

ONSITE

BABCOCK & BROWN
RESIDENTIAL LAND PARTNERS



Renaissance Rise, Mernda

BLP announces full year result and positive start to FY09

On 25 August 2008, Babcock & Brown Residential Land Partners (“BLP”) announced an underlying net profit after tax of \$9.3 million for the twelve months ended 30 June 2008. Underlying net profit after tax was up from \$3.1 million in the prior corresponding period and in line with previously stated guidance. Total portfolio revenue from the sale of land increased 48% during the period to \$62.7 million, driven primarily by healthy sales at Seabreeze (Pottsville, Far North NSW), Haywards Bay (Wollongong, NSW) and Renaissance Rise (Mernda, VIC).

Mr Michael Balkin, Managing Director of BLP, commented, “Notwithstanding the difficult market conditions in recent months, we are pleased to deliver a solid result in line with our previously stated guidance. BLP’s performance in FY08 is reflective of our continued focus on our core strategy: leveraging a geographically diverse portfolio of residential projects in partnership with a broad, experienced group of development partners.”

During the twelve months ended 30 June 2008, 534 lots settled. Since 30 June 2008, BLP has settled an additional 235 lots across the portfolio and a further 430 lots have exchanged and are due to settle in FY09. “Despite ongoing pressure

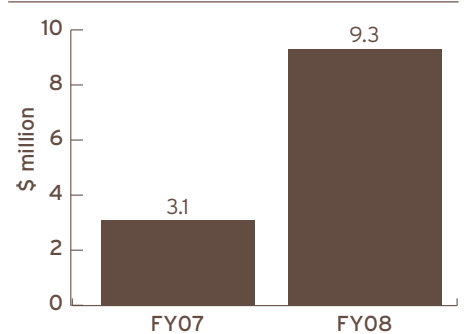
on housing affordability and consumer sentiment, we have enjoyed a positive start to FY09 with a high level of settled and exchanged lots relative to the same period a year earlier. We continue to believe in the longer term underlying fundamentals of the Australian and New Zealand residential markets.”, Mr Balkin commented.

BLP also announced that the Board is in the process of appointing independent advisors to conduct an independent review of BLP’s operations and consideration of strategic options with the objective of narrowing the significant trading discount to the underlying portfolio value.

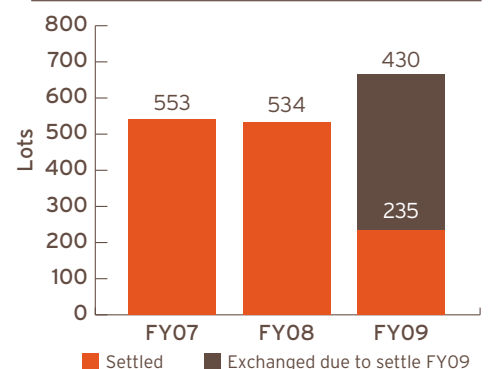
BLP expects net profit after tax for the twelve months ending 30 June 2009 to exceed the prior year’s underlying net profit after tax. More definitive guidance on BLP’s outlook and future distributions will be provided on completion of the independent strategic review.

“While we expect residential markets in Australia and New Zealand will continue to face some headwinds in FY09, we remain focused on delivering earnings growth. With the high level of settled and exchanged lots achieved in FY09 to date, we are confident that we will deliver on our guidance, despite market conditions.”

Underlying Net Profit After Tax



Total Portfolio Lot Sales



Up Close & Personal in Perth – Meet the team from PRM

Nine months ago, BLP announced the formation of a strategic partnership with Western Australian developer PRM Property Group. The partnership with PRM provides BLP with access to local expertise and strong relationships with key stakeholders in the WA market. Not surprisingly, going west is proving to be a success for BLP.

WHO IS PRM?

PRM Group, established in 1998, is a boutique property development and management company. The Group's expertise covers land acquisition, construction and development, community engagement, marketing and sales for any sized development project.

The Group's clients include small investors and major corporations in all sectors of the land development market.

WHAT PROJECTS ARE PRM INVOLVED IN?

