

BABCOCK & BROWN RESIDENTIAL LAND PARTNERS

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ASX Release

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BLP EXPANDS INTO WESTERN AUSTRALIA

Babcock & Brown Residential Land Partners (ASX: BLP) today announced the formation of a strategic partnership with Western Australian developer PRM Group. Under the terms of the arrangement BLP will acquire a 50 per cent interest in PRM Property Holdings Pty Ltd (PRM Holdings) which has joint venture interests in four residential land sub-division projects located in Western Australia (the Projects). In addition, BLP announced it has acquired a 60 per cent interest in PRM Property Group Pty Ltd (PRM Group), the development manager on the Projects.

Details of the Projects are as follows:

Project	Location	Remaining Lot yield	Project status	PRM equity interest*
Forrestdale	Perth	392	Pre-delivery	50%
Meve	Perth	279	Selling	15%
Banksia Grove	Perth	3,402	Selling	30%
Brennand Road	Dongara	416	Pre-delivery	40%
Total		4,489		

* BLP's interest in PRM Holdings is 50%

Refer to the appendices to this release for more information on the Projects.

BLP's 50 per cent interest in PRM Holdings has been acquired for \$12.8 million and its 60 per cent interest in PRM Group acquired for \$3.3 million, representing a total investment of \$16.1 million. Following this acquisition BLP's gearing increases to 60 per cent, within the target gearing range of between 50–65 per cent of total assets.

Mr Michael Balkin, Managing Director of BLP, said "We are extremely pleased to be in partnership with PRM founder Steve Robertson, a Western Australian local and highly regarded developer. Steve's relationship with key stakeholders in the WA market, and his significant deal pipeline, combined with Babcock & Brown's significant experience in the real estate sector provides PRM with an opportunity to build on its strong platform."

"The fundamentals of the Western Australian property market remain strong. The state is benefiting from high net migration levels and significant public and private

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infrastructure spending. The PRM Holdings acquisition delivers BLP considerable scale and further portfolio diversity with total lots on acquisition now over 13,300.”

“The Perth projects, located in two of the cities major growth corridors, are expected to provide much of the regions residential land supply over the next 15 years. The Forrestdale and Dongara projects are in the final stages of the re-zoning process and together with the more mature projects will provide BLP with a Western Australian Portfolio with a life of 10 years. The expected annualised pre-tax equity IRR on the Projects is significantly in excess of our target return of over 17 per cent.”

PRM Group is a specialist boutique development management company established by Steve Robertson in 1998. It is a fee for service business and comprises a small team of 8 property professionals with broad skills across all disciplines within the master-planned residential community spectrum.

Mr Michael Balkin said “The acquisition of a 60 per cent interest in the development manager, PRM Group, is the first of its kind for BLP and is consistent with our strategy of partnering with highly experienced developers with a track record in their chosen market. PRM Group also provides BLP with an alternate income stream and a platform to expand our development management capabilities. PRM Group has exclusive development management rights over Meve, Dongara and Forrestdale and joint-development management rights with Walker Corporation on Banksia Grove.”

“The purchase price for PRM Group has been determined on the basis of a discounted cash flow analysis of the forecast development management fees generated from the four existing PRM projects. There has been no goodwill factored into the purchase price and we are confident that this investment will generate strong returns over the life of the projects.”

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About Babcock & Brown Residential Land Partners

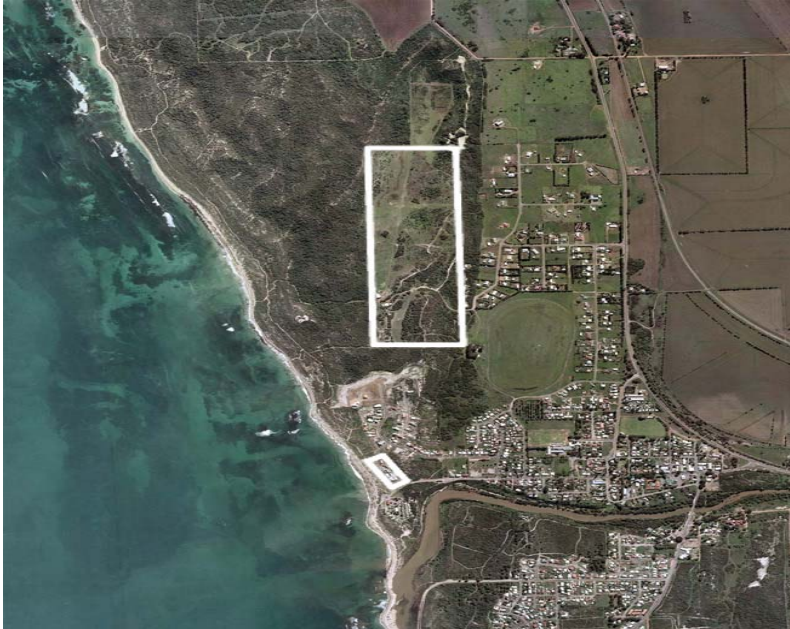
Babcock & Brown Residential Land Partners (BLP) is managed by Babcock & Brown which invests in a diversified portfolio of quality residential land projects which are developed by a range of leading private developers.

