



ASX ANNOUNCEMENT

29 April 2011

AGREEMENT WITH BLACKSTONE TO ACQUIRE ALL VALAD STAPLED SECURITIES FOR A\$1.80 PER STAPLED SECURITY

Valad Property Group (ASX: VPG) today announced that it has entered into a Scheme Implementation Deed ('SID') with affiliates of Blackstone Real Estate Partners VI-VD L.P. (the affiliates defined as 'Blackstone') pursuant to which Blackstone proposes to acquire all the stapled securities in Valad for A\$1.80 per stapled security in accordance with that deed (the 'Transaction'). The Transaction is subject to the approval of Valad securityholders and certain regulatory and other conditions being satisfied.

The cash price of A\$1.80 per security under the Transaction represents a premium of:

- 56% over the closing price on 27 April 2011 of A\$1.155, being the last trading day prior to this announcement;
- 52% based on the one month volume weighted average price (VWAP) to 27 April 2011; and
- 52% based on the three month VWAP to 27 April 2011.

The Transaction is to be implemented via a court approved Scheme of Arrangement and Trust Scheme (together the 'Schemes'). **The Valad Directors unanimously recommend the Schemes in the absence of a superior proposal and subject to an Independent Expert's opinion that the Schemes are in the best interests of Valad securityholders.**

Valad Chairman, Trevor Gerber, said: "The Valad Board is focused on maximising value for Valad securityholders. The Transaction represents a substantial premium to the current Valad security price.

"The Valad Board has been considering a range of strategic options to maximise securityholder value, including maintaining the status quo, a recapitalisation via an equity raising, a series of select asset sales and an orderly wind up. After receipt and assessment of the Blackstone proposal, the Valad Board considers that it provides the most certain value proposition for all Valad securityholders," Mr Gerber said.

Valad Acting CEO Clem Salwin said: "Valad's executive team has been committed this year to a renewed focus on our core competencies and activities. We have been implementing strategies to strengthen and simplify our business and to improve transparency for all our stakeholders."

The implementation of the Scheme requires the approval of VPG securityholders. The Scheme Booklet, which is expected to be mailed to securityholders in June, will include a more detailed explanation of the Transaction along with a copy of the Independent Expert's report. It is anticipated that the securityholders' meeting to consider the Offer will be held in early July 2011, with completion in July 2011 if the Scheme is approved by securityholders and the other conditions are satisfied.

The deed contains a number of provisions in relation to non-solicitation of competing proposals, break fees and liability for breaches of the SID. These provisions include a break

fee of A\$2.1 million, equivalent to 1% of Transaction equity value, payable by VPG or Blackstone in the event of certain breaches of the SID or the failure to perform obligations under the SID. Any liability which Blackstone may have in connection with the Transaction would be capped at this amount. In addition, VPG is subject to customary exclusivity arrangements.

Change in ownership of convertible notes

Valad has been notified that, as part of a separate transaction, Kimco has sold its interest in the Valad convertible notes to an entity affiliated with Blackstone. The transfer of the convertible notes is not conditional on the Scheme.

A copy of the Scheme Implementation Deed is attached to this announcement.

Valad is being advised by Fort Street Advisers and Mallesons Stephen Jaques.

ENDS

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About Valad

Valad Property Group is a listed real estate investment group with an international network of local offices managing A\$8 billion as at December 2010 in 7 geographic regions.

Its core business is value-adding real estate, specialising in multi-let commercial and industrial property, with local asset management teams taking care of approximately 8,500 tenant customers in 900 properties.

Valad has 290 staff and 23 offices in 13 countries.

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