

24 February 2006

## ASX Announcement

### BBW – Interim Results Presentation

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Attached is the Interim Results Presentation relating to the Babcock & Brown Wind Partners Consolidated Half-Year Financial Report to 31 December 2005.

ENDS.

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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 (including the Eifel wind farm) comprises an interest in 16 wind farms on three continents that have a total installed capacity of over 700 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 securityholder 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](http://www.bbwindpartners.com)



## Results for the period to 31 December 2005

24 February 2006

Important note: Please refer to the disclaimer at the end of this presentation



# Agenda

- **Introduction**
- The Period in Review
- Financial Results
- Outlook



# Overview

- BBW listed on the 28<sup>th</sup> October 2005 with investments in a portfolio of 671.6MW of wind generation assets
- The IPO portfolio has been the immediate focus, but there has been additional acquisition activity e.g. Eifel
- The wind energy industry continues to grow and mature
- BBW is uniquely positioned to take advantage of this growing investment trend and the desirability of wind energy assets
- Babcock & Brown has a development pipeline of approximately 3000MW of wind energy globally – potentially providing BBW with a strong pipeline of opportunities
- Babcock & Brown has indicated that it expects to sell down some of the assets acquired in the Enersis transaction during 2006



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# The BBW float has been a success for investors

- Listed on 28 October 2005
- Oversubscriptions saw a total of \$396 million raised through the issue of 283 million securities
- 3,237 shareholders
  - Top 20 holders own 71.5% of the stock
  - Substantial holdings : BNB 18.5%, BBI 16.5%, NPP 7.8%, Gandhara (post balance date) 6.4%
- Share price increased from \$1.40 to \$1.76 (ex-distribution) at 31 Dec 2005
  - 25.7% increase in share price from listing to end of December plus 3.6% (5.1c) distribution entitlement
  - Significant outperformance versus index
  - Liquidity : 3 months to 27 January 2006: 115.2M securities traded
  - Market capitalisation increased from \$692M to \$870M
  - Security price as at 23 February 2006 closed at \$1.70
- Incentive Fee
  - \$20.0M has been paid in cash
  - \$13.0M expected to be via issue of 7.0M new securities at price of \$1.85 (subject to FIRB approval)



# Sources and Application of Funds

## Sources and uses

Funding Sources	A\$ million	Funding Uses	A\$million
<b>Existing equity</b>			
Existing investors	228	Existing Investors	228
Equity issue for Alinta Wind Farm interest	48	Equity issue for Alinta Wind Farm interest	48
Equity issue for LB2 interest	20	Equity issue for LB2 interest	20
<b>TOTAL</b>	<b>296</b>	<b>TOTAL</b>	<b>296</b>
<b>New equity</b>			
New issuance to B&B and Foundation investors	186	US Assets	83
New issuance (Institutional Offer and Broker Firm Offer)	175	Funds available for purchase of Framework Assets and other assets	277
Oversubscriptions	35	Expenses of the offer (includes pre-offer related transactions) and working capital	36
	396		396
<b>TOTAL</b>	<b>692</b>	<b>TOTAL</b>	<b>692</b>

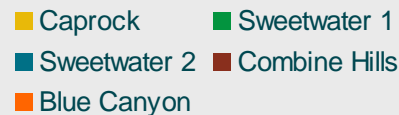
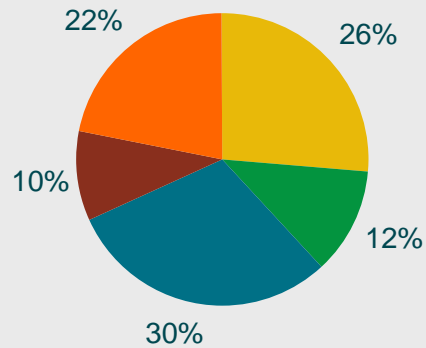