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

BRENNAND ROAD - DONGARA



The Property is located some three and half hours north of Perth, just south of Geraldton (population 35,000). The site is on the coast, on the north side of the Dongara Town site. The Project enjoys extensive Ocean views and access to public open space and reserves. The land is zoned rural and is currently the subject of a Town Planning Scheme Amendment, which is anticipated to be completed by June 2008.

KEY PROJECT DATA – DONGARA

Location	Dongara, Western Australia
Total land area	53 hectares
Zoning	Rural
Type of project	Detached residential
Expected lot yield	416
Development timing	Commencement – late 2008 Forecast completion – 2017
Residential Project mix	Mixed traditional and small residential detached lots
Investment synopsis	Located in a popular fishing and holiday location with current local authority planning providing for a doubling of population between 2010 and 2020

BANKSIA GROVE



The Property occupies 338 hectares in the northern corridor of Perth, approximately 30 kilometres north of the CBD. Planning approvals are in place with development and sales activity underway. This master-planned community will ultimately feature 3,600 residential dwellings and a town centre.

Banksia Grove is being developed in joint venture with Department of Housing and Works, PRM and Walker Corporation. PRM Property Group and Walker Corporation are jointly responsible for the development and project management of the project. This role also encompasses all the financial reporting, marketing and sales of all the residential housing lots, medium density developments, the town centre and the community infrastructure.

KEY PROJECT DATA – BANKSIA GROVE

Location	Wanneroo, Western Australia
Total land area	338 hectares
Zoning	Urban Development
Type of project	Detached and attached residential and Town Centre.
Lot yield on acquisition	3,402
Development timing	Commencement – 2007 Forecast completion – 2017
Residential Project mix	Mixed traditional and small detached lots, Medium Density and Town Centre
Investment synopsis	Located in the rapidly expanding north corridor of Perth, the area is set to benefit from continued infrastructure spending to the area.

MEVE



The Project is located in Beelair, approximately 20 kilometers south of Perth CBD. When complete the development will comprise of 1,600 homes. The natural topography of the land has been retained and allows for magnificent views from the remaining lots.

A natural habitat link joins various parts of the neighborhood to the environmentally important Beelair Regional Park which borders Mevé on two sides. A primary school, ovals, lake and boardwalk, natural bush, community centre, child care centre, public open space, active residents group and successful junior soccer club all characterise Mevé as an established and thriving community. There are currently around 1,300 established homes and several under construction.

KEY PROJECT DATA – MEVE

Location	Beelair, Western Australia
Total land area	45 hectares
Zoning	Urban Residential
Type of project	Detached residential and Neighborhood Centre
Lot yield on acquisition	279
Development timing	Commencement – 2002 Forecast completion – 2011
Project staging	17 Stages
Residential Project mix	Mixed traditional and small detached lots
Investment synopsis	Located in the south corridor of Perth within a well established and expanding residential precinct.

FORRESTDALE



The Project is located in the southern corridor of Perth, approximately 20 kilometers south of the CBD with excellent access to the main Kwinana Freeway and adjoining passenger rail station. Currently zoned Rural, but within the area identified as an Urban Growth Area by the City of Armadale. Subject to the zoning approvals, the Project is expected to yield 392 lots.

KEY PROJECT DATA – FORRESTDALE

Location	Forrestdale, Western Australia
Total land area	35 hectares
Zoning	General Rural
Type of project	Detached residential
Expected lot yield	392
Development timing	Commencement – 2008 Forecast completion – 2013
Residential Project mix	Mixed traditional and small detached lots
Investment synopsis	Located in the south corridor of Perth in a rapidly expanding urban development front with excellent transport linkages to the CBD. Within close proximity to newly constructed local shopping facilities.

APPENDIX 2

PRM PROPERTY GROUP

PRM Property Group Pty Ltd (PRM) was established in 1998 as an independent and unique property development and management company, offering a whole-of-industry approach and end-to-end services for any sized development project.

PRM's expertise covers land acquisition, construction and development, and financing, through to the marketing and sales functions.

Steve Robertson established PRM with the intention of providing the necessary services to fill the gaps between the stages of a development project. While many organisations provide one or two of these services, PRM has the necessary skills, experience and background to create a seamless transition from one stage of a project to the next. PRM also provides flexible and realistic solutions for any single aspect of a development as well as offering total project management.

PRM has extensive commercial and industry expertise to fulfil all aspects of the development process. PRM has enjoyed great success in the establishment of joint venture and managing longer term business relationships.

PRM's clients have included small investors right through to major corporations in all sectors of the land development market, for public and private vendors, including residential, resort/tourism, retail, commercial and industrial developments in Western Australia and Queensland.

PRM's team comprises of experienced property professionals who strive to provide a superior level of service. PRM have close working relationships with quality providers of services across the spectrum of complementary property professionals and consultants.

For more information about PRM visit: www.propertyrm.com.au