

BABCOCK & BROWN RESIDENTIAL LAND PARTNERS

Babcock & Brown Residential Land Partners Limited · ABN 49 119 517 985
Babcock & Brown Residential Land Partners Services Limited · ABN 40 118 364 499
as responsible entity of the Babcock & Brown Residential Land Partners Trust · ARSN 119 613 848
Level 23 The Chifley Tower · 2 Chifley Square · Sydney NSW 2000 Australia
T +61 2 9229 1800 · F +61 2 9216 1752 · www.bbresidentiallandpartners.com



ASX Release

13 February 2008

APPENDIX 4D AND HALF YEAR FINANCIALS

Please find attached the following reports relating to Babcock & Brown Residential Land Partners (ASX: BLP):

- ASX release;
- Appendix 4D for the Half Year to 31 December 2007;
- BLP Consolidated Half Year Financial Report to 31 December 2007; and
- BBRLPT Consolidated Half Year Financial Report to 31 December 2007.

ENDS

Further Information:

Michael Balkin
Managing Director
B&B Residential Land Partners
+61 2 9229 1800

Sarah Hodge
Investor Relations Manager
B&B Residential Land Partners
+61 2 9229 1800

About Babcock & Brown Residential Land Partners

Babcock & Brown Residential Land Partners (BLP) is a listed vehicle managed by Babcock & Brown which invests in a diversified portfolio of quality residential land projects which are developed by a range of Australia's leading private developers.

BLP offers securityholders liquidity, geographic, project and product diversity, access to quality private developers, long term potential for growth and, importantly, the benefit of access to Babcock & Brown's considerable experience in the real estate sector.

For further details please see our website: www.bbresidentiallandpartners.com

BABCOCK & BROWN RESIDENTIAL LAND PARTNERS

Babcock & Brown Residential Land Partners Limited · ABN 49 119 517 985
Babcock & Brown Residential Land Partners Services Limited · ABN 40 118 364 499
as responsible entity of the Babcock & Brown Residential Land Partners Trust · ARSN 119 613 848
Level 23 The Chifley Tower · 2 Chifley Square · Sydney NSW 2000 Australia
T +61 2 9229 1800 · F +61 2 9216 1752 · www.bbresidentiallandpartners.com



ASX Release

13 February 2008

BLP ANNOUNCES SOLID INTERIM RESULT AND CONFIRMS FY08 GUIDANCE

Financial highlights:

- Net profit after tax of \$2.9 million, up 262% on prior corresponding period
- Distribution of 4.125¢ per stapled security, representing an annualised yield of 14%
- On track to deliver FY08 net profit after tax guidance of \$9.5 million

Operational highlights:

- Acquired interests in a further six projects increasing total portfolio lot yield on acquisition to 13,322 (up 214% on IPO)
- Expanded portfolio into New Zealand and Western Australian markets, delivering further diversity
- Addition of two experienced private development partners, PRM Group and Darby Partners

Overview

Babcock & Brown Residential Land Partners (ASX: BLP) today announced a net profit after tax for the six months ended 31 December 2007 of \$2.9 million, up from \$0.8 million in the prior corresponding period. Revenue from the sale of land increased 470% during the period to \$17.1 million, reflecting the successful delivery and sale of lots to the market.

Mr Michael Balkin, Managing Director of BLP, said “This result reflects the solid platform set by the initial portfolio and the success of our acquisition strategy which has delivered further scale and diversity to BLP. Our strategy of partnering with experienced private developers with a track record in their chosen markets will continue to differentiate BLP from other residential land vehicles.”

“The Seabreeze project at Pottsville, in northern NSW, was a strong contributor to revenue during the period. Haywards Bay in Wollongong NSW also performed well, despite the difficult NSW market and the Renaissance Rise project in Melbourne benefited from a rising Victorian market.”

Preferred equity investments delivered interest income of \$4.5 million for the six months to 31 December 2007, over 50% higher than in the prior corresponding period,

BABCOCK & BROWN
RESIDENTIAL LAND PARTNERS

due to a full six months from the Links Living investment and the New Zealand investments which settled in December 2007.

As at 20 January 2008, 473 lots had been sold, across the portfolio, with settlement expected prior to 30 June 2008. In addition, a further 98 lots have sold and are due to settle in FY09.

Outlook

BLP also confirmed its net profit after tax guidance of \$9.5 million for the twelve months ending 30 June 2008.

Mr Balkin said "I'm pleased to confirm net profit after tax guidance of \$9.5 million, notwithstanding interest rate rises and heavy rainfall which may delay the delivery of lots at our Queensland and northern NSW projects. We continue to believe that the underlying fundamentals for residential land in Australia and New Zealand remain strong. Interest rate increases and affordability will remain our greatest challenges in the short term. We are encouraged by the substantial number of sales achieved in this period, due to settle in FY08 and FY09. Our preferred equity investments, including the recent New Zealand transactions, will continue to deliver greater stability to BLP's earnings. The outlook for BLP remains strong."

ENDS

For further information:

Michael Balkin
Managing Director
B&B Residential Land Partners
+61 2 9229 1800

Sarah Hodge
Investor Relations Manager
B&B Residential Land Partners
+61 2 9229 1800

About Babcock & Brown Residential Land Partners

Babcock & Brown Residential Land Partners (BLP) is a listed vehicle managed by Babcock & Brown which invests in a diversified portfolio of quality residential land projects which are developed by a range of leading private developers.

