$2.45 per diluted share**

BOCA RATON, Fla.--(BUSINESS WIRE)-- **The GEO Group, Inc. (NYSE: GEO)** ("GEO"), a fully integrated equity real estate investment trust ("REIT") and a leading provider of evidence-based offender rehabilitation and community reentry services around the globe, reported today its financial results for the third quarter 2020, provided an update on the impact of the COVID-19 pandemic on GEO, and issued updated financial guidance.

### Third Quarter 2020 Highlights

- **Total revenues of \$579.1 million**
- **Net Income Attributable to GEO of \$39.2 million or \$0.33 per diluted share**
- **Adjusted Net Income of \$0.37 per diluted share**
- **Net Operating Income of \$151.4 million**
- **Normalized FFO of \$0.52 per diluted share**
- **AFFO of \$0.67 per diluted share**

We reported third quarter 2020 net income attributable to GEO of \$39.2 million, or \$0.33 per diluted share, compared to \$45.9 million, or \$0.39 per diluted share, for the third quarter 2019. We reported total revenues for the third quarter 2020 of \$579.1 million compared to \$631.6 million for the third quarter 2019.

Third quarter 2020 results reflect a \$0.3 million loss on real estate assets, pre-tax, a \$1.5 million gain on the extinguishment of debt, pre-tax, \$1.9 million in start-up expenses, pre-tax, \$1.7 million in close-out expenses, pre-tax, \$2.6 million in COVID-19 related expenses, pre-tax, and a \$0.1 million benefit in the tax effect of adjustments to net income attributable to GEO. Excluding these items, we reported third quarter 2020 Adjusted Net Income of \$44.4 million, or \$0.37 per diluted share, compared to \$52.9 million, or \$0.44 per diluted share, for the third quarter 2019.

We reported third quarter 2020 Normalized Funds From Operations ("Normalized FFO") of \$62.8 million, or \$0.52 per diluted share, compared to \$70.3 million, or \$0.59 per diluted share, for the third quarter 2019. We reported third quarter 2020 Adjusted Funds From Operations ("AFFO") of \$80.6 million, or \$0.67 per diluted share, compared to \$85.6 million, or \$0.72 per diluted share, for the third quarter 2019.

George C. Zoley, Chairman and Chief Executive Officer of GEO, said, "During the third quarter, we experienced a continuation of favorable cost trends that resulted in better than expected financial performance. While we are encouraged by these favorable trends over the last two quarters, our company continues to face operational and financial challenges associated with the COVID-19 pandemic. Our frontline employees have continued to show incredible commitment and resilience to help our company manage through these unprecedented times. We are thankful for their dedication and daily sacrifice.

Despite these challenges, we believe that our earnings and cash flows remain strong and our business is supported by long-term real estate assets and high-quality contracts entailing essential government services. We recognize that political rhetoric based on the mischaracterization of our role as a government services provider has created concerns regarding our future access to capital. Our Board has taken steps to reduce our quarterly dividend payments in order to preserve capital and apply our excess cash flows toward debt repayment. We believe these steps will allow us to balance providing continued value for our shareholders, while also focusing on paying down debt."

### First Nine Months 2020 Highlights

- **Total revenues of \$1.77 billion**
- **Net Income Attributable to GEO of \$101.1 million or \$0.84 per diluted share**
- **Adjusted Net Income of \$0.97 per diluted share**
- **Net Operating Income of \$450.7 million**
- **Normalized FFO of \$1.43 per diluted share**
- **AFFO of \$1.88 per diluted share**

For the first nine months of 2020, we reported net income attributable to GEO of \$101.1 million, or \$0.84 per diluted share, compared to \$128.6 million, or \$1.08 per diluted share, for the first nine months of 2019. We reported total revenues for the first nine months of 2020 of \$1.77 billion compared to \$1.86 billion for the first nine months of 2019.

Results for the first nine months of 2020 reflect a \$1.2 million loss on real estate assets, pre-tax, a \$3.0 million gain on the extinguishment of debt, pre-tax, \$4.4 million in start-up expenses, pre-tax, \$5.9 million in close-out expenses, pre-tax, \$7.4 million in COVID-19 related expenses, pre-tax, and \$0.6 million in the tax effect of adjustments to net income attributable to GEO. Excluding these items, we reported Adjusted Net Income of \$116.3 million, or \$0.97 per diluted share, for the first nine months of 2020, compared to \$144.5 million, or \$1.21 per diluted share, for the first nine months of 2019.

