

# BLP Results for period ended 30 June 2007

29 August 2007

# AGENDA

1. Key achievements
2. Financial performance
3. Portfolio and operational performance
4. Portfolio update
5. Outlook
6. Appendices

**Presenters:**

Michael Balkin – Managing Director

Mark Salmon – National Development Manager




# KEY ACHIEVEMENTS SINCE IPO

- **Strong full year profit**
  - Net profit after tax of \$3.0 million for period ended 30 June 2007, substantially higher than PDS forecast of \$1.0 million
  - 7.5¢ per stapled security distribution for period ended 30 June 2007
- **Experienced development management team** in place
- **81% of portfolio by value now re-zoned (56% at IPO)**
- **Acquisition of interests in 4 further projects in Victoria increasing total portfolio lot yield on acquisition by 76% to 7,463**
  - Sandhurst and Sanctuary Lakes, Melbourne
  - Bolt-on acquisitions at Officer and Mernda in Victoria
- **Conservative capital management**
  - Gearing currently at 52%, with substantial debt funding capacity available
  - Corporate Debt Facility of \$100 million secured for three years
- **Strong pipeline for future growth**
- **Framework set to increase future earnings**
  - FY08 net profit after tax guidance of \$9.5 million on current projects
  - FY08 distribution of 8.25¢ per stapled security

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# FINANCIAL HIGHLIGHTS

|                                   | Period ended<br>30 June 2007 | PDS forecast | Variance   |
|-----------------------------------|------------------------------|--------------|--|
| Lot sales across BLP projects     | 553                          | 354          | 199     |
| Net profit before tax             | \$3.3m                       | \$0.1m       | \$3.2m  |
| Net profit after tax              | \$3.0m                       | \$1.0m       | \$2.0m  |
| Distribution per stapled security | 7.5¢                         | 7.5¢         | Fixed in accordance with PDS   |

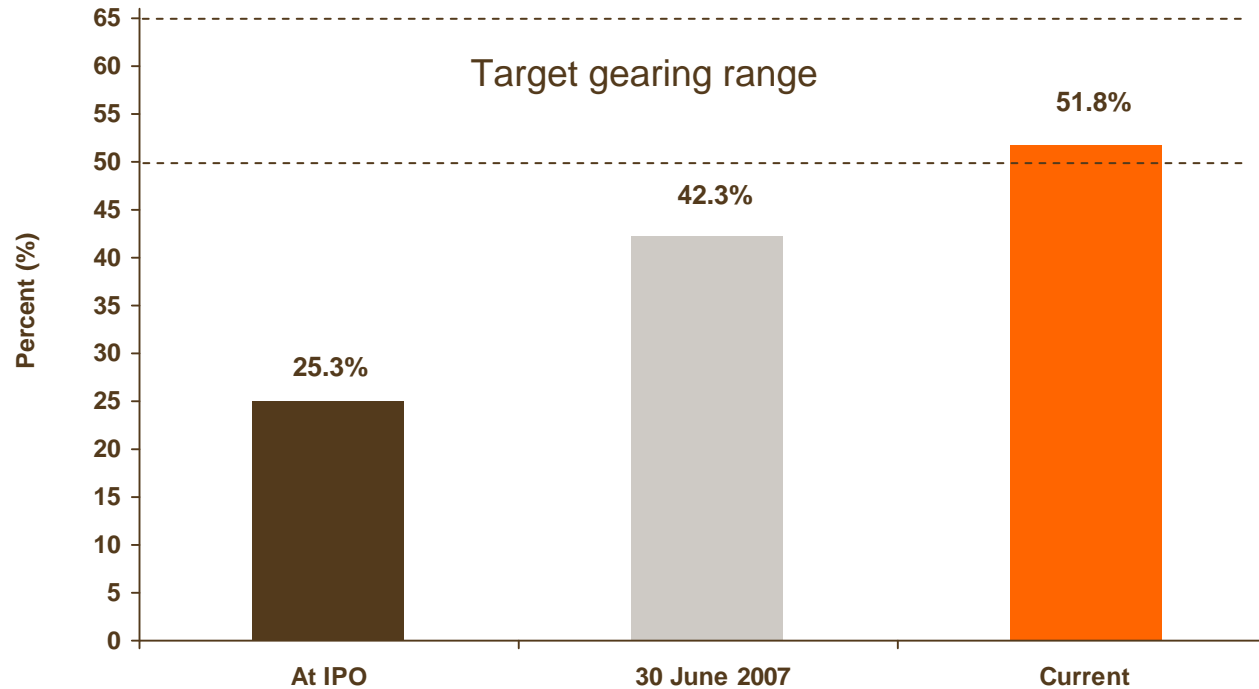
- BLP's share of lot sales was 263, resulting in revenue of \$42.4 million

# FINANCIAL HIGHLIGHTS

|                                   | As at 30 June 2007 | As at allotment date |
|-----------------------------------|--------------------|----------------------|
| <b>Total assets</b>               | \$325.3m           | \$234.4m             |
| <b>Net tangible asset backing</b> | \$0.88             | \$0.94               |
| <b>Gearing</b>                    | 42.3%              | 25.3%                |

- Total assets increased due to acquisition of interests in Sandhurst, Sanctuary Lakes and Officer, as well as increased cash and inventory
- NTA at \$0.88 following provision for the second half distribution of 3.75¢ per stapled security
- At 30 June 2007, gearing increased to 42.3% following the acquisition of interests in Sandhurst, Sanctuary Lakes and the bolt-on site at Officer

# SIGNIFICANT GEARING CAPACITY



Following the acquisition of the bolt-on site at Mernda, gearing increases to 51.8%

