

BABCOCK & BROWN RESIDENTIAL LAND PARTNERS

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ASX Release

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BABCOCK & BROWN RESIDENTIAL LAND PARTNERS - INVESTS IN TWO NEW PROPERTIES AND ESTABLISHES PARTNERSHIP WITH LINKS LIVING

Babcock & Brown Residential Land Partners (ASX: BLP) today announced that it has acquired a controlling stake in Links Living's ("Links") partnership interest in two master planned residential developments in Melbourne. The specifics of the transaction and payment arrangements remain subject to confidentiality and will ultimately be determined based on the underlying performance of the project.

The properties, Sanctuary Lakes Resort and Sandhurst Club, are considered to be two of Victoria's highest quality developments, noted amongst other things for their environmentally sensitive design principles. Both properties will continue to be developed and managed by Links.

Mr Michael Balkin, Managing Director said "These are two outstanding master planned developments which are expected to deliver strong returns over the project life and be accretive to securityholder value.

"We are also delighted to welcome Links as our fifth development partner. Links is a high quality developer with a successful history of master planned residential development. As part of this arrangement BLP will have first right of refusal over all Links' existing and new joint venture development projects for a period of three years providing BLP with further growth and opportunity to enhance securityholder value.

"The investment in the two Links properties and the partnership with Links reinforces the model of growing and diversifying the property portfolio and expanding the stable of quality development partners in a manner which enhances securityholder value."

The investment which was foreshadowed in the Prospectus and Product Disclosure Statement dated 6 June 2006 will be funded from existing debt resources and upon settlement, which is expected to occur in late August, will

move BLP's gearing to approximately 35% and closer to its targeted gearing level of 50% - 65% of gross assets.

Importantly, in recognition of Links becoming another of BLP's key development partners, Links has also agreed to reinvest \$8.7 million dollars in acquiring BLP securities at the IPO issue price of \$1.00 each. These securities will be escrowed for two years from 30 June 2006 being the date of IPO. The securities will be sourced from underwriters and investors who had sub-underwritten the securities pending the outcome of negotiations with Links.

Mr Balkin said "We are delighted that Links has demonstrated their confidence in the projects and the long term future of BLP by reinvesting such a significant component of the proceeds in BLP. This also aligns their interests with all securityholders. The combined interest of our various development partners (all escrowed for two years) has now increased to approximately 13% of BLP.

"Both the Sanctuary Lakes and Sandhurst Projects are zoned for residential use and following these investments approximately 90% of BLP's portfolio is now zoned. This again reinforces our strategy of ensuring that a significant proportion of the portfolio is zoned, thereby limiting development planning and approval risks for BLP Securityholders."

Full details of the properties and the arrangements with Links are set out in the attached Appendix.

Mr Balkin concluded by saying, "We are extremely pleased with the operating performance of BLP since its listing only three weeks ago. In addition to completing this transaction we have been presented with many other opportunities that meet our investment criteria and we remain extremely excited about the opportunity to generate strong growth in security holder value by delivering on the existing portfolio and continuing to make value accretive and strategic investments."

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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 investment and structuring experience in the real estate sector.

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

About Links Living

Links is a developer and manager of residential and golf club communities who are focused on premium quality, masterplanned residential communities.

Originally established in 1995 to project manage the development of Sanctuary Lakes, Links is now one of Australia's leading developers and operators of lifestyle residential communities, with activities in:

- Property investment / development
- Project management; and
- Club and community management

For further details please see Links' website: www.linksliving.com.au

The Properties

Sanctuary Lakes Resort is set around an 18 hole Greg Norman design golf course and 168 acres of lakes at Point Cook, to the west of Melbourne. The master-planned development comprises in excess of 2,500 lots. Over 1,600 home sites and approximately 500 golf memberships have been sold to date.

The Sandhurst Club is located in Skye, to the south-east of Melbourne, approximately 35 kilometres from Melbourne's CBD. It comprises approximately 1,500 residential dwelling sites, two championship golf courses designed by Peter Thomson, clubhouse, waterways and lakes. It will also be the home of the PGA, including PGA's Golf Academy. Over 570 home sites and 675 golf memberships have been sold to date.

The Sanctuary Lakes and Sandhurst projects have been recently valued by Knight Frank, and have a combined Investment Value of approximately \$151.2 million. BLP will acquire a controlling stake in Links' 50% interest in Sanctuary Lakes and its 26.7% interest in Sandhurst. The other joint venture partners will remain the same.

SANCTUARY LAKES RESORT



Sanctuary Lakes is a 420 hectare residential community with championship standard golf course located approximately 15 kilometres from the Melbourne CBD, and approximately 55 kilometres from the Geelong CBD. Sanctuary Lakes enjoys close proximity to neighbouring schools, adjoining shopping centre and is approximately 2.5 kilometres from the Princes Highway.

Key Project Data

Development Partner	Links Living
Location	Located approximately 55 kilometres from the Melbourne CBD and approx 55 km from Geelong CBD
Total Land Area	420 hectares
Planning Approval	Approved Development Plan and Planning Permits.
Type of Project	Traditional, medium density and mixed use large scale residential development, 18-hole championship standard golf course
Total number of Lots	2,500 allotments
Development Timing	Forecast completion Mid 2013
Project Staging (overall)	48 stage development plus core facilities and retirement complex
Project Mix Remaining	748 standard lots, 3 medium density lots (approx. 100 dwellings) with core facilities and retirement complex

SANDHURST CLUB DEVELOPMENT



Sandhurst Club Development is a 308 hectare private residential community located in Skye, located approximately 35 kilometres to the south-east of the Melbourne CBD. Sandhurst Club development is located between the western Port Highway and the Frankston Freeway with good access to the Melbourne CBD. Nearby amenities include Port Phillip Bay beaches, the Patterson Lakes marina and shopping facilities.

Key Project Data

Development Partner	Links Living
Location	Approx 35km to the south-east of the Melbourne CBD
Total Land Area	308 hectare
Planning Approval	Approved Master Plan and planning permit.
Type of Project	Traditional, medium density and mixed use large scale residential development, two 18-hole championship standard golf courses
Total number of Lots	1,850 allotments
Development Timing	Forecast completion late 2014
Project Staging (overall)	15 stage development including commercial precinct
Project Mix Remaining	884 standard lots, 10 medium density lots with core facilities and retirement complex

Overview of Portfolio

Project	State	Development Manager	Project Location	Forecast Total Lot Yield	BLP Economic Interest (%)
Kalynda Chase Estate, Townsville	QLD	BMD/Urbex	Growth Area	1,500	30%
Ascot Chase, Melbourne	VIC	BMD/Urbex	Infill Site	397	75%
Officer	VIC	Metricon	Growth Corridor	366	100%
Renaissance Rise, Mernda	VIC	Metricon	Growth Corridor	315	100%
Seabreeze Estate, Pottsville	NSW	Metricon	Growth Area	244	100%
Marie Avenue, Taree	NSW	Winten	Growth Area	253	92%
Forster	NSW	Winten	Growth Corridor	178	92%
Haywards Bay, Wollongong	NSW	Winten	Infill Site	277	92%
Mirador Heights, Merimbula	NSW	Winten	Growth Area	338	92%
Pacific Dunes, Port Stephens	NSW	Citta	Growth Area	373	19.1%
Sanctuary Lakes Resort	VIC	Links Living	Growth area	2,567	50%
Sandhurst Club	VIC	Links Living	Growth area	1,530	26.7%
Totals				8,338	N/A