

BABCOCK & BROWN WIND PARTNERS

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Babcock & Brown Wind Partners Trust · ARSN 116 244 118
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ASX Release

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BBW ANNOUNCES FULL YEAR RESULT AND UPGRADE TO FY2007 DISTRIBUTION

Babcock & Brown Wind Partners (ASX: BBW) today announced its inaugural FY2006 final result with total revenue of \$73m. The directors have confirmed that a fully tax deferred final distribution of 5.1 cents per stapled security for the half year ended 30 June 2006 will be paid to security holders on 29 September 2006.

BBW's key milestones achieved during the financial year included:

- **Revenue of \$73m and EBITDA of \$51.8m:** The result contained a number of non recurring items and unexpected operational variances. The combined financial impact of the delays, operational variances and compensation for Alinta, resulted in revenue being \$4.0m lower than the FY06 Director's forecast, and EBITDA (after associates) being \$5.7m below the FY06 Director's forecast.
- **Net interest Paid:** Net interest expense was also \$5.4 million below FY06 Director's forecast because of the delays in the acquisitions. This aggregate impact from reduced EBITDA (after associates) and reduced interest expense resulted in a positive impact of \$0.3 million on operating cash flows.
- **Distribution guidance upgraded:** In line with the accretive acquisitions made during the year, the Directors confirmed that the distribution guidance for 2007 has been upgraded from 11.2 cents per security to 12.5¹ cents per security. This distribution will be fully tax deferred. Further BBW is targeting at least 3.5% compound annual growth in distributions over the medium term
- **Conservative gearing and balance sheet structures:** BBW's gearing remains conservative, with a net debt to net debt plus equity ratio of 30.9% on a consolidated basis.
- **Portfolio Status:** The portfolio has achieved significant scale and diversity during FY2006: this saw the portfolio increase from 4 fully operational wind farms at the IPO, to 16 at the end of the financial year. BBW has commenced the 2007 financial year with 19 operational wind farms.
- **Successful capital raisings:** On 12 May BBW announced the successful completion of a global book build which was approved by security holders at an extraordinary general meeting on 14 June. This resulted in the issuance of 74.1

¹ FY07 Distribution guidance assumes: No material reduction in Spanish tariffs, P50 wind performance, no performance fee.

million securities, raising approximately \$118.6 million in new equity capital. This capital was deployed to acquire additional wind farms.

- **Further diversification and growth of the portfolio.** The portfolio has achieved significant diversification by geography, wind resource, currency, equipment, supplier, customer and regulatory regime in a short time frame. BBW is currently operating 19 wind farms, in 8 wind regions within 4 regulatory regimes.
- **Growth in installed capacity:** The total installed capacity of wind farms in BBW's portfolio increased from 147MW at the time of the IPO, to 468MW at the start of FY07. Similarly, the number of turbines increased from 129 at the time of the IPO to 532 at the end of FY2006.

Peter O'Connell, Chief Executive Officer said that "2006 had been a busy and productive year. During the year BBW completed an extensive acquisition program: this saw the portfolio increase from 4 fully operational wind farms at the IPO, to 16 at the end of the financial year. The 2007 financial year will be a year in which security holders will benefit from BBW's acquisition program and diversification strategy. In recognition of the accretive acquisitions made during the year, the Directors have upgraded the distribution guidance for FY07 from 11.2 cents per stapled security to 12.5¹ cents per stapled security."

Outlook

Over the long term, it is BBW's objective to build security holder wealth through the ongoing management and operation of a diversified portfolio of high quality wind energy investments.

BBW's gearing remains conservative, with a net debt to net debt plus equity ratio of 30.9% on a consolidated basis. In terms of managing the next phase of growth, a review of BBW's corporate debt and capital structure is currently underway. BBW has a variety of funding options which will be examined and which may eliminate the need to raise any material ordinary equity in the near term.

BBW commences the 2007 financial year in a strong position. As at July 2006, BBW owned 19 fully operational wind farms, versus the IPO forecast of 16 and P50 generation of 1,361Gwh per annum, 21% ahead of the IPO FY2007 generation forecast.

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About Babcock & Brown Wind Partners

Babcock & Brown Wind Partners (ASX: BBW) is a specialist investment fund focused on the wind energy 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 for nearly 20 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