

BABCOCK & BROWN WIND PARTNERS

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ASX Release

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FINANCIAL CLOSE : LAKE BONNEY 2 WIND FARM

Babcock & Brown Wind Partners (BBW) announces that it has finalised agreements for the construction of the Lake Bonney Stage 2 wind farm.

The Lake Bonney Stage 2 wind farm (LB2) is a 159 MW project located near Mount Gambier, South Australia. The site is adjacent to BBW's existing Lake Bonney Stage 1 wind farm. A total of 53 Vestas V90 (3 MW) turbines will be deployed on 80 metre towers across the site. It is anticipated that all the turbines in the wind farm will be operational by mid 2008.

The total cost of LB2 is expected to be approximately A\$400million, which will be funded by a combination of equity (approximately A\$100 million) and limited recourse debt financing (approximately A\$300 million).

Construction will commence immediately with the wind turbine supply to be undertaken by Vestas, a leading turbine manufacturer. The balance of the plant will be constructed by Areva T&D and Civil & Allied Technical Constructions. The construction period is anticipated to be approximately 18 months.

LB2 has been developed by a joint venture between a subsidiary of Babcock & Brown and a subsidiary of National Power Partners LLC. The LB2 development agreement was outlined in BBW's Prospectus and Product Disclosure Statement of September 2006 (Offer Document). As a result of the financial close of LB2, securities held by the vendors of LB2 that were subject to voluntary escrow will be released.

Mr Peter O'Connell, Chief Executive Officer of BBW said, "the construction of LB2 represents achievement of another commitment made in the BBW Offer Document and is another successful step in BBW's strategy to create a diversified portfolio of quality wind energy assets across the globe. The Lake Bonney wind farms are located on a world class wind site and are being built on a world class scale: Australia can be proud of this very significant contribution to the world's renewable energy generating capacity.

"LB2 is a significant addition to BBW's portfolio. Its construction and subsequent operation is anticipated to deliver a further enhancement of returns to our investors" he said.

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Peter Hofbauer, BBW's Chairman said, "Babcock & Brown has extensive global expertise in the wind energy sector and is putting this to use in the development and operation of wind assets around the world. The construction of the second stage of the Lake Bonney asset, which enjoys strong community support, will create the largest wind farm in Australia and one of the largest wind farms in the world."

"LB2 highlights the huge potential for investment in wind energy in Australia in a global market that is forecast to attract over US\$130 billion of investment in the 5 years to 2010" Mr Hofbauer said. "We are very happy that the LB2 project has progressed to this point and would welcome certainty regarding the renewable energy framework in Australia in order to progress many other potential opportunities to contribute to Australia's pool of renewable energy sourced from wind."

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About Babcock & Brown Wind Partners

Babcock & Brown Wind Partners (ASX: BBW) is a specialist investment fund focused on the wind generation sector. BBW listed on the Australian Stock Exchange on 28 October 2005 and has a market capitalisation of approximately A\$800 million.

It is a stapled entity comprising Babcock & Brown Wind Partners Limited (ABN 39 105 051 616), Babcock & Brown Wind Partners Trust (ARSN 116 244 118) and Babcock & Brown Wind Partners (Bermuda) Limited (ARBN 116 360 715).

BBW's portfolio comprises an interest in or agreement to buy 23 wind farms on three continents that have a total installed capacity of approximately 1,150 MW and are diversified by geography, currency, equipment supplier, customer and regulatory regime.

BBW is managed by Babcock & Brown Infrastructure Management Pty Limited, a wholly owned subsidiary of Babcock & Brown Limited (ASX: BNB), a global investment and advisory firm with longstanding capabilities in structured finance and the creation, syndication and management of asset and cash flow-

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based investments. Babcock & Brown has a long history of experience in the renewable energy field and extensive experience in the wind energy sector, having arranged financing for over 3000MW of wind energy projects and companies over the past 16 years, with an estimated value over US\$3 billion. Babcock & Brown's roles have included acting as an adviser/arranger of limited recourse project financing, arranging equity placements, lease adviser, project developer, principal equity investor and fund manager for wind energy projects situated in Europe, North America and Australia. Babcock & Brown has developed specialist local expertise and experience in the wind energy sector in each of these regions which it brings to its management and financial advisory roles of BBW.

BBW's investment strategy is to grow security holder wealth through management of the initial portfolio and the acquisition of additional wind energy generation assets.

For further information please visit our website : www.bbwindpartners.com

FACT SHEET

Location

The Lake Bonney Stage 2 wind farm (LB2) is a 159 MW project located near Mount Gambier, South Australia. The site is adjacent to the existing Lake Bonney 1 wind farm and is located in one of the best regions in terms of wind resource in Australia.



Attributes

LB2 enjoys the benefits of :

- a proven wind resource ;
- cost effective connection costs achieved through shared network infrastructure ;
- low environmental impact ; and
- scale advantages through its co-location with LB1

to become the largest wind farm in Australia and one of the largest wind farms in the world.

Importantly the project also enjoys strong local community support.

A total of 53 Vestas V90 (3 MW) turbines will be installed on 80 metre high towers across the site. It is anticipated that the turbines will be fully commissioned by mid 2008. At that time the Lake Bonney wind farm is expected to be the largest wind farm in Australia. LB2 is expected to achieve a net capacity factor of over 30% with a net output of more than 450 GWh pa. Vestas, the turbine supplier, will provide operational and maintenance services on the project for a five year initial contract period.

Leases on land for LB2 are for terms of up to 40 years.

Revenue

Sources of revenue received from LB2 include the sale of electricity and the sale of Renewable Energy Certificates, in accordance with the MRET scheme.

As with LB1 the electricity generated will be sold into the national electricity market – SA region pool.

Renewable Energy Certificates (RECs) are created by renewable energy generators such as wind farms. In Australia, electricity retailers and other wholesale users are required to meet Mandatory Renewable Energy Targets by surrendering a pre-determined number of RECs per annum.

Funding and returns

Funding will be provided via limited recourse project financing with senior and mezzanine facilities. All debt will be denominated in Australian dollars and interest rate swaps will be entered into to mitigate the risk from adverse movements in interest rates.

The project is forecast to be accretive to BBW security holder returns.

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