

BABCOCK & BROWN WIND PARTNERS

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

7 September 2006

BBW ANNOUNCES FULL YEAR RESULT AND UPGRADE TO FY2007 DISTRIBUTION

Babcock & Brown Wind Partners (ASX: BBW) today announced its FY2006 final result and confirmed that the distribution guidance for 2007 has been upgraded from 11.20 cents per stapled security to 12.5¹ cents per stapled security: representing an increase of 11%. Further BBW is targeting at least 3.5% compound annual growth in distributions over the medium term.

The 2006 financial year produced a sound performance for security holders with total revenue of \$73m and EBITDA (after associates) of \$51.8m being achieved, and the confirmation of a fully taxed deferred final distribution of 5.1cents per stapled security to be paid to security holders on 29 September 2006. The composition of the result, as previously outlined in the Supplementary Investor Information released to the market on 14 August 2006, 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 Vestas 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.

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

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. The aggregate impact of reduced EBITDA (after associates) and reduced interest expense resulted in a positive impact of \$0.3 million on operational cashflows.

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 range of funding options which will be examined and which may eliminate the need to raise any material additional 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.

Further materials in relation to the full year result are contained within the accompanying investor presentation.

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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