

BABCOCK & BROWN RESIDENTIAL LAND PARTNERS

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

26 February 2007

ASX RELEASE

Attached is the presentation relating to Babcock & Brown Residential Land Partners (BLP) financial results for the period ended 31 December 2006.

ENDS

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About Babcock & Brown Residential Land Partners

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

BLP offers securityholders liquidity, geographic, project and product diversity, access to quality private developers, long term potential for growth and, importantly, the benefit of access to Babcock & Brown's considerable investment and structuring experience in the real estate sector.

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

BLP RESULTS FOR PERIOD ENDED 31 DECEMBER 2006

26 February 2007

AGENDA

1. Key achievements
2. Financial performance
3. Portfolio and operational performance
4. Management team & initiatives
5. Features of BLP and outlook
6. Appendices

Presenters:

Michael Balkin – Managing Director

Mark Salmon – National Development Manager

KEY ACHIEVEMENTS TO 31 DECEMBER 2006

- **Solid interim result**
 - Net profit before tax of \$0.7 million for period
 - Full year net profit before tax guidance raised to \$1.4 million, from PDS forecast of \$0.1 million
 - 3.75¢ per stapled security distribution for period, fixed in accordance with PDS
- **Experienced development team in place headed by Mark Salmon (ex-Stockland)**
- **83% of portfolio by value now re-zoned (56% at IPO)**
- **Acquisition of interests in 2 further projects in Victoria**
 - Sandhurst and Sanctuary Lakes, increasing total portfolio lots by 42% to 6,032
- **Conservative capital management**
 - Gearing at 40%, debt funding capacity of over \$75 million
 - Refinancing on 11 of 12 projects now complete
- **Developed a solid pipeline for future growth**

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FINANCIAL HIGHLIGHTS

	Period ended 31 Dec 2006	Full year guidance 30 Jun 2007	Full year PDS 30 Jun 2007
Net profit before tax	\$0.7m	\$1.4m	\$0.1m
Net profit after tax	\$0.8m	\$1.9m	\$1.0m
Distribution per stapled security	3.75¢	7.5¢	7.5¢

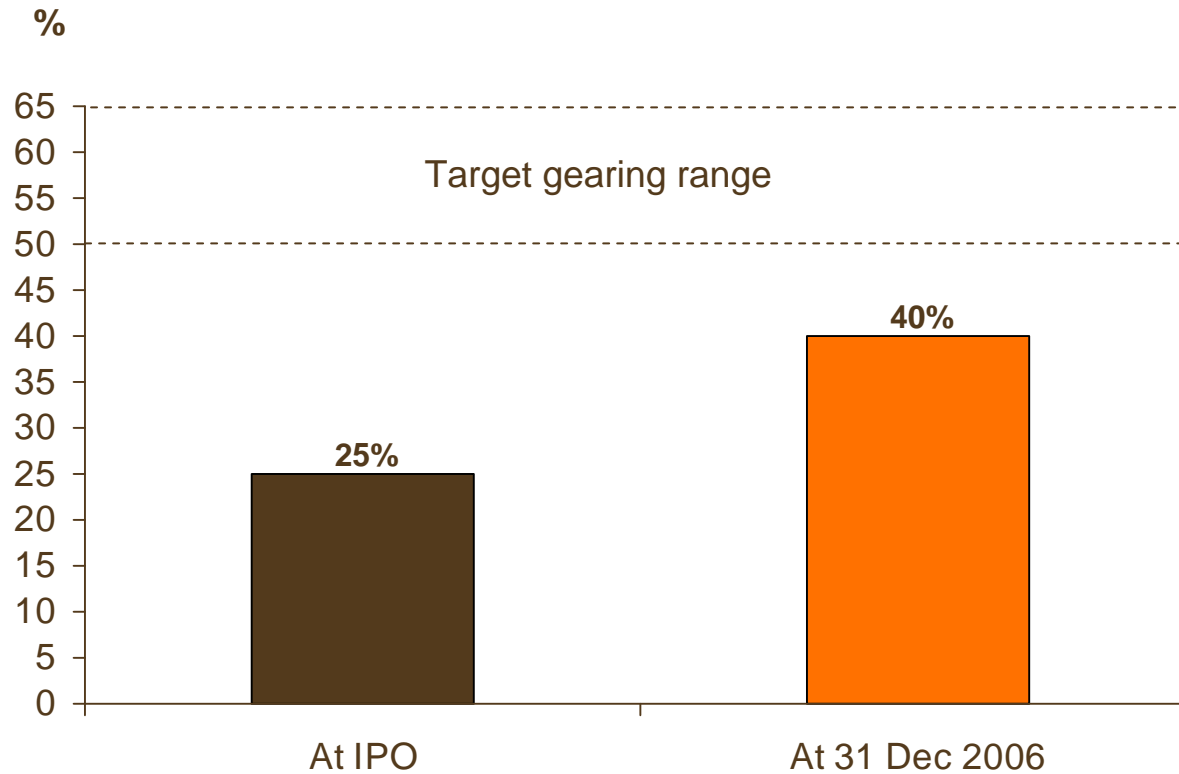
- Revised net profit guidance ahead of PDS forecast due to the strong performance of several JV projects, including Kalynda Chase, as well as the acquisition of interests in Sandhurst and Sanctuary Lakes
- Distribution per stapled security fixed at 7.5¢ for year ended 30 June 2007, as prescribed in the PDS