We reported Normalized FFO of \$171.5 million, or \$1.43 per diluted share, for the first nine months of 2020, compared to \$197.2 million, or \$1.65 per diluted share, for the first nine months of 2019. We reported AFFO of \$226.0 million, or \$1.88 per diluted share, for the first nine months of 2020, compared to \$249.3 million, or \$2.09 per diluted share, for the first nine months of 2019.

#### Updated Financial Guidance

- **4Q20 Net Income Attributable to GEO expected to be \$0.23-\$0.25 per diluted share**
- **4Q20 Adjusted Net Income expected to be \$0.24-\$0.26 per diluted share**
- **4Q20 AFFO expected to be \$0.55-\$0.57 per diluted share**
- **FY20 Net Income Attributable to GEO expected to be \$1.07-\$1.09 per diluted share**
- **FY20 Adjusted Net Income expected to be \$1.21 to \$1.23 per diluted share**
- **FY20 AFFO expected to be \$2.43-\$2.45 per diluted share**
- **Updated financial guidance reflects a four-month contract extension with Federal Bureau of Prisons for D. Ray James Correctional Facility in Georgia**

We have updated our financial guidance for the fourth quarter and full year of 2020. The COVID-19 pandemic continues to have a negative impact on several segments of our company and has resulted in lower occupancy levels at several of our facilities and programs beginning in late March 2020 and continuing through the second and third quarters of 2020.

Our U.S. Immigration and Customs Enforcement ("ICE") Processing Centers and U.S. Marshals Service facilities have continued to experience lower overall occupancy levels. Our GEO Care business unit has also continued to experience lower occupancy levels in our residential reentry centers, day reporting programs, and youth services facilities.

We continue to incur increased spending on personal protective equipment, diagnostic testing, medical expenses, non-contact infrared thermometers, and increased sanitation as a result of the COVID-19 pandemic.

Additionally, the Federal Bureau of Prisons ("BOP") has experienced a decline in overall federal prison populations in part as a result of the COVID-19 pandemic. Due to this decline in federal prison populations, the BOP had previously decided to not rebid the contract for our company-owned, 1,900-bed D. Ray James Correctional Facility in Georgia, which was set to expire on September 30, 2020.

During the third quarter 2020, we entered into a four-month contract extension with the BOP, through the end of January 2021, for the D. Ray James Correctional Facility. Our updated guidance reflects this four-month contract extension. Our updated guidance also reflects the recent activation of our company-owned, 700-bed Golden State ICE Annex in California during the third quarter 2020.

For the fourth quarter 2020, we expect Net Income Attributable to GEO to be in a range of \$0.23 to \$0.25 per diluted share; Adjusted Net Income to be in a range of \$0.24 to \$0.26 per diluted share; and AFFO to be in a range of \$0.55 to \$0.57 per diluted share.

For the full year 2020, we expect Net Income Attributable to GEO to be in a range of \$1.07 to \$1.09 per diluted share; Adjusted Net Income to be in a range of \$1.21 to \$1.23 per diluted share; and AFFO to be in a range of \$2.43 to \$2.45 per diluted share. We expect full year 2020 revenues to be approximately \$2.35 billion.

#### Quarterly Dividend

On October 6, 2020, GEO's Board of Directors declared a quarterly cash dividend of \$0.34 per share. The quarterly cash dividend was paid on October 23, 2020 to shareholders of record as of the close of business on October 16, 2020. The declaration of future quarterly cash dividends is subject to approval by GEO's Board of Directors and to meeting the requirements of all applicable laws and regulations. GEO's Board of Directors retains the power to modify its dividend policy as it may deem necessary or appropriate in the future.

#### COVID-19 Information

As the COVID-19 pandemic has impacted communities across the United States and around the world, our employees and facilities have also been impacted by the spread of COVID-19. Ensuring the health and safety of our employees and all those in our care has always been our number one priority. From the start of the global pandemic, we implemented steps to mitigate the risks of COVID-19 to all those in our care and our employees, consistent with the guidance issued for correctional and detention facilities by the Centers for Disease Control and Prevention ("CDC"). We have distributed facemasks to all employees, inmates, detainees, and residents across our residential facilities. We have focused on increasing our testing capacity across our facilities.

