BABCOCK & BROWN
WIND PARTNERS

Babcock & Brown Wind Partners Limited · ABN 39 105 051 616
Babcock & Brown Wind Partners Trust · ARSN 116 244 118
Babcock & Brown Wind Partners Bermuda Limited · ARBN 116 360 715
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ASX Release

31 October 2006

ANNUAL GENERAL MEETING CEO'S REPORT AND PRESENTATION

Please see attached:

- CEO's Report and;
- Presentation

to be delivered at today's Annual General Meeting of BBW Security Holders.

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Further Information:

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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**

CEO's REPORT AND PRESENTATION

Babcock & Brown Wind Partners
2006 Annual General Meeting

10.00am, 31st October 2006

Wentworth Sofitel, 61 Phillip Street, Sydney

Thank you Peter and good morning. May I take this opportunity to welcome you again to our 2006 Annual General Meeting.

2006 has been an exciting and busy time for Babcock and Brown Wind Partners. Our determination to diversify, grow and strengthen our portfolio resulted in a busy acquisition schedule over the financial year, and with this came a focus on achieving improved operational and reporting efficiency across the business.

As outlined by the Chairman, BBW now has a well capitalised, conservatively geared balance sheet with flexible and efficient funding options, a strong pipeline of capacity, and strong, stable cash flows underpinning distributions. These characteristics, combined with management's commitment to improving the portfolio and optimising the business, make BBW well positioned to capitalise on the fast growing global wind energy industry and deliver value for security holders over the long term.

I would like to formally recognise the efforts and commitment of the BBW team in achieving these results. The BBW team provides services across four countries - soon to be five - with diverse functions including accounting, operations, tax, treasury, legal and investor relations. Together, they have worked very hard to ensure that a robust and diverse business base has been established to build upon in future years, and I look forward to their continued support and contribution for the remainder of my term as CEO, and when I leave I know the new CEO will find a focused and professional team.

I would now like to provide you with more information about BBW's operational performance over the 2006 financial period, and outlook for the year ahead.

Key Milestones

As previously mentioned by Peter, BBW commenced operations with four wind farms in its portfolio. At the time of the IPO, it was intended that the fund would acquire three further Olivo wind farms in Spain, an 80% interest in the Class B membership units of the five US 03/04 assets held by Babcock & Brown, commission the Alinta wind farm in Western Australia and acquire two wind farms in North Rhine-Westphalia, Germany. All of these tasks have now been completed.

Further wind farms were acquired in other jurisdictions, such as Eifel in Germany and Fruges in France, which is under construction. Several additional purchases were made in the US, some completed post balance date, as BBW acquired the remaining 20% interest of the US 03/04 assets, and 100% and 50% of the Class B membership units of the Kumeyaay and Sweetwater 3 wind farms respectively. BBW also purchased 75% of the Class B membership units in the Crescent Ridge wind farm, thereby making a strategic entry into the desirable PJM energy market operating across North East America.

On 12 May 2006 BBW announced the successful completion of a global book build which was approved by Security Holders at General Meetings on 14 June 2006. This resulted in the issuance of 74.1m Securities, raising approximately $118.6m in new equity capital. The capital was used to fund a number of new acquisitions which had not been identified at the time the IPO Prospectus was issued. In May, BBW also signed a Multi-Option Facility Agreement with a syndicate of banks for €150m, of which €62m was utilised at balance date.

The BBW portfolio has now matured into a portfolio of significant scale and diversity, and management are confident that the benefits of the diversification strategy will be demonstrated through consistent, predictable earnings. We are particularly focused on leveraging and balancing the specific diversification factors of wind resource and fixed/market tariff split for the benefit of optimising returns.

All of BBW’s 2006 financial year transactions were accretive, in line with BBW’s strategy of building sustainable cash flows to support steady growth in distributions to its Security Holders. BBW paid a 10.2 cent per security distribution in the 2006 financial year, and, in recognition of the sound underlying corporate fundamentals of the business, the Board has announced an increased 2007 financial year distribution forecast from 11.2 cents per Security to 12.5 cents, with a distribution growth target of at least 3.5% going forward.