FINANCIAL HIGHLIGHTS

	As at 31 Dec 2006	As at allotment date
Total assets	\$307.4m	\$234.0m
Net tangible asset backing	\$0.90	\$0.94
Gearing	40.0%	25.3%

- Total assets have increased due to acquisition of interests in Sandhurst and Sanctuary Lakes, as well as increased cash and inventory
- NTA at \$0.90 following provision for interim distribution of 3.75¢ per stapled security
- Gearing has increased to 40.0% following the acquisition of interests in Sandhurst and Sanctuary Lakes

SIGNIFICANT GEARING CAPACITY



Significant gearing capacity of over \$75 million

AGENDA

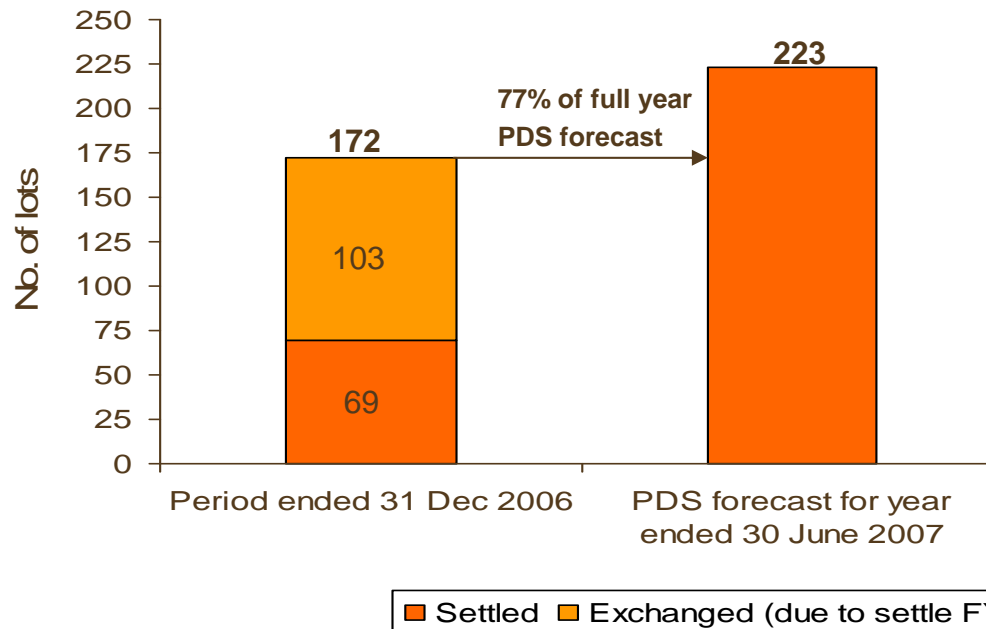
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PORTFOLIO UPDATE