PRM currently is involved in four key projects:

- Beeliam Joint Venture (Mevé): A partnership with the Department of Housing and Works. Approximately 800 lots of medium density housing. Total project value is in excess of \$100 million. Estimated project completion is 2011.
- Banksia Grove Project: A partnership with the Department of Housing and Works and the Walker Corporation. Approximately 3,200 mixed density lots. Total project value is in excess of \$2 billion. Estimated project completion is 2020.
- Forrestdale: A partnership with Hawaiian for the development of a 35 ha parcel of land presently undergoing urban rezoning. Lot yield of 400 mixed density lots.
- Dongara: A partnership with Babcock & Brown for the development of a 50 ha coastal lifestyle parcel of land recently gazetted for rezoning, 350 kilometres north of Perth.

THE TEAM BEHIND PRM

The PRM team is a highly diverse group of individuals, from career property developers to a CPA, a former advertising executive and not to mention a previous school Principal.

Steve Robertson – Managing Director PRM Property Group

Steve has over 30 years experience in property development and project management. Initially, this included roles for major companies such as the Hooker Corporation, Sanwa Property Group, Prudential Finance Holdings. In 1998, Steve established PRM Property Group.

Best thing about living in WA?

Relaxed lifestyle, able to get away to Rottnest Island on a Friday afternoon.

Most people would say that you are...

Unassuming, energetic, achiever.

Philip Stannard – Development Director

Philip has over 20 years experience in the residential land development industry. He has been involved in a wide range of broad acre developments ranging in scale from 100 lots to master planned estates.

Best thing about living in WA?

It is still very convenient getting to places around Perth, I can get to most meetings or events at any time of the day within 30 minutes of leaving the home or office, I dislike wasting time sitting in a car in a traffic jam.

Most people would say that you are...

Identical to my twin brother.

Cathie Burns – Financial & Administration Director

Cathie is responsible for the management of corporate, general finance and administration aspects of the company. Cathie is a qualified CPA with extensive experience in land development accounting.

Best thing about living in WA?

The best things about living in Perth are family and friends, the lifestyle, and the ability to get outdoors on most weekends.

Most people would say that you are...

Not your normal accountant, and have a positive attitude on life.

Tony Naughtin – General Manager Banksia Grove Management

Tony has extensive expertise in the land development industry including roles as a licensed real estate agent, land valuer and builder for leading WA companies. Tony currently leads the Banksia Grove development project.

Best thing about living in WA?

The sunshine and the ability to play sport outdoors.

Most people would say that you are...

A grumpy old bastard (but a good boss).

Jeremy Cordina – Development Manager Banksia Grove

Jeremy has been a practising civil engineer since 2000. He has gained both contracting and design experience on a wide range of regional and metropolitan civil infrastructure and subdivisional projects in WA.

Best thing about living in WA?

WA has a wonderful outdoor lifestyle with great beaches. It is growing at an incredible rate which is projected to continue into the foreseeable future.

Most people would say that you are...

Short.

Aaron Grant – Development Manager Mevé at Beeliam

Aaron has five years experience in acquisitions, land subdivisions and built form. Aaron manages the Mevé project in Beeliam

and is assisting on the Forrestdale and Dongara landholdings.

Best thing about living in WA?

Meeting my wife on a working holiday while at Cottesloe beach.

Most people would say that you are...

Determined and a fanatical Carlton supporter.

Lisa Durston – Marketing Manager Banksia Grove

Lisa has over 15 years experience in property marketing. Lisa spent almost a decade with a national advertising agency managing the marketing for some of Perth's leading residential land developers. She was the marketing manager for a national property investment group before joining the Banksia Grove team.

Best thing about living in WA?

Being able to live in a small country town and still be only 2 hours from the Perth CBD - this way getting the best of both worlds - love it!

Most people would say that you are...

No shrinking violet - but hopefully still fun, friendly and not too annoying.

Laura Fitzgerald – Administrative Co-ordinator

Laura joined the team in July 2007 as administrative coordinator. Laura is involved in project administration at Banksia Grove, and is the sales administrator for both the Mevé and Banksia Grove projects.

Best thing about living in WA?

It rains so much less than in Ireland! I love the outdoor lifestyle here.