We will continue to coordinate closely with our government agency partners and local health agencies to ensure the health and safety of all those in our care and our employees. We will continue to evaluate and refine the steps we have taken as appropriate and necessary based on updated guidance by the CDC and best practices. We are grateful for our frontline employees who are making sacrifices daily to provide care for all those in our facilities during this unprecedented global pandemic. Information on the steps we have taken to mitigate the risks of COVID-19 can be found at [www.geogroup.com/COVID19](http://www.geogroup.com/COVID19).

#### Reconciliation Tables and Supplemental Information

GEO has made available Supplemental Information which contains reconciliation tables of Net Income Attributable to GEO to Net Operating Income, Net Income to EBITDAre (EBITDA for real estate) and Adjusted EBITDAre (Adjusted EBITDA for real estate), and Net Income Attributable to GEO to

FFO, Normalized FFO and AFFO, along with supplemental financial and operational information on GEO's business and other important operating metrics, and in this press release, Net Income Attributable to GEO to Adjusted Net Income. The reconciliation tables are also presented herein. Please see the section below titled "Note to Reconciliation Tables and Supplemental Disclosure - Important Information on GEO's Non-GAAP Financial Measures" for information on how GEO defines these supplemental Non-GAAP financial measures and reconciles them to the most directly comparable GAAP measures. GEO's Reconciliation Tables can be found herein and in GEO's Supplemental Information available on GEO's investor webpage at [investors.geogroup.com](http://investors.geogroup.com).

### **Conference Call Information**

GEO has scheduled a conference call and simultaneous webcast for today at 11:00 AM (Eastern Time) to discuss GEO's third quarter 2020 financial results as well as its outlook. The call-in number for the U.S. is 1-877-250-1553 and the international call-in number is 1-412-542-4145. In addition, a live audio webcast of the conference call may be accessed on the Events and Webcasts section under the News, Events and Reports tab of GEO's investor relations webpage at [investors.geogroup.com](http://investors.geogroup.com). A replay of the webcast will be available on the website for one year. A telephonic replay of the conference call will be available until November 12, 2020 at 1-877-344-7529 (U.S.) and 1-412-317-0088 (International). The participant passcode for the telephonic replay is 10148939.

### **About The GEO Group**

The GEO Group (NYSE: GEO) is the first fully integrated equity real estate investment trust specializing in the design, financing, development, and operation of secure facilities, processing centers, and community reentry centers in the United States, Australia, South Africa, and the United Kingdom. GEO is a leading provider of enhanced in-custody rehabilitation, post-release support, electronic monitoring, and community-based programs. GEO's worldwide operations include the ownership and/or management of 123 facilities totaling approximately 93,000 beds, including projects under development, with a workforce of approximately 23,000 professionals.

### **Note to Reconciliation Tables and Supplemental Disclosure –**

#### **Important Information on GEO's Non-GAAP Financial Measures**

Net Operating Income, EBITDAre, Adjusted EBITDAre, Funds from Operations, Normalized Funds from Operations, Adjusted Funds from Operations, and Adjusted Net Income are non-GAAP financial measures that are presented as supplemental disclosures. GEO has presented herein certain forward-looking statements about GEO's future financial performance that include non-GAAP financial measures, including Adjusted Net Income, Adjusted EBITDAre, Net Operating Income, FFO, Normalized FFO, and AFFO. The determination of the amounts that are included or excluded from these non-GAAP financial measures is a matter of management judgment and depends upon, among other factors, the nature of the underlying expense or income amounts recognized in a given period.

While we have provided a high level reconciliation for the guidance ranges for full year 2020, we are unable to present a more detailed quantitative reconciliation of the forward-looking non-GAAP financial measures to their most directly comparable forward-looking GAAP financial measures because management cannot reliably predict all of the necessary components of such GAAP measures. The quantitative reconciliation of the forward-looking non-GAAP financial measures will be provided for completed annual and quarterly periods, as applicable, calculated in a consistent manner with the quantitative reconciliation of non-GAAP financial measures previously reported for completed annual and quarterly periods.