	31 Dec 2006	30 Jun 2006	% change
No of projects	12	10	↑ 20%
No of development partners	5	4	↑ 25%
Total project yield on acquisition	6,032	4,241	↑ 42%
% of portfolio zoned for residential use (by value)	83%	56%	↑ 48%

- The portfolio has grown and been further diversified in the period
- Total number of project lots have increased by 42%
- 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

LOT SALES ANALYSIS (BLP'S SHARE)



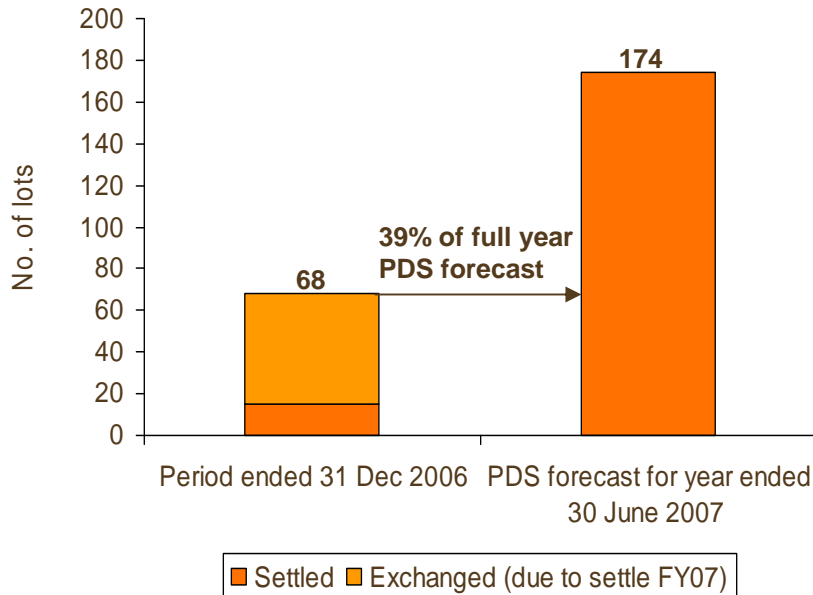
On a total portfolio basis 412 lots were exchanged in period compared to full year PDS forecast of 354 lots

For period ended 31 December 2006:

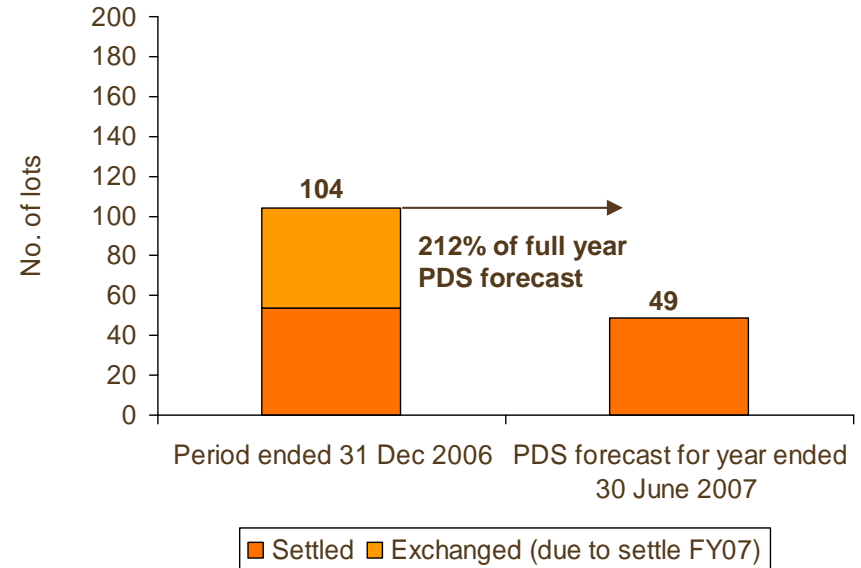
- 69 lots settled and 103 lots exchanged due to settle pre 30 June 2007 (77% of full year PDS forecast)
- 41 lots exchanged due to settle during year ended 30 June 2008