BLP offers Securityholders liquidity, geographic, project and product diversity, access to quality private developers, long term potential for growth and, importantly, the benefit of access to Babcock & Brown's considerable experience in the real estate sector.

For further details please see our website: www.bbresidentiallandpartners.com

Consolidated Report of
Babcock & Brown Residential Land Partners Limited
and
Babcock & Brown Residential Land Partners Trust,
together
Babcock & Brown Residential Land Partners,
for the period from 1 July 2007 to 31 December 2007

February 2008

**(Babcock & Brown Residential Land Partners Limited (“BBRLPL”) ABN 49 119 517 985)
(Babcock & Brown Residential Land Partners Trust (“BBRLPT”) ARSN 119 613 848)
together, Babcock & Brown Residential Land Partners (“BBRLP”)**

This Report is provided to the Australian Securities Exchange (“ASX”) under ASX Listing Rule 4.2A. This information should be read in conjunction with the BBRLP Prospectus and Product Disclosure Statement dated 6 June 2006 and the Annual Financial Report for the year ended 30 June 2007.

BBRLPL was incorporated on 3 May 2006. The entity had no trading activities until 30 June 2006 upon listing on the ASX.

Current Reporting Period: For the period from 1 July 2007 to 31 December 2007

Previous Corresponding Period: For the period from 3 May 2006 to 31 December 2006

Babcock & Brown Residential Land Partners (BBRLP) comprises Babcock & Brown Residential Land Partners Limited (BBRLPL) (ABN 49 119 517 985) and Babcock & Brown Residential Land Partners Trust (BBRLPT) (ARSN 119 613 848). Each share in BBRLPL is stapled to a unit in BBRLPT.

Babcock & Brown Residential Land Partners Services Limited (BBRLPS) (ABN 40 118 364 499) is the responsible entity of BBRLPT. BBRLPS is a subsidiary of the Babcock & Brown Limited Group.

Babcock & Brown Australian Real Estate Management Pty Ltd (BBAREM) (ACN 111 614 610) is the manager of each of BBRLPL and BBRLPS pursuant to respective management agreements. BBAREM is a wholly owned subsidiary of the Babcock & Brown Group.

Investments in BBRLP are not deposits with or other liabilities of Babcock & Brown or any entity in the Babcock & Brown Group, and are subject to investment risk including possible loss of income and capital invested. Neither BBRLPS nor any member of the Babcock & Brown Group (including B&B and BBAREM) guarantee the performance of BBRLP or its stapled securities or the payment of a particular rate of return on BBRLP stapled securities.

This report is not an offer or invitation for subscription or purchase of or a recommendation of stapled securities in BBRLP. It does not take into account the investment objectives, financial situation and particular needs of an investor. Before making an investment in BBRLP, an investor should consider whether such an investment is appropriate to their particular investment needs, objectives and financial circumstances and consult an investment adviser if necessary.

BBRLPS, as responsible entity of BBRLPT, and BBAREM, as the manager of each of BBRLPL and BBRLPS, are entitled to fees for so acting. B&B and its related corporations, together with their officers and Directors and officers and Directors of BBRLP, may hold stapled securities in BBRLP from time to time.

The combined and consolidated financial report for BBRLP has been prepared to enable BBRLPL and BBRLPS (as responsible entity of BBRLPT) to comply with their obligations under the Corporations Act, to ensure compliance with the ASX Listing Rules and to satisfy the requirements of the Australian accounting standards in relation to stapled structures. The responsibility for preparation of the combined and consolidated financial report and any financial information contained in this report rests solely with the Directors of BBRLPL and BBRLPS (as responsible entity of BBRLPT).

APPENDIX 4D**Results for Announcement to the Market
for the period from 1 July 2007 to 31 December 2007**

\$A'000	
Revenues from ordinary activities	21,537
Change from previous corresponding period	Up 260%
Profit from ordinary activities after tax attributable to members	2,850
Change from previous corresponding period	Up 262%

Distributions	Amount per stapled security	Franked amount per stapled security
<i>Current Period:</i> Interim distribution	4.125¢	N/A
<i>Previous Corresponding Period:</i> Final distribution	3.75¢	N/A
Interim distribution	3.75¢	N/A
<i>Record date for determining entitlements to the interim distribution</i>	31 December 2007	
Refer to Directors' report for review of operations.		

Details Relating to Distributions

Distribution	Date distribution paid/payable	Amount per stapled security ¢
Interim	29 Feb 2008	4.125
		Period Ended 31 Dec 2007 \$'000
Interim Distribution		7,219
Stapled securities		7,219

Net Tangible Assets Per Stapled Security

	31 Dec 2007 \$	31 Dec 2006 \$
Net tangible assets per stapled security	0.84	0.90

Information on Audit or Review

This report is based on accounts to which one of the following applies.

- | | | | |
|--------------------------|--|-------------------------------------|---|
| <input type="checkbox"/> | The accounts have been audited. | <input checked="" type="checkbox"/> | The accounts have been subject to review. |
| <input type="checkbox"/> | The accounts are in the process of being audited or subject to review. | <input type="checkbox"/> | The accounts have not yet been audited or reviewed. |

Description of likely dispute or qualification if the accounts have not yet been audited or subject to review or are in the process of being audited or subjected to review.

Not applicable.

Description of dispute or qualification if the accounts have been audited or subjected to review.

None.

