

BABCOCK & BROWN RESIDENTIAL LAND PARTNERS

Babcock & Brown Residential Land Partners Limited · ABN 49 119 517 985
Babcock & Brown Residential Land Partners Services Limited · ABN 401 183 644
as responsible entity for Babcock & Brown Residential Land Partners Trust ARSN 119 613 848
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ASX Release

26 September 2007

NOTICE OF MEETINGS

Babcock & Brown Residential Land Partners (ASX: BLP) advises that it has today despatched the following documents to Securityholders: Notice of Meetings with Explanatory Notes and Proxy Form. Copies of these documents are attached to this announcement.

The Meetings are to be held:

Time: 10:30 am

Date: Thursday, 1 November 2007

Venue: Level 23, The Chifley Tower, 2 Chifley Square, Sydney

ENDS

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

Notice of Meetings | 2007



Notice of Meetings 2007

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS OF BABCOCK & BROWN RESIDENTIAL LAND PARTNERS LIMITED (ABN 49 119 517 985) (COMPANY)

AND

A MEETING OF UNITHOLDERS OF BABCOCK & BROWN RESIDENTIAL LAND PARTNERS TRUST (ARSN 119 613 848) (TRUST)

ISSUED BY THE COMPANY AND BABCOCK & BROWN RESIDENTIAL LAND PARTNERS SERVICES LIMITED (RESPONSIBLE ENTITY) (ABN 40 118 364 499; AFSL No.298 788) AS RESPONSIBLE ENTITY OF THE TRUST

BABCOCK & BROWN RESIDENTIAL LAND PARTNERS (BLP) IS A STAPLED STRUCTURE AND COMPRISES THE COMPANY AND THE TRUST

NOTICE IS GIVEN that the 2007 Annual General Meeting of the Shareholders of the Company will be held concurrently with a Meeting of Unitholders of the Trust as follows:

TIME: 10:30 am Sydney time

DATE: Thursday, 1 November 2007

PLACE: Level 23, The Chifley Tower, 2 Chifley Square, Sydney, New South Wales, 2000

ORDINARY BUSINESS

1 Financial Report - Company and Trust

To receive and consider the consolidated financial report of BLP and the separate financial report of the Trust, as well as the reports of the Directors and Auditors for the period ended 30 June 2007.

2 Resolution 1: Remuneration Report - Company only

To consider and, if thought fit, to pass the following as an ordinary resolution:

"THAT the Remuneration Report for the period ended 30 June 2007 as set out on pages 35 to 40 of the BLP Annual Report 2007 be adopted."

NOTE: This is a non-binding advisory vote.

3 Resolution 2: Director Re-election of Mr Michael Maxwell - Company only

To consider, and if thought fit, to pass the following as an ordinary resolution:

"THAT Mr Michael Maxwell, being a Director of the Company, who retires as a Director by rotation in accordance with article 64.1 of the Constitution of the Company and, being eligible, is re-elected as a Director of the Company."

4 Resolution 3: Director Re-election of Mr Richard Gelski - Company only

To consider, and if thought fit, to pass the following as an ordinary resolution:

"THAT Mr Richard Gelski, being a Director of the Company, who retires as a Director by rotation in accordance with article 64.1 of the Constitution of the Company and, being eligible, is re-elected as a Director of the Company."

SPECIAL BUSINESS

5 Resolution 4: Appointment of Auditor - Company only

To consider and, if thought fit, to pass the following as an ordinary resolution:
"THAT PricewaterhouseCoopers be appointed as the Auditor of the Company."

6 Resolution 5: Amendments to BBRLPL Management Agreement - Company and Trust

To consider and, if thought fit, to pass the following as an ordinary resolution:
"THAT for the purposes of ASX Listing Rule 10.11, and for all other purposes, proposed amendments to the BBRLPL Management Agreement between the Company and Babcock & Brown Australian Real Estate Management Pty Ltd (BBAREM), as detailed in Annexure C to the Explanatory Notes, be approved."

Voting Exclusion Statement

The Company and the Responsible Entity will disregard any votes cast on this resolution by:

- BBAREM;
- any other person who might obtain a benefit, except a benefit solely in the capacity of a Securityholder; and
- any associate of any of these persons.

