

Report of Babcock & Brown

Residential Land Partners Trust

ARSN 119 613 848

Financial report for the year ended 30 June 2009

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Corporate Information

Directors

M. Maxwell	Director
M. Balkin	Managing Director - resigned 7 April 2009
R. Gelski	Director
R. Wright	Chairman

Company Secretary

M. Hedges	
D. Richardson	resigned 14 August 2009

Registered Office of the Responsible Entity

Level 21 The Chifley Tower
2 Chifley Square
Sydney NSW 2000

Security Register

Link Market Services Limited
Level 12
680 George Street
Sydney NSW 2000

Babcock & Brown Residential Land Partners stapled securities are listed on the Australian Securities Exchange and trade under the code "BLP".

Auditors

PricewaterhouseCoopers
Darling Park Tower 2
201 Sussex Street
Sydney NSW 1171

Website address

www.bbresidentiallandpartners.com

Directors' Report

In respect of the year ended 30 June 2009, the Directors of Babcock & Brown Residential Land Partners Services Limited ("BBRLPS") (ABN 40 118 364 499), the Responsible Entity of Babcock & Brown Residential Land Partners Trust ("BBRLPT" or the "Trust") submit the following report together with the consolidated financial report of BBRLPT and its controlled entities (the "Group").

Directors

The names of the Directors and Secretaries of the Responsible Entity in office at any time during or since the end of the year and to the date of this report are:

Robert Wright	Chairman
Michael Maxwell	Director
Michael Balkin	Managing Director - resigned 7 April 2009
Richard Gelski	Director
Melanie Hedges	Secretary
David Richardson	Secretary – resigned 14 August 2009

Principal Activities

The Trust provides loans to entities carrying on land development in Australia in accordance with the provisions of the Trust constitution. There were no significant changes in the nature of the activities of the Group during the year.

Review of Operations and Significant Changes in the State of Affairs

BBRLPT's net loss after tax for the year ended 30 June 2009 is \$7,368,000 (June 2008 profit of \$10,427,000). The loss for the year to 30 June 2009 is comprised mainly of interest income and costs payable to Babcock & Brown Australian Real Estate Management Pty Limited ("BBAREM" or the "Manager") for management services provided to the fund. Loans receivable amounting to \$11,336,000 have been written off as non-recoverable, and a further \$6,884,000 has been taken up as impaired.

On 11 June 2009, BBRLP announced that it had reached an in principle agreement with Babcock and Brown International Pty Ltd (B&B) to either acquire or terminate the management rights of the Babcock & Brown Residential Land Partners (BLP), of which the Group is a member, for a nominal sum. Documentation is progressing to formally record the commercial terms of the separation.

Distributions

There were no distributions declared during the year ended 30 June 2009 (2008: \$14,437,000). The June 2008 distribution was paid on 29 August 2008.

Directors' Report (continued)

Matters subsequent to the end of the financial year

David Wightman was appointed Chief Executive Officer from 3 July 2009 with finance, administration and operational personnel transferring employment to BBRLP effective 1 August 2009.

No other matter or circumstance has arisen since 30 June 2009 that has significantly affected, or may significantly affect the operation or results of those operations of the Trust in future financial years, or the state of affairs of the Trust in future financial years.

Likely developments and expected results of operations

The Trust will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Trust and in accordance with the provisions of the Trust Constitution.

Further information on likely developments in the operations of the Trust and the expected results of those operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Trust.

Directors' Meetings

The number of meetings of Directors (including meetings of committees of Directors) held during the year ended 30 June 2009, and the number of meetings attended by each Director, are as follows:

Director	BBRLPS Board		Audit, Risk & Compliance Committee		Nomination Governance Committee	
	A	H	A	H	A	H
M Maxwell	18	18	4	4	1	1
M Balkin ¹	16	16	n/a	n/a	n/a	n/a
R Wright	18	18	4	4	1	1
R Gelski	18	18	4	4	1	1

A – Number of meetings attended

H – Number of meetings held during the year at the time the director held office

n/a – Director not on board / committee

¹ Resigned 7 April 2009

Independent Non-Executive Directors frequently attended general business and transaction specific updates to maintain an understanding of business progress and activities.

Directors' Report (continued)

Indemnification and insurance of officers and auditors

No insurance premiums are paid for out of the assets of the Trust in regards to insurance cover provided to either the officers of Babcock & Brown Residential Land Partners Trust or the auditors of the Trust. So long as the officers of Babcock & Brown Residential Land Partners Trust act in accordance with the Trust Constitution and the Law, the officers remain indemnified out of the assets of the Trust against losses incurred while acting on behalf of the Trust.

Fees paid to and interests held in the Trust by the responsible entity or its associates

Fees paid to the responsible entity and its associates out of Trust property during the year are disclosed in Note 14 to the financial statements.

No fees were paid out of Trust property to the directors of the Responsible Entity during the year.

Non-Audit Services

Babcock & Brown Residential Land Partners Trust Audit Independence and Provision of Non-Audit Services by the External Auditor Policy states that the external auditor may not provide non-audit services if the provision of such services would compromise or be perceived to compromise the independence of, or otherwise be in conflict with the role of the statutory auditor. Non-audit services which are or could be perceived to be in conflict include those where the auditor may be acting in the role of management or engagements where the auditor may ultimately be required to express an opinion on its own work.

Specifically the policy:

- limits the non-audit services that may be provided;
- requires that audit and permitted non-audit services must be pre-approved by the Audit, Risk & Compliance Committee (ARCC), or pre-approved by the Chairman of the ARCC and notified to the ARCC; and
- requires the external auditor to not commence an engagement for the Group, until the Group has confirmed that the engagement has been pre-approved.

The ARCC has reviewed a summary of non-audit services provided by the external auditor for the year ended 30 June 2009, and has confirmed that the provision of non-audit services for 2009 is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. On advice from the ARCC, the directors are satisfied that the auditor did not compromise the auditor's independence requirements of the *Corporation Act 2001*. The external auditor has confirmed to the ARCC that it has maintained its independence in accordance with their firm requirements, with the provisions of APES110 – Code of Ethics for Professional Accountants and with the applicable provisions of the *Corporations Act 2001*, for the year ended 30 June 2009.