LOT SALES ANALYSIS

CONSOLIDATED PROJECTS

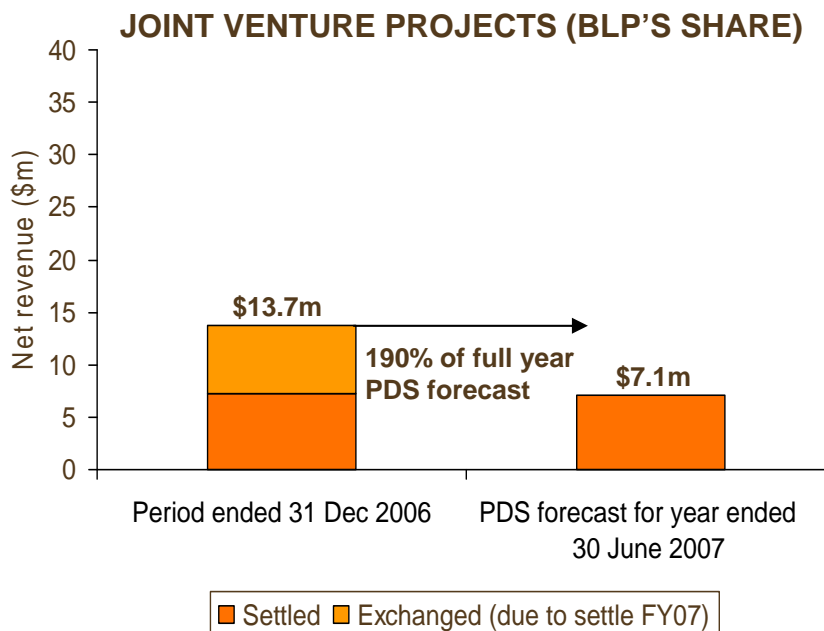
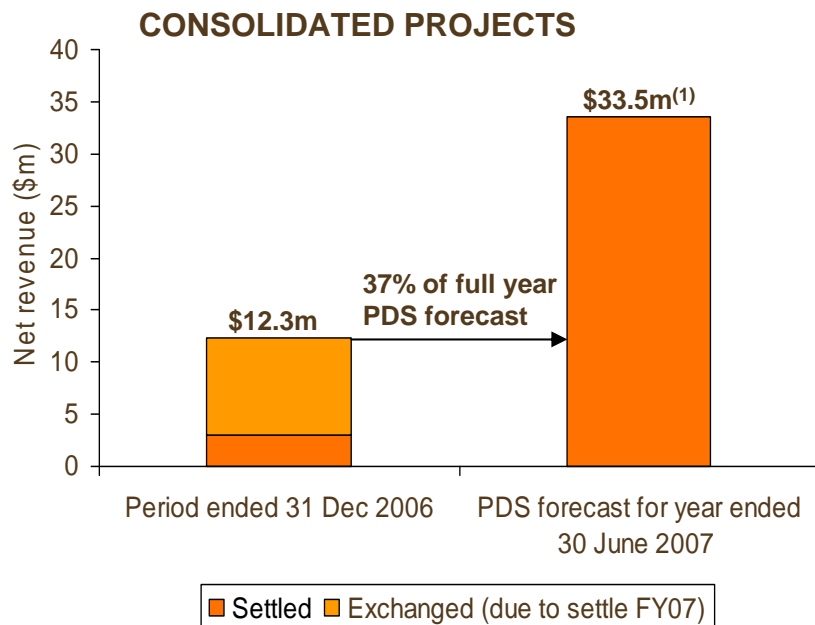


JOINT VENTURE PROJECTS (BLP'S SHARE)



- Consolidated projects include Haywards Bay Wollongong, Mirador Heights Merimbula, Seabreeze Pottsville and Renaissance Rise Mernda
- JV projects include Kalynda Chase Townsville, Pacific Dunes Port Stephens, Sandhurst and Sanctuary Lakes Melbourne

