

Stock Exchange Announcement

30 December 2008

BBC Securityholders Approve Lend Lease Proposal

Lend Lease Corporation Limited ("Lend Lease") CEO, Steve McCann today announced that the investment by Lend Lease in Babcock & Brown Communities ("BBC") will proceed as announced on 27 November 2008 after BBC securityholders overwhelmingly approved the Lend Lease proposal at a vote of BBC securityholders held in Sydney today.

Mr McCann said: "The finalisation of the transaction now positions Lend Lease as the manager and major shareholder of the leading pure-play retirement owner and operator in Australia and New Zealand. The business provides Lend Lease with access to a growth industry with a strong pipeline of future projects which plays to our core competencies of providing integrated property solutions and leveraging our development skills.

"BBC securityholders also voted to purchase seven retirement villages currently owned by Lend Lease, increasing the size and scale of the BBC operations by over 1100 units. This purchase allows Lend Lease to realise the market value of these assets and is consistent with the company's policy of re-cycling capital.

"Going forward the business will be known as Lend Lease Primelife Limited," Mr McCann said.

Details of the Transaction

BBC earlier today issued 35.9 million securities to Lend Lease at 60 cents per security for a consideration of \$21.5 million. The parties will now proceed to implement the remaining stages of the proposal, specifically:

- Lend Lease will further increase its holding in BBC to 41%, through the:
 - placement by BBC of 210.3 million securities at 60 cents per security to Lend Lease for \$126.2 million; and
 - purchase of 85.0 million securities at 29 cents per security from BNB for \$24.7 million;
- Once Overseas Investment Office (New Zealand overseas investment) approval is granted (expected in January 2009) Lend Lease will increase its holding in BBC to 43.2% by the placement of a further 37.1 million securities at 60 cents per security for an additional \$22.3 million;
- BBC will issue Lend Lease 22.3 million convertible notes with a face value of 60 cents (**First Notes**) and 100 million convertible notes with a face value of 25 cents (**Second Notes**) for a total of \$38.4 million;
- Lend Lease will sell BBC seven of its Retirement by Design villages and one aged care facility for \$133.4 million, comprising \$13.4 million cash and a further \$120 million in convertible notes with a face value of 60 cents each (**RBD Convertible Notes**);
- Lend Lease will pay BNB the remaining \$12.5 million for the BBC management rights; and
- A Lend Lease entity will be appointed as the Responsible Entity for Babcock & Brown Communities Trust (**BBCT**).



Lend Lease's total cash outlay in relation to the BBC transaction (excluding the \$5 million already paid to BNB for the management rights) will be approximately \$232 million which includes a net cash injection of \$195 million into BBC.

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