Exception to All Voting Exclusions

The Company and the Responsible Entity need not disregard a vote in accordance with the above voting exclusion statements if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or
- it is cast by the person chairing the meetings for the relevant resolution as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

By order of the Boards

Dated: 21 September 2007



MELANIE HEDGES

Company Secretary

Babcock & Brown Residential Land Partners Limited (ABN 49 119 517 985) and
Babcock & Brown Residential Land Partners Services Limited (ABN 40 118 364 499; AFSL No.298 788) as
Responsible Entity of the Babcock & Brown Residential Land Partners Trust (ARSN 119 613 848)

SECURITYHOLDER INFORMATION - VOTING AND ATTENDANCE

- 1 On a show of hands, every person present and qualified to vote has one vote and if one proxy has been appointed, that proxy will have one vote on a show of hands. Under the Corporations Act 2001 (Cth), if a Shareholder or Unitholder appoints more than one proxy, neither proxy may vote on a show of hands, but both proxies will be entitled to vote on a poll.
- 2 On a poll:
 - in the case of a resolution of the Company, each Shareholder present in person has one vote for each share they hold. Also each person present as a proxy, attorney or duly appointed corporate representative of a Shareholder, has one vote for each share held by the Shareholder that the person represents; and
 - in the case of a resolution of the Trust, each Unitholder present in person has one vote for each one dollar of the value of the units in the Trust held by the Unitholder. Also, each person present as proxy, attorney or duly appointed corporate representative of a Unitholder has one vote for each one dollar of the value of the units in the Trust held by the Unitholder that the person represents.
- 3 A Shareholder or Unitholder entitled to attend and vote is entitled to appoint not more than two proxies. If it is desired to appoint two proxies, then an additional proxy form can be obtained from BLP's security registry by telephoning 1800 645 238 or +61 2 8280 7586.
- 4 Where more than one proxy is appointed, each proxy may be appointed to represent a specified proportion or number of the Shareholder's or Unitholder's voting rights.
- 5 A proxy need not be a Shareholder of the Company or a Unitholder in the Trust and may be an individual or body corporate.
- 6 Proxy forms (and if the appointment is signed by the appointor's attorney, the original authority under which the appointment was signed or a certified copy of the authority) must be received by BLP's security registry Link Market Services:
 - by **mail** to Locked Bag A14, Sydney South NSW 1235; or
 - by **hand** to Level 12, 680 George Street, Sydney NSW 2000; or
 - by **fax** to +61 2 9287 0309.Alternatively, if a proxy is not appointed under a power of attorney, proxy forms may also be **lodged online** at BLP's website www.bbresidentiallandpartners.com in accordance with the instructions provided on the website. You will need your Holder Identification number (HIN) or Security Reference Number (SRN), as well as your postcode, as shown on your proxy form. You will be taken to have signed the proxy form if you lodge it in accordance with the instructions provided on the website.

All proxies must be received prior to 10:30 am Sydney time on Tuesday, 30 October 2007.
- 7 The Board of the Company and the Board of the Responsible Entity of the Trust have determined that, for the purposes of the meetings, shares and units will be taken to be held by the persons who are registered as Shareholders and Unitholders as at 7:00 pm Sydney time on Tuesday, 30 October 2007. Accordingly, share transfers and transfers of units registered after that time will be disregarded in determining entitlement to attend and vote at the meetings.

EXPLANATORY NOTES TO THE ITEMS OF BUSINESS

These Explanatory Notes are intended to provide Shareholders of the Company and Unitholders of the Trust with information to assess the merits of the proposed resolutions contained in the accompanying Notice of Meetings.

The Directors recommend that Shareholders and Unitholders read these Explanatory Notes in full before making any decision in relation to the resolutions.

Financial Report - Company and Trust

The financial reports of both BLP and the Trust, including the reports of the Directors and Auditors, for the period ended 30 June 2007 will be laid before the meetings. Shareholders and Unitholders will be given the opportunity to raise any issues or ask questions generally concerning the financial reports of BLP and the Trust, however, there will be no formal resolution put to the meetings in relation to the financial reports of BLP and the Trust.

The consolidated financial reports of BLP and the separate financial report of the Trust, as well as the Directors' and Auditor's reports for the period ended 30 June 2007 are included in these Annual Reports. The BLP Annual Report 2007 and the Trust Annual Financial Report 2007 have been made available on BLP's website at www.bbresidentiallandpartners.com. Annual Reports have been sent to those Shareholders and Unitholders who have elected to receive a printed copy in the mail.