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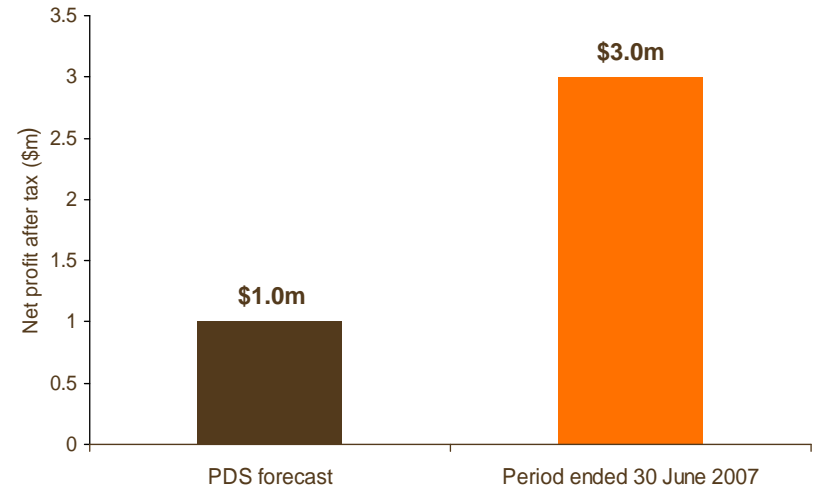
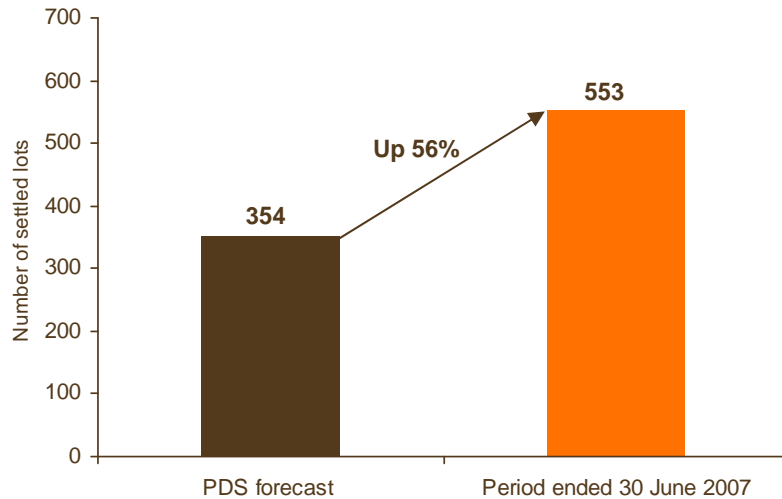
# PORTFOLIO UPDATE

|   | Current <sup>(1)</sup> | IPO   | % change |
|---|------------------------|-------|----------|
| Number of projects                                  | 14                     | 10    | ↑ 40%    |
| Number of development partners                      | 5                      | 4     | ↑ 25%    |
| Total portfolio lot yield on acquisition            | 7,463                  | 4,241 | ↑ 76%    |
| % of portfolio zoned for residential use (by value) | 81%                    | 56%   | ↑ 45%    |

- The portfolio has grown and been further diversified since listing
- The re-zoning of Ascot Chase and the balance of Kalynda Chase have significantly improved the zoning profile of the portfolio
- Current projected life of portfolio is 8 years
- Portfolio forecast end value of \$1.7 billion

1) Includes the acquisition of bolt-on sites at Officer and Mernda in Victoria

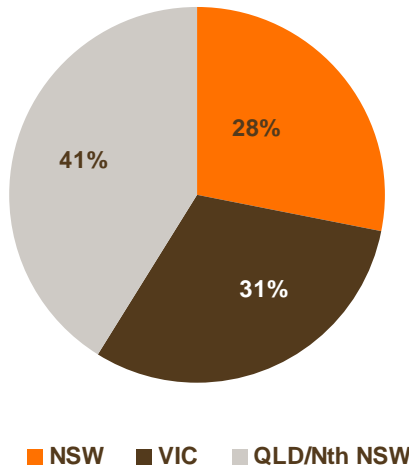
# LOT SALES AND PROFIT



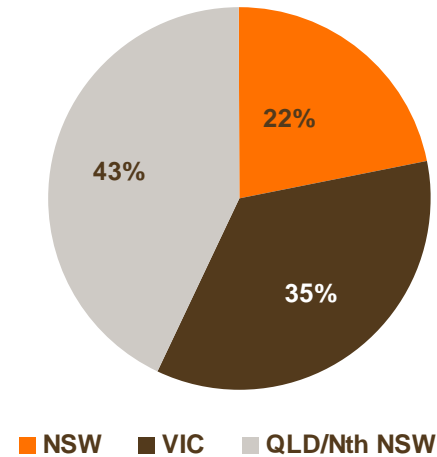
- For period ended 30 June 2007:
  - 553 lots settled;
  - 80 lots exchanged due to settle during year ended 30 June 2008; and,
  - In addition, the super lot sale at Sandhurst is expected to settle pre 30 June 2008.

# REVENUE AND LOT SALES BY STATE

Revenue on settled lots\*



Number of settled lots\*



\*BLP's share

\*BLP's share

## Projects in the selling phase:

### NSW

Haywards Bay at Wollongong; Mirador Heights at Merimbula; Pacific Dunes at Port Stephens

