

BABCOCK & BROWN COMMUNITIES

Babcock & Brown Communities Group comprising
Babcock & Brown Communities Limited ABN 16 010 622 901 and
Babcock & Brown Communities Investor Services Limited ACN 080 737 042
as responsible entity of the Babcock & Brown Communities Trust ARSN 124 896 733
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ASX Release

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BABCOCK & BROWN COMMUNITIES SECURITYHOLDER APPROVAL RECEIVED

Babcock & Brown Communities Group (BBC) is pleased to advise that BBC securityholders today voted in favour of all resolutions to approve the second stage of the Lend Lease Corporation Limited (Lend Lease) proposal.

BBC is also pleased to advise that Lend Lease waived the outstanding conditions in relation to part of the first stage of its investment and BBC has issued Lend Lease with 35,900,000 stapled securities for an aggregate price of \$21.5m.

BBC and Lend Lease will now proceed to implement the Lend Lease proposal, which will result in:

- Lend Lease acquiring up to 43.2% interest in BBC
- An injection of \$195m of new capital into BBC through the issuance of new securities and notes to Lend Lease
- Babcock & Brown International Pty Limited (B&B) selling its 12.5% stake in BBC to Lend Lease
- BBC acquiring certain retirement village and aged care assets from Lend Lease
- The appointment of Lend Lease Villages Responsible Entity Limited as the new responsible entity of Babcock & Brown Communities Trust
- Babcock & Brown Communities Limited changing its name to "Lend Lease Primelife Limited"
- Babcock & Brown Communities Trust changing its name to "Lend Lease Primelife Trust"
- Amendments to the management fee structure

The Chairman of the BBC Board, Ms Judith Sloan, said: "We are delighted to welcome Lend Lease as our largest securityholder and manager. Lend Lease's investment in BBC is a significant vote of confidence for the potential of the retirement and aged care industries."

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“Following the implementation of the second stage of the Lend Lease proposal, BBC will be in a strong position to help deliver long-term value to all investors. The Lend Lease proposal has seen a number of positive outcomes for BBC including a fresh \$195 million capital injection, a renegotiation of its debt facilities and the bringing on of Lend Lease’s development and management experience.”

“I would like to thank securityholders who supported the Board’s recommendation and voted to approve the Lend Lease proposal. Lend Lease is one of the leading international property groups listed on the ASX and we are fortunate to have Lend Lease as our largest securityholder given its scale, strong balance sheet and extensive development experience.”

The significant benefits to BBC from this transaction include:

(a) Cash injection

BBC is currently constrained in its operations by its limited financial flexibility as it has limited capacity under its debt facilities. BBC will have \$195 million of cash injected into its business which will allow BBC to:

- materially reduce its net gearing levels to a range of 30 – 40%
- provide increased covenant head room
- provide the financial flexibility required to maintain current operations and position itself for future growth.

(b) Strategic investor

BBC will have a large strategic investor in Lend Lease, which has a strong balance sheet and provides stability to the security register in uncertain market conditions. Synergies with Lend Lease will be generated, especially in areas such as development, where the Lend Lease team will be able to drive efficiencies and improve margins.

(c) Increased exposure to Australian retirement living sector

BBC will increase its scale and its exposure to the Australian retirement living sector through the acquisition of seven mature retirement villages (1,154 retirement units) and one aged care facility (49 hostel beds) from Lend Lease’s retirement living portfolio, the Retirement by Design Business, which will increase BBC’s geographical exposure to metropolitan Sydney and Melbourne.

(d) Maintain investment in an enhanced listed vehicle

The Lend Lease Proposal provides Security Holders with the opportunity to maintain an investment in a listed vehicle which is well capitalised, able to recognise value from its development pipeline and well positioned for further industry consolidation and growth. BBC will have a manager with a proven track

record in developing both master planned urban communities, apartments and senior living communities as well as urban regeneration projects.

(e) Development expertise

Lend Lease is capable of supporting BBC's development pipeline from an operational and financial perspective. Lend Lease has a proven track record in the planning and development of masterplan, greenfield and urban renewal communities globally.

(f) Banking facilities

As part of the transaction Lend Lease and BBC have re-negotiated BBC's banking arrangements. This included the preservation of the existing facilities, new debt terms and a debt reduction.

BBC - AGM results

	Business	Result (passed / not passed)	Proxy Votes Received per Stapled Security			
			For	Open	Against	Abstain
1.	Remuneration Report – Company only	Passed on a show of hands	238,193,842	14,030,292	58,328,729	1,982,647
2.	Re-election of Mr Andrew Love as a Director – Company only	Passed on a show of hands	295,600,048	14,051,289	2,261,605	622,568
3.	Re-election of Ms Judith Sloan as a Director – Company only	Passed on a show of hands	295,572,196	14,051,289	2,371,191	540,834
4.	Approval of the issue of Stapled Securities to Lend Lease Corporation Limited	Passed on a show of hands	250,378,173	11,746,503	774,665	328,817
5.	Approval of the acquisition of Stapled Securities by Lend Lease from Babcock & Brown International Pty Limited	Passed on a show of hands	250,248,084	12,003,553	536,355	440,166
6.	Approval of the issue and conversion of the Second Notes	Passed on a show of hands	224,398,080	13,994,114	24,282,672	553,292
7.	Approval of the	Passed on a	247,432,256	13,844,614	1,328,893	622,395

	Retirement By Design Acquisition	show of hands				
8.	Approval of the issue and conversion of First Notes	Passed on a show of hands	247,249,822	14,016,363	1,396,570	565,403
9.	Appointment of new responsible entity – Trust only	Passed on a show of hands	297,365,663	13,999,964	658,703	511,180
10.	Change of name – Company only	Passed on a show of hands	297,356,368	13,906,990	679,895	593,133
11.	Amendment of management fees	Passed on a show of hands	209,127,022	14,308,114	38,263,990	963,632

ENDS

Further Information:

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About Babcock & Brown Communities Group

Babcock & Brown Communities Group (**BBC**) is an integrated owner, operator and developer of senior living communities listed on ASX. BBC owns and manages a portfolio of 56 retirement villages and 29 aged care facilities across Australia and New Zealand comprising approximately 10,000 retirement units and 2,200 residential aged care beds. Within the retirement portfolio, BBC has full exposure to the deferred management fees of approximately 6,800 units and receives management fees in relation to the remaining units.

BBC's growth is supported by its development pipeline of approximately 2,200 retirement units and 344 aged care beds which is expected to be delivered over the next 6 years.

For further information please see our website: www.bbcommunities.com