



ASX Release

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BBW PROVIDES UPDATE ON FINAL OUTCOME OF SPANISH TARIFF REVIEW

Babcock & Brown Wind Partners (ASX: BBW) has today provided an update on the final outcome of the Spanish tariff review which has been ongoing since late 2006. The key terms of the new Royal Decree 661/2007 represent an improvement on the November 2006 draft decree and overall the revised tariff scheme is supportive of the wind energy industry in Spain.

The Spanish government recently published Royal Decree 661/2007 which established a revised tariff scheme for renewable energy and cogeneration projects.

A key feature of the revised legislation is that fixed tariff and market tariff options remain and that a concessional transition period of 5 years applies to operating wind farms.

A summary of the key terms of the Royal Decree 661/2007 is as follows:

- A transition period through to the end of 2012 will apply to wind farms that have, or will enter into commercial operation before 1 January 2008. The tariff during the transition period will be exactly the same as the tariff under Royal Decree 436. This is an extended transition period to that announced in the November 2006 draft decree.
- For wind farms that commence commercial operation after 31 December 2007 the fixed tariff option will be 73.2€/MWh (2007 base price), reducing to 61.2 €/MWh (2007 base price) after 20 years of operation.
- The market tariff option is the sum of the market pool price, plus a market option premium, plus reactive energy remuneration, less any imbalance charges. For wind farms entering into commercial operation after 31 December 2007 and for wind farms after the transition period, the market option premium is 29.3€/MWh (2007 base price). The market tariff option is subject to a cap and floor mechanism ranging between 71.3 and 84.9€/MWh (2007 base price). The market option premium has increased from the November 2006 draft decree.
- The fixed tariff option, market option premium, market tariff cap and floor and the reactive energy remuneration are escalated annually by IPC (Spanish consumer price index) less 0.25% until the end of 2012 and IPC less 0.5% thereafter.

All of BBW's wind farms in Spain are operational and therefore are covered by the transition period.

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Wind energy is a leading renewable energy source in Spain with 11,615MW¹ of installed capacity. The Spanish wind energy market continues to be driven by the need to reduce carbon emissions, the desire to improve security of energy supply and the increasing cost competitiveness of wind energy.

Upon completion of the acquisition of two Spanish wind farms from Electric Power Development Co Limited and Marubeni Corporation (refer to BBW's announcement on 10 May 2007), BBW's portfolio exposure to the Spanish tariff regime on an energy generation basis will be 12%².

Based on the key terms of Royal Decree 661/2007 and current estimates of market prices, BBW's distribution guidance for FY07 and FY08 is unchanged at 12.5³ and 14.0⁴ cents per security respectively. Distribution guidance will be updated with the release of an explanatory memorandum to be issued in advance of a meeting of security holders to consider the remaining investment opportunities⁵ identified in the institutional placement presentation, dated 26 April 2007.

Miles George, Chief Executive Officer of BBW said, "The new Royal Decree removes an element of regulatory uncertainty in the Spanish wind energy market and is clearly an improvement from the initial draft decree released last year. Subject to its investment and acquisition criteria, BBW will continue to assess acquisition opportunities in this market."

For further information regarding the Spanish tariff review process and the key terms of the initial draft decree, refer to BBW's announcement on 6 December 2006.

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¹ Source: Global Wind Energy Council, "Global Wind 2006 Report", May 2007.

² Based on estimated production (in GWh pa) of operational and under-construction wind farms. This does not include the proposed acquisitions of the B Class Member interests in the US07 Portfolio or Enersis wind farm assets.

³ FY07 distribution guidance assumes P50 production and no performance fee.

⁴ FY08 distribution guidance assumes the US06 Portfolio is acquired materially in line with proposed timing, P50 production and no performance fee.

⁵ 50% interest in Enersis portfolio and B Class Member interests in the US07 Portfolio.

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\$1.3 billion.

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 33 wind farms on three continents that have a total installed capacity of approximately 1,676MW and are diversified by geography, currency, equipment supplier, customer and regulatory regime.

BBW is managed by Babcock & Brown Wind Partners 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