

BLP Results for Six Months Ended 31 December 2007

13 February 2008

AGENDA

1. Key achievements

2. Financial performance
3. Portfolio and operational performance
4. Portfolio update
5. Outlook
6. Appendices

Presenter:

2

Michael Balkin Managing Director



KEY ACHIEVEMENTS TO 31 DECEMBER 2007

- **Strong operating performance**
 - Net profit after tax of \$2.9 million, up from \$0.8 million during the prior corresponding period
 - 4.125¢ per stapled security distribution for six months ended 31 December 2007
- **Acquisition of interests in a further six projects increasing total portfolio lot yield on acquisition to 13,322**
 - Investments in two projects in Queenstown, New Zealand
 - Acquisition of interests in four projects in Western Australia
- **Addition of two highly experienced development partners, Darby Partners in New Zealand and PRM Group in Western Australia**
- **Acquisition of a 60% interest in PRM Group, offering a development management income stream to BLP**

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FINANCIAL HIGHLIGHTS

	Period ended 31 December 2007	Period ended 31 December 2006	Variance
Net profit before tax	\$4.0m	\$0.7m	\$3.3m 
Net profit after tax	\$2.9m	\$0.8m	\$2.1m 
Distribution per stapled security	4.125¢	3.75¢	Fixed in accordance with PDS

	As at 31 December 2007	As at 30 June 2007
Total assets	\$446.8m	\$325.3m
Net tangible asset backing	\$0.84	\$0.88
Gearing	59.0%	42.3%

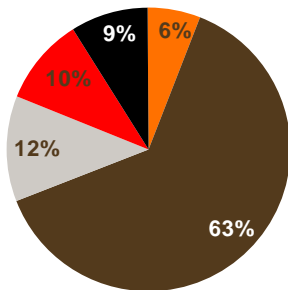
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PORTFOLIO SUMMARY

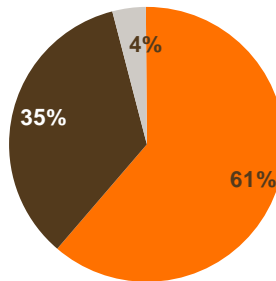
	Current	IPO	% Change
Number of projects	20	10	100% ↑
Number of development partners	7	4	75% ↑
Total portfolio lot yield on acquisition	13,322	4,241	214% ↑
% of portfolio zoned for residential use (by value)	83%	56%	48% ↑
Projected end date of portfolio life	2017	2014	