Amounts paid or payable to the PricewaterhouseCoopers Australian firm for non-audit services provided during the year amounted to \$25,000 in relation to taxation services.

Directors' Report (continued)

Environmental regulation

The operations of the Trust are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

Interest in the trust

The movement in units on issue during the year is disclosed in Note 10 to the financial statements.

The value of the Trust's assets and liabilities is disclosed on the balance sheet and derived using the basis set out in Note 1 to the financial statements.

Rounding of amounts

The Trust is an entity of a kind referred to in Class Order 98/0100 (as amended) issued by the Australian Securities and Investment Commission relating to the "rounding off" of amounts in the directors report. Amounts have been rounded to the nearest thousand dollars in accordance with that class order, unless otherwise stated.

Auditor's Independence Declaration

The auditor's independence declaration is included on page 8.

Signed in accordance with a resolution of Directors.

On behalf of the Directors of BBRLPS



Director

Babcock & Brown Residential Land Partners Services Limited

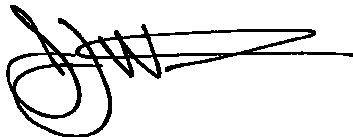
Dated at Sydney this 28th day of August 2009.

Auditor's Independence Declaration

As lead auditor for the audit of Babcock & Brown Residential Land Partners Trust for the year ended 30 June 2009, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Babcock & Brown Residential Land Partners Trust and the entities it controlled during the period.



AJ Wilson
Partner
PricewaterhouseCoopers

Sydney
28 August 2009

Consolidated Income Statements

For the year ended 30 June 2009

		Consolidated	Consolidated	Parent	Parent
		Year ended	Year ended	Year ended	Year ended
		30-Jun-09	30-Jun-08	30-Jun-09	30-Jun-08
		\$'000	\$'000	\$'000	\$'000
Revenue	Note 3	11,238	11,076	11,238	11,076
Management charges	Note 4	(326)	(615)	(326)	(615)
Operating expenses		(31)	(7)	(31)	(7)
Financing costs	Note 4	(30)	(2)	(30)	(2)
Impairment of loans receivable	Note 7	(18,219)	-	(12,688)	-
Facilitation fee expense and other fees		-	(25)	-	(25)
Net operating (loss) / profit		(7,368)	10,427	(1,837)	10,427
Basic earnings / (loss) per unit (cents)		(4.18)	5.96		
Diluted earnings / (loss) per unit (cents)		(4.18)	5.96		

The above Consolidated Income Statements should be read in conjunction with the accompanying notes.

Consolidated Balance Sheets

As at 30 June 2009

		Consolidated	Consolidated	Parent	Parent
		As at	As at	As at	As at
		30-Jun-09	30-Jun-08	30-Jun-09	30-Jun-08
		\$'000	\$'000	\$'000	\$'000
Current assets					
Cash & cash equivalents	Note 6	9	11	9	11
Receivables and other assets	Note 7	13,724	320	13,724	320
Total current assets		13,733	331	13,733	331
Non-current assets					
Related party loan receivables	Note 7	132,141	159,405	137,672	159,405
Total non-current assets		132,141	159,405	137,672	159,405
Total assets		145,874	159,736	151,405	159,736
Current liabilities					
Trade and other payables	Note 8	39	449	39	449
Interest bearing liabilities	Note 9	850	-	850	-
Distributions payable	Note 5	-	7,219	-	7,219
Total current liabilities		889	7,668	889	7,668
Total liabilities		889	7,668	889	7,668
Net assets		144,985	152,068	150,516	152,068
Equity					
Contributed equity	Note 10	162,448	162,163	162,448	162,163
Retained earnings	Note 11	(17,463)	(10,095)	(11,932)	(10,095)
Total equity		144,985	152,068	150,516	152,068

The above Consolidated Balance Sheets should be read in conjunction with the accompanying notes.

Consolidated Statements of Changes in Equity

For the year ended 30 June 2009

	Consolidated	Consolidated	Parent	Parent
	Year ended	Year ended	Year	Year
	30-Jun-09	30-Jun-08	ended	ended
	\$'000	\$'000	30-Jun-09	30-Jun-08
			\$'000	\$'000
Total equity at the beginning of the year	152,068	156,078	152,068	156,078
Net (loss) / profit	(7,368)	10,427	(1,837)	10,427
Contributions on equity, net of transaction costs and tax	Note 10 285	-	285	-
Distributions paid or provided for	Note 5 -	(14,437)	-	(14,437)
Total equity at end of the year	144,985	152,068	150,516	152,068

The above Consolidated Statements of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Cash Flow Statements

For the year ended 30 June 2009

	Consolidated	Consolidated	Parent	Parent
	Year ended	Year ended	Year ended	Year ended
	30-Jun-09	30-Jun-08	30-Jun-09	30-Jun-08
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Cash payments in the course of operations	(1,162)	(359)	(1,162)	(359)
Payment for facilitation fees	-	(494)	-	(494)
Interest received	-	8	-	8
Interest paid	-	(2)	-	(2)
Net cash outflow from operating activities	(1,162)	(847)	(1,162)	(847)
	Note 17			
Cash flows from investing activities				
Proceeds from repayment of borrowings	7,244	13,203	7,244	13,203
Net cash inflow / (outflow) from investing activities	7,244	13,203	7,244	13,203
Cash flows from financing activities				
Proceeds from borrowings	850	-	850	-
Dividends & Distributions Paid	(6,934)	(13,781)	(6,934)	(13,781)
Net cash inflow / (outflow) from financing activities	(6,084)	(13,781)	(6,084)	(13,781)
Net increase / (decrease) in cash assets held	(2)	(1,425)	(2)	(1,425)
Cash and cash equivalents at beginning of year	11	1,436	11	1,436
	Note 6			
Cash and cash equivalents at end of year	9	11	9	11
	Note 6			
Non-cash financing and investing activities	(285)	-	(285)	-
	Note 18			

The above Consolidated Cashflow Statements should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

Note 1. Summary of significant accounting policies

Babcock & Brown Residential Land Partners (“BBRLP” or the “Group”) was established for the purpose of joint quotation of Babcock & Brown Residential Land Partners Limited and its controlled entities (“BBRLPL” or the “Company”) and Babcock & Brown Residential Land Partners Trust and its controlled entities (“BBRLPT” or the “Trust”) on the Australian Securities Exchange. Both the Company and the Trust were incorporated/formed and are domiciled in Australia.

