

28 November, 2007

VALAD CONTINUES ASIA PACIFIC EXPANSION, ENTERS SELF STORAGE MARKET IN NEW ZEALAND

SYDNEY: Valad Property Group (ASX:VPG) today announced further expansion throughout the Asia Pacific region, unveiling a range of transactions that include its entry into the New Zealand self storage market alongside partner Kennards.

Chief Operating Officer Jeff Locke said these transactions, which include residential and industrial opportunities along Australia's east coast, reinforce Valad's ability to successfully negotiate and secure prime assets amid significant competition.

"Valad is committed to expanding its portfolio throughout the Asia Pacific region in a range of traditional and alternative asset classes," said Mr Locke, who oversees the Group's Asia Pacific operations. "In particular, Valad focuses on securing top quality sites in markets that have strong underlying fundamentals," he added.

Following its recent purchase of retail depots and packaging plants from New Zealand's Carter Holt Harvey, Valad has continued to build its presence across the Tasman with the purchase of self storage sites on the North Island in two separate transactions.

Through its joint venture with Kennards Self Storage, four established self storage sites have been acquired for a total of NZ\$24.3 million.

Located in Napier, Palmerston North, Tauranga, and Hastings, "the sites provide an immediate and impressive footprint in the New Zealand market", said Sam Kennard, the Managing Director of Kennards Self Storage. These mature assets have total net lettable area of 17,844 square metres.

"Although these are good quality properties, we see significant growth potential with the opportunity to increase both rents and occupancies," Mr Kennard said.

"The New Zealand market is substantially more fragmented than Australia and the joint venture is confident that more assets will emerge that suit our expansion plans," he added.

Mr Locke said this New Zealand acquisition will provide a high yielding return of 8.6% in the first year, and again demonstrates the ability of Valad and its partners to identify and complete expansion opportunities in growth sectors throughout the region.

Separately, Valad has acquired two other North Island self storage facilities that are each in the lease-up phase and provide significant growth potential. The facilities are located at Onekawa in the Napier industrial district, and Wanganui, and were acquired for NZ\$5.7m. Kennards will manage the properties.

Closer to home, Valad's focus on markets with solid growth prospects has also underpinned a A\$14 million investment in a residential project at Alphington, in Melbourne's eastern suburbs. The purchase of the one hectare Rex Avenue development site envisages approximately 59 apartments and 26 townhouses, subject to council approval, and includes 100 metres of Yarra River frontage.

Reinforcing its positive view of the Melbourne property market, Valad has acquired a A\$51 million portfolio of five modern industrial properties from a private investor. This off-market transaction provides Valad with an expanded offering of warehouses and associated office space that centres on the growing Laverton industrial area. The properties were acquired on an initial yield of 6.8% with a reversionary yield of 7.2%.

"Each asset in this new portfolio has the potential for lease renewal and extension that reflects rental levels achieved by similar facilities in the area," said Mr Locke. The sale was negotiated through Matt Haddon of CB Richard Ellis and Greg Jenz of Savills.

With Valad expanding its presence in the past 12 months in the Victorian and Queensland markets, the Group has paid A\$16.3 million for two adjacent parcels of land about 25 kilometres north of Brisbane's CBD that have been recently rezoned for mixed density residential use. The two lots at Griffin comprise a combined 43 hectares and have frontage to the Pine River while retaining significant views of the mountains to the west and Redcliffe Bay to the east.

In Sydney, where demand for office space remains strong, Valad has recently purchased a seven storey building at 39-41 Chandos Street, St Leonards, for A\$24.5 million. The building, which occupies a prominent location in the lower north shore office precinct, has been earmarked for a Valad managed fund. It represents a repositioning opportunity that reflects the building's short term lease expiry set against a forecast growth in market rents and declining vacancy levels in the St Leonards market. The analysed reversionary yield for the property is 7.6%.

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About Valad

Superior Returns - Global Focus

Valad Property Group is a leading diversified property funds management company, founded in 1995.

With A\$20.2 billion of assets under management, Valad has achieved significant growth since joining the stock exchange in 2002 and provides investors with superior returns across the full risk/return spectrum.

Valad's property trust invests in stable income-generating property assets while its funds management operation includes specialist and value-adding investment opportunities.

Pursuing a global vision for its funds management business, Valad is building on its reputation for creating innovative investment products across key property sectors.

Valad aspires to continue outperforming its sector peers, expanding its regional and international operations when and if further opportunities arise.

Valad will continue to develop sophisticated fund opportunities for domestic and international investors, providing the "value-add" that underpins the company's name and philosophy.

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