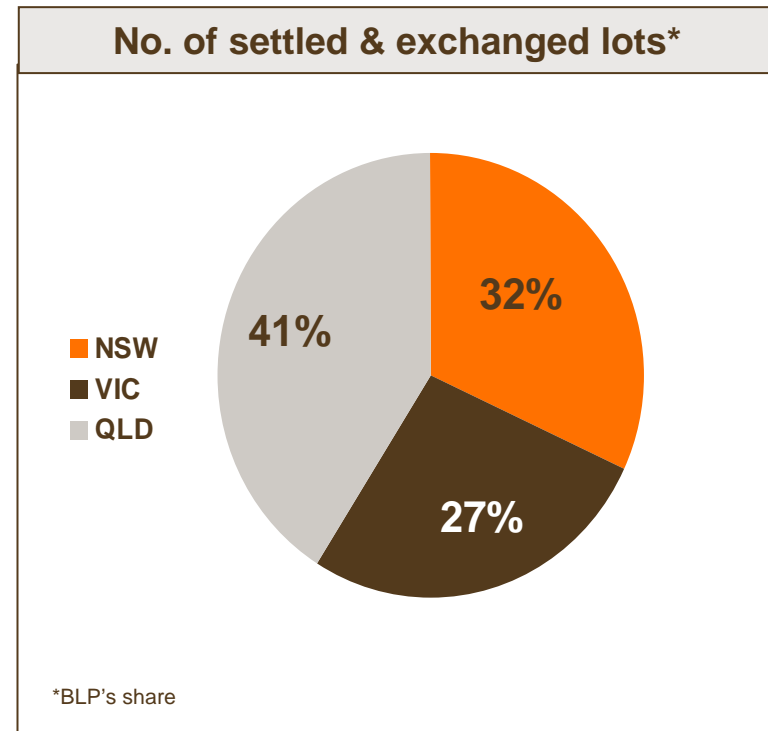
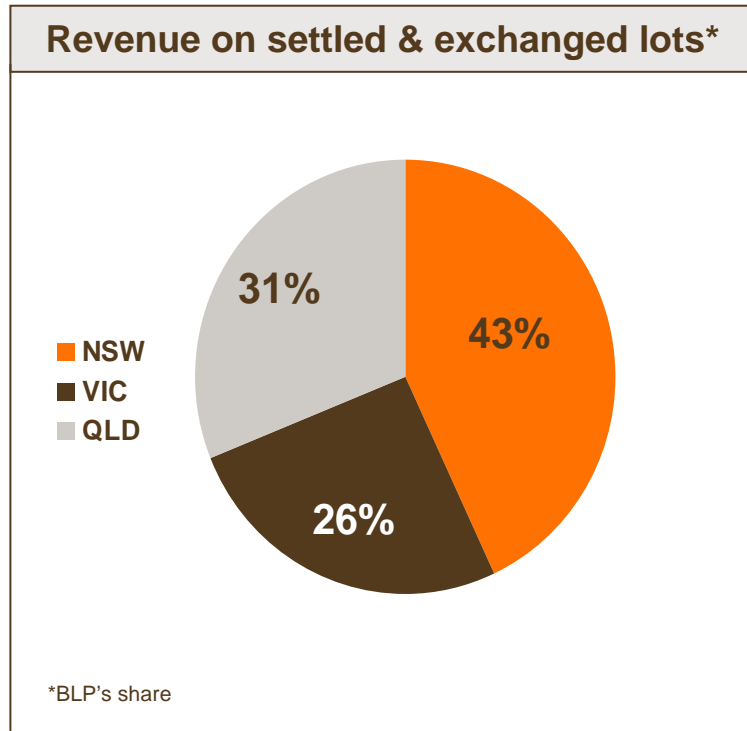
REVENUE ANALYSIS



- Across all projects, revenue from settled and exchanged lots for the period was \$26.0m (pro-forma full year PDS forecast of \$40.6m)
- Of the \$26.0m:
 - For consolidated projects, \$3.0m settled and \$9.3m exchanged (due to settle pre 30 June 2007)
 - For JV projects, \$7.2m settled and \$6.5m exchanged (due to settle pre 30 June 2007)
- Settlement lag is due to start-up phase and title registration delays. We anticipate that any shortfall in full year revenue from consolidated projects will be compensated for by strong performance from JV projects