Most people would say that you are...

Hopefully dependable and easy to work with.

Beth Rubidge – Receptionist

Beth joined the team in January as Receptionist and is responsible for the smooth running of our office, and the efficient processing of our accounts.

Best thing about living in WA?

I love the beautiful weather, the friendly people and the laid back lifestyle.

Most people would say that you are...

Friendly, reliable, caring, easy going and hard working.

Brad Goodlet – Manager Community Development

Brad provides community development and social planning support to the Mevé and Banksia Grove projects. Prior to joining in March 2007, Brad was a school principal for 12 years.

Best thing about living in WA?

I love living in a leafy western suburb by the beach!

Most people would say that you are...

Incredibly witty and smart.

Popularity soars at Renaissance Rise

The popularity of Renaissance Rise at Mernda continues to grow. Enquiry levels at the project as of June 2008 have seen an increase of 30% compared to the same period last year. Re-branding of the adjoining site (The Groves), acquired by BLP in August 2007, means Renaissance Rise now spans over an extra 76.6 hectares making this one of the largest residential communities in the Mernda region.

"I am very pleased to report that, despite a series of interest rate rises, demand for land at Renaissance Rise continues to be strong"

Landscaping to the second entry to the project off Bridge Inn Road and the planned new display village/sales office on Bridge Inn Road, has resulted in increased visitations to the project, with buyers in this fast growing corridor north of Melbourne recognising its value for money.

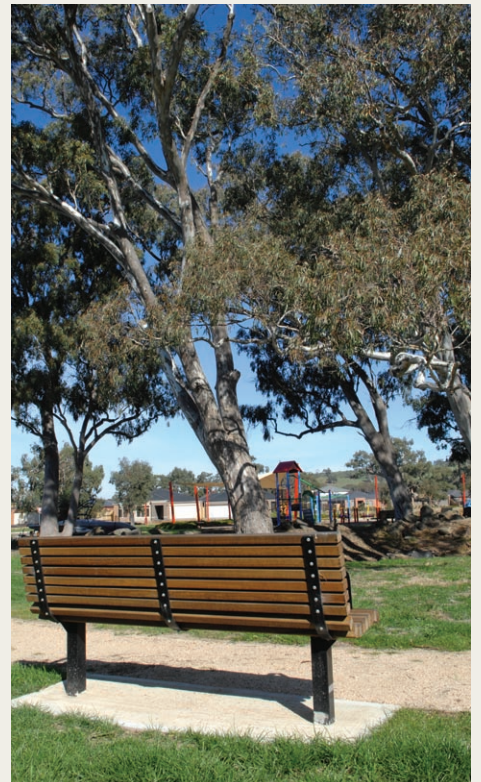
The benefit of this increased interest was apparent when Stage 6 of the residential community was released on 26 July 2008. During the first weekend of the release, eight lots sold at an average price of \$172,000 (a 5% premium over the earlier Stage 5 released only 5 months prior).

Mr Mark Salmon, National Development Manager said, "The release of Stage 6 at Renaissance Rise is another milestone for the project. Since inception, Renaissance Rise land prices have consistently increased, delivering to buyers the confidence that Renaissance Rise has a product that people want. People feel safe when purchasing here that they are buying in an area with a proven record of growth and the quality of housing will ensure a positive future for their families."

"The re-branding of The Groves to be included as an extension of Renaissance Rise has increased the profile and interest of the project. The site is centrally located, opposite the proposed Mernda Town Centre. Renaissance Rise has also been earmarked to accommodate a future primary/secondary school."

"With the construction of a Town Centre and local School, property prices in Mernda will continue to rise. These infrastructure initiatives coupled with the incredible value for money proposition, has attracted first and second homebuyers as well as astute investors to Renaissance Rise."

Mr Michael Balkin, Managing Director, said "We have been monitoring enquiry and sales rates very closely and I'm very pleased to report that, despite a series of interest rate rises, demand for land at Renaissance Rise continues to be strong. Enquiry levels remain healthy and sales rates have been maintained. Our development managers on the project Metricon, together with the Babcock & Brown development management team are focused on rolling out the next stages, ensuring a range of product choices are available to accommodate a range of buyers needs."