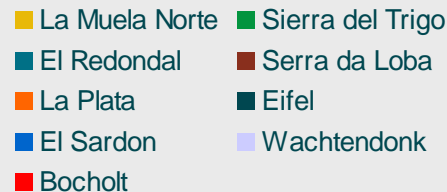
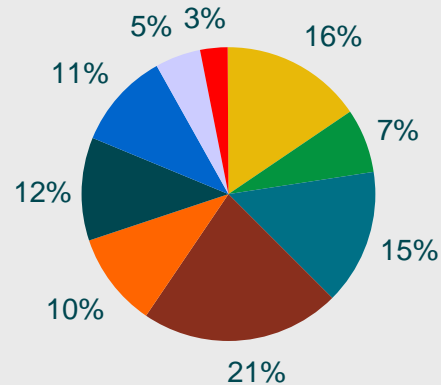
# Establishment of a diversified portfolio increases certainty

## Expected Production (GWh<sup>1</sup>) – By wind farm within each region

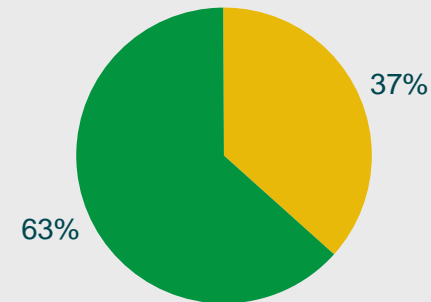
### North American Portfolio<sup>2</sup>



### European Portfolio



### Australian Portfolio



- Portfolio of investments in 16 wind farms with gross installed capacity of 698.6MW<sup>2</sup>
- Forecast average annual production of 2,234GWh<sup>2</sup> from 550 turbines
- 13 in full operation, 2 still to be completed and 1 being commissioned

<sup>1</sup> Based on long term mean energy production estimates by expert advisers

<sup>2</sup> Not taking into account proportionate equity interest





# Portfolio Summary

Wind Farm	Location	BBWP's Equity interest (%) <sup>2</sup>	Operations Start Date	Acquisition Date	Installed Capacity (MW)	Number of Turbines	Long Term Mean Energy Production (GWh pa)
<i>AUSTRALIA</i>							
Alinta Wind Farm	Western Australia	100 %	February 2006 <sup>1</sup>	24 August 2004	89.10	54 / NEG Micon 1.65MW	366.5
Lake Bonney Stage 1	South Australia	100 %	February 2005	13 June 2003	80.50	46 / Vestas 1.75MW	211.2
<i>SPAIN</i>							
Olivo Portfolio		100 %					
▪ Sierra del Trigo	Jaen		January 2002	24 December 2004	15.80	23 / Gamesa 660kW	32.3
▪ La Muela Norte	Zaragoza		August 2003	24 December 2004	29.75	35 / Gamesa 850kW	70.6
▪ El Redondal	Leon		January 2005	27 October 2005	30.60	36 / Gamesa 850kW	66.5
▪ Serra da Loba	Galicia		<i>February 2006 est.</i>	<i>February 2006 est.</i>	36.00	18 / Gamesa 2MW	99.9
▪ La Plata	c. La Mancha		June 2005	28 June 2005	21.25	25 / Gamesa 850kW	45.6
▪ El Sardon	Andalucia		<i>March 2006 ext</i>	<i>March 2006 est</i>	25.50	30 / Gamesa 850kW	47.9
<i>GERMANY</i>							
Niederrhein		99 %					
▪ Wachtendonk	Northrhine-Westphalia		October/December 2005	17 March 2005	12.00	8 / Nordex 1.5MW	23.7
▪ Bocholt-Lieden	Northrhine-Westphalia		October 2005	17 March 2005	7.50	5 / Nordex 1.5MW	13.3
Eifel	Rhineland-Palatinate	100%	September 2005	16 February 2006	27.00	18/Nordex 1.5MW	52.4
<i>USA</i>							
US 03/04							
Sweetwater 1	Texas	40 %	December 2003	3 December 2005	37.50	25 / GE 1.5MW	141.7
Sweetwater 2	Texas	40 %	February 2005	3 December 2005	91.50	61 / GE 1.5MW	361.8
Caprock	New Mexico	64 %	December 2004/May 2005	3 December 2005	80.00	80 / Mitsubishi 1MW	316.6
Blue Canyon	Oklahoma	40 %	December 2003	3 December 2005	74.25	45 / Vestas 1.65MW	264.1
Combine Hills	Oregon	40 %	December 2003	3 December 2005	41.00	41 / Mitsubishi 1MW	119.6
<b>TOTAL</b>					<b>698.6MW<sup>3</sup></b>	<b>550 Turbines</b>	<b>2,234GWh<sup>3</sup> pa</b>

<sup>1</sup> Operations (54 WTG's) have commenced, however Practical Completion has not occurred under the EPC.