Resolution 1: Adoption of Remuneration Report - Company only

Shareholders are asked to adopt the Remuneration Report. The Remuneration Report is set out on pages 35 to 40 of the BLP Annual Report 2007 and is also available from BLP's website, www.bbresidentiallandpartners.com. The report:

- explains the Board's policies in relation to the nature and level of remuneration paid to Directors and Key Management Personnel of the Manager of BLP;
- sets out the remuneration details for each Director and four Key Management Personnel of the Manager of BLP; and
- makes clear that the basis of remuneration for Independent Non-Executive Directors is distinct from the basis for remunerating Key Management Personnel of the Manager and Non-Executive Directors.

An opportunity to discuss the Remuneration Report will be provided at the meetings.

The vote on the Remuneration Report is advisory only, and does not bind the Directors. The Board of the Company will take into account the discussion on this resolution and the outcome of the vote when considering the future remuneration arrangements of the Company.

Resolution 2: Director Re-election of Mr Michael Maxwell - Company only

ASX Listing Rule 14.5 provides that a listed entity that has directors must hold an election of directors each year. ASX Listing Rule 14.4 and article 64.1 of the Constitution regulate who is to retire. Mr Maxwell was appointed to the Board of the Company on 3 May 2006 and submits himself for re-election as contemplated by ASX Listing Rule 14.5 and article 64.1 of the Company's Constitution.

Mr Maxwell currently holds the position of Regional Head of Asia and until July 2006, held the position of Global Head of Real Estate at Babcock & Brown. Prior to joining Babcock & Brown in January 1992, Mr Maxwell was an executive Director of the Australian subsidiary of international merchant bank Morgan Grenfell. Mr Maxwell's experience encompasses all aspects of major real estate transactions including legal, accounting, structuring and financing matters, listed properties securities markets, syndication of major assets to institutional and large private client investors and all forms of property financing and securitisation. Mr Maxwell holds a Bachelor of Economics and Bachelor of Laws from the University of Sydney.

The Board of the Company (excluding Mr Maxwell) unanimously recommends that Shareholders vote in favour of the resolution.

Resolution 3: Director Re-election of Mr Richard Gelski - Company only

ASX Listing Rule 14.5 provides that a listed entity that has directors must hold an election of directors each year. ASX Listing Rule 14.4 and article 64.1 of the Constitution regulate who is to retire. Mr Gelski was appointed to the Board of the Company on 31 May 2006 and submits himself for re-election as contemplated by ASX Listing Rule 14.5 and article 64.1 of the Company's Constitution.

Mr Gelski is a partner at Johnson Winter & Slattery, having joined them in 2004 after seven years with Blake Dawson Waldron. Mr Gelski has over 30 years' experience in the areas of taxation, corporate and commercial law. From 1974-1981 he lectured in tax and corporate law at the University of New South Wales and was a practising barrister from 1981-1986. He has particular experience in corporate law, taxation, capital raising, mergers and acquisitions, and property trust structures. Mr Gelski holds a Bachelor of Arts, Bachelor of Laws (First Class Honours) and University Medal from the University of Sydney and a Master of Laws from London University.

The Board of the Company (excluding Mr Gelski) unanimously recommends that Shareholders vote in favour of the resolution.

Resolution 4: Appointment of Auditor - Company only

PricewaterhouseCoopers was appointed as Auditor of the Company in accordance with section 327A of the Corporations Act 2001 (Cth). That appointment will lapse, in accordance with section 327A(2) of the Corporations Act 2001 (Cth), at this the first Annual General Meeting of the Company.

Section 327B of the Corporations Act 2001 (Cth) requires the appointment of an Auditor at a company's first annual general meeting.

Ms Jeannine Clark as a Shareholder of the Company, has nominated PricewaterhouseCoopers as Auditor and PricewaterhouseCoopers has consented to the firm's appointment. A copy of the notice of nomination of PricewaterhouseCoopers as Auditor is attached in Annexure D.

If approval is received, PricewaterhouseCoopers will continue as Auditor of the Company and the Trust.

The Board of the Company unanimously recommends that Shareholders vote in favour of the resolution.

Resolution 5: Amendments to BBRLPL Management Agreement - Company and Trust

As set out in BLP's ASX release dated 1 March 2007, BLP and BBAREM have agreed to amend the BBRLPL Management Agreement between the Company and BBAREM dated 5 June 2006 (Management Agreement), subject to the passing of Resolution 5.

