



Friday, 10 October 2008

Babcock & Brown Communities Group – Panel Receives Application

The Takeovers Panel has received an application from Australian Property Custodian Holdings Limited as responsible entity of The Prime Retirement and Aged Care Property Trust in relation to the affairs of Babcock & Brown Communities Group.¹

Babcock & Brown Communities is the subject of a 40% proportional takeover bid by Prime Retirement.

Prime Retirement seeks a declaration of unacceptable circumstances in connection with Babcock & Brown Communities' entry into, and terms of, an Implementation Agreement with Lend Lease Corporation Limited dated 1 October 2008. The transactions contemplated by the Implementation Agreement are in two stages. The first stage, among other things, involves the novation of management agreements relating to Babcock & Brown Communities to Lend Lease and the issue of securities to Lend Lease. The second stage, among other things, involves the issue of securities and redeemable convertible notes to Lend Lease and the sale of assets from Lend Lease to Babcock & Brown Communities. The transactions in the second stage are subject to Babcock & Brown Communities security holder approval.

Prime Retirement submits that Babcock & Brown Communities' entry into the Implementation Agreement constitutes a frustrating action in relation to its takeover bid and the Agreement should have been conditional on security holder approval.

Prime Retirement seeks final orders, including:

1. Babcock & Brown Communities seek security holder approval for the entry into, and giving effect to, the Implementation Agreement
2. certain terms of the Implementation Agreement not be given effect unless security holder approval is obtained and
3. if security holder approval is not obtained, the Implementation Agreement be cancelled with immediate effect.

¹ Babcock & Brown Communities Group is a stapled structure comprising shares in Babcock & Brown Communities Limited and units in Babcock & Brown Communities Trust (the responsible entity for which is Babcock & Brown Communities Investor Services Limited).

A sitting Panel has not been appointed at this stage and no decision has been made as to whether to conduct proceedings. The Panel makes no comment on the merits of the application.

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