Key Financials

In the 2006 financial year, BBW achieved revenue of $73m. While this was a satisfying financial result, its composition, as previously outlined by your Chairman, was different from initial expectations. In summary the result contained a number of non-recurring items and operational variances. These events resulted in BBW not achieving the FY06 Directors' forecast for revenue of $77m and EBITDA (after associates) of $57.5m. The non-recurring items included delays in the acquisitions of the Olivo wind farms in Spain, and delayed construction of the Niederrhein wind farm in Germany, which collectively resulted in a $9.3m revenue reduction.

The impact of the delays was further exacerbated by low wind conditions in May and June across the European portfolio and at Lake Bonney 1 which resulted in a $8.7m revenue reduction.

Operational variances such as the receipt of pre-commissioning revenues from the Alinta wind farm, increased tariffs available under the Spanish market option, and the contribution from Eifel, which was not originally included in the FY06 Directors forecast help to mitigate the impact of these variances. BBW also reached a commercial settlement with the contractor resulting in $5.3 million compensation paid to BBW for loss of revenue because of commissioning issues at the Alinta windfarm. Collectively these items contributed $14m in revenue and to some extent offset the non-recurring factors.

The combined financial impact of the delays, operational variances and compensation, resulted in EBITDA (after associates) to be $5.7m below FY06 Directors' forecast. Net interest paid was $5.4 million below FY06 Directors' forecast, because of acquisition delays, which had a positive impact on operational cash flows.

I would now like to provide you with more details about BBW's operations in each region.

Australia

In the 2006 financial year, BBW's Australian portfolio consisted of the Lake Bonney 1 wind farm in South Australia and the Alinta wind farm in Western Australia. These wind farms achieved revenue of $35.9m and contributed 48.6% of EBITDA after associates, excluding corporate costs and FX gains.

During FY06 the Alinta wind farm continued to operate in the pre-commissioning phase. Practical completion for the farm was also achieved, with final completion to take place no later than 24 August 2007. While the Alinta wind farm was constructed within budget, the contractor did not achieve completion within the contracted time frame. As just mentioned BBW achieved a commercial settlement with the contractor in relation to this matter the parties have agreed a timetable for achieving completion of all outstanding work and management are confident that these tasks will be completed within the agreed timetable. Notwithstanding this, we believe that BBW is protected fully if the contractor does not comply with the timetable.

The outlook for BBW's Australian portfolio continues to be very positive. In June 2006, BBW announced that it had commenced construction of Lake Bonney 2, a 159MW wind farm located near Mount Gambier, in South Australia, which is anticipated to be fully operational by mid 2008. At that time, Lake Bonney is expected to be the largest operational wind farm in Australia with an installed capacity of 239MW and forecast to generate over 691GWH per annum.

United States

Currently, BBW's US portfolio consists of eight individual wind farms across four wind regions with total installed capacity of 563.7MW. Two of the US wind farms, Sweetwater 3 and Kumeyaay, were acquired post balance date.

The acquisition of the US 03/04 portfolio assets was delayed by one month, resulting in the 2006 financial year US cash distribution being lower than the IPO forecast. The US 03/04 portfolio generated a total cash distribution of $7.1m, inclusive of an equity accounted profit of $2.1m. This represents 3.4% of EBITDA after associates, excluding corporate costs and FX gain. During the 2006 financial year, total energy production for the US portfolio was in line with long term forecasts.

The acquisition of the Crescent Ridge wind farm was a significant development for BBW in the US, as it represents our entry into the potentially lucrative PJM market pool and adjacent service territories, covering more than 13 states with more than 21 million customers.

BBW's US portfolio remains poised to continue to grow significantly into 2007. Given the positive market dynamics in the US, such as the extension of the Production Tax Credit system to the end of 2007, the existence and growth of State based Renewables Portfolio Standards programs, a relatively favourable administrative environment and good access to grid connections, it is envisaged that BBW will look to acquire further assets in the country. It is anticipated that the Bear Creek and Jersey Atlantic wind farms will be acquired during the first half of the 2007 financial year.

Germany

BBW's presence in Germany is represented by the Niederrhein wind farms, being two wind farms located approximately 50km apart, and the Eifel wind farm, which consists of four groups of turbines with a current combined installed capacity of 27MW, located in the South-Western region of the Rhineland-Palatinate. Eifel is currently being expanded by a further 8MW, which is expected to be completed late in the 2007 financial year.