Geography



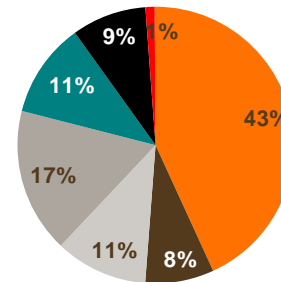
- Qld/nth NSW
- VIC
- NSW
- NZ
- WA

Product Type



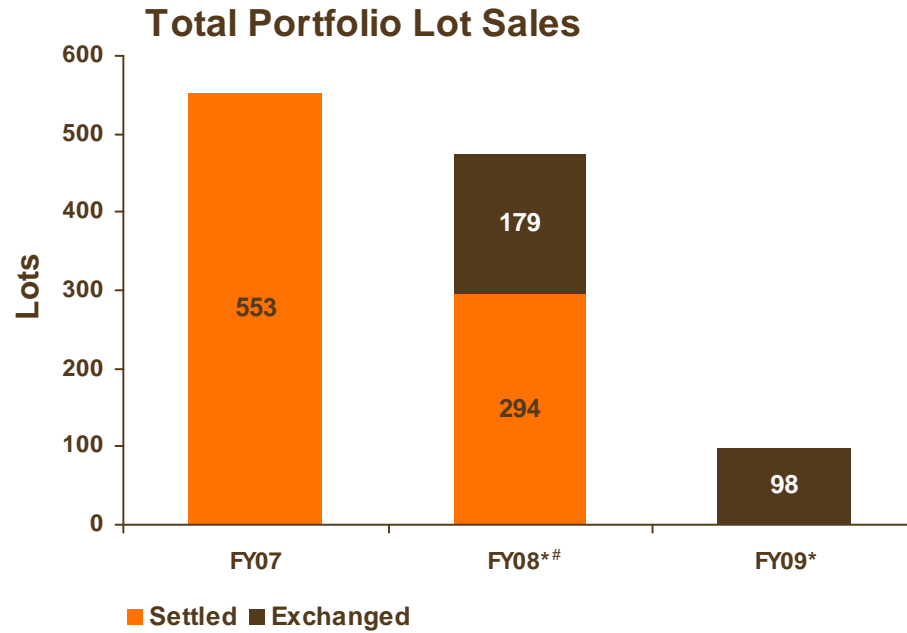
- Affordable
- Lifestyle
- Infill

Development Partner



- Metricon
- Links
- Darby
- Urbex
- PRM
- Winten
- Citta

PORTFOLIO PERFORMANCE



* As at 20 January 2008

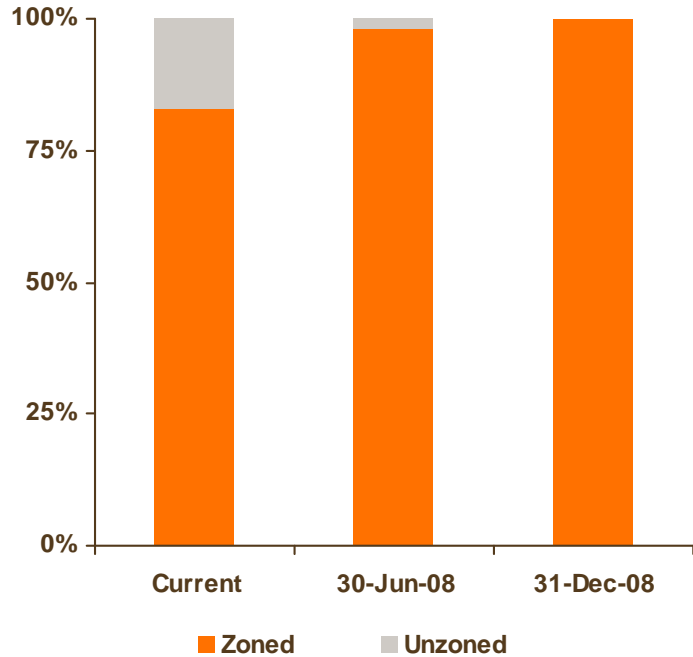
Exchanged lots for FY08 excludes the super lot parcel at Sandhurst, announced on 24 August 2007, as it is no longer proceeding

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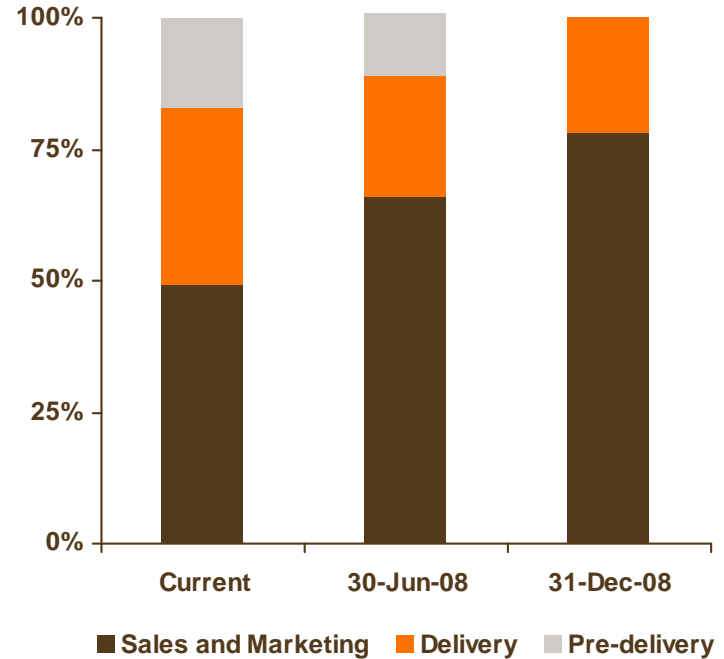
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DEVELOPMENT CYCLE UPDATE

