

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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FY09 INTERIM DISTRIBUTION

In August 2008, Babcock & Brown Communities (BBC) announced a strategic review due to unfavourable movements in trading conditions and capital markets impacting upon BBC.

As a result of this process, Lend Lease was successful in acquiring the Management Rights for BBC from Babcock & Brown, these rights were novated to Lend Lease Corporation Limited (LLC) on 28 November 2008. Lend Lease has been managing BBC since that date. The acquisition of the Management Rights was part of a Recapitalisation Plan proposed by Lend Lease, which requires security holder approval, which is being put to an Annual General Meeting of security holders on 30 December 2008.

Under the circumstances BBC announces that it will not be paying a distribution for the half year to 31 December 2008.

The impact of Lend Lease's recapitalisation will significantly strengthen BBC's balance sheet at a time when the outlook for the operating environment remains extremely uncertain. Subject to security holder approval, BBC's name will change to Lend Lease PrimeLife (LLP). LLP will announce its half year results in February 2009, which will provide a good backdrop against which LLP's future distribution policy can be framed.

The key considerations in this regard will be ensuring:

- A sustainable and dependable distribution policy
- Adequate capital is retained for operating purposes
- An optimal debt / equity ratio being maintainable

We expect to be in a position to outline distribution policy in the first quarter 2009.

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 2,000 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