The amendment of the Management Agreement is conditional on BLP receiving Securityholder approval in accordance with the ASX Listing Rules. This approval is required because the Management Agreement amendment contemplates the possible issue of stapled securities in BLP to persons whose relationship with BLP is considered by the Australian Securities Exchange to be such as to require Securityholder approval in accordance with the ASX Listing Rules. Should Resolution 5 be passed no further approval for the purposes of ASX Listing Rule 7.1 will be required in respect of any issue of stapled securities in BLP full or in partial satisfaction of any Performance Fee payable in respect of the previous, current and following financial years ending 30 June 2007, 2008 and 2009.¹

The principal purpose for amending the Management Agreement is to implement a number of improvements which the Company and BBAREM have identified in the timing and calculation of the Performance Fee to more closely align the interests of BBAREM and Securityholders.

The proposed amendments to the Management Agreement are summarised below²:

- the Performance Fee will be calculated annually at 30 June (currently the Performance Fee is calculated bi-annually at 31 December and 30 June);
- it is a relative outperformance measure and a Performance Fee will only accrue if the adjusted BLP stapled security return is greater than the benchmark index return for that financial year;
- there will be a carry forward of the value of any accumulated deficit (based on relative underperformance) since a Performance Fee last accrued, but limited to three prior years;
- the Performance Fee will be calculated using the value of outperformance based on the number of BLP stapled securities on issue at the end of the relevant measurement period; and
- the Performance Fee will continue to represent 20% of any outperformance relative to the benchmark index.

Listing Rule 10.11

The following information is provided pursuant to ASX Listing Rule 10.13:

- BLP may issue stapled securities to BBAREM in part satisfaction of the Performance Fee payable the Company to BBAREM under the Management Agreement;
- the formulae used for calculating the amount of any Performance Fee in respect of any year and number of stapled securities to be issued to BBAREM, are set out in Annexure A to these Explanatory Notes;
- any stapled securities issued by BLP in part satisfaction of the Performance Fee will be issued at an issue price determined in accordance with the formula set out in Annexure A to these Explanatory Notes;
- any stapled securities issued by BLP in part satisfaction of the Performance Fee will rank equally with all other fully paid stapled securities on issue in BLP at that time; and
- BLP will not raise any funds by the issue of any stapled securities pursuant to the Management Agreement.

Resolution 5 need only be passed as an ordinary resolution, that is, by a simple majority of those present (including by proxy) and, being entitled to do so, voting in favour of the resolution. However not all of BLP's Securityholders may vote on Resolution 5, see the description on voting exclusions below.

Voting Exclusion Statement

The Company and the Responsible Entity will disregard any votes cast on this resolution by:

- BBAREM;
- any other person who might obtain a benefit, except a benefit solely in the capacity of a Securityholder; and
- any associate of any of these persons.

However, the Company and the Responsible Entity need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the Meetings for the relevant resolution as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

The Independent Directors of the Company and the Independent Directors of the Responsible Entity unanimously recommend that Shareholders and Unitholders vote in favour of the resolution.

EXPLANATORY NOTES TO THE ITEMS OF BUSINESS

Annexure A

The Management Performance Fee for the relevant Measurement Period (t) will be calculated using the following variables and inputs:

- N_t is the closing number of BLP stapled securities that are officially quoted by the ASX on the last trading day of the relevant Measurement Period;
- S_{t-1} is the volume weighted average price for BLP stapled securities over the last 20 days of trading of BLP stapled securities on the ASX in the immediately prior Measurement Period excluding special crossings, crossings outside of normal trading hours and option related transactions (or, for the Measurement Period commencing 30 June 2006, such price is \$1.00) (and adjusted for any stapled security splits, stapled security consolidations, bonuses, rights issues, etc. since that prior Measurement Period);
- A_t is the average of the closing value of the Benchmark Index over the last 20 days of ASX trading in the relevant Measurement Period;
- A_{t-1} is the average of the closing value of the Benchmark Index over the last 20 days of ASX trading in the immediately prior Measurement Period (or, for the Measurement Period commencing 30 June 2006, the last 20 days of ASX trading immediately prior to that date);
- R_t is the volume weighted average of the BLP Stapled Security Accumulation Index over the last 20 days of trading of BLP stapled securities in the relevant Measurement Period;
- R_{t-1} is the volume weighted average of the BLP Stapled Security Accumulation Index over the last 20 days of trading of BLP stapled securities in the immediately prior Measurement Period (or, for the Measurement Period commencing 30 June 2006, is the initial value assigned to such index based on the stapled security issue price of \$1.00);
- the Benchmark Index is the S&P/ASX 300 Accumulation Real Estate Industry Group Index as reported by Bloomberg L.P. under the ticker AA52REAL (Index) or, if this index ceases to be published or is materially altered, another similar benchmark index selected by the Manager; and
- the BLP Stapled Security Accumulation Index is an index formulated by the Manager to measure the accumulated ASX-traded value of BLP stapled securities, assuming that any BLP Distributions are reinvested in BLP stapled securities at the last closing price of BLP stapled securities on the ASX on the ex-dividend date of such Distributions (and adjusted for any stapled security splits, stapled security consolidations, bonuses, rights issues, etc.). "Distributions" means all dividends and distributions per BLP stapled security, including of a capital nature, paid to Stapled Securityholders during the relevant Measurement Period,

as follows:

- V_t is the value of the out-performance for the relevant Measurement Period, calculated in accordance with the following formula;

$$V_t = N_t \times S_{t-1} \times \left(\frac{R_t}{R_{t-1}} - \frac{A_t}{A_{t-1}} \right)$$

- D_{t-1} is the carried forward deficit, calculated in accordance with the following formula;

$$D_{t-1} = \sum_{1 \leq i \leq k} -V_{t-i} \quad \text{if the result is positive, and otherwise } D_{t-1} = 0$$

where k is the lesser of 3 and the number of Measurement Periods since a Management Performance Fee was last incurred (or since the first day of BLP trading on the ASX, namely 30 June 2006), as counted from the commencement of the relevant Measurement Period (e.g. $k = 0$ if a Management Performance Fee was incurred in the immediately prior Measurement Period ($t - 1$), $k = 1$ if a Management Performance Fee was incurred in the Measurement Period before that ($t - 2$), etc.);

- the adjusted value of the out-performance (Q_t) for the relevant Measurement Period after deducting any carried forward deficit (D_{t-1}) is:

$$Q_t = V_t - D_{t-1} \quad \text{if the result is positive, and otherwise } Q_t = 0; \text{ and}$$

- the Management Performance Fee (PF) for the relevant Measurement Period is:

$$PF = 20\% \times Q_t$$

EXPLANATORY NOTES TO THE ITEMS OF BUSINESS

Annexure B

Inputs	Year 1	Year 2	Year 3	Year 4
N_t Number of BLP stapled securities, end of current period	175,000,000	175,000,000	175,000,000	175,000,000
S_{t-1} Adjusted BLP stapled security price, end of prior period (\$)	1.00	0.96	1.10	1.20
S_t Adjusted BLP stapled security price, end of current period (\$)	0.96	1.10	1.20	1.35
A_{t-1} Adjusted closing value of the Benchmark Index, prior period	4,650	5,900	6,372	6,882
A_t Adjusted closing value of the Benchmark Index, current period	5,900	6,372	6,882	7,432
R_{t-1} Adjusted BLP Stapled Security Accumulation Index, prior period**	100	103.5	125.8	144.8
R_t Adjusted BLP Stapled Security Accumulation Index, current period**	103.5	125.8	144.8	169.5
k The lesser of 3 and the number of years since a Performance Fee was last incurred (or since the first day of BLP trading on the ASX, namely 30 June 2006)	0	1	2	3
Calculations				
Step 1: Calculate the performance of BLP versus the Benchmark Index				
V_t Value of the out-performance for the current period, calculated by: $V_t = N_t \times S_{t-1} \times (R_t / R_{t-1} - A_t / A_{t-1})$ Note: If this number is negative, there is no Performance Fee payable	-\$40,918,011	\$22,675,942	\$13,685,487	\$19,106,736
Step 2: Calculate any carried forward deficit				
D_{t-1} Carried forward deficit (assumed to be zero in Year 1), calculated by: $D_{t-1} = \sum_{1 \leq i \leq k} V_{t-i}$ if this is positive, and otherwise is zero	\$0	\$40,918,011	\$18,242,069	\$4,556,582
Step 3: Adjust BLP's outperformance for any carried forward deficit	-40,918,011 (V_t) -0 (D_{t-1}) =-40,918,011	22,675,942 (V_t) -40,918,011 (D_{t-1}) =-18,242,069	13,685,487 (V_t) -18,242,069 (D_{t-1}) =-4,556,582	19,106,736 (V_t) -4,556,582 (D_{t-1}) =14,550,154
Q_t Adjusted value of the out-performance for the current period after deducting any carried forward deficit. Calculated by: $Q_t = V_t - D_{t-1}$ if this is positive, and otherwise is zero Note: If the outperformance is less than the carried forward deficit, there is no Performance Fee payable	Therefore $Q_t = \$0$	Therefore $Q_t = \$0$	Therefore $Q_t = \$0$	Therefore $Q_t = \$14,550,154$
Step 4: Calculate the Performance Fee payable				
PF The Performance Fee payable is calculated by: $PF = 20\% \times Q_t$	\$0	\$0	\$0	\$2,910,031
Notes: * Complete definitions of inputs are contained within Annexure A. ** The BLP Stapled Security Accumulation Index includes Distributions as well as the movement in the price of BLP stapled securities over the period.	No Performance Fee is payable because BLP's performance relative to the benchmark index (V_t), determined in Step 1, is less than 0 (i.e. BLP underperformed relative to the benchmark index).	No Performance Fee is payable as the value of the outperformance is reduced by the deficit carried forward (D_{t-1}) to arrive at the adjusted outperformance amount (Q_t) which is less than zero.	No Performance Fee is payable as the value of the outperformance is reduced by the deficit carried forward (D_{t-1}) to arrive at the adjusted outperformance amount (Q_t) which is less than zero.	The value of the outperformance (V_t) is reduced by the deficit carried forward (D_{t-1}) to arrive at the adjusted outperformance amount (Q_t), on which the Performance Fee is based.

Important Note: The hypothetical examples set out above are provided for illustrative purposes only and do not purport to represent the likely Performance Fees (if any) payable by BLP to the Manager or the likely performance of BLP stapled securities or relevant indices. Please note the above numbers have been rounded.

EXPLANATORY NOTES TO THE ITEMS OF BUSINESS

Annexure C

Amended Provisions of Management Agreement

Replace all references to "Management Incentive Fee" with "Management Performance Fee".

Insert the following definition:

"**Measurement Period**" means the period from 30 June 2006 to 30 June 2007, and thereafter each twelve month period ending 30 June."

Replace the following definitions:

"**Benchmark Index**" with "**Benchmark Index**" means the S&P/ASX 300 Accumulation Real Estate Industry Group Index as calculated and reported by Bloomberg L.P. under the ticker AA52REAL (Index) or, if:

- (a) this index ceases to be published or is materially altered, another similar benchmark index; or
- (b) Bloomberg L.P. ceases to report the S&P/ASX 300 Accumulation Real Estate Industry Group Index or any replacement index, another source of reporting of indices;

selected by the Manager."

"**Stapled Security Accumulation Index**" with "**Stapled Security Accumulation Index**" means an index formulated by the Manager to measure the accumulated ASX traded value of Stapled Securities assuming that any Babcock & Brown Residential Land Partners distributions are reinvested in Stapled Securities at the last closing price of Stapled Securities on the ASX on the ex-dividend date of such distributions, and adjusted for any Stapled Security splits, Stapled Security consolidations, bonuses, rights issues, or other reconstruction of capital."

Remove the definition of "**Stapled Security Return**";

Replace clause 5.1(b) with:

"5.1(b) Manager Performance Fee

- (i) The Manager Performance Fee (MPF) payable by the Company to BBAREM is calculated in arrears after the end of each Measurement Period, for certain relative outperformance calculated in accordance with the following formula:

$$MPF = 20\% \times Q_t$$

where:

- (A) Q_t is the adjusted value of the out-performance for the relevant Measurement Period after deducting any carried forward deficit, calculated in accordance with the following formula:

$$Q_t = V_t - D_{t-1} \text{ if the result is positive, and otherwise } Q_t = 0$$

- (B) V_t is the value of the out-performance for the relevant Measurement Period, calculated in accordance with the following formula:

$$V_t = N_t \times S_{t-1} \times \left(\frac{R_t}{R_{t-1}} - \frac{A_t}{A_{t-1}} \right)$$