Anticipated Portfolio Zoning by Value

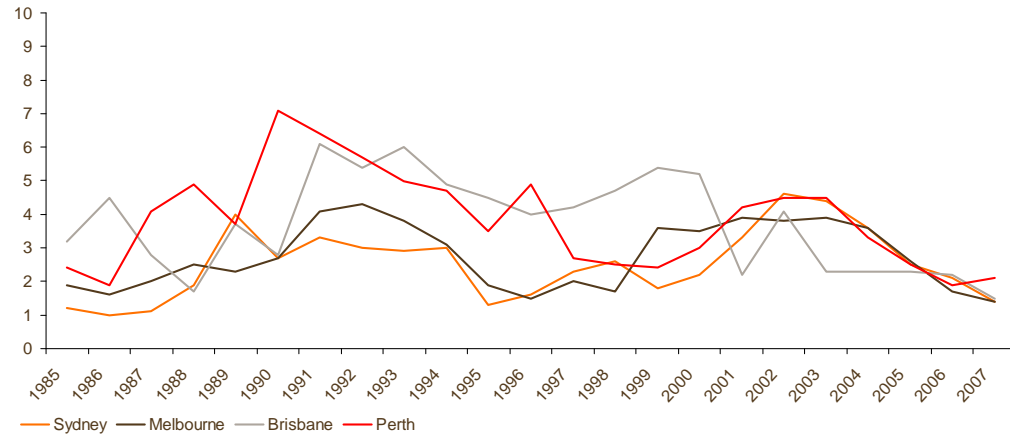


Anticipated Project Delivery by Value



RESIDENTIAL MARKET OVERVIEW

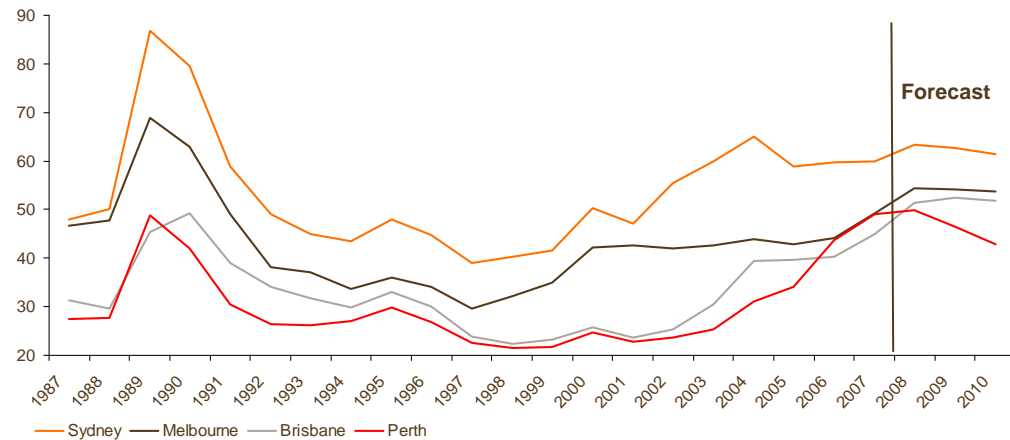
Residential Rental Vacancy Rates (%)



OPPORTUNITIES

- High employment
- Strong population and net migration
- Limited land supply
- Supply constrained rental market
- First home buyer incentives
- Volatile Stock Market

Home Loan Affordability – Monthly Mortgage Repayments* (%)



THREATS

- Negative sentiment
- Affordability
- Global economic slowdown
- Inflation – further interest rate rises


* Mortgage payments of a 25 year loan equal to 75% of the median house price, at the applicable standard bank variable housing interest rate as at 30 June each year
Source: A.B.S. REIA, RBA, BIS Shrapnel