**BABCOCK & BROWN
RESIDENTIAL LAND PARTNERS (BBRLP)**

**Comprising Babcock & Brown Residential Land
Partners Limited and its controlled entities**

ABN 49 119 517 985

**Interim Financial Report
for the period from
1 July 2007 to 31 December 2007**

Contents

Directors' Report	7
Auditor's Independence Declaration	10
Consolidated Income Statement	11
Consolidated Balance Sheet	12
Consolidated Statement of Changes in Equity	14
Consolidated Cash Flow Statement	15
Notes to the Consolidated Financial Statements	16
Directors' Declaration on the Consolidated Financial Report	25
Independent Auditor's Review Report	26

Directors' Report

In respect of the period ended 31 December 2007, the Directors of Babcock & Brown Residential Land Partners Limited ("BBRLPL") submit the following report on the consolidated interim financial report of Babcock & Brown Residential Land Partners ("BBRLP").

Directors

The names of the Directors of BBRLPL during the whole of the period or since the end of the period and to the date of this report are:

Mr. M. Maxwell	Chairman
Mr. M. Balkin	Managing Director
Mr. R. Gelski	Director
Mr. R. Wright	Director
Mr. C. Langford	Director

Review of operations

BBRLP achieved an interim net profit before tax of \$4.0 million for the period ended 31 December 2007.

A fixed distribution per stapled security of 4.125¢ will be paid to eligible stapled securityholders on 29 February 2008. In accordance with the PDS, the distribution per stapled security is fixed at 8.25¢ for the year ended 30 June 2008.

BBRLP's has continued to pursue its strategy to build a portfolio of residential land developments which is diversified by geography, product type and development partner, and thereby capable of delivering value through market cycles. This result clearly demonstrates the benefit of this strategy. This period has seen further geographic diversification with entry into the New Zealand and Western Australian markets. Also, the addition of Darby Partners and PRM further expands BBRLP's strategic alliances with experienced development partners.

As a result of this activity, the portfolio has grown and been further diversified in the period ended 31 December 2007, as follows:

	31 Dec 2007	30 Jun 2007	Change %
No. of projects	20	14	43%
No. of development partners	7	5	40%
Total lots under development	13,322	7,463	79%
% of portfolio zoned for residential use (by value)	83%	81%	2%

Financial Highlights

The financial highlights are summarised as follows:

	Period ended 31 Dec 2007	Period ended 31 Dec 2006
Net profit before tax	\$4.0m	\$0.7m
Net profit after tax	\$2.8m	\$0.8m
Distribution per security	4.125¢	3.75¢

BBRLP's share of revenues from all projects is \$23 million for the period. Of the \$23 million settled, \$17 million relates to consolidated projects (as reflected in the financial statements) with the balance in joint venture projects.

Net tangible asset backing per stapled security was \$0.84 at 31 December 2007, after providing for the interim dividend of 4.125¢ per stapled security. Gearing was 59% at 31 December 2007, being within the target gearing range of 50% to 65% of gross assets.

Distributions

Distributions declared for the period are 4.125 cents per stapled security totalling \$7.2m in line with the fixed distribution forecast in the PDS. The distribution payment will be made on 29 February 2008.

Stapled Securities On Issue

175.0m securities of Babcock & Brown Residential Land Partners were on issue at 31 December 2007 (June 2007: 175.0m)

	Consolidated
	Period ended
	31 Dec 2007
Net Profit attributable to securityholders (\$'000)	2,850
Time weighted average number of securities for basic and diluted earnings per security at 31 December 2007 ('000)	175,000
Basic earnings per stapled security for net profit attributable to stapled securityholders (cents per stapled security)	1.63 c
Diluted earnings per stapled security for net profit attributable to stapled securityholders (cents per stapled security)	1.63 c

Auditor's Independence Declaration

PricewaterhouseCoopers have been appointed as auditors for the Consolidated Entity in accordance with Section 327 of the *Corporations Act 2001*.

The Consolidated Entity's lead auditor has provided a written declaration under Section 307C of the *Corporations Act 2001* that to the best of its knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- The applicable Australian code of professional conduct in relation to the review.

The declaration is provided on page 10 and forms part of this director's report.

Rounding

The Group is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and the Directors' report have been rounded to the nearest thousand dollars unless otherwise stated.

Dated at Sydney this 13 February 2008.

Signed in accordance with a resolution of Directors.



M Balkin
 Director
 Babcock & Brown Residential Land Partners

PricewaterhouseCoopers
ABN 52 780 433 757

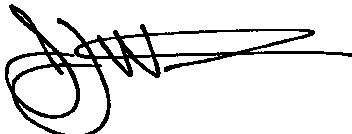
Darling Park Tower 2
201 Sussex Street
GPO BOX 2650
SYDNEY NSW 1171
DX 77 Sydney
Australia
Telephone +61 2 8266 0000
Facsimile +61 2 8266 9999
www.pwc.com/au

Auditor's Independence Declaration

As lead auditor for the review of Babcock & Brown Residential Land Partners Limited for the half year ended 31 December 2007, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Babcock & Brown Residential Land Partners Limited and the entities it controlled during the period.