Net Operating Income is defined as revenues less operating expenses, excluding depreciation and amortization expense, general and administrative expenses, real estate related operating lease expense, and start-up expenses, pre-tax. Net Operating Income is calculated as net income adjusted by subtracting equity in earnings of affiliates, net of income tax provision, and by adding income tax provision, interest expense, net of interest income, gain/loss on extinguishment of debt, depreciation and amortization expense, general and administrative expenses, real estate related operating lease expense, gain/loss on real estate assets, pre-tax, and start-up expenses, pre-tax.

EBITDAre (EBITDA for real estate) is defined as net income adjusted by adding provisions for income tax, interest expense, net of interest income, depreciation and amortization, and gain/loss on real estate assets, pre-tax. Adjusted EBITDAre (Adjusted EBITDA for real estate) is defined as EBITDAre adjusted for net loss attributable to non-controlling interests, stock-based compensation expenses, pre-tax, and certain other adjustments as defined from time to time, including for the periods presented start-up expenses, pre-tax, COVID-19 expenses, pre-tax, and close-out expenses, pre-tax. Given the nature of our business as a real estate owner and operator, we believe that EBITDAre and Adjusted EBITDAre are helpful to investors as measures of our operational performance because they provide an indication of our ability to incur and service debt, to satisfy general operating expenses, to make capital expenditures and to fund other cash needs or reinvest cash into our business. We believe that by removing the impact of our asset base (primarily depreciation and amortization) and excluding certain non-cash charges, amounts spent on interest and taxes, and certain other charges that are highly variable from year to year, EBITDAre and Adjusted EBITDAre provide our investors with performance measures that reflect the impact to operations from trends in occupancy rates, per diem rates and operating costs, providing a perspective not immediately apparent from net income attributable to GEO.

The adjustments we make to derive the non-GAAP measures of EBITDAre and Adjusted EBITDAre exclude items which may cause short-term fluctuations in income from continuing operations and which we do not consider to be the fundamental attributes or primary drivers of our business plan and they do not affect our overall long-term operating performance. EBITDAre and Adjusted EBITDAre provide disclosure on the same basis as that used by our management and provide consistency in our financial reporting, facilitate internal and external comparisons of our historical operating performance and our business units and provide continuity to investors for comparability purposes.

Funds From Operations, or FFO, is defined in accordance with standards established by the National Association of Real Estate Investment Trusts, or NAREIT, which defines FFO as net income/loss attributable to common shareholders (computed in accordance with United States Generally Accepted Accounting Principles), excluding real estate related depreciation and amortization, excluding gains and losses from the cumulative effects of accounting changes, extraordinary items and sales of properties, and including adjustments for unconsolidated partnerships and joint ventures. Normalized Funds from Operations, or Normalized FFO, is defined as FFO adjusted for certain items which by their nature are not comparable from period to period or that tend to obscure GEO's actual operating performance, including for the periods presented gain/loss on the extinguishment of debt, pre-tax, start-up expenses, pre-tax, COVID-19 expenses, pre-tax, close-out expenses, pre-tax, and tax effect of adjustments to FFO.

Adjusted Funds From Operations, or AFFO, is defined as Normalized FFO adjusted by adding non-cash expenses such as non-real estate related depreciation and amortization, stock based compensation expense, the amortization of debt issuance costs, discount and/or premium and other non-cash interest, and by subtracting recurring consolidated maintenance capital expenditures.

Adjusted Net Income is defined as Net Income Attributable to GEO adjusted for certain items which by their nature are not comparable from period to period or that tend to obscure GEO's actual operating performance, including for the periods presented loss on real estate assets, pre-tax, gain/loss on the extinguishment of debt, pre-tax, start-up expenses, pre-tax, COVID-19 expenses, pre-tax, close-out expenses, pre-tax, and tax effect of adjustments to Net Income Attributable to GEO.

Because of the unique design, structure and use of our GEO Secure Services and GEO Care facilities, we believe that assessing the performance of our secure facilities, processing centers, and reentry centers without the impact of depreciation or amortization is useful and meaningful to investors.

Although NAREIT has published its definition of FFO, companies often modify this definition as they seek to provide financial measures that meaningfully reflect their distinctive operations. We have modified FFO to derive Normalized FFO and AFFO that meaningfully reflect our operations.