<sup>2</sup> Percentages for USA constitute percentage ownership of Class B stock of project entity only.

<sup>3</sup> Not taking into account proportionate equity interest of USA wind farms.



# Achievements against PDS

	<u>PDS</u>	<u>Status</u>
<b>Portfolio</b>	<ul style="list-style-type: none"> <li>Acquisition of US 03/04 Assets</li> <li>Finalise construction and commissioning of Alinta</li> <li>Acquisition of Niederrhein</li> <li>Acquisition of 3 Olivo Assets</li> </ul>	<ul style="list-style-type: none"> <li>Completed</li> <li>Commissioning underway</li> <li>Completed</li> <li>1 completed, 2 imminent (Serra da Loba &amp; El Sardon)</li> </ul>
<b>Framework Agreements</b>	<ul style="list-style-type: none"> <li>No commitment to secure assets within Reporting Period</li> </ul>	<ul style="list-style-type: none"> <li>BBWP is working with Framework Agreement partners to complete acquisitions</li> </ul>
<b>Acquisitions</b>	<ul style="list-style-type: none"> <li>General commitment to further acquisitions</li> </ul>	<ul style="list-style-type: none"> <li>Eifel (Germany) wind farm acquired</li> <li>3000MW Babcock &amp; Brown pipeline of potential opportunities</li> </ul>
<b>Distribution to June 2006</b>	<ul style="list-style-type: none"> <li>10.2 cents per security</li> </ul>	<ul style="list-style-type: none"> <li>Interim Distribution of 5.1 cents per security, in line with Directors forecast</li> <li>Confirm forecast Final Full Year 2006 Distribution of 10.2 cents per security</li> <li>Forecast distribution of 10.2 cents per security – 7.25% yield based on the IPO issue price</li> <li>100% tax deferred</li> </ul>
<b>Distribution 2007</b>	<ul style="list-style-type: none"> <li>Distribution to June 2007 11.2 cents per security</li> </ul>	<ul style="list-style-type: none"> <li>Forecast for Full Year 2007 remains for distribution of 11.2 cents per security, 100% tax deferred</li> <li>Distribution Yield of 8.0% (based on IPO issue price) is supported by the Initial Portfolio.</li> </ul>
<b>Distribution Growth</b>	<ul style="list-style-type: none"> <li>Distribution growth target of at least 3.5% over medium term</li> </ul>	<ul style="list-style-type: none"> <li>Confirm expected distribution growth</li> <li>Organic growth of current portfolio</li> <li>Investment in additional assets</li> </ul>



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# Financial Performance

## Balance Sheet (\$M)

Total Assets	1,105.4
Wind Farms	476.8
Cash on hand	389.0
Committed	112.0
Available	277.0
Debt	479.7
Net assets	529.0

## Key Information – 31 December 2005

Fully paid securities	494.2 million
Securities issued at IPO	282.8 million
IPO Proceeds (gross)	\$396.0 million
EBITDA (1H 2006)	\$15.8 million <sup>1</sup>
EPS (1H 2006)	1.7 cents <sup>2</sup>
DPS (1H 2006)	5.1 cents
Assets under mgmt at Dec 2006	\$581.0 million
Increase in assets under mgmt from June 2005	\$524.4 million