The shares of BBRLPL and the units in BBRLPT are combined and issued as stapled securities in Babcock & Brown Residential Land Partners (“BBRLP” or the “Group”). The shares in the Company and the units of the Trust cannot be traded separately and can only be traded as stapled securities.

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied, unless otherwise stated.

a) Basis of preparation

These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

Compliance with IFRS

The financial report of BBRLP also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets and liabilities which have been measured at fair value through profit and loss.

The Trust commenced operations on 9 May 2006.

The financial report is presented in Australian dollars.

b) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Babcock & Brown Residential Partners Trust (“BBRLPT”) as at 30 June 2009.

Subsidiaries are those entities (including special purpose entities) over which the Trust has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Trust.

Intercompany transactions, balances and unrealised gains on transactions between Trust companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Trust.

Note 1 Summary of significant accounting policies (continued)**c) Trust formation**

BBRLPT was established on 9 May 2006. On 23 May 2006, the Trust became a registered scheme and Babcock & Brown Residential Land Partners Services Limited became the Responsible Entity of the Trust.

d) Revenue recognition

Interest income is recognised in the income statement as it accrues using the effective interest method and if not received at balance date, is reflected in the balance sheet as a receivable in the loan receivable balance.

e) Income tax

Under current legislation, BBRLPT is not subject to income tax as unit holders are presently entitled to the income of BBRLPT.

f) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and short term deposits with original maturities of three months or less that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

g) Loans and other receivables

Loans and other receivables are recorded at amortised cost, less impairment, using the effective interest method.

Loan receivables are recorded at the principal amount outstanding plus accrued interest. All loan receivables are reviewed regularly for impairment. A loan receivable is considered impaired when, based on current information and events, it is probable that BBRLPT will be unable to collect all amounts due. The amount of the specific impairment provision is equal to the difference between the current carrying amount of a receivable and the greater of

(a) the net present value of the expected cash flows from the borrower, discounted at the original effective interest rate of the transaction, or

(b) the net fair value of the collateral, if any.

Any impairment provisions are included in the Income Statement in the period in which the asset is impaired.

Loans receivables and other assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are all included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets.

Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

i) Payables

Trade payables and other accounts payable are recognised at cost when the Trust becomes obliged to make future payments resulting from the purchase of goods and services. The amounts are usually paid within 30 days of recognition.

Note 1 Summary of significant accounting policies (continued)**j) Distributions**

In accordance with the Trust constitution, the Trust fully distributes (taxable) income, and any other amounts determined by the Responsible Entity, to unit holders by cash.

k) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST"), except:

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

l) Contributed equity

Ordinary securities are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

m) Earnings per unit

Basic earnings per unit are calculated as net profit attributable to the Trust, divided by the weighted average number of ordinary units, adjusted for any bonus element.

Diluted earnings per unit is determined by dividing net profit attributable to the Trust by the weighted average number of ordinary units and dilutive potential ordinary units on issue during the period.

n) Rounding of amounts

The Trust is an entity of the kind referred to in Class Order 98/0100 (as amended), issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

o) Segment information

The principle activities of the trust during the period were to lend and manage funds to entities carrying on land development activities in Australia.

p) Critical accounting estimates and judgements

The Trust makes estimates and assumptions concerning the future. Estimates and assumptions that have that may materially affect financial results or the financial position in future periods include the following:

Estimated impairment of loans receivable

The Trust assesses at each balance date whether there is objective evidence that any of the loans receivable are impaired in accordance with the accounting policy stated in note 1(g). This requires the use estimates and assumptions surrounding the forecast feasibility estimates of the underlying projects to which these loans relate.

Refer to Note 7 for further disclosure on the assumptions used to test impairment.

Note 1 Summary of significant accounting policies (continued)**q) New accounting standards and interpretations**

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2009 reporting periods. The Directors' assessment of the impact of these new standards (to the extent relevant to the Trust) and interpretations is set below:

- i. **AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 (effective from 1 January 2009)** AASB 8 requires the adoption of a 'management approach' to reporting on financial performance. Segments will be reported in a manner that is more consistent with the internal reporting provided to the chief operating decision-maker. The Trust will adopt AASB 8 from 1 July 2009. Application of these standards will not affect any of the amounts recognised in the financial statements, but will affect the segment disclosures provided in Note 20.
- ii. **Revised AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 (effective from 1 January 2009)** The revised AASB 123 has removed the option to expense all borrowing costs and – when adopted – will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. There will be no impact on the financial report of the Trust, as the Trust is not in the business of acquiring, constructing or producing qualifying assets.
- iii. **Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 (effective from 1 January 2009)** The revised AASB 101 requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not effect any of the amounts recognised in the financial statements. If an entity has made any prior period adjustments or has reclassified items in the financial statements, it will need to disclose a third balance sheet, this one being as at the beginning of the comparative period. The Trust will apply the revised standard from 1 July 2009.
- iv. **Revised AASB 3 Business Combinations, AASB 127 Consolidated and Separate Financial Statements and AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 (effective 1 July 2009)** The revised AASB 3 continues to apply the acquisition method to business combinations, but with some significant changes. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently remeasured through the income statement. There is a choice on an acquisition by acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs must be expensed.