- (C) D_{t-1} is the carried forward deficit, calculated in accordance with the following formula:

$$D_{t-1} = \sum_{1 \leq i \leq k} -V_{t-i} \text{ if the result is positive and otherwise } D_{t-1} = 0$$

where k is the lesser of 3 and the number of Measurement Periods since a Manager Performance Fee was last incurred (or since the first day of trading of Stapled Securities on ASX, namely 30 June 2006) as counted from the commencement of the relevant Measurement Period (e.g. $k = 0$ if a Manager Performance Fee was incurred in the immediately prior Measurement Period ($t - 1$), $k = 1$ if a Manager Performance Fee was incurred in the Measurement Period before that ($t - 2$), etc);

- (D) N_t is the closing number of Stapled Securities that are officially quoted by the ASX on the last trading day of the relevant Measurement Period;

- (E) S_{t-1} is the Volume Weighted Average Price of Stapled Securities over the last 20 days of trading of Stapled Securities on the ASX in the immediately prior Measurement Period (or, for the Measurement Period commencing 30 June 2006, such price is \$1.00), adjusted for any Stapled Security splits, Stapled Security consolidations, bonuses, rights issues, or other reconstruction of capital since that prior Measurement Period;
 - (F) A_t is the average of the closing value of the Benchmark Index over the last 20 days of ASX trading in the relevant Measurement Period;
 - (G) A_{t-1} is the average of the closing value of the Benchmark Index over the last 20 days of ASX trading in the immediately prior Measurement Period (or, for the Measurement Period commencing 30 June 2006, the last 20 days of ASX trading immediately prior to that date);
 - (H) R_t is the volume weighted average of the Stapled Security Accumulation Index over the last 20 days of ASX trading of Stapled Securities in the relevant Measurement Period;
 - (I) R_{t-1} is the volume weighted average of the Stapled Security Accumulation Index over the last 20 days of ASX trading of Stapled Securities in the immediately prior Measurement Period (or, for the Measurement Period commencing 30 June 2006, is the initial value assigned to such index based on the Stapled Security issue price of \$1.00).
- (ii) The Manager Performance Fee will be calculated within 10 Business Days of the end of the relevant Measurement Period.
 - (iii) In the event of BBAREM being the Manager for only part of any Measurement Period, the Manager Performance Fee will be payable on a pro-rata basis in respect of that Measurement Period.
 - (iv) The Manager Performance Fee becomes due and payable by the Company to BBAREM within five Business Days after submission of an invoice in respect of the Manager Performance Fee.
 - (v) The Manager Performance Fee is payable by the Company to BBAREM in cash. However, subject to the Corporations Act and Listing Rules, BBAREM at its option, accept up to 60% of the Manager Performance Fee in the form of Stapled Securities, and will apply to invest up to such amount if so requested by the independent directors of the Company. The number of Stapled Securities to be issued is to be calculated by:
 - (A) dividing the amount of the Manager Performance Fee by the Volume Weighted Average Price per Stapled Security for sale on the ASX (excluding any special crossings) over the first 20 days of trading of Stapled Securities following the end of the relevant period; then
 - (B) multiplying the number calculated pursuant to clause 5.1(b)(i)(A) by the percentage of the Manager Performance Fee that is to be paid in the form of Stapled Securities.
 - (vi) If Babcock & Brown Residential Land Partners are removed from the Official List then:
 - (A) the Manager Performance Fee will be calculated pursuant to clause 5.1(b)(i) up to the last trading day upon which the Stapled Securities were traded on ASX prior to the date of delisting as if that day (Last Trading Day) was the end of a Measurement Period;
 - (B) if this Agreement is not terminated by the Manager pursuant to clause 10.2(b)(i) the Manager Performance Fee will be calculated from and including the day following the Last Trading Day as if the volume weighted average of the Stapled Security Accumulation Index over the last 20 days of ASX trading of Stapled Securities in the relevant Measurement Period was the net value of Babcock & Brown Residential Land Partners at the end of the relevant Measurement Period plus the amount of all dividends and other distributions to which the holders of the Stapled Securities have become entitled during the relevant Measurement Period. The net value of Babcock & Brown Residential Land Partners at each relevant date will be the value of the assets of Babcock & Brown Residential Land Partners calculated on a consolidated basis less external liabilities each as determined by an independent valuer, appointed by the Manager, on the basis of the Valuation Principles; and
 - (C) the Manager Performance Fee will be payable wholly in cash.
 - (vii) As an aid to the interpretation and calculation of the Manager Performance Fee in this clause 5.1, examples of the Manager Performance Fee are set out in Annexure B."