1) PDS revenue of \$39.1m comprised \$33.5m residential and \$5.7m commercial

REVENUE AND LOT SALES BY STATE



NSW - Haywards Bay Wollongong, Mirador Heights Merimbula, Pacific Dunes Port Stephens & Seabreeze Pottsville

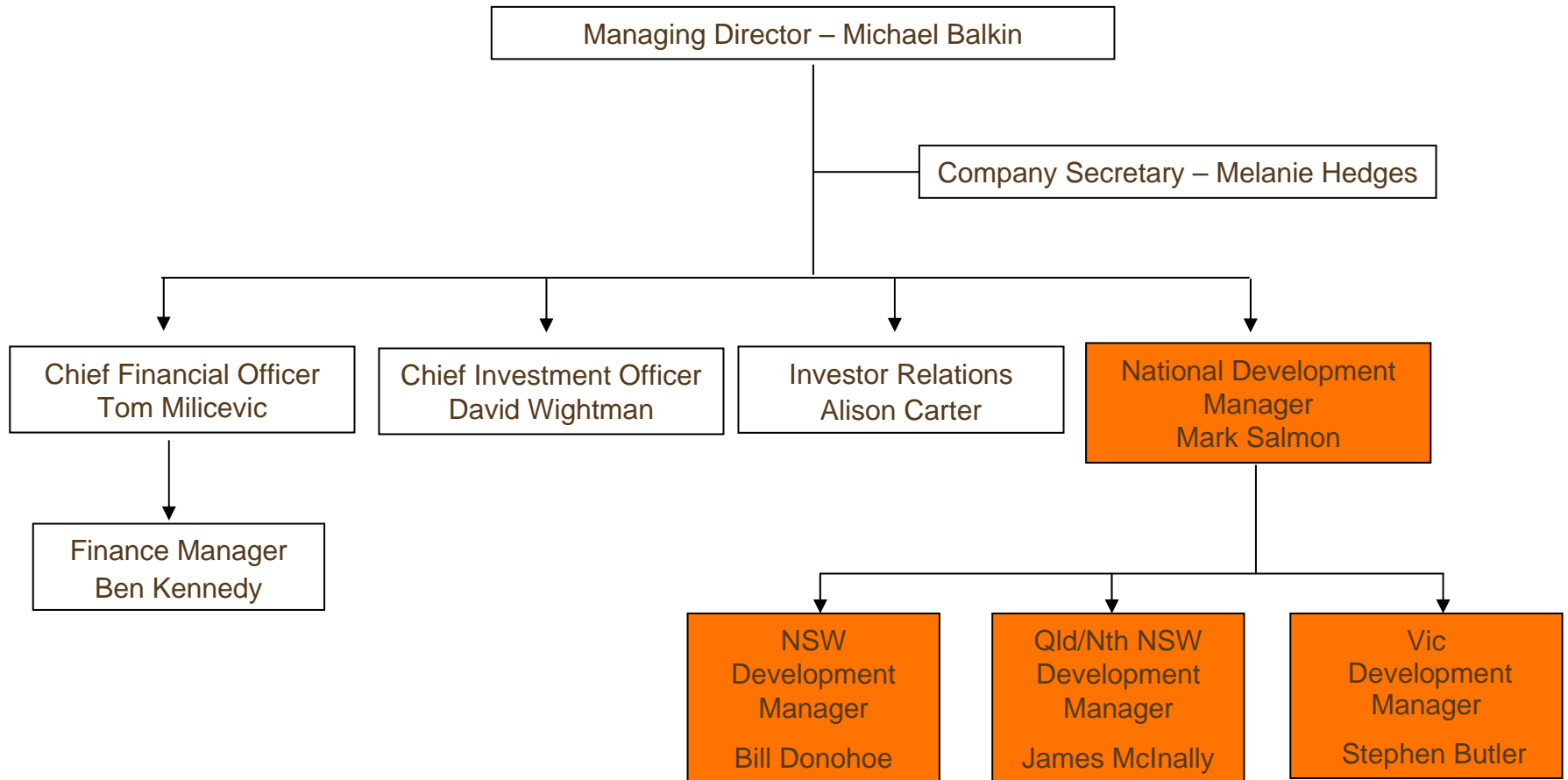
VIC - Renaissance Rise Mernda, Sandhurst and Sanctuary Lakes in Melbourne