Our assessment of our operations is focused on long-term sustainability. The adjustments we make to derive the non-GAAP measures of Normalized FFO and AFFO exclude items which may cause short-term fluctuations in net income attributable to GEO but have no impact on our cash flows, or we do not consider them to be fundamental attributes or the primary drivers of our business plan and they do not affect our overall long-term operating performance. We may make adjustments to FFO from time to time for certain other income and expenses that do not reflect a necessary component of our operational performance on the basis discussed above, even though such items may require cash settlement. Because FFO, Normalized FFO and AFFO exclude depreciation and amortization unique to real estate as well as non-operational items and certain other charges that are highly variable from year to year, they provide our investors with performance measures that reflect the impact to operations from trends in occupancy rates, per diem rates, operating costs and interest costs, providing a perspective not immediately apparent from Net Income Attributable to GEO.

We believe the presentation of FFO, Normalized FFO and AFFO provide useful information to investors as they provide an indication of our ability to fund capital expenditures and expand our business. FFO, Normalized FFO and AFFO provide disclosure on the same basis as that used by our management and provide consistency in our financial reporting, facilitate internal and external comparisons of our historical operating performance and our business units and provide continuity to investors for comparability purposes. Additionally, FFO, Normalized FFO and AFFO are widely recognized measures in our industry as a real estate investment trust.

#### Safe-Harbor Statement

*This press release contains forward-looking statements regarding future events and future performance of GEO that involve risks and uncertainties that could materially affect actual results, including statements regarding financial guidance for the full year and fourth quarter of 2020, the assumptions underlying such guidance, and statements regarding the impact of COVID-19, our available borrowing capacity and liquidity, and the allocation of capital to enhance long-term value for our shareholders. Factors that could cause actual results to vary from current expectations and forward-looking statements contained in this press release include, but are not limited to: (1) GEO's ability to meet its financial guidance for 2020 given the various risks to which its business is exposed, including the magnitude, severity, and duration of the current COVID-19 global pandemic and its impact on GEO; (2) GEO's ability to declare future quarterly cash dividends and the timing and amount of such future cash dividends; (3) GEO's ability to successfully pursue further growth and continue to create shareholder value; (4) GEO's ability to obtain future financing on acceptable terms or at all; (5) GEO's ability to access the capital markets in the future on satisfactory terms or at all; (6) risks associated with GEO's ability to control operating costs associated with contract start-ups; (7) GEO's ability to timely open facilities as planned, profitably manage such facilities and successfully integrate such facilities into GEO's operations without substantial costs; (8) GEO's ability to win management contracts for which it has submitted proposals and to retain existing management contracts; (9) GEO's ability to sustain or improve company-wide occupancy rates at its facilities in light of the COVID-19 global pandemic; (10) the impact of any future regulations or guidance on the Tax Cuts and Jobs Act; (11) GEO's ability to remain qualified as a REIT; (12) the incurrence of REIT related expenses; and (13) other factors contained in GEO's Securities and Exchange Commission periodic filings, including its Form 10-K, 10-Q and 8-K reports.*

Third quarter and first nine months 2020 financial tables to follow:

#### Condensed Consolidated Balance Sheets\*

(Unaudited)

	As of <b>September 30, 2020</b> <i>(unaudited)</i>	As of <b>December 31, 2019</b> <i>(unaudited)</i>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 53,676	\$ 32,463
Restricted cash and cash equivalents	27,229	32,418
Accounts receivable, less allowance for doubtful accounts	380,072	430,982
Contract receivable, current portion	5,703	11,199
Prepaid expenses and other current assets	33,393	40,716
<b>Total current assets</b>	<b>\$ 500,073</b>	<b>\$ 547,778</b>
<b>Restricted Cash and Investments</b>	40,970	30,923
<b>Property and Equipment, Net</b>	2,126,438	2,144,722
<b>Contract Receivable</b>	368,887	360,647
<b>Operating Lease Right-of-Use Assets, Net</b>	121,805	121,527
<b>Assets Held for Sale</b>	9,521	6,059
<b>Deferred Income Tax Assets</b>	36,278	36,278
<b>Intangible Assets, Net (including goodwill)</b>	969,629	986,426
<b>Other Non-Current Assets</b>	74,234	83,174
<b>Total Assets</b>	<b>\$ 4,247,835</b>	<b>\$ 4,317,534</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Accounts payable	\$ 91,955	\$ 99,232
Accrued payroll and related taxes	64,812	54,672
Accrued expenses and other current liabilities	212,127	191,608
Operating lease liabilities, current portion	27,910	26,208

