

BABCOCK & BROWN WIND PARTNERS

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ASX Release

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BBW – ACQUISITION OF INTERESTS IN TWO US WIND FARMS UNDER THE US FRAMEWORK AGREEMENT

Babcock & Brown Wind Partners (ASX: BBW) announces that it has completed the purchase of certain Class B membership interests in two US wind farms located in Texas and California for approximately US\$72 million. These acquisitions are part of the US Framework Agreement (refer section 12.4 of the IPO Prospectus and Product Disclosure Statement, dated 26 September 2005).

These acquisitions allow BBW to continue with its stated strategy of investing in and managing a diversified global portfolio of wind farms, which currently comprise an interest in or agreement to buy 23 wind farms with a total installed capacity of approximately 1,150MW.

It had been envisaged that BBW would initially acquire 62.5% of the Class B membership interests in the Sweetwater 3 and Kumeyaay wind farms, however BBW has since negotiated to acquire 100% of the Class B membership interests in these wind farms. This was outlined in the announcement to the market and placement presentation dated 10 May 2006.

The ownership in the Sweetwater 3 and Kumeyaay wind farms represent 50% and 100% respectively of the Class B membership interests as illustrated in the table below.¹

US Wind Farm	Location	Class B ownership interest	Installed capacity (MW)	Energy Production (GWh p.a.)
Sweetwater 3	Texas	50%	135	508.5
Kumeyaay	California	100%	50	164.6

Sweetwater 3 is the third stage of the Sweetwater wind farm project, which, along with the first two stages, results in a project with a combined capacity of 264MW.

¹ A Fact Sheet for each wind farm is provided as an attachment to this announcement.

The Kumeyaay wind farm is a highly attractive asset located in California with a 20 year Power Purchase Agreement (PPA) for its entire production. The market dynamics in the State of California are very favourable as the State's renewable electricity standard is targeting 20% of its energy output to be from renewable sources by 2017.

The acquisition initially envisaged the inclusion of two further wind farms, Bear Creek and Jersey Atlantic. At this point in time, due diligence is continuing for these wind farms and BBW expects that an acquisition of Class B interests in these assets will take place later this year.

Peter O'Connell, Chief Executive Officer of BBW, said that, "We are very pleased to acquire the bulk of the Class B interests in these US projects, particularly the third stage of Sweetwater which, combined with the first two stages, makes the project the largest in our portfolio."

The financial impact of the acquisitions will be immediately accretive to net operating cash flow per security for the financial year ended 2007. BBW's distribution guidance remains unchanged with an expected distribution of at least 11.2 cps in FY2007.

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FACT SHEET – US Framework Agreement Wind Farms

Sweetwater 3 Wind Farm (“Sweetwater 3”)

Sweetwater 3 commenced operations on 30 December 2005 with a total installed capacity of 135MW and an expected net energy output of 508.5 GWh per annum. The wind farm consists of 90 GE 1.50 MW wind turbines. It is located in Texas alongside Stages 1 and 2, interests in which were purchased last year by BBW.

Location map



KEY INFORMATION FOR SWEETWATER 3	
Funding	Debt that was drawn to fund construction of the wind farm was repaid at the start of the commercial operations. At that time equity was fully funded by a combination of “active” investors (known as the Class B members) and “passive” investors (known as the Class A members)
Revenue assurance	All electricity is sold under long term off-take contracts with terms of 12 to 20 years from the start of operations
Customers	City of San Antonio (20 year PPA for 100.5MW of capacity) City of Austin (12 year PPA for 34.5MW of capacity)
Operation	Operations and maintenance contract for 5 year term with GE
Land	Mostly land leases with 40 year terms with a couple of easements that are 30 year terms
BBW's % ownership	50% Class B Membership interests
Regulatory regime	USA Production Tax Credits
Returns to Security Holders	Class B member entitlements for US assets are outlined in the IPO Prospectus and Product Disclosure Statement, dated 26 September 2005

Kumeyaay Wind Farm (“Kumeyaay”)

Kumeyaay commenced operations on 23 December 2005 with a total installed capacity of 50MW and an expected net energy output of 164.6GWh per annum. The wind farm consists of 25 Gamesa 2.00 MW wind turbines and is located in California.

Location map



KEY INFORMATION FOR KUMEYAAY	
Funding	Debt that was drawn to fund construction of the wind farm was repaid at the start of the commercial operations. At that time equity was fully funded by a combination of “active” investors (known as the Class B members) and “passive” investors (known as the Class A members)
Revenue assurance	All electricity is sold under a long term off take contract with a term of 20 years from the start of operations
Customers	San Diego Gas & Electric
Operation	Operations and maintenance contract for 5 year term with Gamesa
Land	Land leases with 25 year terms with option to extend for 5 years
BBW's % ownership	100% of Class B membership interests
Regulatory regime	USA Production Tax Credits
Returns to Security Holders	Class B member entitlements for US assets are outlined in the IPO Prospectus and Product Disclosure Statement, dated 26 September 2005.

BABCOCK & BROWN WIND PARTNERS

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\$850 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-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