QLD - Kalynda Chase Townsville

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EXPERIENCED MANAGEMENT TEAM



PROPERTY DEVELOPMENT EXPERTISE

Mark Salmon, National Development Manager

Mark was appointed to the BLP National Development Manager role in July 2006. Mark has over 26 years experience in the property development sector through Senior Project Director and National Senior Management Team roles with Lensworth, then Stockland. Prior to joining BLP, Mark led the project team responsible for delivery of the 18,000 lot master planned residential, commercial, industrial and retail community known as Kawana Waters on Queensland's Sunshine Coast. Also prior to joining BLP, Mark managed the planning and statutory approvals process for Stockland's Caloundra Downs 24,000 lot master planned community also located on Queensland's Sunshine Coast.

Bill Donohoe, NSW Development Manager

Responsible for: Forster, Haywards Bay Wollongong, Mirador Heights Merimbula, Marie Avenue Taree, Pacific Dunes Port Stephens

Qualifications: Bachelor of Engineering (Honours), Civil Engineering–UTS. CPEng, MIE Aust.

Experience: Bill has over 22 years experience in planning, design, construction supervision, project management and marketing of major residential development and infrastructure projects. Prior to joining BLP, Bill was General Manager for Lensworth's Glenmore Park Development in Western Sydney.

Stephen Butler, VIC Development Manager

Responsible for: Ascot Chase Ascot Vale, Renaissance Rise Mernda, Sanctuary Lakes Melbourne, Sandhurst Melbourne, Officer.

Qualifications: Bachelor of Arts in Urban Planning with complimentary qualifications in Environmental Management, and post-graduate studies in Urban Planning.

Experience: Stephen has a background in strategic land use planning, development management and master planning of urban communities. Stephen is also experienced in the establishment of environmental management frameworks and project management in a range of development and strategic planning related areas. Prior to joining BLP, Stephen worked for Delfin Lend Lease as Planning/Development Manager.

James McNally, QLD & Nth NSW Development Manager

Responsible for: Kalynda Chase Townsville and Seabreeze Estate Pottsville

Qualifications: Bachelor of Business (Real Property Valuation and Administration) from the University of Queensland, Registered valuer with over 15 yrs experience, Associate of the Australian Property Institute.

Experience: James joined BLP having previously been with Lensworth, then Stockland. Subsequent to that, James was a manager within the Real Estate Advisory group of Arthur Andersen. James has extensive experience in transaction management, financial modelling, acquisition feasibility and due diligence of master planned communities.

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KEY FEATURES

- **Portfolio diversity** by geography, product type and development partner
- **Superior project locations.** Projects are located primarily in growth corridors, growth areas or major infill sites
- **Zoning approvals in place or well advanced.** Generally, projects have been significantly de-risked and are close to the revenue generation stage
- **Experienced residential developers** perform the development management role on each project
- **Significant in-house residential development expertise** to oversee projects and roll out best practice
- **Strategic relationship with B&B** providing access to financial innovation and project pipeline
- **A strong alignment of interest** between investors, B&B and development partners through equity holdings and B&B's fee structure which rewards superior performance
- **Conservative capital management**

OUTLOOK

- **Diversified portfolio** designed to deliver value through market cycles
- **Strong fundamentals** for residential land development in Australia
- **Excellent buying opportunities** are presenting themselves
- **Significant gearing capacity** of over \$75 million will facilitate growth of BLP
- **By mid-2008 all current projects expected to be generating revenue**
- **Opportunities exist to diversify future income streams**

APPENDICES

1. Financial information
2. Portfolio Summary

CASH FLOW STATEMENT

	Consolidated Period ended 31 December 2006 \$'000
Net cash outflow from operating activities per Financial Statements	(226,722)
Add: Cash flows from investing activities included in operating cash flows	
Payment for asset acquisition and facilitation fees	3,275
Payments for investments in land assets	222,770
Net cash outflow from operating activities	(677)

The Cash Flow Statements included in the Financial Statements have been prepared in accordance with AASB 107 "Cash Flow Statements", allocating cash flows to operating, investing and financing activities. As a consequence cash flows that relate to the investment in long term assets such as land are not included in "Cash Flows from Investing Activities".

