

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

8 December 2008

BBC DECLINES TO CONVENE SECURITYHOLDERS MEETING TO CONSIDER PRIME TRUST RESOLUTIONS

Babcock & Brown Communities Group ("BBC") today advised that it had been notified by Australian Property Custodian Holdings Limited, as Responsible Entity of the Prime Trust Retirement and Aged Care Property Trust ("Prime Trust") that it has received support from a sufficient number of Securityholders to request that the directors of BBC convene a meeting to consider and vote on certain resolutions (the **Prime Trust Resolutions**) regarding the internalisation of the Management Agreements between BBC and its former manager, Babcock and Brown Communities Management Pty Ltd.

Prime Trust sought support for the meeting request on 3 November while its 40% proportional takeover offer for BBC was open. Prime Trust's offer closed on 28 November after having received acceptances that increased its relevant interest in BBC from 0.4% to 1.57%.

On 27 November 2008, BBC announced that it had terminated the Internalisation Agreement and consented to the novation of the Management Agreements to Lend Lease as part of the first stage of implementation of the Revised Lend Lease Proposal.

In the circumstances, the BBC independent directors have considered the meeting request and formed the view that they are not obliged and do not intend to convene a meeting in accordance with the requisition as it is now not possible as a matter of law for the purpose of the Prime Trust Resolutions to be considered. In any event, the Prime Trust Resolutions relate to matters of management vested in the directors and are beyond the power of the members to vote on.

The Chairman of BBC Ms Judith Sloan noted that BBC Securityholders should by now have received an AGM Notice of Meeting and Explanatory Memorandum which explains in detail the second stage of the Revised Lend Lease Proposal, together with the independent expert's report by Deloitte, in respect of the Retirement By Design acquisition and the issue and transfer of stapled securities and convertible notes to Lend Lease.

Ms Sloan noted that each of the BBC independent directors believes that the Revised Lend Lease Proposal provides substantial future benefits to BBC and continues to recommend that BBC Securityholders vote in favour of the Revised Lend Lease Proposal at the BBC Annual General Meeting to be held on 30 December 2008.

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