The PRM Team

Left to right:

Lisa Durston, Cathie Burns, Aaron Grant, Philip Stannard, Brad Goodlet, Steve Robertson, Tony Naughtin, Jeremy Cordina, Beth Rubidge, Laura Fitzgerald

Jacks Point - protecting the environment from the ground up

The mountain range known as The Remarkables located on the South Island of New Zealand are allegedly named as such because they are one of only two mountain ranges in the world which run directly north to south. An alternative explanation for their name given by locals is that early Queenstown settlers, upon seeing the mountain range during sunset one evening, named them The Remarkables to describe the sight. By either definition, the mountain range is certainly unique in its raw beauty and scale.

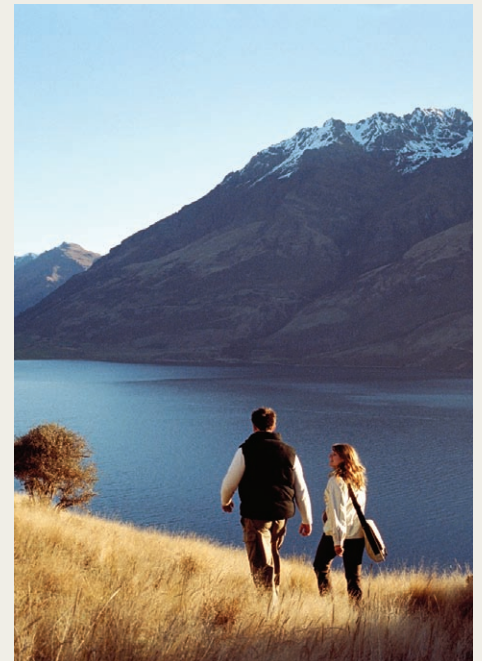
Also remarkable is the creativity of BLP's award winning development partner, Darby Partners, the development managers on the residential land project at Jacks Point in Queenstown, New Zealand. To recognise and preserve the awe inspiring, natural environment which surrounds the Jacks Point project, Darby Partners are cleverly growing Jacks Point sustainably from the ground up. It is literally rising upon and being built using the stones that underlie the valley - the same stones that make up both the awesome Remarkables and the modest sheep pens of The Remarkables Station. The stone walls that dot the landscape at Jacks Point have been built, by hand, from stone quarried on site. The same quarry provided the aggregate for the roads at Jacks Point and the stone chip used in the landscaping.

At Jacks Point natural resources are harnessed and used judiciously. The development has its own water supply and wastewater is recycled for irrigation. Additionally, Darby Partners have taken their inspiration from the natural environment to design buildings that combine generosity of light with a sense of solid protectiveness that reflect and blend with the natural surroundings.

Mr John Darby, Principal of Darby Partners Limited, said, "Harmonising and complementing the awesome natural beauty of the surrounding environment at Jacks Point was a critical consideration in our design of the project. Together with our development partners, we have a vision to create an exceptional living environment that fully respects the nature of this very special place."

At Jacks Point, the philosophy is to tread lightly, carefully integrating a new community and activities into the land, with no disturbance to its intrinsic values. A development covenant is in place to ensure the rugged, dramatic and open nature of the grassland and mountain landscape that makes up Jacks Point will remain forever protected from development.

Sheep are still farmed on the land at Jacks Point and only five per cent of the project's 3,000 acres will be built on; the remainder will be protected for future generations to enjoy. Mr Darby said, "We believe in the old saying that "We do not inherit the world from our parents; we borrow it from our children". One of our core values for the project has been to ensure prudent, sustainable stewardship of the land."



INNOVATIVE CONCEPTS AT JACKS POINT INCLUDE:

- Stone walls built by hand from stone quarried on site
- Aggregate for roads also from on-site quarry
- Own water supply and recycling of wastewater for irrigation
- Development covenant only allowing 5 per cent of the 3,000 acres to be built on

CORPORATE CALENDAR

Key BLP Securityholder Dates:

Tuesday 28 October 2008

Annual General Meeting

On or around 18 December 2008

Estimated FY09 Half Year Distribution announced

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