Current portion of finance lease obligations, long-term debt, and non-recourse debt	25,073	24,208
<b>Total current liabilities</b>	<b>\$ 421,877</b>	<b>\$ 395,928</b>
<b>Deferred Income Tax Liabilities</b>	19,254	19,254
<b>Other Non-Current Liabilities</b>	121,525	88,526
<b>Operating Lease Liabilities</b>	96,675	97,291
<b>Finance Lease Liabilities</b>	2,979	2,954
<b>Long-Term Debt</b>	2,343,342	2,408,297
<b>Non-Recourse Debt</b>	309,899	309,236
<b>Total Shareholders' Equity</b>	932,284	996,048
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 4,247,835</b>	<b>\$ 4,317,534</b>

\* all figures in '000s

### Condensed Consolidated Statements of Operations\*

(Unaudited)

	Q3 2020	Q3 2019	YTD 2020	YTD 2019
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<b>Revenues</b>	\$ 579,136	\$ 631,579	\$ 1,771,982	\$ 1,856,212
<b>Operating expenses</b>	434,402	472,513	1,341,063	1,382,678
<b>Depreciation and amortization</b>	33,628	32,419	100,389	97,240
<b>General and administrative expenses</b>	46,644	48,488	145,969	142,183
<b>Operating income</b>	<b>64,462</b>	<b>78,159</b>	<b>184,561</b>	<b>234,111</b>
<b>Interest income</b>	6,360	6,686	17,046	23,127
<b>Interest expense</b>	(30,749)	(36,645)	(95,539)	(115,857)
<b>Gain/(Loss) on extinguishment of debt</b>	1,472	594	3,035	(5,147)
<b>Income before income taxes and equity in earnings of affiliates</b>	<b>41,545</b>	<b>48,794</b>	<b>109,103</b>	<b>136,234</b>
<b>Provision for income taxes</b>	4,616	5,137	15,358	14,509
<b>Equity in earnings of affiliates, net of income tax provision</b>	2,243	2,228	7,202	6,645
<b>Net income</b>	<b>39,172</b>	<b>45,885</b>	<b>100,947</b>	<b>128,370</b>
<b>Less: Net loss attributable to noncontrolling interests</b>	48	47	174	181
<b>Net income attributable to The GEO Group, Inc.</b>	<b>\$ 39,220</b>	<b>\$ 45,932</b>	<b>\$ 101,121</b>	<b>\$ 128,551</b>

### Weighted Average Common Shares Outstanding:

Basic	119,826	119,209	119,677	119,052
Diluted	120,032	119,282	119,964	119,314

### Net income per Common Share Attributable to The GEO Group, Inc. :

<b>Basic:</b>				
Net income per share — basic	\$ 0.33	\$ 0.39	\$ 0.84	\$ 1.08
<b>Diluted:</b>				
Net income per share — diluted	\$ 0.33	\$ 0.39	\$ 0.84	\$ 1.08
Regular Dividends Declared per Common Share	\$ 0.48	\$ 0.48	\$ 1.44	\$ 1.44

\* all figures in '000s, except per share data

### Reconciliation of Net Income Attributable to GEO to Adjusted Net Income

(In thousands, except per share data)(Unaudited)

Q3 2020	Q3 2019	YTD 2020	YTD 2019
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**Net Income attributable to GEO** \$ 39,220 \$ 45,932 \$ 101,121 \$ 128,551

Add:

Loss on real estate assets, pre-tax	271	1,196	1,151	2,693
(Gain)/Loss on extinguishment of debt, pre-tax	(1,472)	(594)	(3,035)	5,147
Start-up expenses, pre-tax	1,907	6,077	4,413	8,718
COVID-19 expenses, pre-tax	2,635	-	7,404	-
Close-out expenses, pre-tax	1,674	-	5,895	-
Tax effect of adjustments to Net Income attributable to GEO	142	248	(620)	(650)

**Adjusted Net Income** **\$ 44,377** **\$ 52,859** **\$ 116,329** **\$ 144,459**

Weighted average common shares outstanding - Diluted 120,032 119,282 119,964 119,314