AJ Wilson
Partner

Sydney
13 February 2008

Consolidated Income Statement

For the period from 1 July 2007 to 31 December 2007

		Period ended 31 Dec 2007	Period 3 May 06 - 31 Dec 2006
	Notes	\$'000	\$'000
Revenue from continuing operations	3	21,537	5,974
Other income	3	1,812	936
Cost of sales		(14,586)	(2,792)
Management charges	4	(2,948)	(2,774)
Marketing & other operating expenses		(453)	(289)
Operating profit		5,362	1,055
Unrealised foreign exchange loss		(240)	-
Finance costs	4	(1,120)	(373)
Net profit before tax		4,002	682
Tax (expense)/benefit		(1,152)	105
Net profit after tax		2,850	787
Net profit after tax attributable to stapled security holders as:			
Equity holders of the parent		(816)	270
Minority interest		(38)	11
Equity holders of the other stapled entities		3,704	506
		2,850	787
Basic earnings per security (cents)		1.63 c	0.45 c
Diluted earnings per security (cents)		1.63 c	0.45 c

The above Consolidated Income Statement should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet

As at 31 December 2007

		As at 31 Dec 2007 \$'000	As at 30 June 2007 \$'000
Current assets			
Cash		1,129	8,850
Receivables	6	19,274	1,806
Inventories		75,960	63,000
Derivative financial instruments		270	-
Other assets		2,738	1,513
Total current assets		99,371	75,169
Non-current assets			
Loans receivable		96,503	49,040
Inventories		224,143	190,892
Other financial assets at fair value		3,478	4,268
Investments accounted for using the equity method		12,800	-
Other assets		219	-
Intangible assets	9	3,468	-
Deferred tax assets		6,774	5,931
Total non-current assets		347,385	250,131
Total assets		446,756	325,300
Current liabilities			
Trade and other payables		5,526	24,839
Interest bearing liabilities	7	28,600	-
Derivative financial instruments		73	-
Distribution payable	5	7,219	6,563
Total current liabilities		41,418	31,402
Non-current liabilities			
Other payables		2,000	2,000
Borrowings		17,017	12,799
Deferred tax liabilities		8,246	6,276
Interest bearing liabilities		228,875	119,181
Total non-current liabilities		256,138	140,256
Total liabilities		297,556	171,658
Net assets		149,200	153,642
Equity holders of the parent			
Contributed equity	8	1,645	1,645
Retained earnings		(816)	(6,926)
		829	(5,281)

Equity holders of the Other Stapled Entity			
Contributed equity	8	162,163	162,163
Reserves		(73)	-
Retained earnings		(13,583)	(3,142)
		148,507	159,021
Minority Interest		(136)	(98)
Total equity		149,200	153,642

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the period from 1 July 2007 to 31 December 2007

	Period ended 31 Dec 2007 \$'000	Period ended 31 Dec 2006 \$'000
Total equity at the beginning of the period	153,642	-
Cash flow hedges - Gain/(loss) taken to equity	(73)	-
Net profit after tax for the period	2,850	787
Transactions with equity holders in their capacity as equity holders:		
Contributions of equity, net of transaction costs and tax	-	163,872
Distributions paid or provided for	5	(6,563)
Total equity at end of the period	149,200	158,096
Total recognised income and expenses for the period is attributable to:		
Equity holders of the parent	(816)	270
Minority interest	(38)	11
Equity holders of the other stapled entity	3,704	506
	2,850	787

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Cash Flow Statement

For the period from 1 July 2007 to 31 December 2007

	Period ended 31 Dec 2007 \$'000	Period 3 May 2006 - 31 Dec 2006 \$'000
Cash flows from operating activities		
Cash receipts in the course of operations	20,059	5,769
Cash payments in the course of operations	(111,371)	(230,422)
Interest received	100	356
Interest paid	(2,924)	(2,425)
Net cash outflow from operating activities	(94,136)	(226,722)
Cash flows from investing activities		
Loan Receivable - funding	(41,149)	(49,904)
Loan Receivable - payments received	-	1,565
Net cash outflow from investing activities	(41,149)	(48,339)
Cash flows from financing activities		
Proceeds from issue of securities, net of costs	-	163,829
Proceeds from borrowings	149,646	131,110
Repayment of borrowings	(15,519)	(1,794)
Dividends & Distributions Paid	(6,563)	
Net cash inflow from financing activities	127,564	293,145
Net increase in cash assets held	(7,721)	18,084
Cash and cash equivalents at beginning of the half-year	8,850	-
Cash and cash equivalents at end of the half-year	1,129	18,084

The above Consolidated Cash Flow Statement should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

Note 1 Basis of preparation of the half-year report

This general purpose financial report for the interim reporting period ended 31 December 2007 has been prepared in accordance with *AASB 134 Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2007 and any public announcements made by BBRLP during the interim reporting period, in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The shares of BBRLPL and the units in BBRLPT are stapled and issued as stapled securities in Babcock & Brown Residential Land Partners ("BBRLP" or the "Group"). The shares in the Company and the units of the Trust cannot be traded separately and can only be traded as stapled securities.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the Class Order applies.

The accounting policies adopted are consistent with those of the previous financial year, with the group electing to apply the following additional policies.

(a) Financial assets at fair value

The Group has corrected its accounting treatment for the recognition and measurement of one of its investments previously equity accounted at 31 December 2006. This change was made in the 30 June 2007 financial statements. This is the first financial report that requires this correction to the comparative information.

The directors have determined that significant influence was not obtained by the Group and the investment is now accounted for as financial assets at fair value.

Investments accounted for using the equity accounted previously stated in the balance sheet at 31 December 2006 amounted to \$0.8m, and the share of net profits from associates previously stated in the income statement at \$0.9m were not materially different to values determined under fair value methodology. Consequently the correction of accounting treatment has not resulted in any impact to previously reported Net profit of \$0.79m or Net assets of \$153.6m.