Cash flows from the investment in land should be differentiated from operating cash flow as they are generally held for the long term prior to their subsequent disposal.

The table above reallocates the component of investing cash flows from operating activities to provide a more appropriate measure of the "operating" cash flows of the Group.

CASH FLOW STATEMENT CONTINUED

	Consolidated Period ended 31 December 2006 \$'000
Cash flows from operating activities	
Cash receipts in the course of operations	5,054
Cash payments in the course of operations	(229,822)
Distributions from joint ventures	715
Payments to joint ventures	(600)
Interest received	356
Interest paid	(2,425)
Net cash outflow from operating activities	(226,722)
Cash flows from investing activities	
Notes Receivable - funding	(49,904)
Notes Receivable - payments received	1,565
Net cash outflow from investing activities	(48,339)
Cash flows from financing activities	
Proceeds from issue of securities, net of costs	163,829
Proceeds from borrowings	131,110
Repayment of borrowings	(1,794)
Net cash inflow from financing activities	293,145
Net increase in cash assets held	18,084
Cash and cash equivalents at beginning of period	-
Cash and cash equivalents at end of period	18,084

ACCOUNTING TREATMENT BY PROJECT

Project	Interest	Accounting method
Renaissance Rise, 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%	Equity accounted
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 BLP's interest in lot sales are more appropriate metrics.

DISTRIBUTION POLICY

	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

	Project Debt
Floating debt	\$120.6m
Debt maturity (years)	3 years
Floating interest rate (p.a.)	7.9%*
Gearing - PDS	25.3%
Gearing - 31 December 2006	40.0%
Acquisition capacity with a target gearing range of 50%-65%	+\$75 m

*Rate as at 31 December 2006

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PORTFOLIO SUMMARY AT 31 DECEMBER 2006

Project	Development manager	State	Project Location	Total lot yield on acquisition	Total lot yield	BLP's Interest (%)	BLP's Interest \$m
Ascot Chase, Melbourne	BMD / Urbex	VIC	Infill Site	397	397	75%	\$45.0
Officer, Victoria (1)	Metricon	VIC	Growth Corridor	366	366	100%	\$43.2
Haywards Bay, Wollongong	Winten	NSW	Growth/lifestyle	277	395	92%	\$42.8
Mirador Heights, Merimbula	Winten	NSW	Growth/lifestyle	338	405	92%	\$23.9
Renaissance, Rise, Mernda	Metricon	VIC	Growth Corridor	315	372	100%	\$18.0
Seabreeze, Pottsville	Metricon	NSW	Growth/lifestyle	244	519	100%	\$19.0
Forster Palms, Forster	Winten	NSW	Growth/lifestyle	178	178	92%	\$17.5
Pacific Dunes, Port Stephens	Citta	NSW	Growth/lifestyle	373	417	19% ⁽²⁾	\$9.0
Marie Avenue, Taree	Winten	NSW	Growth Area	253	253	92%	\$5.9
Kalynda, Townsville	BMD / Urbex	QLD	Growth Area	1,427	1,500	30%	\$5.4
Sandhurst, Melbourne	Links	VIC	Growth/lifestyle	1,011	1,530	26.7% ⁽²⁾	\$10.0
Sanctuary Lakes, Melbourne	Links	VIC	Growth/lifestyle	853	2,567	50% ⁽²⁾	\$25.0
Totals				6,032	8,899		

1) The adjoining property, 707 Princes Hwy, Officer, was acquired on 25 January 2007

2) BLP's interest may vary over life of project depending on project returns

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