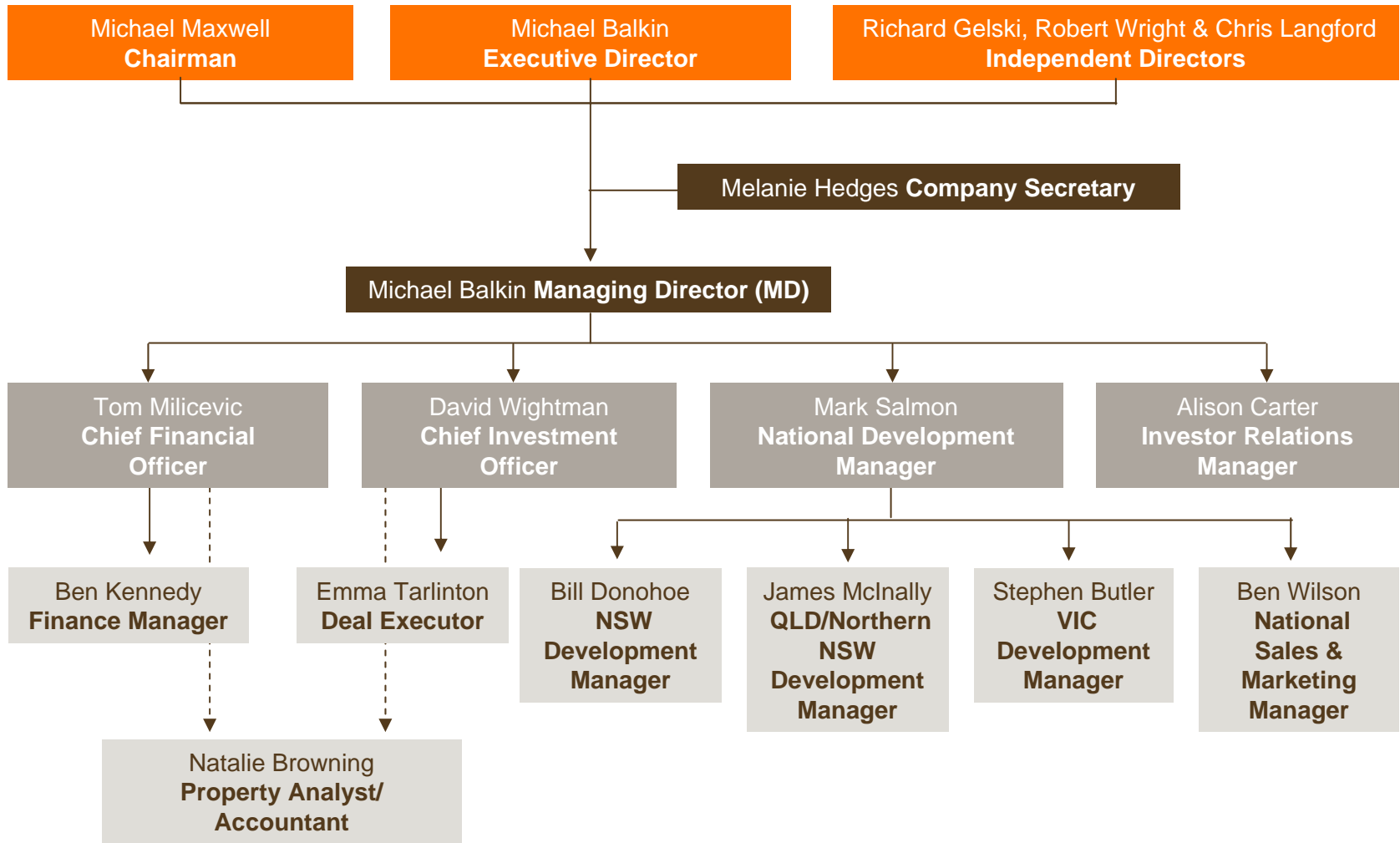
### VIC

Renaissance Rise at Mernda; Sandhurst and Sanctuary Lakes in Melbourne

### QLD/Nth NSW

Kalynda Chase in Townsville and Seabreeze at Pottsville.