**Adjusted Net Income Per Diluted Share** **\$ 0.37** **\$ 0.44** **\$ 0.97** **\$ 1.21**

**Reconciliation of Net Income Attributable to GEO to FFO, Normalized FFO, and AFFO\***

(Unaudited)

	<b>Q3 2020</b> <i>(unaudited)</i>	<b>Q3 2019</b> <i>(unaudited)</i>	<b>YTD 2020</b> <i>(unaudited)</i>	<b>YTD 2019</b> <i>(unaudited)</i>
<b>Net Income attributable to GEO</b>	\$ 39,220	\$ 45,932	\$ 101,121	\$ 128,551
<i>Add (Subtract):</i>				
Real Estate Related Depreciation and Amortization	18,359	17,931	55,139	53,970
Loss on real estate assets	271	1,196	1,151	2,693
<b>Equals: NAREIT defined FFO</b>	<b>\$ 57,850</b>	<b>\$ 65,059</b>	<b>\$ 157,411</b>	<b>\$ 185,214</b>

*Add (Subtract):*

(Gain)/loss on extinguishment of debt, pre-tax	(1,472)	(594)	(3,035)	5,147
Start-up expenses, pre-tax	1,895	5,593	4,401	7,467
COVID-19 expenses, pre-tax	2,635	-	7,404	-
Close-out expenses, pre-tax	1,715	-	5,935	-
Tax Effect of adjustments to Funds From Operations **	142	248	(620)	(650)

**Equals: FFO, normalized** **\$ 62,765** **\$ 70,306** **\$ 171,496** **\$ 197,178**

*Add (Subtract):*

Non-Real Estate Related Depreciation & Amortization	15,269	14,488	45,250	43,270
Consolidated Maintenance Capital Expenditures	(3,878)	(5,744)	(15,045)	(14,893)
Stock Based Compensation Expenses	4,689	4,739	19,163	16,919
Amortization of debt issuance costs, discount and/or premium and other non-cash interest	1,776	1,838	5,153	6,861

**Equals: AFFO** **\$ 80,621** **\$ 85,627** **\$ 226,017** **\$ 249,335**

Weighted average common shares outstanding - Diluted 120,032 119,282 119,964 119,314

**FFO/AFFO per Share - Diluted**

**Normalized FFO Per Diluted Share** **\$ 0.52** **\$ 0.59** **\$ 1.43** **\$ 1.65**

**AFFO Per Diluted Share** **\$ 0.67** **\$ 0.72** **\$ 1.88** **\$ 2.09**

**Regular Common Stock Dividends per common share** **\$ 0.48** **\$ 0.48** **\$ 1.44** **\$ 1.44**

\* all figures in '000s, except per share data

\*\* tax adjustments related to Loss on real estate assets, (Gain)/loss on extinguishment of debt, Start-up expenses, COVID-19 expenses and Close-out expenses.

**Reconciliation of Net Income Attributable to GEO to**

**Net Operating Income, EBITDAre and Adjusted EBITDAre\***

(Unaudited)