## Reconciliation of EBITDA to gross cash flow

(\$M)	Actual	PDS	PDS
	Dec-2005 6 months	Forecast Jun-2006 12 months	Forecast Jun-2007 12 months
<b>EBITDA</b>	<b>15.8<sup>1</sup></b>	<b>57.5</b>	<b>80.2</b>
Additional US Dist.	0.3	4.7	6.2
Net interest paid	(7.4)	(18.2)	(22.8)
Change in WC	(6.7) <sup>3</sup>	(0.7)	4.9
Tax paid	(1.1)	--	--
Gross cash flow	0.9	43.3	68.5
Distributions	(25.2)	(47.6)	(52.5)
Net borrowings	56.0	241.4	(16.0)
Shares outstanding (m)	494.2	469.2	469.2
Distribution (CPS)	5.1	10.2	11.2
Tax deferred DPS (%)	100.0	100.0	100.0
Gearing (%)	9.5	33.5	32.4

<sup>1</sup> Excludes Incentive Fee

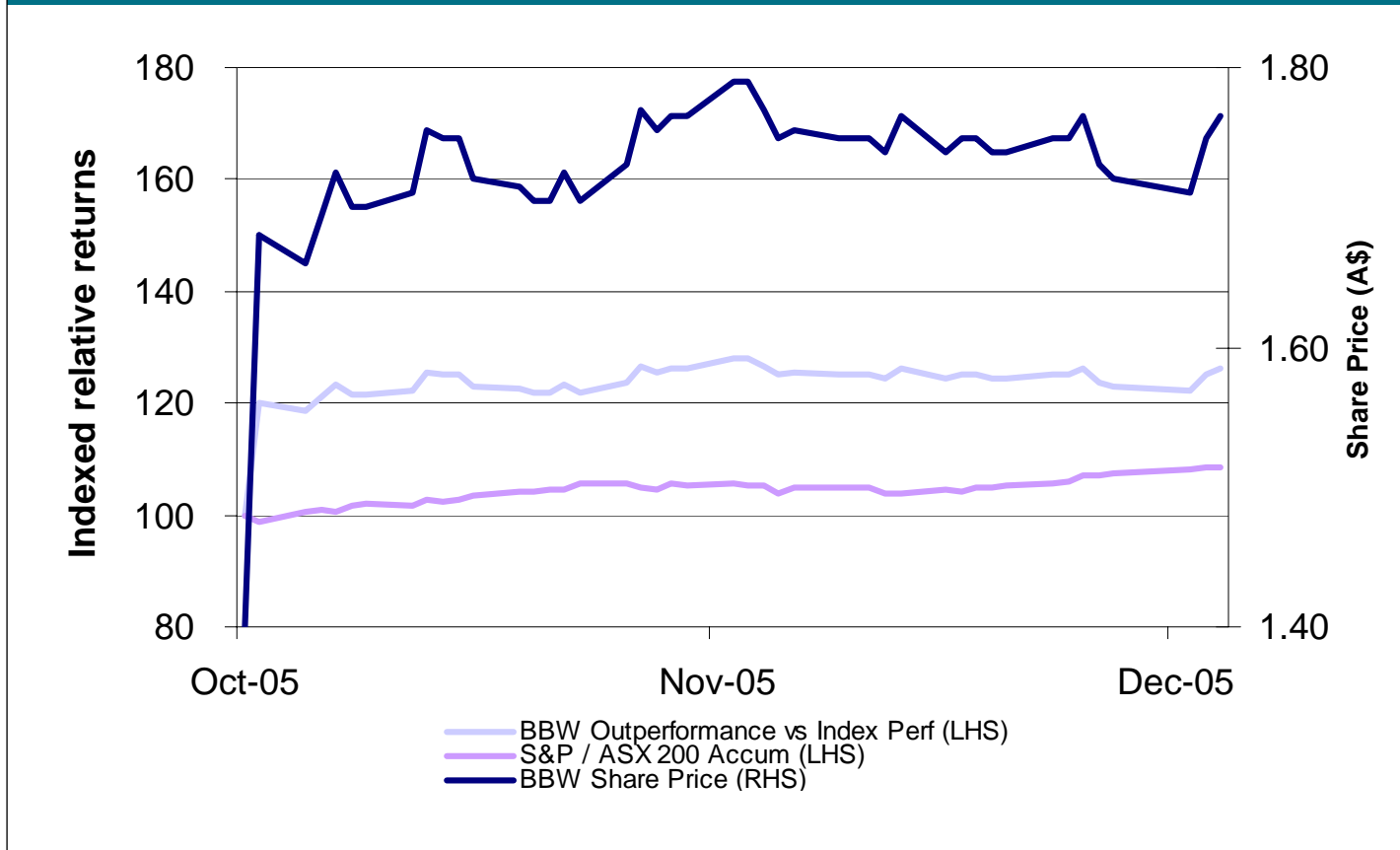
<sup>2</sup> Excludes after tax amount for Incentive Fee (\$23.1 million)