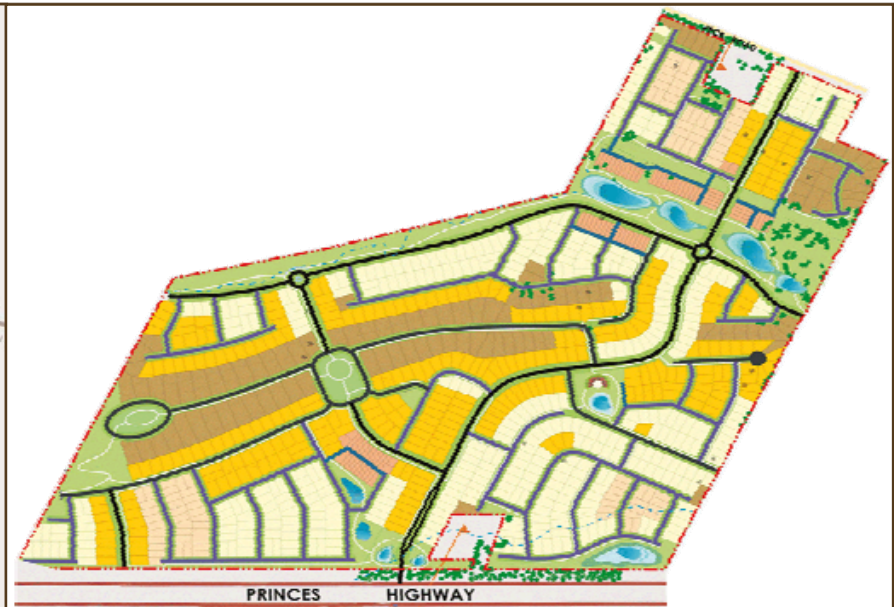
# EXPANDED TEAM



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# OFFICER, VICTORIA



**Address:** Princes Highway, Officer

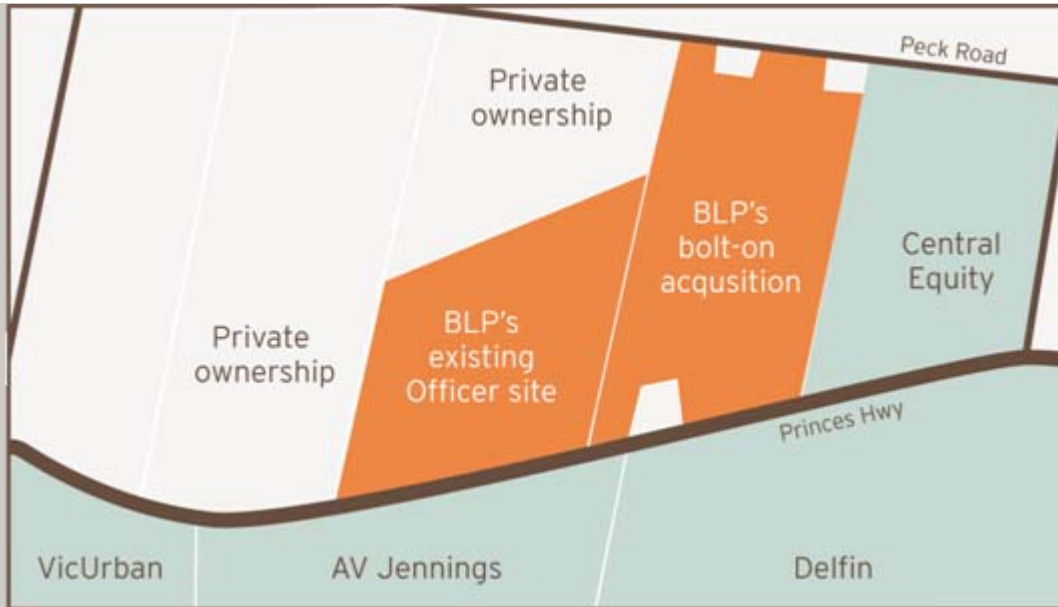
**Land size:** 95.4 hectares

**Development Partner:** Metricon

**Expected lot yield:** 950

**Estimated Completion:** 2015

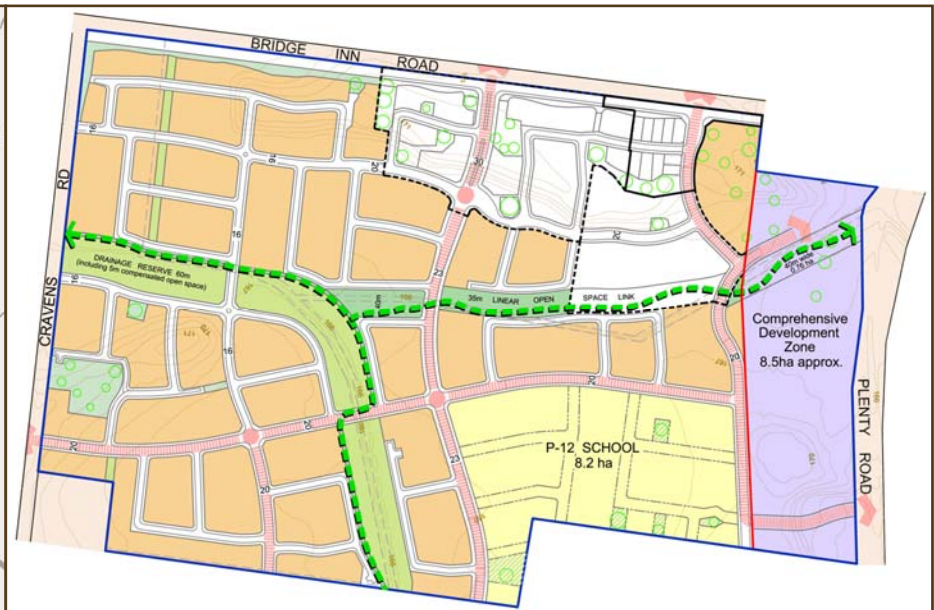
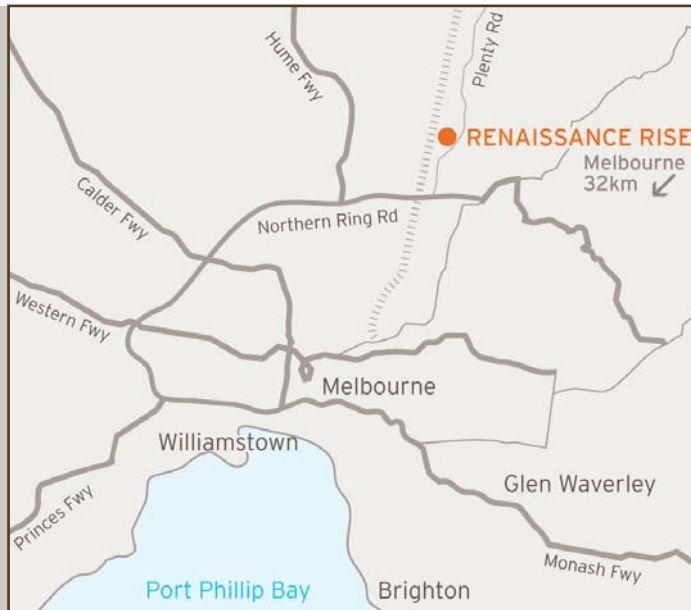
# OFFICER, VICTORIA



- **This bolt-on acquisition delivers BLP:**

- **Project management and development synergies** with the existing site
- **A significant uplift in lot yield** to approximately 950 lots (compares to 366 for the original site)
- **Project scale** in a rapidly expanding government-defined growth corridor of Melbourne
- **The largest land holding** on the northern side of the Princes Highway
- **An opportunity to better segment our product** through the delivery of different sized lots and precincts with different themes and price points