The revised AASB 127 requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss.

The Trust will apply the revised standards prospectively to all business combinations and transactions with non-controlling interests from 1 July 2009.

Note 1 Summary of significant accounting policies (continued)**q) New accounting standards and interpretations**

- v. **AASB 2008-6 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (effective 1 July 2009).** The amendments to AASB 5 *Discontinued Operations* and AASB 1 *First-Time Adoption of Australian-Equivalents to International Financial Reporting Standards* are part of the IASB's annual improvements project published in May 2008. They clarify that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control. The Trust will apply the amendments prospectively to all partial disposals of subsidiaries from 1 July 2009.
- vi. **AASB 2008-7 Amendments to Australian Accounting Standards - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (effective 1 July 2009).** In July 2008, the AASB approved amendments to AASB 1 *First-time Adoption of International Financial Reporting Standards* and AASB 127 *Consolidated and Separate Financial Statements*. The Trust will apply the revised rules prospectively from 1 July 2009. After that date, all dividends received from investments in subsidiaries, jointly controlled entities or associates will be recognised as revenue, even if they are paid out of pre-acquisition profits, but the investments may need to be tested for impairment as a result of the dividend payment. Under the Trust's current policy, these dividends are deducted from the cost of the investment. Furthermore, when a new intermediate parent is created in internal reorganisations it will measure its investment in subsidiaries at the carrying value of the net assets of the subsidiary rather than the subsidiary's fair value.
- vii. **AASB Interpretation 17 Distribution of Non-cash Assets to Owners and AASB 2008-13 Amendments to Australian Accounting Standards arising from AASB Interpretation 17** AASB-I 17 applies to situations where an entity pays dividends by distributing non-cash assets to its shareholders. These distributions will need to be measured at fair value and the entity will need to recognise the difference between the fair value and the carrying value of the distributed assets in the income statement on distribution. The interpretation further clarifies when a liability for the dividend must be recognised and that it is also measured at fair value. The Trust will apply the interpretation prospectively from 1 July 2009.

Note 2. Financial risk management

The Trust's activities are exposed to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk.

This note presents information about the Trust's exposure to each of the above risks, the Trust's objectives, policies and processes for measuring and managing risk and the Trust's management of capital. Further quantitative disclosures are included through these consolidated financial statements.

The Trust's principal financial instruments comprise cash, receivables, payables, and distributions payable.

The Board of Directors has overall responsibility for the establishment and oversight of Group's risk management framework. The Board has established the Audit, Risk & Compliance Committee (A,R&C Committee), which is responsible for identifying, managing and monitoring the key risks to the business. The AR&C Committee meets regularly and reports to the Board of Directors on its activities.

The responsibility for operational risk management has been delegated by the Board to the Chief Financial Officer (CFO). Specifically, the Board has established a Treasury Policy which focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Trust. The policy contains principles for overall risk management and policies covering specific areas including the mitigation of foreign exchange, interest rate, credit and liquidity risks.

The Trust uses different methods to measure the different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and foreign exchange risks and cashflow forecasting for liquidity risk.

There have been no significant changes in the types of financial risks since the prior year, however the Trust has removed the Treasury Function and Treasury Management Committee with the responsibility of Treasury management now delegated to the CFO.

a) Market Risk

Market risk refers to the potential for changes in the value of the Group's financial instruments or revenue streams from changes in market prices. There are various types of market risks to which the Group is exposed including those associated with interest rates.

i) Interest rate risk

Interest rate risk refers to the potential fluctuations in the fair value or future cash flows of a financial instrument because of changes in market interest rates.

Note 2 Financial risk management (continued)

a) Market Risk (continued)

i) Interest rate risk (continued)

As at reporting date, the Group had the following interest bearing assets and interest bearing liabilities:

	30/06/2009		30/06/2008	
	Weighted Average Interest Rate	Balance	Weighted Average Interest Rate	Balance
Assets				
Cash and Cash Equivalents	3.00%	9	7.25%	11
Loans and other receivables	6.93%	145,151	6.96%	159,405
Interest bearing liabilities	14.00%	850	-	-

As at reporting date, the Trust had the following interest bearing assets:

	30/06/2009		30/06/2008	
	Weighted Average Interest Rate	Balance	Weighted Average Interest Rate	Balance
Assets				
Cash and Cash Equivalents	3.00%	9	7.25%	11
Loans and other receivables	6.93%	150,682	6.96%	159,405
Interest bearing liabilities	14.00%	850	-	-

All the loans receivable in the above table have fixed interest rates. Only a minimal amount of cash on hand is held. Interest rate sensitivity has not been calculated as the trust is exposed only to an immaterial amount of cash holdings.

ii) Currency risk

The Group's principal activity is investing in interests in Australian real estate by providing Australian Dollar fixed interest loans, and as a result the Group is not exposed to any currency risk with respect to movements in currency.

b) Credit Risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The Trust's concentration of credit risk are considered as follows. Loans receivable comprise project loans to one property development in Australia and a number of related parties investing in Australian property developments. There is not considered to be any significant concentration of credit risk relating to cash and receivables, excluding those loans receivable discussed above. The counterparties to the loans receivable are unrated.

Note 2 Financial risk management (continued)

b) Credit Risk (continued)

The carrying amount of the financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Consolidated		Parent	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Cash and other cash equivalents	9	11	9	11
Loans and other receivables	145,865	159,725	151,396	159,725
	145,874	159,736	151,405	159,736

Where entities have a right of set-off and intend to settle on a net basis under netting arrangements, this set-off has been recognised in the financial statements on a net basis.

Loans Receivable

Management closely manages the performance of all development projects for which the loans receivable relate, to ensure that the amount provided will be recovered and performance is as expected. At 30 June 2009, \$11,336,000 in loans receivable have been written off to bad debts with a further \$6,883,000 provided as impaired.

c) Liquidity Risk

Liquidity risk refers to the potential that the Trust will encounter difficulty in meeting obligations associated with financial liabilities.