PORTFOLIO MANAGEMENT STRATEGY

- Growth through wide and varied product offerings
- Broadening of distribution/sales channels
- Continued focus on roll out of existing projects consistent with approvals and appropriate market conditions
- Strategic focus on affordability through lot sizing and level of amenity
- Focus on driving profit through price growth rather than volume and discounted sales
- Maximising saleable yield through efficient master planning
- Efficient management of stock and timely roll out of production

PROJECT PERFORMANCE

- Despite three interest rate rises in Australia this financial year, we continue to see strong demand for residential land
- On a total portfolio basis margins have been maintained
- Examples of residential land prices at BLP's projects are as follows:

Project	Location	Standard Lot Prices 31 December 2006	Equivalent Lot Prices Today	% Change
Mirador	Merimbula, NSW	\$170,000	\$170,000	maintained
Seabreeze	Pottsville, Nth NSW	\$213,000	\$241,000	13% 
Kalynda Chase	Townsville, QLD	\$125,000	\$165,000	32% 
Renaissance Rise	Mernda, VIC	\$140,000	\$155,000	11% 

RESIDENTIAL MARKET OUTLOOK

Australian Projects:

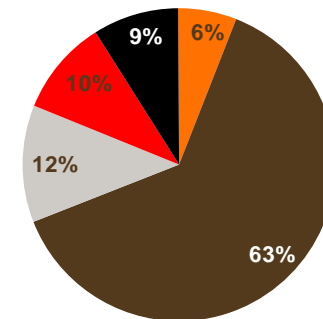
- Western Australia continues to experience strong demand driven by the resources boom
- Victorian projects continue to perform well
- The NSW market is soft, with slower sales rates. BLP has not resorted to deep discounting
- Queensland and Northern NSW projects continue to perform strongly

New Zealand Projects:

- The Queenstown projects are unique offerings, appealing to the lifestyle buyer. The projects benefit from the limited residential land supply in the region

BLP Market	FY08	
Regional NSW	Soft	→
Queensland/Northern NSW	Strong	↑
Victoria	Stable	→
Western Australia	Stable	→
Queenstown, New Zealand	Stable	→

Unsold Lots by Geography*



- QLD/Nth NSW
- VIC
- NSW
- NZ
- WA

*As at 31 December 2007

AGENDA

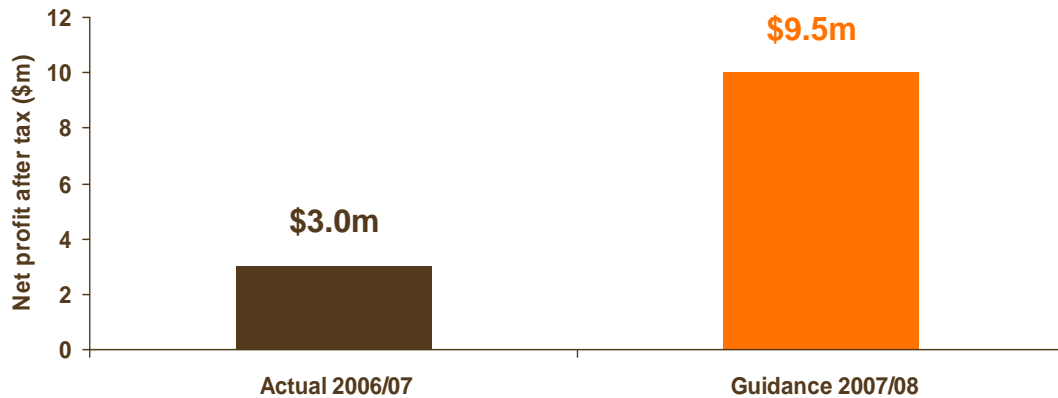
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OUTLOOK FOR BLP

- **Portfolio diversity by geography, product type and development partner** to deliver returns through varied market cycles
- **Distributions in FY09 on track to be fully funded from earnings** as additional projects move into the selling phase
- **Preferred equity investments will deliver greater stability** to earnings
- **The experience and expertise of the Babcock & Brown development management team** together with our partners will drive project success
- **Consider opportunistic bulk lot or project sales** where strong returns can be realised
- **Opportunity to build on our PRM Group investment**, adding further scope to our development management capabilities
- **Opportunities exist to diversify future income streams**, such as syndication