# MERENDA, VICTORIA



**Address:** Plenty Road, Mernda

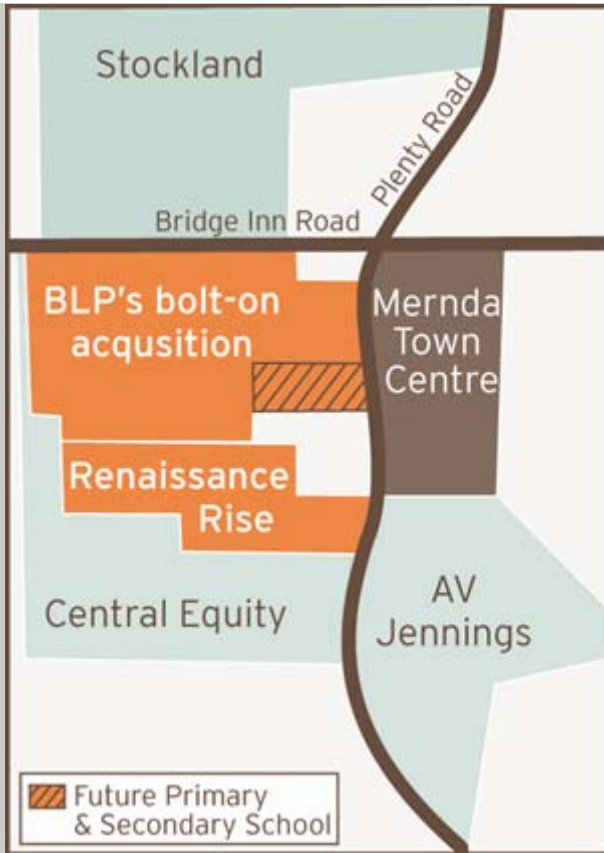
**Land size:** 109 hectares

**Development Partner:** Metricon

**Lot yield on acquisition:** 1,162

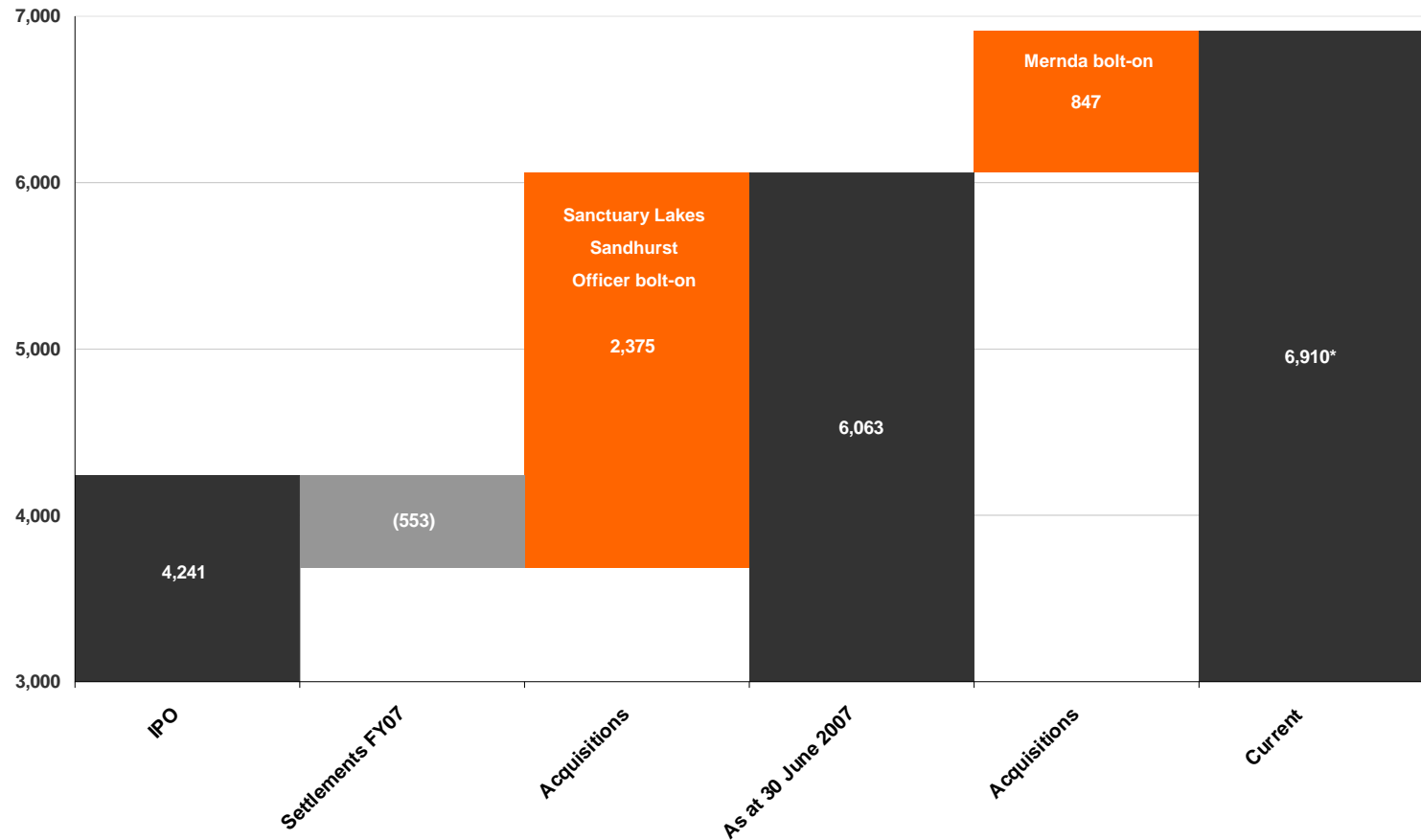
**Estimated Completion:** 2014

# MERNDA, VICTORIA



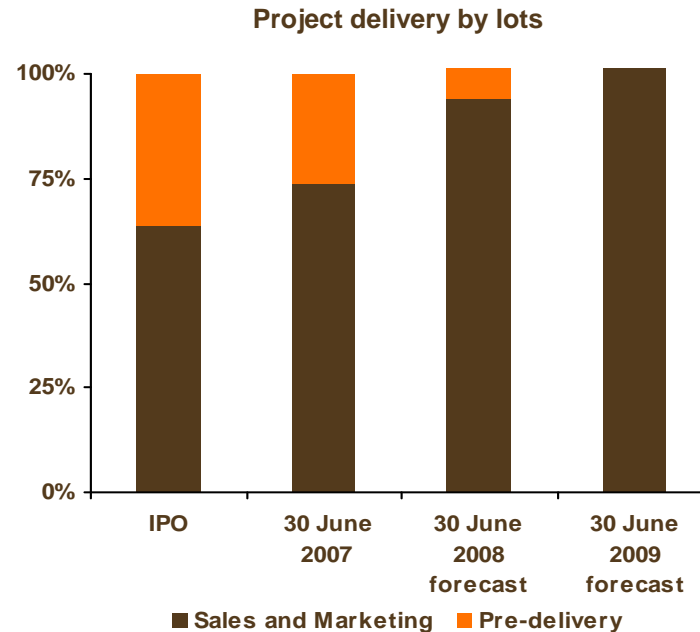
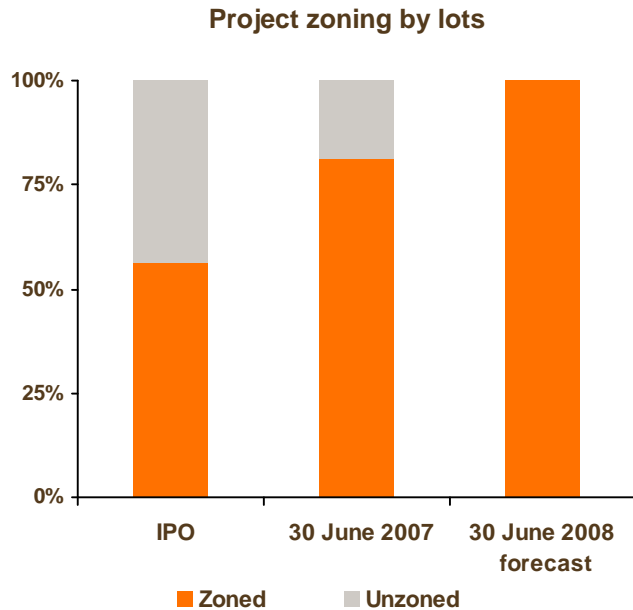
- Rapidly expanding growth corridor of Melbourne
- Track record of success in the corridor with BLP's existing site, Renaissance Rise performing strongly
- **This bolt-on acquisition delivers BLP:**
  - **Project management and development synergies** with BLP's existing site
  - **Project scale** of 1,162 lots in a rapidly expanding mini-suburb just 32 kilometres from Melbourne's CBD
  - **Improved access and frontage** to main city arterial roads
  - **An opportunity to deliver a broader range of lot types** at various price points

# LOT RECONCILIATION ANALYSIS



\* The above graph excludes 80 sold but not yet settled lots and the recently sold super lot parcel at Sandhurst (expected to settle by 30 June 2008)