<sup>3</sup> Includes accrual for performance element of Incentive Fee



# Outperformance relative to index

BBW stapled security price performance



# Financial Results

- Revenue from operations \$25.6 million and EBITDA for the period \$15.8 million, in line with expectations
- Net loss of \$18.3 million impacted by Incentive Fee, reflecting BBW's strong outperformance
- Distribution of 5.1 cents per security declared and Directors confirm full year distribution expectation of 10.2 cents per security (both 100% tax deferred)
- Cash flow increasing and cash in hand of \$277 million provides strong support for completion of Initial Portfolio and further wind farm acquisitions
- Further accretive acquisitions from Framework Agreements and B&B





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# BBW is well positioned to benefit from the growth in demand for alternative energy sources

## Wind Energy Industry

- Wind Energy Industry continues to grow strongly driven by:
  - Diversification of energy mix – security of supply & hedge against fossil fuel prices
  - Threat of Climate Change & reduction of greenhouse gases
  - Economics of wind energy
- Wind energy is increasingly competitive with traditional fuel sources

## Growth Opportunities

- Framework Agreements for immediate term
- “Pipeline of Opportunities” leveraging Babcock & Brown’s global expertise and network
- Industry consolidation and re-powering should provide longer term opportunities

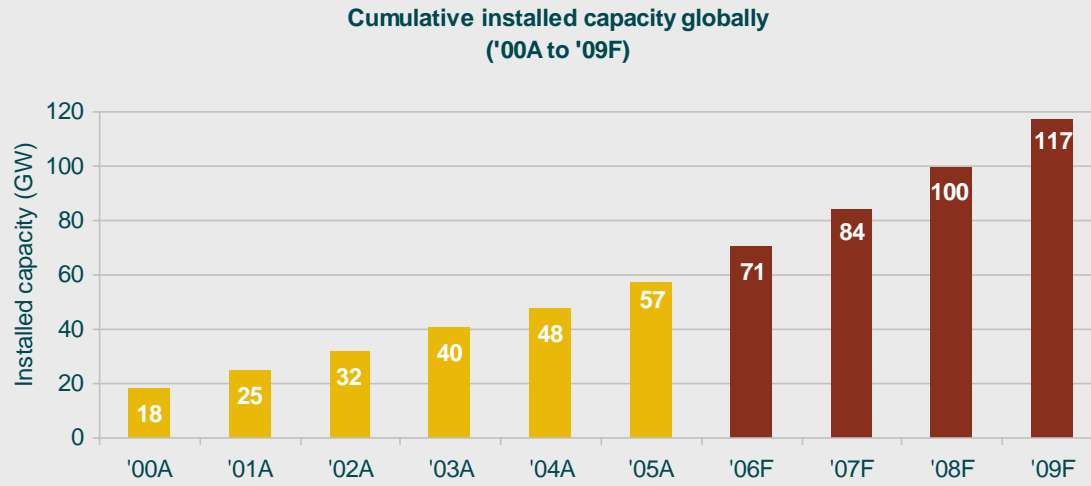
## Operations

- Effective operations and maintenance of individual wind farms
- Global asset management team and service providers
- Portfolio effect of geographically & regulatory diversified assets