(b) Investments accounted for using the Equity Method

Investments in associates and joint venture entities are carried at the lower of the equity accounted amount and recoverable amount in the consolidated financial statements. Under the equity method of accounting, the investment is initially recorded at cost, subsequently adjusted for BBRLP's share of undistributed earnings or losses and changes in equity, increased by additional investments in the associates and joint venture entities and reduced by cash distributions received. Any

losses recognised under the equity method in excess of the equity investment in the associate or joint venture are applied to other components of BBRLP's interest in the associate or joint venture, such as a note receivable to the extent of those other interests.

(c) Intangible assets

Goodwill

Goodwill, representing the excess of the cost of acquisition over the fair value of the Group's share of the net identifiable assets, liabilities & contingent liabilities acquired at the date of acquisition, is not amortised but tested for impairment annually and whenever there is an indication that the goodwill may be impaired. Any impairment is amortised immediately in the income statement and is not subsequently reversed. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates.

(d) Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges)
- hedges of the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges), or
- hedges of a net investment in a foreign operation (net investment hedges).

The Group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

(i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in the income statement within finance costs, together with

changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk. The gain or loss relating to the ineffective portion is recognised in the income statement within other income or other expenses.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedge item for which the effective interest method is used is amortised to profit or loss over the period to maturity using a recalculated effective interest rate.

(ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within other income or other expense.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss (for instance when the forecast sale that is hedged takes place).

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

(e) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is BBRLPL's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation. Translation differences on financial assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale financial assets are included in the fair value reserve in equity.

(f) Business combinations

The purchase method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as intangible (refer to Note 9). If the cost of acquisition is less than the Group's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Note 2 Segment Information

There are no reportable statutory or geographic segments within the Group.

Note 3 Revenue & Other Income

	Consolidated Period ended 31 Dec 2007 \$'000	Consolidated Period 3 May 2006 - 31 Dec 2006 \$'000
Revenue from continuing operations		
Revenue from the sale of land	17,075	3,003
Interest Income	4,462	2,971
Total	21,537	5,974
Other income		
Fair value gains on other financial assets	488	936
Deferred income	884	-
Advisory fees	440	-
Total Revenue	1,812	936

Note 4 Expenses

	Consolidated Period ended 31 Dec 2007 \$'000	Consolidated Period 3 May 2006 - 31 Dec 2006 \$'000
Management expenses		
Base Management Fee	878	726
Manager's Expense Fee	1,763	1,750
Responsible Entity Fee	285	287
Custodian Fee	22	11
	2,948	2,774
Finance costs		
Interest and finance charges	7,060	5,502
Amount capitalised	(5,940)	(5,129)
	1,120	373

Note 5 Dividends & Distributions

	Total amounts
	\$'000
Distributions payable	7,219

Interim distributions for the period ended 31 December 2007 of 4.125 cents per stapled security will be paid on 29 February 2008. Distributions will be funded from post period end operating activities.

Note 6 Current Receivables

A sub-parcel of land acquired by the Group as part of a larger land acquisition is subject to a put call with the vendor that expires on 31 May 2008. By this date the Group will receive repayment including accrued interest or full title to the sub-parcel.

Note 7 Interest bearing liabilities

A land loan of \$28,600,000 which has a maturity date of October 2008 is classified as a current interest bearing liability on the balance sheet.

The loan is part-financing certain project land which is in the process of being re-zoned. Re-zoning is expected to be completed by June 2008; once completed the loan is expected to be re-financed to include a construction facility. The loan to value ratio of this loan is 65%.

Note 8 Contributed Equity

	Consolidated	Consolidated
	Period ended	Period ended
	31 Dec 2007	30 June 2007
	\$ '000	\$ '000
Fully paid Stapled Securities/shares		
Opening balance	163,808	-
Capital raising ⁽ⁱ⁾	-	175,000
Capital raising costs & tax	-	(11,192)
Balance as at 31 December 2007	163,808	163,808

(i) Capital raising

On 30 June 2006 the entity issued 175.0m securities at a price of \$1.00. Total proceeds amounted to \$175.0m as part of the Initial Public Offering and listing its securities on the Australian Securities Exchange.

(ii) Securities buy-back

There is no current on-market buy-back.

Note 9 Changes in composition of entity

On the 24th December 2007, BLP acquired a consolidated interest in PRM Group Pty Ltd, a development management business for consideration of \$3.3m.

The provisional fair value of the identifiable assets and liabilities of the PRM Group Pty Ltd acquisition as at 31 December 2007 are:

	\$'000
Current assets	
Cash	29
Receivables	242
Other assets	49
Total current assets	320
Non-current assets	
Other assets	218
Deferred tax assets	4
Total non-current assets	222
Total assets	542
Current liabilities	
Trade and other payables	91
Total current liabilities	91
Non-current liabilities	
Borrowings	640
Deferred tax liabilities	(21)
Total non-current liabilities	619
Total liabilities	710
Net assets	(168)
Goodwill on acquisition	3,468
Net cash outflow	(3,300)

Subject to the finalisation of the provisional acquisition accounting under AASB 3:Business combinations, the excess of the cost of acquisition over the fair value of the Group's share of the net identifiable assets is recognised as goodwill.

In addition BLP also acquired a 50% equity investment in PRM Holdings Pty Ltd for a total consideration of \$12.8m which is recognised on an equity accounted basis as at 31 December 2007.