# DEVELOPMENT CYCLE UPDATE



## By 30 June 2008:

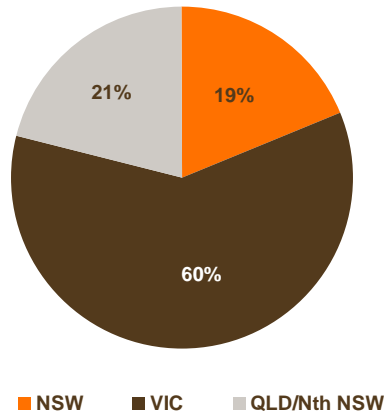
- All current projects are expected to be appropriately zoned

## By 30 June 2009:

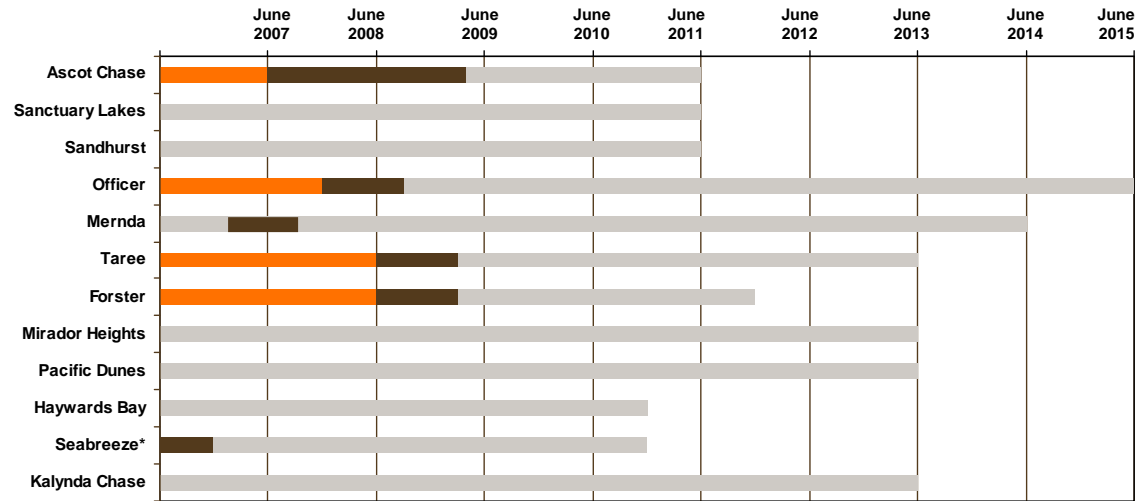
- All current projects are expected to have progressed to the selling phase

# PORTFOLIO UPDATE

Remaining lots by location



Project Timing Update



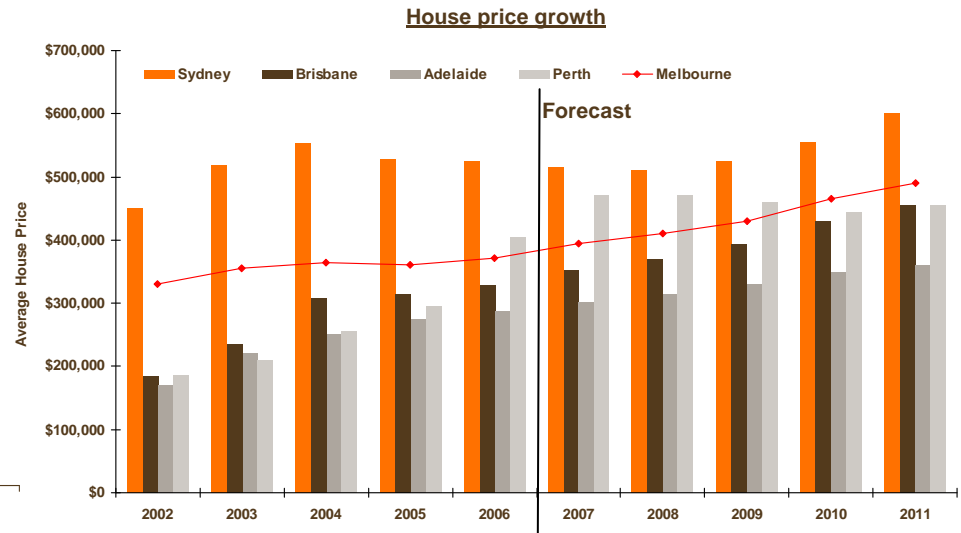
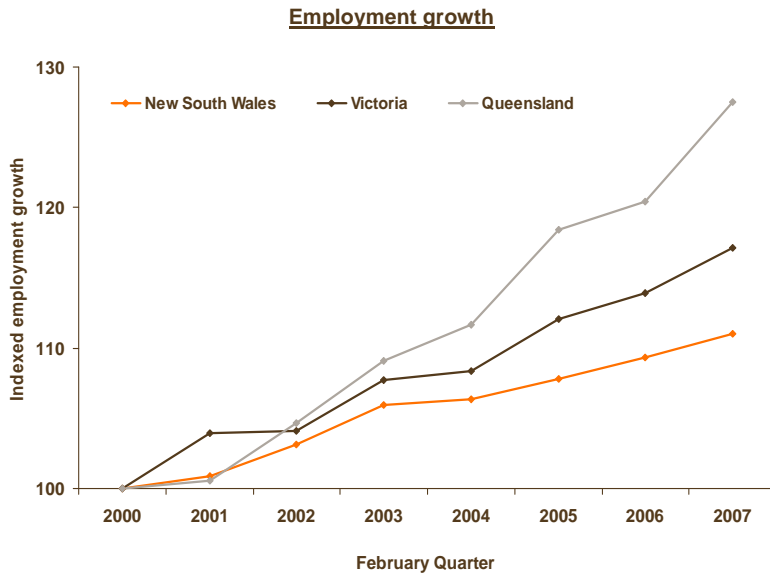
**Pre-delivery Stage** Involves re-zoning the Development Land to residential use and obtaining development approval. Some projects have completed the Pre-Delivery Stage for initial project stages, however, they may still require re-zoning to residential use and development approval for further stages of development. In addition to the Pre-delivery stages referred to in the above timeline, projects marked with an \* have some further re-zoning for later stages.

**Delivery Stage** The stage of the project where the building of infrastructure takes place. This may also include the building of display villages and sales offices.

**Sales & Marketing Stage** Based on the staging of the development process, the Delivery Stage will often continue throughout the Sales & Marketing Stage until all stages of the development have been constructed.