	Q3 2020 <i>(unaudited)</i>	Q3 2019 <i>(unaudited)</i>	YTD 2020 <i>(unaudited)</i>	YTD 2019 <i>(unaudited)</i>
<b>Net Income attributable to GEO</b>	\$ 39,220	\$ 45,932	\$ 101,121	\$ 128,551
<i>Less</i>				
Net loss attributable to noncontrolling interests	48	47	174	181
<b>Net Income</b>	<b>\$ 39,172</b>	<b>\$ 45,885</b>	<b>\$ 100,947</b>	<b>\$ 128,370</b>
<i>Add (Subtract):</i>				
Equity in earnings of affiliates, net of income tax provision	(2,243)	(2,228)	(7,202)	(6,645)
Income tax provision	4,616	5,137	15,358	14,509
Interest expense, net of interest income	24,389	29,959	78,493	92,730
(Gain)/Loss on extinguishment of debt	(1,472)	(594)	(3,035)	5,147
Depreciation and amortization	33,628	32,419	100,389	97,240
General and administrative expenses	46,644	48,488	145,969	142,183
<b>Net Operating Income, net of operating lease obligations</b>	<b>\$ 144,734</b>	<b>\$ 159,066</b>	<b>\$ 430,919</b>	<b>\$ 473,534</b>
<i>Add:</i>				
Operating lease expense, real estate	4,510	6,391	14,254	19,514
Loss on real estate assets, pre-tax	271	1,196	1,151	2,693
Start-up expenses, pre-tax	1,895	5,593	4,401	7,467
<b>Net Operating Income (NOI)</b>	<b>\$ 151,410</b>	<b>\$ 172,246</b>	<b>\$ 450,725</b>	<b>\$ 503,208</b>
	Q3 2020 <i>(unaudited)</i>	Q3 2019 <i>(unaudited)</i>	YTD 2020 <i>(unaudited)</i>	YTD 2019 <i>(unaudited)</i>
<b>Net Income</b>	<b>\$ 39,172</b>	<b>\$ 45,885</b>	<b>\$ 100,947</b>	<b>\$ 128,370</b>
<i>Add (Subtract):</i>				
Income tax provision **	5,122	5,593	16,792	15,681
Interest expense, net of interest income ***	22,917	29,365	75,458	97,878
Depreciation and amortization	33,628	32,419	100,389	97,240
Loss on real estate assets, pre-tax	271	1,196	1,151	2,693
<b>EBITDAre</b>	<b>\$ 101,110</b>	<b>\$ 114,458</b>	<b>\$ 294,737</b>	<b>\$ 341,862</b>
<i>Add (Subtract):</i>				
Net loss attributable to noncontrolling interests	48	47	174	181
Stock based compensation expenses, pre-tax	4,689	4,739	19,163	16,919
Start-up expenses, pre-tax	1,895	5,593	4,401	7,467
COVID-19 expenses, pre-tax	2,635	-	7,404	-
Close-out expenses, pre-tax	1,715	-	5,935	-
<b>Adjusted EBITDAre</b>	<b>\$ 112,092</b>	<b>\$ 124,837</b>	<b>\$ 331,814</b>	<b>\$ 366,429</b>

\* all figures in '000s

\*\* including income tax provision on equity in earnings of affiliates

\*\*\* includes (gain)/loss on extinguishment of debt

**2020 Outlook/Reconciliation**

(In thousands, except per share data)

(Unaudited)

	FY 2020
<b>Net Income Attributable to GEO</b>	\$ 128,000 to \$ 130,500
<b>Real Estate Related Depreciation and Amortization</b>	74,000 to 74,000
<b>Funds from Operations (FFO)</b>	<b>\$ 202,000 to \$ 204,500</b>
<b>Net Adjustments (Gain on Extinguishment of Debt, Start-up expenses, Close-out expenses, COVID-19 expenses)</b>	17,000 to 17,000
<b>Normalized Funds from Operations</b>	<b>\$ 219,000 to \$ 221,500</b>

Non-Real Estate Related Depreciation and Amortization	62,000	62,000
Consolidated Maintenance Capex	(20,000)	(20,000)
Non-Cash Stock Based Compensation	24,000	24,000
Non-Cash Interest Expense	7,000	7,000
	<b>\$</b>	<b>\$</b>
<b>Adjusted Funds From Operations (AFFO)</b>	<b>292,000</b>	<b>294,500</b>
	to	
Net Interest Expense	103,000	103,000
Non-Cash Interest Expense	(7,000)	(7,000)
Consolidated Maintenance Capex	20,000	20,000
Income Taxes (including income tax provision on equity in earnings of affiliates)	20,000	20,000
	<b>\$</b>	<b>\$</b>
<b>Adjusted EBITDAre</b>	<b>428,000</b>	<b>430,500</b>
	to	
G&A Expenses	192,500	192,500
Non-Cash Stock Based Compensation	(24,000)	(24,000)
Equity in Earnings of Affiliates	(7,000)	(7,000)
Real Estate Related Operating Lease Expense	18,000	18,000
	<b>\$</b>	<b>\$</b>
<b>Net Operating Income</b>	<b>607,500</b>	<b>610,000</b>
	to	
Net Income Attributable to GEO Per Diluted Share	<b>\$ 1.07</b>	<b>\$ 1.09</b>
Adjusted Net Income Per Diluted Share	<b>\$ 1.21</b>	<b>\$ 1.23</b>
AFFO Per Diluted Share	<b>\$ 2.43</b>	<b>\$ 2.45</b>
Weighted Average Common Shares Outstanding-Diluted	120,000	120,000

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Source: The GEO Group, Inc.