Prudent liquidity risk management is carried out by maintaining sufficient cash including working capital and other reserves.

The tables below set out the contractual undiscounted cash outflows for the Trust's liabilities as of 30 June 2009 and 30 June 2008 into the relevant maturity groupings based on the remaining period at balance sheet to the contractual maturity date.

2009 Consolidated	Up to 1 month \$'000	1 to 12 months \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total \$'000
Trade and other payables	-	39	-	-	39
Interest bearing liabilities	-	969	-	-	969
	-	1,008	-	-	1,008

Note 2 Financial risk management (continued)

c) Liquidity Risk (continued)

2008 Consolidated	Up to 1 month \$'000	1 to 12 months \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total \$'000
Trade and other payables	-	449	-	-	449
Distribution payable	-	7,219	-	-	7,219
Total	-	7,668	-	-	7,668

The tables set out the contractual undiscounted cash outflows for the Parent's liabilities as of 30 June 2009 and 30 June 2008 into the relevant maturity groupings based on the remaining period at balance sheet to the contractual maturity date.

2009 Parent	Up to 1 month \$'000	1 to 12 months \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total \$'000
Trade and other payables	-	39	-	-	39
Interest bearing liabilities	-	969	-	-	969
Total	-	1,008	-	-	1,008

2008 Parent	Up to 1 month \$'000	1 to 12 months \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total \$'000
Trade and other payables	-	449	-	-	449
Distribution payable	-	7,219	-	-	7,219
Total	-	7,668	-	-	7,668

d) Capital risk management

The Trust maintains a prudent policy of managing its capital structure with the objective to safeguard the Trust's ability to continue as a going concern.

On 29 August 2008, the entity issued 1,107,825 units under the distribution reinvestment plan for the final June 2008 distribution.

Other than described above, there were no further changes in our approach to capital management during the year.

Neither the Group nor the Trust is subject to externally imposed capital requirements.

Note 2 Financial risk management (continued)

e) Fair Values of assets and liabilities

A number of the Groups accounting policies and disclosures require the determination of fair value of both financial and non financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset and liability.

i) Valuation approach

The fair value of financial assets and liabilities are determined by the Trust's on the following bases:

Cash and cash equivalents

The carrying amount represents fair value because of their short-term to maturity.

Receivable, other assets, trade and other payables

The carrying amount represents fair value due to their short-term to maturity.

Loans receivable, interest-bearing liabilities and borrowings

All loans and notes payable are initially recorded at fair value of the consideration received, net of transaction costs. After initial recognition, interest bearing loans and borrowings are stated at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the borrowing using the effective interest rate method.

Management continually monitor the internal rate of return of all the development projects that loans have been provided to, to ensure that the carrying value of the loans approximate their fair value.

Note 3. Revenue

	Consolidated	Consolidated	Parent	Parent
	Year ended	Year ended	Year ended	Year ended
	30-Jun-09	30-Jun-08	30-Jun-09	30-Jun-08
	\$'000	\$'000	\$'000	\$'000
Interest income				
Interest income - related parties	11,238	11,076	11,238	11,076
	11,238	11,076	11,238	11,076

Note 4. Expenses

	Consolidated	Consolidated	Parent	Parent
	Year ended	Year ended	Year ended	Year ended
	30-Jun-09	30-Jun-08	30-Jun-09	30-Jun-08
	\$'000	\$'000	\$'000	\$'000
Management expenses				
Base Management Fee	6	20	6	20
Responsible Entity Fee	321	580	321	580
Custodian Fee	(1)	15	(1)	15
	326	615	326	615
Finance costs				
Interest and finance charges	30	2	30	2
	30	2	30	2

Note 5. Distributions to unit holders

There were no distributions paid or payable for the year ended 30 June 2009. On 18 December 2008, the Board announced to the market that it had elected to suspend payment of stapled security distributions until further notice.

Distributions recognised in the year 2008 by the Group are detailed below:

2008	Cents per security	Total amounts \$'000	Date of payment	Tax deferred %
Interim distribution:	4.125 c	7,218	29 February 2008	49
Final distribution:	4.125 c	7,219	29 August 2008	45
Total	8.25 c	14,437		

Note 6. Cash and cash equivalents

	Consolidated	Consolidated	Parent	Parent
	As at	As at	As at	As at
	30-Jun-09	30-Jun-08	30-Jun-09	30-Jun-08
	\$'000	\$'000	\$'000	\$'000
Cash at bank and on hand	9	11	9	11

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Note 7. Loans and other receivables

	Consolidated	Consolidated	Parent	Parent
	As at	As at	As at	As at
	30-Jun-09	30-Jun-08	30-Jun-09	30-Jun-08
	\$'000	\$'000	\$'000	\$'000
Current				
Receivables				
GST receivable	56	28	56	28
Loans to related parties	13,010	-	13,010	-
Other receivables	658	292	658	292
	13,724	320	13,724	320
Non-current				
Loans Receivable				
Loans to related parties	150,360	159,405	150,360	159,405
Provision for diminution of loans	(18,219)	-	(12,688)	-
	132,141	159,405	137,672	159,405

The fair values and carrying values of non-current receivables of the Group are identical to the above schedule.

(a) Impaired receivables

The provision for diminution on loans receivable reflect a deterioration in the internal rate of return on underlying development projects to which these loans relate, indicating a difference between the carrying value of the loans and the present value of estimated future cash flows to repay those loans, discounted at the original effective interest rate of each loan.