2007/08 NET PROFIT AFTER TAX GUIDANCE

- **Net profit after tax guidance of \$9.5 million confirmed, notwithstanding:**
 - Three interest rate rises since June 2007. A 25 basis point increase results in an approximate (\$500,000) annualised impact on profit before tax from a funding perspective
 - Heavy rainfall, which may delay the delivery of lots at our Queensland and northern NSW projects
- **New Zealand investments and Western Australian acquisitions will contribute to the second half**
- **Victorian projects expected to perform strongly**



APPENDICES

1. Financial information

2. Project timing update

CONSOLIDATED INCOME STATEMENT

	Consolidated six months ended 31 December 2007 \$'000
Revenue from continuing operations	21,537
Other income	1,812
Cost of sales	(14,586)
Management charges	(2,948)
Marketing & other operating expenses	(453)
Operating profit	5,362
Unrealised foreign exchange loss	(240)
Finance costs	(1,120)
Net profit/(loss) before tax	4,002
Tax (expense)/benefit	(1,152)
Net profit/(loss) after tax	2,850
Net profit after tax attributable to stapled security holders as:	
Equity holders of the parent	(816)
Minority interest	(38)
Equity holders of the other stapled entity	3,704
	2,850
Basic earnings per security (cents)	1.63c
Diluted earnings per security (cents)	1.63c

CONSOLIDATED BALANCE SHEET

	Consolidated as at 31 December 2007 \$'000
Current Assets	
Cash	1,129
Receivables	19,274
Inventories	75,960
Derivative financial instruments	270
Other assets	2,738
Total Current Assets	99,371
Non-current Assets	
Loans receivable	96,503
Inventories	224,143
Other financial assets at fair value	3,478
Investments accounted for using the equity method	12,800
Other assets	219
Intangible assets	3,468
Deferred tax assets	6,774
Total Non-current Assets	347,385
Total Assets	446,756
Current Liabilities	
Trade and other payables	5,526
Interest bearing liabilities	28,600
Derivative financial instruments	73
Distribution payable	7,219
Total Current Liabilities	41,418
Non-current Liabilities	
Other payables	2,000
Borrowings	17,017
Deferred tax liabilities	8,246
Interest bearing liabilities	228,875
Total Non-current liabilities	256,138
Total Liabilities	297,556

CONSOLIDATED BALANCE SHEET CONTINUED

	Consolidated as at 31 December 2007 \$'000
Net Assets	149,200
Equity holders of the parent	
Contributed equity	1,645
Retained earnings	(816)
	829
Equity holders of the Other Stapled Entity	
Contributed equity	162,163
Reserves	(73)
Retained earnings	(13,583)
	148,507
Minority Interest	(136)
Total Equity	149,200

CASH FLOW STATEMENT

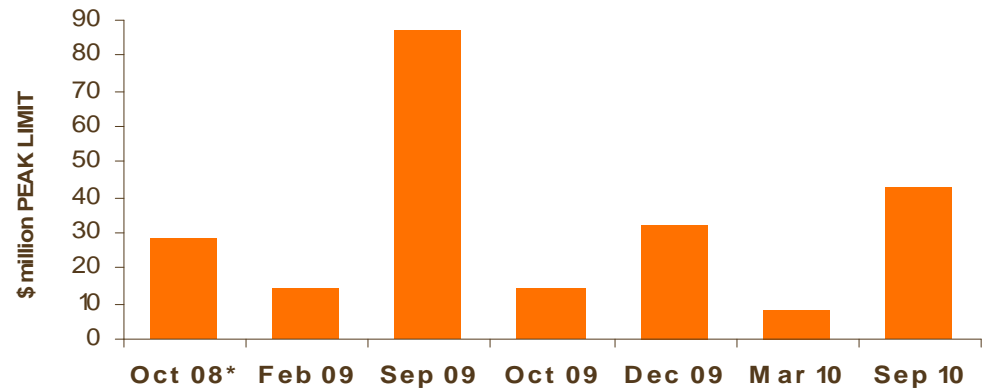
	Consolidated Period ended 31 December 2007 \$'000
Cash flows from operating activities	
Cash receipts in the course of operations	20,059
Cash payments in the course of operations	(111,371)
Interest received	100
Interest paid	(2,924)
Net cash outflow from operating activities	(94,136)
Cash flows from investing activities	
Loan Receivable – funding	(41,149)
Loan Receivable - payments received	-
Net cash outflow from investing activities	(41,149)
Cash flows from financing activities	
Proceeds from issue of securities, net of costs	-
Proceeds from borrowings	149,646
Repayment of borrowings	(15,519)
Distributions paid	(6,563)
Net cash inflow from financing activities	127,564
Net increase in cash assets held	(7,721)
Cash and cash equivalents at beginning of half year	8,850
Cash and cash equivalents at end of the half year	1,129

