

BABCOCK & BROWN RESIDENTIAL LAND PARTNERS



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ASX Release

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BLP ACQUIRES STRATEGIC SITE IN MERNDA, VICTORIA

Babcock & Brown Residential Land Partners (ASX: BLP) today announced that it has entered into an agreement with The Elderslie Mernda Land Trust to develop a 76 hectare site at Mernda in Victoria ("The Site") for a consideration of \$62.5 million. The Site is adjacent to BLP's existing Renaissance Rise project where construction and sales are well advanced.

The Site, currently known as "The Groves", has substantial frontage to Plenty Road and Bridge Inn Road and has been partially developed with Stage 1 lots nearing completion. It is zoned Residential 1 (67.5 hectares) and Commercial Development Zone (8.5 hectares).

This acquisition will be accretive to securityholder value, and it is anticipated that positive cashflows will be generated in FY08 from the sale of the near completed lots in Stage 1 and the Commercial Development Zoned land.

Mr Mark Salmon, BLP's National Development Manager, said "This site presents a great opportunity for BLP. Development management synergies are achieved due to our existing presence within the catchment. In addition, access and profile for Renaissance Rise are improved, along with the ability to appeal to a broader market with better segmentation of our product through the delivery of different sized lots and precincts with varying themes and price points."

Mr Michael Balkin, Managing Director of BLP, said "This acquisition is in line with our strategy to pursue projects in strong growth corridors, and allows us to take a strategic holding in the Mernda market, one of Melbourne's fastest growing mini suburbs. We were particularly attracted to this site because of its frontages to Plenty Road and Bridge Inn Road, its proximity to the proposed Mernda Town Centre and the obvious synergies with our adjoining Renaissance Rise project that will give BLP a substantial and long term presence within the catchment."

"We continue to be bullish about the Victorian and particularly the metropolitan Melbourne market given the affordability fundamentals in comparison to other States, and this has been supported by the strong performance of our existing projects including Renaissance Rise, Sanctuary Lakes and Sandhurst. With this strategic acquisition, BLP will control in excess of 1,000 residential lots in the Mernda catchment with an end value of around \$190 million."

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“BLP continues to be presented with a number of projects that meet our investment criteria in Australia and New Zealand. We are focused on generating growth in securityholder value by delivering on the existing portfolio and continuing to make value-accretive and strategic investments.”

For further information:

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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

APPENDIX 1

THE PROPERTY – “THE GROVES” PLENTY ROAD, MERNDA

The Property is located within the Northern Metropolitan Growth Corridor of Victoria and comprises 76.0 hectares of land offering frontage to Plenty Road (the main city arterial road) and Bridge Inn Road (a major secondary arterial road) through the Mernda growth catchment in the Northern Growth Corridor of Melbourne.

Mernda is a new residential suburb situated within close proximity to the Metropolitan Ring Road and a substantial surrounding employment base. It is approximately 32km north of Melbourne’s CBD. It is accessed via Plenty Road and will benefit from the State Government’s commitment to substantial infrastructure funding to the area.

The Property will be developed alongside BLP’s existing site, Renaissance Rise and, subject to planning approvals, developed as a master-planned community with an overall yield when combined with Renaissance Rise of in excess of 1,000 residential lots.

KEY PROJECT DATA – “THE GROVES” PLENTY ROAD, MERNDA

Location	Mernda, Victoria – 32km north of Melbourne’s CBD
Total land area	76.0 hectares
Planning approval	Stage 1 approvals are in place. Balance area approvals will be subject to re-masterplanning anticipated for early 2008
Zoning	Residential 1 and School zone (67.5 hectares) and Commercial Development Zone (8.5 hectares)
Type of project	Detached and Attached residential, Commercial (CDZ) and School
Number of lots at the date of acquisition	847 lots on a stand alone basis, and 1,162 lots when consolidated with the adjoining site Renaissance Rise, Mernda.
Development timing	Commencement – late 2007 Forecast completion – 2014
Project staging	12 Stages
Residential Project mix	Detached Traditional, Courtyard and Villa Lots and Attached Integrated Housing
Investment synopsis	<p>The future residential potential of Mernda is strong with some of Australia’s leading developers represented in the region including Stockland, AV Jennings, Central Equity, Australand and Mirvac.</p> <p>The north corridor of Melbourne is expected to supply approximately 1,400 dwellings per annum through to 2016.</p> <p>This area will benefit from significant State Government infrastructure funding.</p> <p>The land is located adjacent to the site of the proposed Mernda Town Centre of which development is expected to commence in the next 12-24 months.</p>

ENDS