Movements in the provision for impairment are as follows:

	Consolidated	Consolidated	Parent	Parent
	As at	As at	As at	As at
	30-Jun-09	30-Jun-08	30-Jun-09	30-Jun-08
	\$'000	\$'000	\$'000	\$'000
Provision at the beginning of the year	-	-	-	-
Impairment raised during the year	(18,219)	-	(12,688)	-
Provision at the end of the year	(18,219)	-	(12,688)	-

Note 8. Trade and other payables

	Consolidated	Consolidated	Parent	Parent
	As at	As at	As at	As at
	30-Jun-09	30-Jun-08	30-Jun-09	30-Jun-08
	\$'000	\$'000	\$'000	\$'000
Trade and other payables				
Accrued liabilities	39	449	39	449
	39	449	39	449

Note 9. Interest bearing liabilities

	Consolidated	Consolidated	Parent	Parent
	As at	As at	As at	As at
	30-Jun-09	30-Jun-08	30-Jun-09	30-Jun-08
	\$'000	\$'000	\$'000	\$'000
Current				
Babcock & Brown facility - unsecured	850	-	850	-
	850	-	850	-

On 6 April 2009, as part of the Group's restructure of its finance facilities, Babcock & Brown agreed to retrospectively amend its management fee structure at 31 December 2008. The interest bearing liabilities represent management fees accrued but unpaid up to 31 December 2008 which have been capitalised to the restructured finance facility provided. This facility expires on 28 June 2010. The interest rate on the finance facility is 14% per annum.

Note 10. Contributed equity

	Consolidated	Consolidated	Consolidated	Consolidated
	As at	As at	As at	As at
	30-Jun-09	30-Jun-08	30-Jun-09	30-Jun-08
	No. of units	No. of units	\$'000	\$'000
Fully paid units				
Opening balance	175,000,000	175,000,000	162,163	162,163
Distribution reinvestment plan	1,107,825	-	285	-
Closing balance	176,107,825	175,000,000	162,448	162,163

	Parent	Parent	Parent	Parent
	As at	As at	As at	As at
	30-Jun-09	30-Jun-08	30-Jun-09	30-Jun-08
	No. of units	No. of units	\$'000	\$'000
Fully paid units				
Opening balance	175,000,000	175,000,000	162,163	162,163
Distribution reinvestment plan	1,107,825	-	285	-
Closing balance	176,107,825	175,000,000	162,448	162,163

(i) Distribution reinvestment plan

On 29 August 2008, the entity issued 1,107,825 units under the distribution reinvestment plan.

Note 11. Retained earnings

	Consolidated	Consolidated	Parent	Parent
	As at	As at	As at	As at
	30-Jun-09	30-Jun-08	30-Jun-09	30-Jun-08
	\$'000	\$'000	\$'000	\$'000
Movements in retained earnings				
Balance as at beginning of financial year	(10,095)	(6,085)	(10,095)	(6,085)
(Loss) / profit for the year	(7,368)	10,427	(1,837)	10,427
Distributions provided for or paid	-	(14,437)	-	(14,437)
Balance as at 30 June 2009	(17,463)	(10,095)	(11,932)	(10,095)

Note 12. Key management personnel disclosures

The responsible entity of Babcock & Brown Residential Land Partners Trust is Babcock & Brown Residential Land Partners Services Limited.

(a) Directors

The following persons were Directors of Babcock & Brown Residential Land Partners Services Limited during the financial year:

M. Maxwell	Director
M. Balkin	Managing Director - resigned 7 April 2009
R. Gelski	Director
R. Wright	Chairman

(b) Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year:

M. Balkin	Chief Executive Officer (CEO) (resigned 7 April 2009)
D. Wightman	Chief Investment Officer (appointed CEO 3 July 2009)
S. Pauly	Chief Financial Officer
M. Salmon	National Development Manager (resigned 6 July 2009)
S. Robertson	General Manager, PRM Group

(c) Key management personnel unit holdings in BLP stapled securities

	Balance 30 June 2008	Change during the year	Other changes during the year	Balance 30 June 2009
Parent entity Directors				
Directors				
M. Maxwell	4,000,000	-	-	4,000,000
M. Balkin	800,000	-	(800,000) ¹	-
R. Gelski	200,000	31,732	-	231,732
R. Wright	200,000	31,732	-	231,732
Total	5,200,000	63,464	(800,000)	4,463,464
Key management personnel				
D. Wightman	300,000	-	-	300,000
M. Salmon	100,000	-	-	100,000
Total	400,000	-	-	400,000

¹ Other changes during the year indicate the resignation of Michael Balkin, and not an actual disposal of securities.

Note 12. Key management personnel disclosures (continued)**(c) Key management personnel unit holdings in BLP stapled securities (continued)**

Parent entity Directors	Balance 30 June 2007	Change during the year	Other changes during the year	Balance 30 June 2008
Directors				
M. Maxwell	4,000,000	-	-	4,000,000
M. Balkin	650,000	150,000	-	800,000
R. Gelski	100,000	100,000	-	200,000
R. Wright	100,000	100,000	-	200,000
Total	4,850,000	350,000	-	5,200,000
Key management personnel				
D. Wightman	440,000	(140,000)	-	300,000
M. Salmon	50,000	50,000	-	100,000
T. Milicevic	50,000	-	(50,000)	-
Total	540,000	(90,000)	(50,000)	400,000

(d) Key management personnel loan disclosures

The Group has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the year.

(e) Other transactions within the Trust

Apart from those details disclosed in this note, no key management personnel have entered into a material contract with the Trust since the end of the previous financial year and there were no material contracts involving director's interests subsisting at year end.

(f) Responsible Entity's holding of units

The Responsible Entity holds 1,000,000 units (0.6%) directly in the Trust. As at the 30 June 2009, the Babcock & Brown Group and its associates held 21,596,800 units (12.3%) in the Trust, which includes the Responsible Entity's holding as above.