Note 10 Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries:

Name of Entity	Country of incorporation	Ownership
Parent entity		
Babcock & Brown Residential Land Partners Limited	Australia	
Other stapled entity		
Babcock & Brown Residential Land Partners Trust	Australia	
Subsidiaries of BBRLP		
BBRLPL Taree Pty Limited	Australia	100%
BBRLPL Forster Pty Limited	Australia	100%
BBRLPL Haywards Bay Pty Limited	Australia	100%
BBRLPL Mirador Heights Pty Limited	Australia	100%
Babcock & Brown Residential Land Partners Finance Pty Limited	Australia	100%
BBRLPL Mernda Pty Limited	Australia	100%
BBRLPL Seabreeze Pty Limited	Australia	100%
BBRLPL Officer Pty Limited	Australia	100%
BBRLPL Pacific Dunes Pty Limited	Australia	100%
BBRLPL Queenstown Pty Limited	Australia	100%
BBRLPL PRM Pty Limited	Australia	100%
PRM Property Holdings Pty Limited	Australia	50%
PRM Property Group Pty Limited	Australia	60%
BBRLPL Mernda No. 2 Pty Limited	Australia	100%
BBRLPL Kalynda Pty Limited	Australia	100%
BBRLPL Ascot Chase Pty Limited	Australia	100%
BBRLPL Links Pty Limited	Australia	100%
BBRLPL Coburg Pty Limited	Australia	100%
BBRLPL Officer 707 Pty Limited	Australia	100%
BBRLPL Ripley Valley Pty Limited	Australia	100%
Taree (Marie Avenue) Nominee Pty Limited	Australia	92%
Forster (Southern Parkway) Nominee Pty Limited	Australia	92%
Haywards Bay Nominee Pty Limited	Australia	92%
Mirador Heights Nominee Pty Limited	Australia	92%
Ascot Chase Nominee Pty Limited	Australia	75%
BBRLPT Pacific Dunes Pty Limited	Australia	100%

Name of Entity	Country of incorporation	Ownership
BBRLPT URB Pty Limited	Australia	100%
BBRLPT WPG Pty Limited	Australia	100%
BBRLPT MET Pty Limited	Australia	100%
BBRLP Pacific Dunes Trust	Australia	100%
BBRLP Kalynda Trust	Australia	100%
BBRLP Ascot Chase Trust	Australia	100%
BBRLP Taree Trust	Australia	100%
BBRLP Haywards Bay Trust	Australia	100%
BBRLP Mirador Trust	Australia	100%
BBRLP Forster Trust	Australia	100%
BBRLP Officer Trust	Australia	100%
BBRLP Seabreeze Trust	Australia	100%
BBRLP Mernda Trust	Australia	100%

**Directors' Declaration on the Consolidated Financial Report
of Babcock & Brown Residential Land Partners ("BBRLP")**

In the opinion of the Directors of Babcock & Brown Residential Land Partners Limited ("BBRLPL"),

- a) the consolidated financial statements and notes for Babcock & Brown Residential Land Partners as set out on pages 11 to 24 are in accordance with the *Corporations Act 2001*, including:
 - i. complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
 - ii. giving a true and fair view of the consolidated financial position of BBRLP as at 31 December 2007 and of its performance, as represented by the results of its operations and its cash flows, for the period ended on that date; and
- b) there are reasonable grounds to believe that the Company will be able to pay its respective debts as and when they become due and payable.

This declaration is made in accordance with a resolution of Directors.

On behalf of the Directors:



M Balkin
Director
Sydney, 13 February 2008

INDEPENDENT AUDITOR'S REVIEW REPORT

to the members of Babcock & Brown Residential Land Partners Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year consolidated financial report of Babcock & Brown Residential Land Partners Limited ("BBRLP") for the half-year ended 31 December 2007, which comprises the consolidated balance sheet as at 31 December 2007, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration for BBRLP Group (the consolidated entity). The consolidated entity comprises both Babcock & Brown Residential Land Partners Limited and the entities it controlled during the half year.

Directors' Responsibility for the Half-Year Financial Report

The directors of BBRLP are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of BBRLP, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. A review is substantially less in scope



than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

For further explanation of a review, visit our website <http://www.pwc.com/au/financialstatementaudit>.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

Matters relating to the electronic presentation of the reviewed financial report

This review report relates to the financial report of BBRLP for the half-year ended 31 December 2007 included on BBRLP's web site. Babcock & Brown Residential Land Partners Limited's directors are responsible for the integrity of BBRLP's web site. We have not been engaged to report on the integrity of this web site. The review report refers only to the financial report identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this web site.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Babcock & Brown Residential Land Partners Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

A stylized, handwritten signature of the PricewaterhouseCoopers firm, written in black ink.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to be 'Andrew Wilson', written over a horizontal line.

Andrew Wilson
Partner

Sydney
13 February 2008

Report of Babcock & Brown
Residential Land Partners Trust
ARSN 119 613 848
for the period from 1 July 2007
through 31 December 2007

February 2008

Contents

Corporate Information	3
Directors' Report	4
Auditor's Independence Declaration	6
Consolidated Income Statement	7
Consolidated Balance Sheet	8
Consolidated Statement of Changes in Equity	9
Consolidated Cash Flow Statement	10
Notes to the Consolidated Financial Statements	11
Directors' Declaration on the Consolidated Financial Report	13
Independent Auditor's Review Report	14

Corporate Information

Directors

M. Maxwell	Chairman
M. Balkin	Managing Director
R. Gelski	Director
R. Wright	Director

Company Secretary

M. Hedges

Registered Office

Level 23, The Chifley Tower
2 Chifley Square
Sydney NSW 2000

Security Register

Link Market Services Limited
Level 12
680 George Street
Sydney NSW 2000

Babcock & Brown Residential Land Partners securities are listed on the Australian Securities Exchange and trade under the code "BLP".