DEBT PROFILE AS AT 31 DECEMBER 2007

- BLP's corporate debt is an evergreen facility for \$100 million (with BOSI) and was put in place in June 2007 with an initial 3 year tenure
- Capacity exists within current project facilities to develop and deliver land lots to completion
- The business is generating sufficient cash to both cover interest and retire debt. During the six months ended 31 December 2007 BLP re-paid \$15.5 million in senior debt
- BLP currently has support from three senior financiers
- At 31 December 2007 gearing was 59%, within the preferred range of between 50 – 65% of gross assets

Facility	Limit	Utilised
Project (9)	\$228m	70.6%
Corporate (1)	\$100m	100%
TOTAL	\$328m	79.6%

Debt Maturity Profile - Project Facilities



* Debt expiring in October 2008 relates to the freehold land acquisition at Officer, Victoria. It is intended that a project financing facility will replace the land bank facility, upon completion of the rezoning process. No difficulties are anticipated, as the re-zoning process is expected to significantly improve the project's value

NOTE: Graph indicates Peak Project Limits

ACCOUNTING TREATMENT BY PROJECT

Project	Interest	Accounting method
Renaissance Rise and The Groves, Mernda	100%	Consolidated
Seabreeze, Pottsville	100%	Consolidated
Officer	100%	Consolidated
Haywards Bay, Wollongong	92%	Consolidated with minority interest
Mirador, Merimbula	92%	Consolidated with minority interest
Forster	92%	Consolidated with minority interest
Marie Avenue, Taree	92%	Consolidated with minority interest
Ascot Chase, Ascot Vale	75%	Consolidated with minority interest
Kalynda Chase, Townsville	30%	Fair value through the P&L
Pacific Dunes, Port Stephens	19.1%	Preferred equity return accounted for as interest income
Sandhurst, Melbourne	26.7%	Preferred equity return accounted for as interest income
Sanctuary Lakes, Melbourne	50%	Preferred equity return accounted for as interest income
Jacks Point, Queenstown	100%	Preferred equity return accounted for as interest income
Henley Downs, Queenstown	50%	Preferred equity return accounted for as interest income
Forrestdale, Perth	25%	Equity accounted through PRM holding company
Meve, Perth	7.5%	Equity accounted through PRM holding company
Banksia Grove, Perth	15%	Equity accounted through PRM holding company
Brennand Road, Dongara	20%	Equity accounted through PRM holding company

Note: This table illustrates why consolidated revenue is not the most appropriate measure of portfolio performance. Differing accounting treatments for each project means that net profit and lot sales are more appropriate metrics.