Note 12. Key management personnel disclosures (continued)**(g) Key management personnel compensation**

	Year	Salary	Super-annuation	Long service leave	Short-term Incentives	Long-term Incentives (share based equity settled) ⁴	Termination benefits	Total
		\$	\$					\$
Directors								
Michael Maxwell	2009	68,808 ²	6,192	-	-	-	-	75,000
	2008	68,808 ²	6,192	-	-	-	-	75,000
Michael Balkin ¹	2009	- ³	-	-	-	-	-	-
	2008	- ³	-	-	-	-	-	-
Robert Wright	2009	115,844	10,426	-	-	-	-	126,270
	2008	77,983	7,019	-	-	-	-	85,002
Richard Gelski	2009	79,125	7,121	-	-	-	-	86,246
	2008	68,808	6,193	-	-	-	-	75,001
Executives								
Michael Balkin	2009	348,409	13,745	-	-	-	466,540	828,694
	2008	450,000	-	-	-	-	-	450,000
David Wightman	2009	330,000	13,745	5,500	-	-	-	349,245
	2008	300,000	-	-	-	-	-	300,000
Stuart Pauly	2009	250,000	13,745	4,167	37,500	-	-	305,412
	2008	121,377	6,565	2,023	-	-	-	129,965
Mark Salmon	2009	275,000	13,745	4,583	-	-	-	293,328
	2008	262,500	13,129	4,375	240,280	75,057	-	595,341
Stephen Robertson	2009	290,577	13,745	6,074	-	-	-	310,396
	2008	102,466	6,565	1,582	-	-	-	110,613

¹ Mr M Balkin resigned on 7 April 2009.

² Mr M Maxwell was an employee of Babcock & Brown Australia Pty Limited and his role as a director of BBRLP was included in those employment arrangements. Mr Maxwell's employment with Babcock & Brown Australia Pty Limited concluded on 31 October 2008. Since 1 November 2008 Mr Maxwell has been a non executive director of BBRLP and of the fees for the current year Mr Maxwell received directly \$50,000 in this capacity.

³ Mr M Balkin's position as managing director was included as part of the dedicated management team provided by BBAREM under the Management Agreement. No separate director's fees were paid in relation to those services.

⁴ Short-term and long-term Incentives

Executives of BBRLP were eligible for an award of short-term incentive remuneration during the year. All short term incentive remuneration provided to executives during the year ended 30 June 2009 was paid in cash, available immediately to the executive. Long-term incentives were previously provided by way of equity- and cash-settled share-based payment awards. No share based compensation was granted to Executives of BBRLP during the year.

In the prior year, share based payments included amounts attributable to the long term incentive plan options and bonus deferral rights ("share awards"). Both the options and bonus deferral rights entitled the participant to shares in Babcock & Brown Limited. For share awards issued during the year ended 30 June 2008, 50% were exercisable in August 2008 and the remaining 50% in February 2009. These share awards were automatically converted to shares in Babcock & Brown Limited on the exercise date.

Outstanding options granted to Executives of BBRLP as at 30 June 2008 were subject to first exercise dates of 18 August 2011 and 25 August 2011 at exercise prices of \$12.95 and \$25.54 per option. During the current year the securities of Babcock & Brown Limited were suspended from quotation on the Australian Securities Exchange on 12 January 2009 and the listing of the ordinary shares was terminated on 18 June 2009. As a consequence, the share-based payment awards are no longer of any benefit to the recipients.

Note 13. Remuneration of auditors

	Consolidated	Consolidated	Parent	Parent
	Year ended	Year ended	Year ended	Year ended
	30-Jun-09	30-Jun-08	30-Jun-09	30-Jun-08
	\$	\$	\$	\$
During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:				
Audit services				
PricewaterhouseCoopers Australian firm				
Audit and review of financial reports	75,300	55,800	75,300	55,800
Non-audit services				
PricewaterhouseCoopers Australian firm				
Other services	3,750	-	3,750	-
Total auditors remuneration	79,050	55,800	79,050	55,800

During the year the following fees were paid or payable for services provided by the auditor of Babcock & Brown Residential Land Partners, its related practices and non-related audit firms. The above fees are a proportion of the total fees paid for the Babcock & Brown Residential Land Partnership, relating to audit and non-audit services provided to the Trust and its subsidiaries only.

As part of the Group's management services agreement Babcock & Brown Australian Real Estate Management Pty Limited pays all audit related fees on behalf of the Group.

Note 14. Related party disclosure

Transactions with related parties

(i) Fees & interest income

The profit before income tax includes management and other fees paid and owed to Babcock & Brown Australian Real Estate Management Limited and Babcock & Brown Group.

Until 31 December 2008 management fees were calculated in accordance with the terms disclosed in the BBRLP Prospectus and Product Disclosure Statement dated 6 June 2006. On 6 April 2009, as part of the Group's restructure of its finance facilities, B&B agreed to retrospectively amend its management fee structure at 31 December 2008. From 31 December 2008 B&B has agreed to waive the right to fees arising from that date, and since that date has instead agreed to levy a substantially reduced charge. Whilst the fund continues to be managed by BBAREM, it has been agreed that the fee charged by B&B now be based on a different calculation reflecting the direct costs for employees engaged in the management of the fund. The fees incurred during the period include:

	Consolidated Year ended 30-Jun-09	Consolidated Year ended 30-Jun-08	Parent Year ended 30-Jun-09	Parent Year ended 30-Jun-08
Description of fee:				
Custodian Fee	(1,000)	15,000	(1,000)	15,000
Base Management Fee	6,000	20,000	6,000	20,000
Asset facilitation Fee	-	25,000	-	25,000
Responsible Entity Fee	320,000	580,000	320,000	580,000

(ii) Loans to/from related parties

Loans to other related parties:				
Beginning of the year	159,405,000	161,362,000	159,405,000	161,362,000
Loans advanced	18,798,000	13,142,000	18,798,000	13,142,000
Loan repayment received	(25,922,000)	(25,941,000)	(25,924,000)	(25,941,000)
Interest charged	11,237,000	11,067,000	11,237,000	11,067,000
Interest received	(148,000)	(225,000)	(148,000)	(225,000)
Loans impaired or written off	(18,219,000)	-	(18,219,000)	-
End of year	145,151,000	159,405,000	145,151,000	159,405,000
Loans from other related parties:				
Beginning of the year	-	-	-	-
Loans advanced	820,000	-	820,000	-
Interest charged	30,000	-	30,000	-
End of year	850,000	-	850,000	-

Note 14: Related parties (continued)

	Consolidated	Consolidated	Parent	Parent
	Year ended	Year ended	Year ended	Year ended
	30-Jun-09	30-Jun-08	30-Jun-09	30-Jun-08
(iii) Amounts owing to related parties				
Custodian Fee	8,000	8,000	8,000	8,000
Base Management Fee	-	3,000	-	3,000
Asset facilitation Fee	-	6,000	-	6,000
Responsible Entity Fee	-	432,000	-	432,000

Loans made to related parties are done on normal commercial terms allocating a fixed interest rate comparable to market rates at the establishment of the loan of between 6% and 7.25%. Security is held over \$61.7m of loans receivable in the form of second ranking mortgages over the underlying property to which these loans relate.