During the 2006 financial year, the German portfolio generated revenue of $4.7m, and contributed $3.8m or 6.1% of EBITDA after associates, excluding corporate costs and FX gain.

There was a slight delay in the construction of the Niederrhein wind farm which reduced production by 7 GWh, but overall production in Germany was ahead of IPO forecasts, owing to the contribution of the Eifel wind farm, which was acquired during the 2006 financial year and was not part of any Framework Agreement, nor included in the original IPO forecasts.

During the 2006 financial year BBW entered into a Framework Agreement with Plambeck Neue Energien AG, which gives BBW the opportunity to acquire up to approximately 300MW of wind farms over the next four years. It is BBW's stated intention not to acquire any development risk under the terms of the agreement with Plambeck and as such it is the responsibility of Plambeck to undertake the development phase of individual wind farms. In addition, BBW expects to look at further growth opportunities in Germany via selective re-powering opportunities.

Spain

BBW's Spanish portfolio consists of six wind farms located in six different regions across Spain with a total installed capacity of 158.28MW. At the time of the IPO only three of the Olivo wind farms had been acquired by BBW, with the remainder forecast to be acquired in late 2005 and early 2006. The acquisition of those remaining three Olivo wind farms was delayed by several months, which had a significant one-off impact on production and financial performance for the 2006 financial year, mitigated somewhat by favourable pricing conditions in the country. Production was also impacted by low wind speeds in May and June.

Overall, the Spanish portfolio achieved revenue of $32.4m, and contributed $25.9m or 41.9% of EBITDA after associates, excluding corporate costs and FX gains. Going forward, Spain remains a very attractive market for wind energy, and BBW will continue to consider opportunities in the country.

France

BBW also has interests in a group of three wind farms in Fruges, France. Fruges is under construction and is currently running on time and on budget, with an expected completion date of mid 2007. Construction of the Fruges 2 wind farm is expected to commence in 2008.

Portfolio

Our portfolio has grown and diversified significantly over the 2006 financial period, with a mix of geography, wind resource, currency, equipment supplier, customer and regulatory regime that sees BBW well placed to continue to deliver security holder value going forward.

Managing this portfolio of wind farms is an around the clock global activity. BBW's operations now cover three continents, four countries and many regulatory and market conditions. This will expand to one more country in 2007. The operations management team for BBW currently comprises of over 20 people, excluding the many service provider teams, and I would like to thank them for their ongoing contribution.

These teams have established uniform reporting standards over the period to operate the business, and we continue to focus on making these standards more efficient by introducing scalable monitoring tools to report status and production from the portfolio's 19 wind farms and associated electrical infrastructure.

In accordance with our asset management plans, we expect performance monitoring to become increasingly automated, as the respective individual remote monitoring systems are integrated and analysed on a portfolio basis. These systems are designed to be scalable to accommodate the significant growth expected from the business.

Outlook

BBW's long term investment proposition remains robust, with a number of medium and long term growth drivers, including opportunities to acquire fully commissioned wind farms in the US, re-powering in Europe and the US, opportunities in Europe particularly France and Portugal; and working within existing Framework Agreements to acquire wind farms in Spain and Germany.

In addition to these growth drivers, there exists the opportunity to acquire assets through our strategic relationship with Babcock and Brown, who provide BBW with access to a pipeline of acquisition opportunities and a team with nearly 20 years experience in wind energy development, ownership, and funding.

As part of preparing BBW for its next phase of growth, we are reviewing our options for effective capital management. BBW's Balance Sheet is conservatively geared at under 45% and under the Multi-Option Facility Agreement, BBW has access to €150m, of which €62m was utilised at balance date. We are considering a number of capital management alternatives including the refinance of some or all of the portfolio with the aim of maintaining capital efficiency and debt facilities that appropriately match BBW's assets and liabilities. We believe these capital management initiatives will provide a significant source of funds for future acquisitions without the need to raise new equity in the medium term.

BBW remains well positioned for growth, with exposure to rapidly growing developed markets in countries where governments and their constituents remain committed to renewable energy forms. BBW now owns 19 operating wind farms in eight different wind regions, with total P50 generation of 1,361GWh per annum, which is 21% ahead of the IPO 2007 financial year generation forecast.