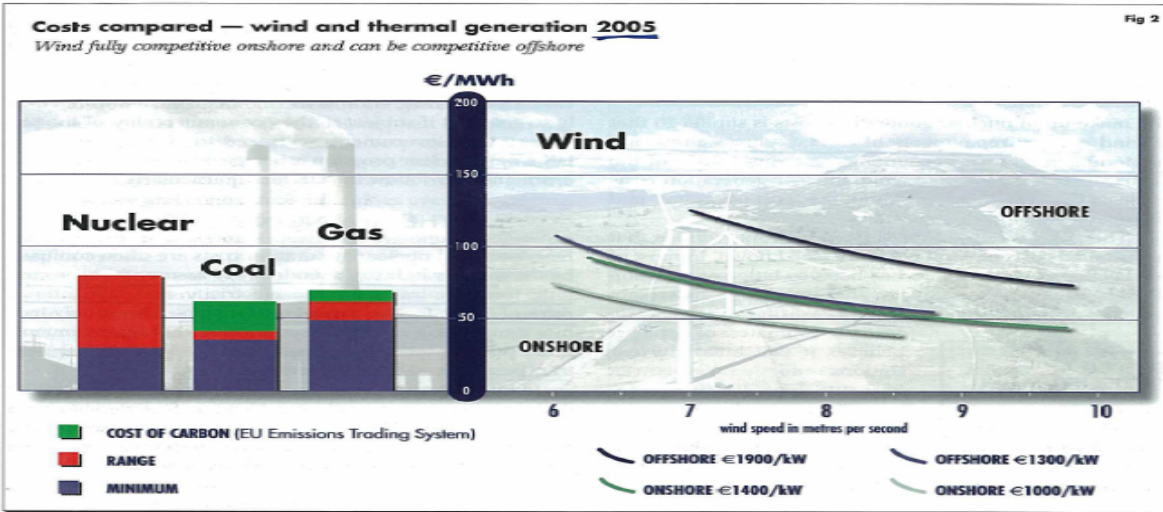


# Growing global wind energy industry

Cumulative installed capacity forecast to grow 17.1% pa<sup>1</sup>



Wind Energy has become more competitive<sup>2</sup>



<sup>1</sup> BTM Consult report & Windpower Monthly  
<sup>2</sup> Windpower Monthly

## Key characteristics of Eifel

- Wind farm in western Germany near Belgium border
- Eighteen turbines in operation with option for 4 more (Enercon expansion)
- Share Purchase Agreement signed late December 2005 and completed mid February 2006
- Immediately accretive to BBW



## Summary Table

Installed capacity	35MW (following Enercon expansion)
Landholder leases	25 years +
<b>Technical Information</b>	
Expected production	Net Output 69.7 GWh p.a.
WTG supplier	Nordex & Enercon
No. of WTGs x WTG Type	18 x Nordex 1.5MW 4 x Enercon 2mw
<b>Operating Period Arrangements</b>	
PPA off-taker	German utility
Transmission network provider	German utility
Tariff structure	20 year fixed tariff, German Renewable Energy Legislation
WTG warranty and O&M	Nordex & Enercon for 14 & 15 years respectively
<b>Financial Information</b>	
Total enterprise value	A\$67m
BBW Share	100%



# Going Forward : Use of Funds to 30 June 2006

## Comments

- B&B continues to deliver a pipeline of additional opportunities
- The B&B pipeline of possible Wind Energy Opportunities is approximately 3000 MW
- The Spanish Framework Agreements should deliver approximately 70 MW of investment by December 2006
- The German Framework Agreements should deliver approximately 50 MW of investment by December 2006
- Source of funds excludes BBW Corporate debt facility

## Use of Available cash for Acquisitions

	Utilisation	Balance
Available cash for investment (excludes allocated or restricted Project cash [e.g. Alinta] of \$112 million and revenue).		277,000
1. Eifel	17,475	259,525
2. Possible Europe/USA Acquisitions	66,000	193,525
3. US 05 Framework Assets	69,919	123,606
4. Lake Bonney 2	100,000	23,606
5. Spanish Framework Assets		
6. German Framework Assets		





# Framework Agreements will deliver immediate term growth

Framework Agreements entered into will deliver further assets for BBW, in addition to those sourced via the B&B network and increase revenue (above cash rate assumption for the forecast period)