Compliance plan audit fees amounting to \$17,000, for the year ended 30 June 2009 are paid and or payable by Babcock & Brown, to a non PricewaterhouseCoopers audit firm.

Note 15. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1 (b):

Name of Entity	Country of incorporation	Ownership 2009	Ownership 2008
Parent entity			
Babcock & Brown Residential Land Partners Trust	Australia		
Subsidiaries of the Trust			
BBRLPT Pacific Dunes Pty Limited	Australia	100%	100%
BBRLPT URB Pty Limited	Australia	100%	100%
BBRLPT WPG Pty Limited	Australia	100%	100%
BBRLPT MET Pty Limited	Australia	100%	100%
BBRLP Pacific Dunes Trust	Australia	100%	100%
BBRLP Kalynda Trust	Australia	100%	100%
BBRLP Ascot Chase Trust	Australia	100%	100%
BBRLP Taree Trust	Australia	100%	100%
BBRLP Haywards Bay Trust	Australia	100%	100%
BBRLP Mirador Heights Trust	Australia	100%	100%
BBRLP Forster Trust	Australia	100%	100%
BBRLP Officer Trust	Australia	100%	100%
BBRLP Seabreeze Trust	Australia	100%	100%
BBRLP Mernda Trust	Australia	100%	100%

Note 16. Events subsequent to balance date

David Wightman was appointed Chief Executive Officer from 3 July 2009 with finance, administration and operational personnel transferring employment to BBRLP effective 1 August 2009.

Note 17. Cash flow statement reconciliation

	Consolidated	Consolidated	Parent	Parent
	Year ended	Year ended	Year ended	Year ended
	30-Jun-09	30-Jun-08	30-Jun-09	30-Jun-08
	\$'000	\$'000	\$'000	\$'000
Reconciliation of net profit after tax to net cash flows from operations				
Net profit	(7,368)	10,427	(1,837)	10,427
Add/(Deduct) non cash items:				
Impairment of receivables	18,219	-	12,688	-
Related party interest income	(3,313)	(3,213)	(3,313)	(3,213)
Loan receivable interest income	(7,896)	(7,854)	(7,896)	(7,854)
Changes in assets and liabilities				
(Increase)/decrease in trade and other receivables	(394)	(494)	(394)	(494)
(Decrease)/increase in trade and other payables	(410)	287	(410)	287
Net cash from operating activities	(1,162)	(847)	(1,162)	(847)

Note 18. Non-cash financing and investing activities

	Consolidated	Consolidated	Parent	Parent
	Year ended	Year ended	Year ended	Year ended
	30-Jun-09	30-Jun-08	30-Jun-09	30-Jun-08
	\$'000	\$'000	\$'000	\$'000
Securities issued under the Distribution Reinvestment Plan	(285)	-	(285)	-

Note 19. Contingent assets and liabilities and commitments

There are no outstanding contingent assets and liabilities or commitments as at 30 June 2009 and 30 June 2008.

Note 20. Segment information

The Trust is organised into one main segment that operates solely in the business of lending to and managing funds of entities carrying on land development activities in the sole geographic segment of Australia.

Directors' Declaration on the Consolidated Financial Report of Babcock & Brown Residential Land Partners Trust ("BBRLPT")

Except for the matters referred to at Note 1, in the opinion of the Directors of Babcock & Brown Residential Land Partners Services Limited ("BBRLPS"),

- a) the consolidated financial statements and notes for Babcock & Brown Residential Land Partners Trust (as defined in Note 1) as set out on pages 9 to 34 are in accordance with the *Corporations Act 2001*, including:
 - i. complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
 - ii. giving a true and fair view of the Trust and consolidated financial position of BBRLPT as at 30 June 2009 and of its performance, as represented by the results of its operations and cash flows, for the year ended on that date; and
- b) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by s295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of Directors pursuant to s295A of the *Corporations Act 2001*.

On behalf of the Directors of BBRLPS:



Director
Sydney, 28 August 2009

Independent auditor's report to the unitholders of Babcock & Brown Residential Land Partners Trust

Report on the financial report

We have audited the accompanying financial report of Babcock & Brown Residential Land Partners Trust (the "BBRLPT"), which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both Babcock & Brown Residential Land Partners Trust and Babcock & Brown Residential Land Partners Trust Group (the "Consolidated Entity"). The consolidated entity comprises the Trust and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the Responsible Entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

**Independent auditor's report to the unitholders of
Babcock & Brown Residential Land Partners Trust (continued)**

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

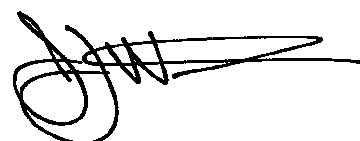
In our opinion:

- (a) the financial report of Babcock & Brown Residential Land Partners Trust is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the BBRLPT's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report of Babcock & Brown Residential Land Partners Trust (the "BBRLPT") for the year ended 30 June 2009 included on Babcock & Brown Residential Land Partners Trust web site. The Responsible Entity's directors are responsible for the integrity of the Babcock & Brown Residential Land Partners Trust web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.


PricewaterhouseCoopers



AJ Wilson
Partner

Sydney
28 August 2009