Solicitors

Minter Ellison lawyers
Aurora Place
88 Philip Street
Sydney NSW 2000

Auditors

PricewaterhouseCoopers
Australia

Directors' Report

In respect of the period ended 31 December 2007, the directors of Babcock & Brown Residential Land Partners Services Limited ("BBRLPS"), the Responsible Entity of Babcock & Brown Residential Land Partners Trust ("BBRLPT") submit the following report on the consolidated interim financial report of BBRLPT and its controlled entities.

The directors' report is as follows:

Directors

The names of the directors of the Responsible Entity during the whole of the period or since the end of the period and to the date of this report are:

Mr. M. Maxwell	Chairman
Mr. M. Balkin	Managing Director
Mr. R. Gelski	Director
Mr. R. Wright	Director

Review of Operations

BBRLPT's net profit after tax for the six months ended 31 December 2007 is \$5.1m. The profit generated in the six months to 31 December 2007 is comprised mainly of interest income and costs payable to Babcock & Brown Australian Real Estate Management Pty Limited ("BBAREM" or the "Manager") in accordance with the Management Agreement between BBRLPS and BBAREM dated 5 June 2006.

Auditor's Independence Declaration

PricewaterhouseCoopers have been appointed as auditors for the Consolidated Entity in accordance with Section 327 of the *Corporations Act 2001*.

The Trust's lead auditor has provided a written declaration under Section 307C of the *Corporations Act 2001* that to the best of its knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- The applicable Australian code of professional conduct in relation to the review.

The declaration is provided on page 6 and forms part of this director's report.

Rounding

The Trust is a registered scheme of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998, as amended by Class Order 04/667, and in accordance with that Class Order, amounts in the financial report and the directors' report have been rounded to the nearest thousand dollars unless otherwise stated.

Signed in accordance with a resolution of directors.

On behalf of the Directors of BBRLPS



M Balkin

Director

Babcock & Brown Residential Land Partners Services Limited

Dated at Sydney this 13 February 2008.

PricewaterhouseCoopers
ABN 52 780 433 757

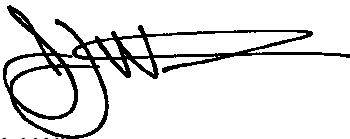
Darling Park Tower 2
201 Sussex Street
GPO BOX 2650
SYDNEY NSW 1171
DX 77 Sydney
Australia
Telephone +61 2 8266 0000
Facsimile +61 2 8266 9999
www.pwc.com/au

Auditor's Independence Declaration

As lead auditor for the review of Babcock & Brown Residential Land Partners Trust for the half year ended 31 December 2007, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Babcock & Brown Residential Land Partners Trust and the entities it controlled during the period.



AJ Wilson
Partner

Sydney
13 February 2008

Consolidated Income Statement

For the period 1 July 2007 to 31 December 2007

	Consolidated Period ended 31 Dec 2007 Notes	Consolidated Period 3 May 2006 - 31 Dec 2006
	\$'000	\$'000
Interest income	5,475	4,735
Management charges	(319)	(302)
Operating expenses	(30)	(31)
Financing costs	-	(27)
Facilitation fee expense and other fees	(17)	(3,172)
Net operating profit	5,109	1,203
Basic earnings per unit (cents)	2.94 c	0.69 c
Diluted earnings per unit (cents)	2.94 c	0.69 c

The above Consolidated Income Statement should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet

As at 31 December 2007

	Consolidated	Consolidated
	As at	As at
	31 Dec 2007	30 June 2007
Notes	\$'000	\$'000
Current assets		
Cash	46	1,436
Receivables and other assets	331	4
Total current assets	377	1,440
Non-current assets		
Related party loan receivables	75,658	84,102
Loan receivables	85,461	77,260
Total non-current assets	161,119	161,362
Total assets	161,496	162,802
Current liabilities		
Trade and other payables	309	161
Distributions payable	3 7,219	6,563
Total current liabilities	7,528	6,724
Total liabilities	7,528	6,724
Net assets	153,968	156,078
Equity		
Contributed equity	162,163	162,163
Retained earnings	(8,195)	(6,085)
Total equity	153,968	156,078

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity
For the period 1 July 2007 to 31 December 2007

	Consolidated	Consolidated
	Period ended	Period
	31 Dec 2007	3 May 2006 - 31 Dec 2006
Notes	\$'000	\$'000
Total equity at the beginning of the period	156,078	-
Net profit	5,109	1,203
Transactions with equity holders in their capacity as equity holders:		
Contributions on equity, net of transaction costs and tax	-	162,218
Distributions paid or provided for	(7,219)	(6,563)
Total equity at end of the period	153,968	156,858

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes on pages.

