

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
Level 23 The Chifley Tower · 2 Chifley Square · Sydney NSW 2000 Australia
T +61 2 9229 1800 · F +61 2 9231 5619 · www.bbwindpartners.com



Media Release

23 February 2007

BBW RELEASES INTERIM RESULT AND CONFIRMS FY08 DISTRIBUTION

Babcock & Brown Wind Partners (ASX: BBW) today announced its 2007 interim result with net operating cash flows of \$41.5 million. The Directors have confirmed that a fully tax deferred interim distribution of 6.25 cents per stapled security for the half year ended 31 December 2006 will be paid to security holders on 9 March 2007.

Highlights for the 6 months ended 31 December 2006 include the following:-

- **Net Operating cash flows of \$41.5 million:** There was a significant increase in net operating cash flows to \$41.5 million compared to \$5.3 million in the previous corresponding period. Net operating cash flow of \$41.5 million is sufficient to cover the first half distribution payment of \$36.3 million.
- **Revenue of \$48.6 million:** Revenue increased 90% from \$25.6 million in the previous corresponding period. This can be attributed to the acquisition of the Eifel and remaining Spanish wind farms during FY2006, as well as from the Alinta wind farm achieving practical completion in August 2006. Revenue excludes the \$1.8 million contribution from BBW's US wind farms, which are equity accounted.
- **Contribution from the US:** The equity accounted share of earnings from BBW's US wind farms was \$1.8 million, compared to \$0.2 million in the previous corresponding period. US cash distributions contributed \$13.5 million for the 6 months ended 31 December 2006, compared to \$0.5 million in the previous corresponding period reflecting the US acquisitions announced in May 2006 and a full half year contribution relating to the US03/US04 assets.
- **Distribution guidance:** The Directors have provided distribution guidance for FY08 of 14.0¹ cents per stapled security, an increase of 12% on FY07. The FY08 distribution is expected to be fully tax deferred.
- **Conservative gearing and balance sheet structures:** BBW's gearing remains conservative, with a net debt to net debt plus equity ratio of 35.1% on a consolidated basis as at 31 December 2006. As indicated at the time of the full year result, a key objective for BBW is to put in place a more optimal capital

¹ Assumes that the US06 Portfolio acquisition is approved by security holders and acquired in line with the proposed timing; successful implementation of plans to refinance BBW's debt facilities during the current financial year; P50 production; no performance fee and Spanish Tariff no less than as indicated in the Spanish Government draft decree announced on 29 November 2006.

structure through the re-finance of its portfolio. BBW is currently in discussion with a range of prospective lenders and anticipates that the portfolio re-finance will be finalised by the end of the 2007 financial year.

- **Portfolio Status:** The BBW portfolio continues to achieve significant scale and geographic diversity: Over the half year period, BBW acquired two wind farms in the US, Bear Creek and Jersey Atlantic, and acquired additional interests in Sweetwater 3 and Kumeyaay. BBW also acquired the Fruges II wind farm in France and also expanded its operations in the Eifel wind farm in Germany.
- **Further diversification and growth of the portfolio:** Since 31 December 2006, BBW has announced the acquisition of the Kaarst wind farm in Germany, and has also entered into a sale & purchase agreement for a portfolio of a further six US wind farms which is subject to security holder approval. BBW currently owns and operates 25 wind farms (including three under construction), in nine wind regions within four regulatory regimes. Should the US sale & purchase agreement be approved, the number of wind farms BBW's portfolio will grow to 31.

Miles George, Acting Chief Executive Officer said "The interim result is characterised by a significant increase in net operating cash flows and a higher contribution from the US which reflects the ongoing expansion of the portfolio in the US during 2006. Wind energy production varied from the long term mean for the interim result period; however the performance of each wind farm in the portfolio remains within expectations given natural wind variability. Typically, short term performance of individual wind farms varies around the long term mean, and the portfolio effect will narrow this variability. Therefore, as BBW's portfolio increases it is expected that the variance in wind energy production will reduce".

Outlook

BBW's investment strategy is to build security holder wealth through managing its diversified portfolio of wind farms and, where appropriate, through accretive acquisitions of additional assets.

Miles George, Acting Chief Executive Officer said "BBW invested a total of \$215 million in accretive acquisitions and progress payments for construction for the 6 months ended 31 December 2006. Going forward the BBW management team is focused on the continued growth and success of the portfolio through the acquisition of accretive assets, including the acquisition of the "US06 Portfolio", which is subject to security holder approval on 26 February 2007. The Directors have provided distribution guidance for FY08 of 14.0² cents per stapled security based on such approval being obtained, an increase of 12% on FY07. The FY08 distribution is also expected to be fully tax deferred".

² Assumes that the US06 Portfolio acquisition is approved by security holders and acquired in line with the proposed timing; successful implementation of plans to refinance BBW's debt facilities during the current financial year; P50 production; no performance fee and Spanish Tariff no less than as indicated in the Spanish Government draft decree announced on 29 November 2006.

BABCOCK & BROWN
WIND PARTNERS

Revenue, US distributions and wind energy generation are expected to be higher in the second half of the year in line with the seasonal profile. BW expects that US distributions in the second half will represent approximately 55% to 60% of the full year US distributions. There is also the potential for Lake Bonney 2 to deliver pre-completion revenues in the second half.

In addition, the Kaarst and Eifel wind farms are expected to make a small combined contribution to net operating cash flows in the second half. The interim result included working capital items totalling \$15.5 million, which included the receipt of compensation payments relating to the Alinta wind farm, amortisation of pre-paid operations and maintenance costs and the reimbursement of VAT balances accumulated in Spain. Given the nature of the working capital items, it is not expected that these items will reverse in the second half.

If approved, the US06 portfolio will also make a small incremental contribution to net operating cash flows in H207, and will increase BW's gearing ratio on a pro-forma basis to 51³%. Even after the completion of the US06 acquisition, BW's gearing remains at a conservative level. Accordingly, further scope remains for incremental debt funded acquisitions.

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

ENDS

Further Information:

Rosalie Duff
Investor Relations Manager
Babcock & Brown Wind Partners
Phone: +61 2 9216 1362

Miles George
Acting Chief Executive Officer
Babcock & Brown Wind Partners
Phone: +61 2 9229 1800

³ Pro-forma gearing ratio of 51% assumes a market value of equity calculated at \$1.72 per security.

BABCOCK & BROWN WIND PARTNERS

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\$950 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 31 wind farms on three continents that have a total installed capacity of approximately 1,600 MW and are diversified by geography, currency, equipment supplier, customer and regulatory regime. (This includes the US06, which is subject to security holder approval.)

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 3000 MW 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 for 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