

BABCOCK & BROWN WIND PARTNERS

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ASX Release

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BBW – UPDATE ON IPO FORECASTS AND RE-CONFIRMATION OF DISTRIBUTION FOR FY2006

Babcock & Brown Wind Partners (ASX: BBW) announces that the delays in the acquisition of three wind farms in Spain and operational variances, in particular unusually low wind conditions during May and June, have resulted in lower than anticipated revenue for FY06.

At the time of the capital raising in May 2006, it was disclosed that a number of factors had affected the composition of the IPO revenue forecasts. These included: the delay in the acquisition of the Olivo wind farms in Spain, the increased tariffs available under the Spanish market option and the receipt of pre-commissioning revenues from Alinta. Whilst the composition had changed it was expected that these improved tariffs, pre-commissioning revenues, together with the forecast wind generation, would offset the one-off revenue reduction in FY06 caused by the Olivo delays.

However, since the capital raising, the performance of the portfolio has been further impacted by lower than expected wind conditions across the European portfolio and Lake Bonney 1 wind farms during May and June. The combination of these factors has resulted in revenue for FY06 being lower than IPO forecasts.

The performance of the BBW portfolio against the IPO forecast for FY06 is summarised in the table below.

FY06	IPO Forecast	Actual Performance¹
Energy (GWh)	715.8	603.9
Change to IPO revenue forecast		
- Delays in acquisitions (A\$m)		(9.0)
- Operational variances (A\$m) ²		(0.3)
Revenue (A\$m)	77.0	67.7
EBITDA (A\$m) ³	62.2	51.5

¹ Unaudited

² Components of the operational variance include increased revenues of \$3.8m attributable to the market option in Spain, receipt of pre-commissioning revenues from Alinta of \$5.0m and reduced revenues of \$9.1m attributable to below forecast wind conditions.

³ Includes cash distributions from US wind farms and excludes the management incentive fee paid during FY06.

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The delays in the acquisition of the Olivo wind farms is expected to have the most significant impact on the FY06 results, as three of the Olivo wind farms were delayed by several months. As this is a non-recurring item, FY07 results are not expected to be impacted.

These delays have distorted the performance of the portfolio relative to IPO forecasts, as only four of BBW's wind farms have been operational for the full financial year. In FY07, 19 wind farms will be fully operational for the full 12 month period.

Furthermore, wind speeds across the Spanish, German and Lake Bonney 1 wind farms during May and June have ranged between 58% and 92% of the long-term average. Monthly variations often occur and are entirely consistent with the wind energy assessments for the wind farms and are expected to correct over a longer period. In FY07, BBW will have a larger portfolio of operational wind farms and Management anticipates that the larger, fully operational global portfolio will, in the future, lead to a reduction in the likelihood of such variances re-occurring. Critically, post acquisition, wind farm availability throughout FY06 has been equal to or greater than budget.

BBW's distribution guidance remains unchanged for FY06 at 10.2 cps. BBW expects to pay the estimated 5.1 cents per security distribution for the six months ended 30 June 2006 to security holders on or about 29 September 2006.

Since listing on the ASX in October 2005, BBW has made a number of acquisitions in accordance with its framework agreements in the USA and Europe. Outside the framework agreements, three additional wind farms have also been acquired in France (Fruges), Germany (Eifel) and the USA (Crescent Ridge providing BBW with exposure to the lucrative PJM market⁴).

In line with BBW's previous guidance, the financial impact of the acquisitions to date will be immediately accretive to gross operating cash flow per security for the financial year ended June 2007. Further guidance will be given in relation to the FY07 distribution at the time of BBW's results presentation in early September with this guidance to take into account the recent accretive acquisitions.

ENDS

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⁴ Pennsylvania Jersey Maryland Interconnection (PJM) is a regional transmission organisation coordinating the movement of electricity through all or parts of Delaware, Illinois, Indiana, Kentucky, Maryland, Michigan, New Jersey, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia, West Virginia and the District of Columbia.

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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\$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 1,150MW 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