- Two strategic bolt-on acquisitions in Victoria means BLP is well placed to benefit from the strengthening residential market there
- The sales & marketing stage for Ascot Chase, BLP’s largest project by value, has been pushed into FY09 due to planning approval delays

# MARKET CONDITIONS



## Favourable economic indicators

- Record low unemployment facilitating record immigration growth
- Despite recent increases, interest rates remain low
- Lack of supply of rental properties has led to rent increases attracting investors and encouraging first home buyers into the market

## Uncertainties

- Affordability
- Inflation leading to possible pressure on interest rates

# MARKET CONDITIONS

- Both the QLD and far Nth NSW markets are performing strongly. Sales at Kalynda Chase in Townsville continue to track very strongly.
- The Victorian market was subdued during the first half of FY07; Since January 2007, the market has strengthened significantly with strong lot sale rates across all projects
- Generally the NSW regional market is soft and consequently sales rates are slow. Haywards Bay at Wollongong continued to perform solidly in this challenging market

## Outlook

| BLP Market       | FY08                 |   |
|------------------|----------------------|---|
| Regional NSW     | Soft                 | ▶ |
| QLD/northern NSW | Strong               | ▲ |
| Victoria         | Stable and improving | ▼ |

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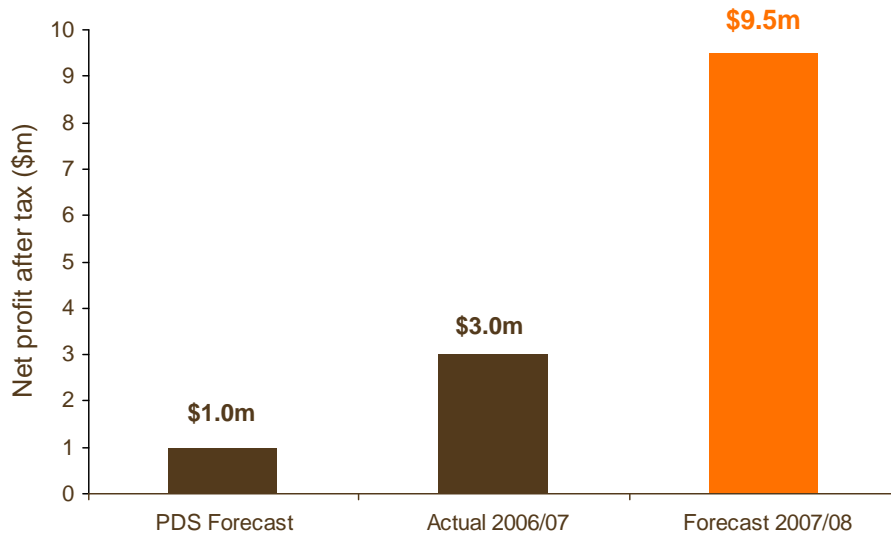
# BLP ACQUISITION PIPELINE

- **New opportunities are constantly presenting themselves in Australia and New Zealand via:**
  - Babcock & Brown
  - existing development partners
  - new development partners
- **Currently evaluating a number of opportunities** including broad acre, infill and higher density sites
- **Undertaking the final stages of due diligence** on a number of projects
- **Exploring opportunities in the following markets:**
  - Metropolitan Sydney;
  - South East and Central Queensland;
  - Melbourne;
  - Western Australia; and,
  - New Zealand
- **Expected to be fully invested within 12 months**

# OUTLOOK FOR BLP

- **Strong fundamentals** for residential development in Australia
- **Excellent buying opportunities** continue to present themselves
- **Consider strategic bulk lot sales where strong returns can be realised** and proceeds redeployed within a short time frame
- **Significant gearing capacity** to facilitate further growth of BLP
- **All current projects expected to be contributing revenue in FY09**
- **Opportunities exist to diversify future income streams**, such as syndication
- **Earnings momentum to continue into 2008** with a higher proportion of distributions expected to be funded from earnings
- **Strong net profit after tax guidance for FY08** of \$9.5 million

# 2007/08 NET PROFIT AFTER TAX GUIDANCE



- Strong net profit after tax guidance of \$9.5 million with projects across the Queensland/Northern NSW and Victorian markets expected to be strong contributors

# APPENDICES

1. Financial information
2. Portfolio Summary

# CONSOLIDATED INCOME STATEMENT

## 3 MAY 2006 - 30 JUNE 2007

|  | Consolidated<br>Period ended 30 June 2007<br>\$'000 |
|--|---|
| <b>Revenue from continuing operations</b>                                | <b>31,342</b>                                       |
| <b>Other income</b>  | <b>2,091</b>  |
| Cost of sales  | (21,434)  |
| Management charges   | (5,717)   |
| Marketing & other operating expenses                                     | ( 1,623)  |
| <b>Operating profit</b>  | <b>4,659</b>  |
| Finance costs  | (1,321)   |
| <b>Net profit/(loss) before tax</b>                                      | <b>3,338</b>  |
| Tax (expense)/benefit  | (379)   |
| <b>Net profit/(loss) after tax</b>                                       | <b>2,959</b>  |
| <b>Net profit after tax attributable to stapled security holders as:</b> |   |
| Equity holders of the parent   | (6,926)   |
| Minority interest  | (98)  |
| Equity holders of the other stapled entity                               | 9,983   |
|  | <b>2,959</b>  |
| Basic earnings per security (cents)                                      | 1.69c   |
| Diluted earnings per security (cents)                                    | 1.69c   |

# CONSOLIDATED BALANCE SHEET

|   | Consolidated<br>As at 30 June 2007<br>\$'000 |
|---|--|
| <b>Current Assets</b>                                       |  |
| Cash  | 8,850  |
| Receivables   | 1,806  |
| Inventories   | 63,000                                       |
| Other assets  | 1,513  |
| <b>Total Current Assets</b>                                 | <b>75,169</b>                                |
| <b>Non-current Assets</b>                                   |  |
| Loans receivable  | 49,040                                       |
| Inventories   | 190,892                                      |
| Other financial assets at fair value through profit or loss | 4,268  |
| Deferred tax assets   | 5,931  |
| <b>Total Non-current Assets</b>                             | <b>250,131</b>                               |
| <b>TOTAL ASSETS</b>   | <b>325,300</b>                               |
| <b>Current Liabilities</b>                                  |  |
| Trade and other payables                                    | 24,839                                       |
| Distribution payable  | 6,563  |
| <b>Total Current Liabilities</b>                            | <b>31,402</b>                                |
| <b>Non-current Liabilities</b>                              |  |
| Other payables  | 2,000  |
| Borrowings  | 12,799                                       |
| Deferred tax liabilities                                    | 6,277  |
| Interest bearing liabilities                                | 119,180                                      |
| <b>Total Non-current liabilities</b>                        | <b>140,256</b>                               |
| <b>TOTAL LIABILITIES</b>                                    | <b>171,658</b>                               |
| <b>Net Assets</b>   | <b>153,642</b>                               |
| <b>Equity holders of the parent</b>                         |  |
| Contributed equity  | 1,645  |
| Retained earnings   | <u>(6,926)</u>                               |
|   | (5,281)                                      |
| <b>Equity holders of the Other Stapled Entity</b>           |  |
| Contributed equity  | 162,163                                      |
| Retained earnings   | <u>(3,142)</u>                               |
|   | 159,021                                      |
| <b>Minority Interest</b>                                    | <b>(98)</b>                                  |
| <b>Total Equity</b>   | <b>153,642</b>                               |