Annexure D

NOMINATION OF AUDITOR

18 September 2007

Babcock & Brown Residential Land Partners
Level 23, The Chifley Tower, 2 Chifley Square
Sydney NSW 2000

Dear Sir,

Nomination of PricewaterhouseCoopers as Auditor of Babcock & Brown Residential Land Partners Limited

I, Jeannine Clark being a member of Babcock & Brown Residential Land Partners Limited, hereby nominate PricewaterhouseCoopers for appointment as Auditor of Babcock & Brown Residential Land Partners Limited as contemplated by section 328B of the Corporations Act 2001 at the next Annual General Meeting of Babcock & Brown Residential Land Partners Limited or any adjournment thereof.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Jeannine Clark', written in a cursive style.

JEANNINE CLARK

APPOINTMENT OF PROXY

If you would like to attend and vote at the Meetings, please bring this form with you. This will assist in registering your attendance.

You can also lodge your vote on-line at
www.bbresidentiallandpartners.com



X99999999999

I/We being a member(s) of Babcock & Brown Residential Land Partners Limited and Babcock & Brown Residential Land Partners Trust (together BLP) and entitled to attend and vote hereby appoint

A the **Chairman of the Meetings (mark box)** **OR** if you are **NOT** appointing the Chairman of the Meetings as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy

or failing the person/body corporate named, or if no person/body corporate is named, the Chairman of the Meetings, as my/our proxy to act generally at the meetings on my/our behalf and to vote in accordance with the following instructions (or if no directions have been given, as the proxy sees fit) at the meetings of BLP to be held at 10:30am on Thursday, 1 November 2007, at Level 23, The Chifley Tower, 2 Chifley Square, Sydney NSW 2000 and at any adjournment of those meetings.

Where more than one proxy is to be appointed or where voting intentions cannot be adequately expressed using this form an additional form of proxy is available on request from the security registry. Proxies will only be valid and accepted by BLP if they are signed and received no later than 48 hours before the meeting. The Chairman of the Meetings intends to vote undirected proxies in favour of all items of business.

B To direct your proxy how to vote on any resolution please insert in the appropriate box below.

	For	Against	Abstain*		For	Against	Abstain*
Resolution 1 Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 4 Appointment of Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Re-election of Mr Michael Maxwell as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 5 Amendments to Management Agreement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Re-election of Mr Richard Gelski as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

C **IMPORTANT: FOR RESOLUTION 5 ABOVE**
If the Chairman of the Meetings is appointed as your proxy, or may be appointed by default and you do **not** wish to direct your proxy how to vote as your proxy in respect of Resolution 5 above, please place a mark in this box. By marking this box, you acknowledge that the Chairman of the Meetings may exercise your proxy even though he/she has an interest in the outcome of that Resolution and that votes cast by him/her for that Resolution, other than as proxyholder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meetings will not cast your votes on Resolution 5 and your votes will not be counted in calculating the required majority if a poll is called on this Resolution. The Chairman of the Meetings intends to vote undirected proxies in favour of Resolution 5.

* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

D SIGNATURE OF SECURITYHOLDERS – THIS MUST BE COMPLETED

Securityholder 1 (Individual) <input type="text"/>	Joint Securityholder 2 (Individual) <input type="text"/>	Joint Securityholder 3 (Individual) <input type="text"/>
Sole Director and Sole Company Secretary	Director/Company Secretary (Delete one)	Director

This form should be signed by the securityholder. If a joint holding, either securityholder may sign. If signed by the securityholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the securityholder's constitution and the *Corporations Act 2001* (Cwlth).

Link Market Services Limited advises that Chapter 2C of the *Corporations Act 2001* requires information about you as a securityholder (including your name, address and details of the securities you hold) to be included in the public register of the entity in which you hold securities. Information is collected to administer your securityholding and if some or all of the information is not collected then it might not be possible to administer your securityholding. Your personal information may be disclosed to the entity in which you hold securities. You can obtain access to your personal information by contacting us at the address or telephone number shown on this form. Our privacy policy is available on our website (www.linkmarketservices.com.au).