As mentioned by the Chairman, we have just completed our first four months of trading for the 2007 financial year. Whilst, wind energy data was down slightly in the first quarter with this arising mostly from below P50 production in the month of July. The production shortfall is offset in part by higher tariffs such that the shortfall is immaterial in respect of the FY07 Net Operating cash flow. Subject to the caveats as mentioned by the Chairman, the management team at BBW remain confident of meeting our distribution and growth targets for 2007.

As announced today, I have decided to step down as Chief Executive Officer of BBW as I will be taking up a new role within Babcock and Brown's Corporate Finance Division. However, I have agreed to remain in the CEO role while an executive search is undertaken for a new Chief Executive Officer.

We have come a long way since listing and I feel confident that I am leaving BBW in excellent shape. I have no doubt that the extensive acquisition program that was implemented by the BBW team, will reap benefits for security holders in 2007 and beyond.

I would now like to hand back to the Chairman, Peter Hofbauer.

Peter O'Connell

Chief Executive Officer

Acquisition Highlights

Timeline of key events

30 Jun 05 | 31 Dec 05 | 30 Jun 06 | 31 Dec 06 | 30 Jun 07

Oct 05
IPO

Feb 06
Eifel (Germany)
Capacity: 27MW
Turbines: 18
Status:Operational

Mar 06
Fruges (France)
Capacity: 22MW
Turbines: 11
Status: Under construction

Jun 06
Lake Bonney 2 (Australia)
Status: Under construction

Jun 06
BBW announces purchase of remaining 20% ownership of Class B member interests in US 03/04 assets from Babcock & Brown

Jun 06
Crescent Ridge (US)
Capacity: 54MW
Turbines: 54
Status: Operational

Jul 06
Sweetwater 3 (US)
Capacity: 135MW
Turbines: 90
Status:Operational

Jul 06
Kumeyaay (US)
Capacity: 50MW
Turbines: 25
Status:Operational

2Q 07
Expected acquisition of Bear Creek and Jersey Atlantic (US)

FY08
Lake Bonney 2 (Australia) expected completion

Initial Portfolio Assets at IPO

Australia
Lake Bonney 1

Spain
Sierra del Trigo
La Muela Norte
La Plata

Initial Portfolio Assets Since IPO

Australia
Alinta

Germany
Niederrhein Wachtendonk
Niederrhein Bocholt-Liedern

Spain
El Sardon
El Redondal
Serra da Loba

US
Sweetwater 1
Sweetwater 2
Caprock
Blue Canyon
Combine Hills

New Acquisitions

Australia
Lake Bonney 2

Germany
Eifel

France
Fruges

US
Sweetwater 3
Kumeyaay
Crescent Ridge

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Financial Summary

	FY2006	IPO[1]
Revenue	$73.0m	$77.0m
EBITDA (after associates)[2]	$51.8m	$57.5m
Reported Profit after tax	($16.2)m	$13.5m
Net Operating Cash Flow[2]	$34.2m	$43.3m
Net Debt / EV[3]	30.9%	33.5%
FY2006 Distribution per Security	10.2 cents	10.2 cents
Number of Securities on Issue[4]	575,301,766	494,164,664

(1) IPO figures such as revenue, EBITDA (after associates), Reported profit & net operating cash flow have been sourced from the Prospectus on pages 93 & 95. The distribution forecasts for FY06 & FY07 are discussed on page 19 of the prospectus. The Debt / EV ratio was previously provided with the IPO presentation pack on slide 12.

(2) Before Incentive fees of $33.15m, of which $20.2m was paid in cash.

(3) EV calculated using share price of $1.40.

(4) Weighted average numbers of shares 386,136,766.

