

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

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BABCOCK & BROWN RESIDENTIAL LAND PARTNERS ACQUIRES NEW RESIDENTIAL DEVELOPMENT SITE ADJACENT TO EXISTING OFFICER PROPERTY AND PROVIDES PORTFOLIO RE-ZONING UPDATE

Babcock & Brown Residential Land Partners (ASX: BLP) today announced that it has contracted to acquire a 100% freehold interest in 707 Princes Hwy, a future residential development site in Officer, Victoria ("the Property"), for \$21 million.

The development site

The Property is located within the South-Eastern Metropolitan Growth Corridor of Victoria and comprises 54.6 hectares of elevated land offering views of the Cardinia Plains and Mount Dandenong. The Property also has frontage to the Princes Hwy, one of the main arterial roads through the South-Eastern Corridor.

The property adjoins the existing BLP site at 625 Princes Hwy, Officer. The forecast lot yield of the combined site is expected to be up to 875 allotments, ranging in size from 300 sqm to 2,000 sqm. Subject to re-zoning and planning approval, it is estimated that the development of the combined site will commence at the end of 2007, generating revenue in the second quarter of 2008.

As with 625 Princes Hwy, the Metricon Group will be the development partner with BLP and will have responsibility for the day-to-day development management of the combined site.

Funding

The investment will be funded from existing cash and debt resources. A 10% deposit is payable on 31 January 2007 with the balance to be paid on 30 June 2007. The acquisition will move BLP's gearing ratio up to 45%, which is closer to its targeted gearing range of 50% to 65% of gross assets.

Mr Michael Balkin, Managing Director of BLP, said "This acquisition is expected to deliver strong returns over the project life and be accretive to securityholder value. We were particularly attracted to this investment because it delivers BLP a project of scale within this rapidly expanding growth corridor and there are obvious management and development synergies with the site at 625 Princes Hwy with the revised master plan for the combined site resulting in an anticipated 5% improvement in the yield of the individual sites."

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“Also this acquisition allows greater opportunity to diversify and segment our product offering and appeal to a wider cross-section of buyers.”

“This transaction is a good illustration of BLP’s ability to make strategic acquisitions by leveraging the relationships with our existing development partners. We see this acquisition further enhancing our relationship with the Metricon Group, Victoria’s largest home builder and a major landowner. We expect that the project will benefit from this relationship through the vertical integration between the Metricon Group as our development partner and development manager and through their home building operations.”

“Since listing we have identified a significant number of projects that meet our investment criteria. We remain excited about the opportunity to generate growth in securityholder value by delivering on the existing portfolio and continuing to make value-accretive and strategic investments.”

Full details of the Property are set out in Appendix 1.

Rezoning of portfolio on track

At the time of listing, 56% of the portfolio (by value) was zoned for residential use. At the date of this announcement, 77% of the portfolio (by value) is zoned for residential use. Zoning approval has been obtained either on or ahead of schedule for Ascot Chase in Victoria and for the balance of the Kalynda Chase Estate development in Queensland.

Mr Mark Salmon, National Head of Development for BLP said "Obtaining zoning approvals for these projects has significantly reduced their risk profile for securityholders. The re-zoning of Ascot Chase in particular is an important milestone as it is BLP's largest project by value. We are pleased to deliver these re-zonings on schedule, placing us well on track to achieve the targeted returns on these projects and on the portfolio as a whole."

An updated schedule of BLP’s portfolio is attached as Appendix 2.

For further information:

Michael Balkin

Chief Executive Officer

B&B Residential Land Partners

+61 2 9229 1800

Alison Carter

Investor Relations

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 investment and structuring experience in the real estate sector.

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

APPENDIX 1

THE PROPERTY – 707 PRINCES HIGHWAY, OFFICER

The Property is located within the South-Eastern Metropolitan Growth Corridor of Victoria and comprises 54.6 hectares of elevated land offering views of the Cardinia Plains and Mount Dandenong. The Property also has frontage to the Princes Hwy, one of the main arterial roads through the South-Eastern Corridor.

Officer is a new residential suburb situated between the well-established and expanding suburbs of Berwick (to the north-west) and Pakenham (to the south-east) and is approximately 50km south-east of the Melbourne CBD. It is accessed by road via the South-Eastern Arterial and Citylink and via electrified rail from the Melbourne CBD.

The Property will be integrated with the existing site at Officer (625 Princes Hwy) and, subject to re-zoning and planning approvals, developed as a master-planned community with an overall yield of approximately 875 residential lots.



APPENDIX 1 (CONT'D)

KEY PROJECT DATA – 707 PRINCES HIGHWAY, OFFICER

Development Partner	The Metricon Group
Location	Officer, Victoria – 50km south-east of Melbourne CBD
Total land area	54.6 hectares
Planning approval	Development approval is subject to re-zoning and anticipated for end 2007
Zoning	Rural (re-zoning to residential use is expected to occur by end 2007)
Type of project	Traditional detached residential
Number of lots at the date of acquisition	468 lots on a stand alone basis expected to result in approximately 875 lots total when consolidated and masterplanned with the adjoining site at 625 Princes Hwy.
Development timing	Commencement – end 2007 Forecast completion - 2014
Project staging	13 Stages
Project mix	Large Premium, Traditional, Courtyard and Villa Lots
Investment synopsis	<p>-The future residential potential of Officer is strong with some of Australia's leading developers represented in the region including Stockland, AV Jennings, Delfin and Peet Ltd.</p> <p>-Historically the south-eastern corridor of Melbourne has accommodated up to 40% of Melbourne's housing requirements.</p> <p>-This area will benefit from the proposed construction of the Pakenham Bypass (due for completion in 2007) and the East link project (due for completion in 2008) which will connect Melbourne's south-eastern and eastern suburbs</p> <p>-The site is located close to all major educational, medical, retail and sporting amenities which exist at nearby Officer, Berwick and Pakenham.</p>

APPENDIX 2

OVERVIEW OF BLP 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 (707 & 625 Princes Hwy)	VIC	Metricon	Growth Corridor	875	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				8,847	

ENDS