

22 December 2006 – Announcement – VPG

VALAD AND KENNARDS SELF STORAGE CONTINUE EXPANSION WITH TWO NEW SITE ACQUISITIONS

- Acquisition of 6,302 sq m site at 1-7 Mann Street Chatswood for future self storage development; total cost including conversion \$12.9m
- Acquisition of 9,161 sq m of land at 2c Hume Highway Chullora for future self storage development; total project cost approx \$8.5m
- Total number of self storage sites now 28

Valad Property Group (ASX:VPG) and Kennards Self Storage (Kennards) announce the acquisition of two new sites for future self storage developments at Chatswood and Chullora.

These acquisitions continue the expansion of the Valad Kennards joint venture storage portfolio which, in addition to the two acquisitions announced today, recently added two centres at Miranda. The portfolio now comprises 28 self storage sites valued at approximately \$326m (100%) including project costs.

“We are pleased to announce these two strategic acquisitions which will provide us with a quality self storage presence in the important Chatswood and Chullora markets,” says Martyn McCarthy, CEO Real Estate Investment at Valad.

“Earlier this year we achieved a significant uplift in the valuation of the original portfolio and acquired two assets in Miranda. The two latest sites being acquired by the JV demonstrate our continued strong performance and investment in the self-storage sector. The acquisitions also highlight the commitment of Valad and our joint venture partners Kennards to continue to eye new opportunities for expansion of the portfolio as well as maximising existing sites,” says McCarthy

Chatswood

The Chatswood site was acquired for \$6.25m and is located at 1-7 Mann Street in the established industrial precinct of East Chatswood. The property has two street frontages and is in close proximity to the key arterial road of Eastern Valley Way. The site was formerly occupied by Tip Top Bakery and features 6,302 square metres of land, with 3,997 square meters of existing building.

The existing high-clearance warehouse will be refurbished and some new buildings constructed. When complete, the Chatswood storage centre will have approximately 9,360 square metres of gross floor area across three levels. The total cost of the facility, including conversion, is expected to be \$12.9m.

“We have been endeavouring to compliment our existing stores in Artarmon, Hornsby, Thornleigh and the Northern Beaches with a Chatswood centre for many years,” says Sam Kennard, Managing Director of Kennards Self Storage.

“We are particularly excited about developing this property and providing our customers with an outstanding storage centre in this area. It will be without comparison on the lower North Shore”.

The Chatswood storage centre will offer undercover drive-in convenience and every storage space will be equipped with door alarms. Access control systems will also offer 24 hour access.

Chullora

The Chullora site was acquired for \$1.45 million and is located at 2c Hume Highway with frontages to the highway, Beaufort Place and Worth Street. Total land area is 9,161 square metres and it is anticipated that the development of three separate structures would provide gross building area of 7,450 square metres. The total cost of the development, including acquisition price, is expected to be around \$8.5m.

“Chullora has great exposure to the Hume Highway and the low land price makes this a great acquisition,” says Kennard.

“We found a way to make our use work within the easements that previously constrained the development of the site. The Chullora position also fills an important gap in our Sydney footprint.”

Future expansion

The Kennards Valad joint venture will consider the future acquisition of existing going-concern storage centres, but prefers developing new sites to ensure quality of product.

“Many storage centres traded in recent times have not been very good quality and were quite expensive,” Kennard explains “When we build new centres we can control the quality, and we also seem to get better value for money.”

“We are passionate about enhancing our brand, not diminishing it with inferior quality developments in the group,” says Kennard.

For more information contact:

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About Valad

Valad Property Group (ASX Code: VPG) is a stapled security combining a listed property trust and a funds management company, with total assets under management in excess of \$2.2 billion, market capitalisation of approximately \$1 billion and an additional \$1.4 billion in end-value preferred equity joint venture projects. The listed property trust, Valad Property Trust, invests in stable income generating property assets. The funds management company, Valad Funds Management, offers property investments across a range of risk/return profiles from investment property portfolios to specialist and value-adding investment opportunities, and is Australia's leading manager of value-adding property funds. www.valad.com.au

About Kennards Self Storage

Kennards Self Storage is a privately owned and family run business. Having pioneered storage in Australia in 1973, Kennards now have 56 locations in the group and over 344,000 square metres available. This puts Kennards among the 20 largest storage operators in the world and largest in the southern hemisphere. Kennards Self Storage are owners and managers of self storage assets. There is a substantial upgrade and investment programme underway to lift the standard of many of the properties and add greater rental capacity, through internal expansion and new acquisitions. It is expected that 5 new Kennards Self Storage locations will open by the end of 2007.

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