Consolidated Cash Flow Statement

For the period from 1 July 2007 to 31 December 2007

	Consolidated Period ended 31 Dec 2007	Consolidated Period 3 May 2006 - 31 Dec 2006
Notes	\$'000	\$'000
Cash flows from operating activities		
Cash receipts in the course of operations	-	828
Cash payments in the course of operations	(217)	(947)
Payment for facilitation fees	(17)	(2,761)
Interest received	8	235
Interest paid	-	(12)
Net cash outflow from operating activities	(226)	(2,657)
Cash flows from investing activities		
Proceeds from repayment of borrowings provided to related parties	5,399	49,552
Borrowings provided to related parties	-	(203,550)
Net cash outflow from investing activities	5,399	(153,998)
Cash flows from financing activities		
Dividends & Distributions Paid	(6,563)	-
Proceeds from issue of securities, net of costs	-	162,218
Net cash inflow from financing activities	(6,563)	162,218
Net increase in cash assets held	(1,390)	5,563
Cash and cash equivalents at beginning of year	1,436	-
Cash and cash equivalents at end of year	46	5,563

The above Consolidated Cashflow Statement should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

Note 1 Summary of Significant Accounting Policies

This general purpose financial report for the interim reporting period ended 31 December 2007 has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2007 and any public announcements made by BBRLP during the interim reporting period, in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The shares of BBRLPL and the units in BBRLPT are stapled and issued as stapled securities in Babcock & Brown Residential Land Partners ("BBRLP" or the "Group"). The shares in the Company and the units of the Trust cannot be traded separately and can only be traded as stapled securities.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the Class Order applies.

The accounting policies adopted are consistent with those of the previous financial year.

Note 2 Segment Information

The principle activities of the consolidated entity during the period were to lend and manage funds to entities carrying on land development activities in Australia.

Note 3 Dividends & Distributions

	Consolidated	Consolidated
	Period ended	Period
	31 Dec 2007	3 May 2006 - 31 Dec 2006
	No '000	No '000
Distributions payable	7,219	6,563

Interim distribution for the period ended 31 December 2007 of 4.125 cents per stapled security will be paid on the 29 February 2008. Distributions will be funded via related party loan repayments using post period end operating cashflows.

Note 4 Contributed Equity

	Consolidated Period ended 31 Dec 2007 No '000	Consolidated Period 3 May 2006 - 31 Dec 2006 No '000
Fully paid units		
Balance as at 1 July 2007	173,250	-
Capital raising ⁽ⁱ⁾	-	173,250
Balance as at 31 December 2007	173,250	173,250

(i) Capital raising

On 30 June 2006 the entity issued 175.0 million units at a price of \$0.99. Total proceeds amounted to \$173.25m as part of the Initial Public Offering and listing its securities on the Australian Securities Exchange.

Note 5 Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1 (b):

Name of Entity	Country of incorporation	Ownership
Parent entity		
Babcock & Brown Residential Land Partners Trust	Australia	
Subsidiaries of the Trust		
BBRLPT Pacific Dunes Pty Limited	Australia	100%
BBRLPT URB Pty Limited	Australia	100%
BBRLPT WPG Pty Limited	Australia	100%
BBRLPT MET Pty Limited	Australia	100%
BBRLP Pacific Dunes Trust	Australia	100%
BBRLP Kalynda Trust	Australia	100%
BBRLP Ascot Chase Trust	Australia	100%
BBRLP Taree Trust	Australia	100%
BBRLP Haywards Bay Trust	Australia	100%
BBRLP Mirador Heights Trust	Australia	100%
BBRLP Forster Trust	Australia	100%
BBRLP Officer Trust	Australia	100%
BBRLP Seabreeze Trust	Australia	100%
BBRLP Mernda Trust	Australia	100%

Directors' Declaration on the Consolidated Financial Report of Babcock & Brown Residential Land Partners Trust ("BBRLPT")

In the opinion of the directors of Babcock & Brown Residential Land Partners Services Limited ("BBRLPSL"),

- a) the consolidated financial statements and notes for Babcock & Brown Residential Land Partners Trust (as defined in Note 1) as set out on pages 7 to 12 are in accordance with the *Corporations Act 2001*, including:
 - i. complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
 - ii. giving a true and fair view of the consolidated financial position of BBRLPT as at 31 December 2007 and of its performance, as represented by the results of its operations and cash flows, for the period ended on that date; and
- b) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of directors pursuant to s.303 (5) of the *Corporations Act 2001*.

On behalf of the Directors of BBRLPS:



M Balkin
Director
Sydney, 13 February 2008

INDEPENDENT AUDITOR'S REVIEW REPORT

to the unitholders of Babcock & Brown Residential Land Partners Trust

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year consolidated financial report of Babcock & Brown Residential Land Partners Trust ("BBRLPT") for the half-year ended 31 December 2007, which comprises the consolidated balance sheet as at 31 December 2007, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration for BBRLPT Group (the consolidated entity). The consolidated entity comprises both Babcock & Brown Residential Land Partners Trust and the entities it controlled during the half year.

Directors' Responsibility for the Half-Year Financial Report

The directors of Babcock & Brown Residential Land Partners Services Limited are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of BBRLPT, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. A review is substantially less in scope



than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

For further explanation of a review, visit our website <http://www.pwc.com/au/financialstatementaudit>.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

Matters relating to the electronic presentation of the reviewed financial report

This review report relates to the financial report of BBRLPT for the half-year ended 31 December 2007 included on BBRLPT's web site. Babcock & Brown Residential Land Partners Services Limited's directors are responsible for the integrity of BBRLPT's web site. We have not been engaged to report on the integrity of this web site. The review report refers only to the financial report identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this web site.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Babcock & Brown Residential Land Partners Trust is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

A stylized, handwritten signature of Andrew Wilson in black ink, written over the printed name 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to be 'Andrew Wilson', written over the printed name.

Andrew Wilson
Partner

Sydney
13 February 2008