# CASH FLOW STATEMENT

|   | <b>Consolidated</b><br><b>Period ended 30 June 2007</b><br><b>\$'000</b> |
|---|--|
| <b>Cash flows from operating activities</b>             |  |
| Cash receipts in the course of operations               | 32,094   |
| Cash payments in the course of operations               | (253,780)  |
| Interest received                                       | 2,171  |
| Interest paid   | (4,393)  |
| <b>Net cash outflow from operating activities</b>       | <b>(223,908)</b>   |
| <b>Cash flows from investing activities</b>             |  |
| Notes Receivable - funding                              | (50,550)   |
| Notes Receivable - payments received                    | 2,775  |
| <b>Net cash outflow from investing activities</b>       | <b>(47,775)</b>  |
| <b>Cash flows from financing activities</b>             |  |
| Proceeds from issue of securities, net of costs         | 163,774  |
| Proceeds from borrowings                                | 146,197  |
| Repayment of borrowings                                 | (22,875)   |
| Distributions paid                                      | (6,563)  |
| <b>Net cash inflow from financing activities</b>        | <b>280,553</b>   |
| <b>Net increase in cash assets held</b>                 | <b>8,850</b>   |
| <b>Cash and cash equivalents at beginning of period</b> | <b>-</b>   |
| <b>Cash and cash equivalents at end of period</b>       | <b>8,850</b>   |

# ACCOUNTING TREATMENT BY PROJECT

| Project                                 | Interest | Accounting method  |
|---|----------|--|
| Renaissance Rise and The Groves, Mernda | 100%     | Consolidated   |
| Seabreeze, Pottsville                   | 100%     | Consolidated   |
| Officer                                 | 100%     | Consolidated   |
| Haywards Bay, Wollongong                | 92%      | Consolidated with minority interest                      |
| Mirador Heights, Merimbula              | 92%      | Consolidated with minority interest                      |
| Forster                                 | 92%      | Consolidated with minority interest                      |
| Marie Avenue, Taree                     | 92%      | Consolidated with minority interest                      |
| Ascot Chase, Ascot Vale                 | 75%      | Consolidated with minority interest                      |
| Kalynda Chase, Townsville               | 30%      | Fair value through the P&L                               |
| Pacific Dunes, Port Stephens            | 19.1%    | Preferred equity return accounted for as interest income |
| Sandhurst, Melbourne                    | 26.7%    | Preferred equity return accounted for as interest income |
| Sanctuary Lakes, Melbourne              | 50%      | Preferred equity return accounted for as interest income |

**Note:** This table illustrates why consolidated revenue is not the most appropriate measure of portfolio performance. Differing accounting treatments for each project means that net profit and lot sales are more appropriate metrics.

# DISTRIBUTIONS

|  | First half  | Second half | Full year |
|--|---|-------------|-----------|
| Fixed distribution per stapled security FY07 | 3.75¢   | 3.75¢       | 7.50¢     |
| Fixed distribution per stapled security FY08 | 4.125¢  | 4.125¢      | 8.25¢     |
| Distribution FY09 and beyond                 | Determined by Directors based on the performance of portfolio at that point in time |             |           |

# DEBT PROFILE AS AT 30 JUNE 2007

|                               | Project Debt |
|-------------------------------|--------------|
| Floating debt                 | \$119.2 m    |
| Debt maturity (years)         | 3 years      |
| Floating interest rate (p.a.) | 8.06%        |
| Gearing – PDS                 | 25.3%        |
| Gearing – 30 June 2007        | 42.3%        |

# APPENDICES

1. Financial information
2. Portfolio Summary

# PORTFOLIO SUMMARY

| Project                                 | Development Manager | State | Project Position | Total Lot Yield on Acquisition | Total Lot Yield | BLP's Interest (%)   |
|---|---------------------|-------|------------------|--------------------------------|-----------------|----------------------|
| Officer, Victoria                       | Metricon            | VIC   | Growth Corridor  | 950                            | 950             | 100%                 |
| Ascot Chase, Melbourne                  | BMD / Urbex         | VIC   | Infill Site      | 397                            | 397             | 75%                  |
| Haywards Bay, Wollongong                | Winten              | NSW   | Growth/lifestyle | 277                            | 395             | 92%                  |
| Sanctuary Lakes, Melbourne              | Links               | VIC   | Growth/lifestyle | 853                            | 2,567           | 50% <sup>(1)</sup>   |
| Mirador Heights, Merimbula              | Winten              | NSW   | Growth/lifestyle | 338                            | 405             | 92%                  |
| Seabreeze Estate, Pottsville            | Metricon            | NSW   | Growth/lifestyle | 244                            | 519             | 100%                 |
| Renaissance Rise and The Groves, Mernda | Metricon            | VIC   | Growth Corridor  | 1,162                          | 1,162           | 100%                 |
| Forster Palms, Forster                  | Winten              | NSW   | Growth/lifestyle | 178                            | 178             | 92%                  |
| Sandhurst, Melbourne                    | Links               | VIC   | Growth/lifestyle | 1,011                          | 1,530           | 26.7% <sup>(1)</sup> |
| Pacific Dunes, Port Stephens            | Citta               | NSW   | Growth/lifestyle | 373                            | 417             | 19.1% <sup>(1)</sup> |
| Marie Avenue, Taree                     | Winten              | NSW   | Growth Area      | 253                            | 253             | 92%                  |
| Kalynda Chase, Townsville               | BMD / Urbex         | QLD   | Growth Area      | 1,427                          | 1,500           | 30%                  |
| <b>Totals</b>                           |                     |       |                  | <b>7,463</b>                   | <b>10,273</b>   |                      |

1. BLP's interest may vary over life of project depending on project returns

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