BLP's 60% interest in development manager PRM Group is consolidated with minority interest

DISTRIBUTIONS

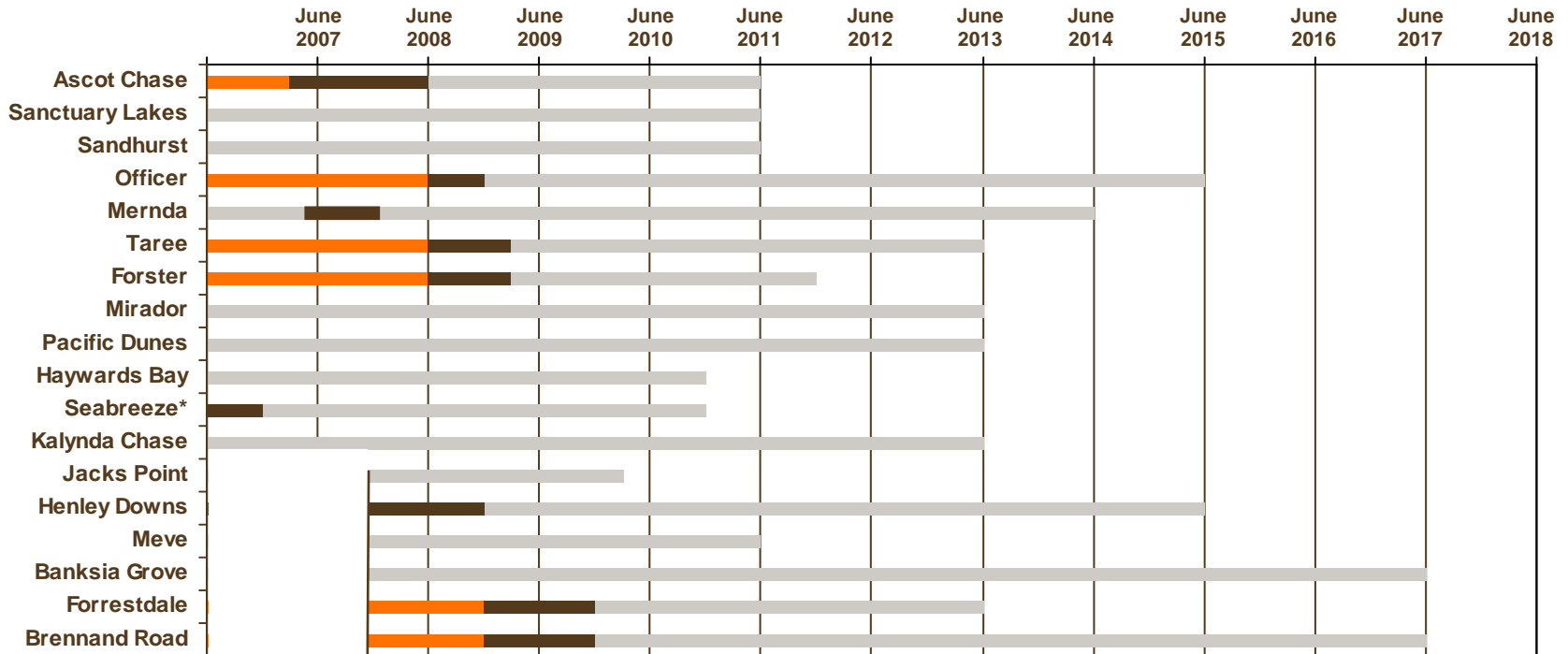
	First Half	Second Half	Full Year
Fixed distribution per stapled security FY07	3.75¢	3.75¢	7.50¢
Fixed distribution per stapled security FY08	4.125¢	4.125¢	8.25¢
Distribution FY09 and beyond	Determined by Directors based on the performance of portfolio at that point in time		

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PORTFOLIO TIMING UPDATE



■ Pre-delivery Stage

Involves re-zoning the Development Land to residential use and obtaining development approval. Some projects have completed the Pre-Delivery Stage for initial project stages, however, they may still require re-zoning to residential use and development approval for further stages of development. In addition to the Pre-delivery stages referred to in the above timeline, projects marked with an * have some further re-zoning for later stages.

■ Delivery Stage

The stage of the project where the building of infrastructure takes place. This may also include the building of display villages and sales offices.

■ Sales & Marketing Stage

Based on the staging of the development process, the Delivery Stage will often continue throughout the Sales & Marketing Stage until all stages of the development have been constructed.

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