- US '05
  - Wind farms - Sweetwater 3, Kumeyaay, Bear Creek, and Jersey Atlantic
  - Expect to complete acquisition in April / May 2006
- Lake Bonney 2
  - Expect to reach financial close and commence construction in first half 2006, full operation in 2007
- Spanish framework
  - Expect to acquire a minimum of 70MW in 2006
- German Framework
  - Expect to acquire a minimum of 50MW in 2006





## Questions and Answers



# Appendices



# Profit for half year ended 31 December

## Highlights

- EBITDA from operations of \$15.8 million<sup>1</sup> within expectations
- Net Profit impacted by Incentive Fee payable reflecting BBW's strong stock performance
- Completion of Initial Portfolio, Framework Assets and other acquisitions to be earnings accretive for second half 2006 and FY 2007

<sup>1</sup> Including US associate, before Incentive Fee

<sup>2</sup> Including Incentive Fee

<sup>3</sup> Including net interest expense

## Statement of Financial Performance

(A\$m)	1H 2005 ACTUAL	1H 2006 ACTUAL
Wind Farm Revenue	2.4	25.6
EBITDA <sup>1</sup>	1.9	15.8
EBIT <sup>2</sup>	1.0	(24.6)
PBT <sup>3</sup>	1.8	(27.0)
Tax benefit/(expense)	(0.7)	8.7
<b>Net Profit After Tax</b>	<b>1.1</b>	<b>(18.3)</b>



# Summary of Cash Flow for half year ended 31 December

## Highlights

- IPO raised \$396 million, including \$35 million oversubscriptions
- Operating revenue of \$25.6 million within expectations. Trade receivables of \$15.4m at 31 Dec 2005
- Operating cash flow impacted by wind farm commissioning in first half, (including capitalised interest) but completion of Initial Portfolio and acquisitions will contribute significant cash flow in second half 2006 and FY 2007
- Cash in hand of \$389 million includes \$112 million in project accounts including funds for completion of Alinta
- Cash available of \$277 million for known and further acquisitions

## Cashflow Statement

(A\$m)	1H 2005 ACTUAL	1H 2006 ACTUAL
Net operating cashflow	(2.0)	0.9
Net investing cashflow	(111.4)	(149.5)
Net financing cashflow	164.3	425.2
<b>Net change in cash</b>	<b>50.9</b>	<b>276.6</b>
Cash at start of period	79.4	110.1
Effect of exchange rate changes	-	2.2
<b>Cash at end of period</b>	<b>130.3</b>	<b>388.9</b>



# Profit and loss statement

(\$'000)	Year to 30 June 2005	6 months to December 2005
Total product revenue	16,607	25,635
Operating Costs	(2,070)	(4,809)
Corporate Costs	(1,677)	(5,282)
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA) (before associate and Incentive Fee) <sup>1</sup></b>	<b>12,860</b>	<b>15,544</b>
Share of net profit of equity accounted investments	-	219
Incentive Fee	-	(32,985)
<b>EBITDA (after associate and Incentive Fee)</b>	<b>12,860</b>	<b>(17,222)</b>
Depreciation and amortisation	(5,672)	(7,416)
<b>Earnings before interest and tax (EBIT)</b>	<b>7,188</b>	<b>(24,638)</b>
Net borrowing costs	(2,280)	(2,402)
<b>Profit before tax</b>	<b>4,908</b>	<b>(27,040)</b>
Income tax (expense)/benefit	(1,775)	8,738
<b>Net/(loss) profit after tax (NPAT)</b>	<b>3,133</b>	<b>(18,302)</b>
<b>EBITDA<sup>1</sup> margin (%)</b>	<b>77.4</b>	<b>60.6</b>

<sup>1</sup> Represents EBITDA before associate and Incentive Fee.



# BBW debt position

- Project debt \$470 million, non recourse to BBW
- Interest rate under Project debt is over 90% fixed
- Project debt is entirely in the currency of underlying asset
- BBW Corporate debt facility Euro 30M, drawn to Euro 6 million
- BBW negotiating increase in Corporate debt facility to Euro 150M to assist finance of further acquisitions





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