Portfolio Overview: Australia

Key Financials	Actual	IPO
Revenue	$35.9m	$33.7m
EBITDA[1]	$30.0m	$26.9m
Contribution to EBITDA[2]	48.6%	40.1%

(1) Includes pre-commissioning and revenue compensation for Alinta wind farm which has been settled with the contractor

(2) EBITDA after associates excluding corporate costs and FX gain

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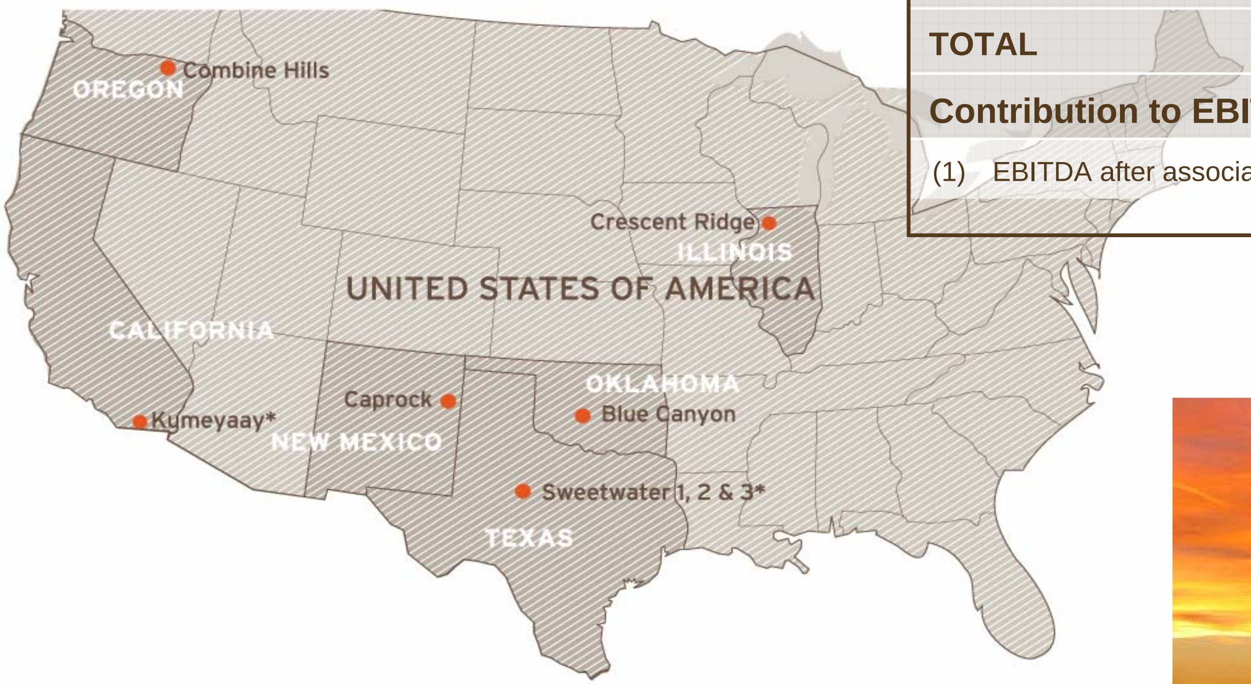
Portfolio Overview: USA

Key Financials	Actual	IPO
US share of net profit	$2.1m	$2.9m
Additional US cash distribution	$5.0m	$4.7m
TOTAL	$7.1m	$7.6m
Contribution to EBITDA[1]	3.4%	4.4%

(1) EBITDA after associates excluding corporate costs and FX gain



* Kumeyaay and Sweetwater 3: acquired July 2006

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Portfolio Overview: Germany

Key Financials	Actual	IPO
Revenue	$4.7m	$3.9m
EBITDA	$3.8m	$3.1m
Contribution to EBITDA[1]	6.1%	4.7%

(1) EBITDA after associates excluding corporate costs and FX gain

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Portfolio Overview: Spain

Key Financials	Actual	IPO
Revenue	$32.4m	$39.4m
EBITDA	$25.9m	$33.7m
Contribution to EBITDA[1]	41.9%	50.6%

(1) EBITDA after associates excluding corporate costs and FX gain

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Portfolio Overview: France

Existing Assets

Fruges is under construction and is currently running on time and on budget

Expected completion date mid 2007

New Assets

Construction of Fruges 2 expected to commence in 2008

Portfolio has grown and diversified significantly

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Outlook: Portfolio positioned to deliver value

- Ongoing integration of operating, risk management & reporting systems
- Increased scale & penetration within existing regions
- Strong pipeline for growth
- Accretive acquisitions can be made without raising material equity capital
- FY07 Distribution guidance increased to 12.5 cents
- Distribution growth rate remains at least 3.5% pa