

## BABCOCK & BROWN WIND PARTNERS



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Babcock & Brown Wind Partners Trust · ARSN 116 244 118  
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### ASX Release

27 August 2007

## **BBW 2007 FULL YEAR FINANCIAL RESULT**

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Babcock & Brown Wind Partners (ASX: BBW) today released its FY07 financial result with Directors declaring a fully tax deferred distribution of 12.5 cents per stapled security for the full year ended 30 June 2007. The final distribution of 6.25 cents per stapled security will be paid to security holders on 14 September 2007.

Highlights for the 12 months ended 30 June 2007 include the following:

- **Operational Performance:** Generation increased by 149% to 2,326.6GWh.
- **Revenue:** Increased by 42% to \$103.7m.
- **EBITDA + US Cash Distributions:** Increased by 90% to \$99.7m.
- **Net Operating Cash Flows:** Increased by 133% to \$79.8m<sup>1</sup>.
- **Distributions:** Increased by 22% to 12.5 cents per security.
- **Investment and Acquisitions:** A total of \$944m applied towards investments and acquisitions during FY07. A total of \$698m for wind farm acquisitions and \$246m on construction projects including Lake Bonney II and Fruges wind farms.
- **Conservative Gearing and Capital Structure:** On a net debt to EV basis, BBW's consolidated gearing is 45.1% as at 30 June 2007. During FY07 BBW completed a €1.03bn global refinance of its portfolio, as well as successfully raising \$157m of new equity funding.
- **Growth in Portfolio Scale and Diversification:** Accretive acquisitions through a large scale portfolio acquisition of the US06 Portfolio, as well as the acquisition of a further 3 wind farms in Spain and the Kaarst wind farm in Germany. BBW also commenced construction of the Fruges II wind farm in France. Operational installed capacity increased by 94% to 1,168MW and forecast generation increased by 90% to 3,524GWh per annum.

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<sup>1</sup> Excludes \$8.0m positive impact on closing out interest rate swaps pursuant to the global refinance. Includes \$1.8m gain on forward exchange contracts.

Total revenue was \$103.7m for the full year ended 30 June 2007, compared to \$73.0m in the previous corresponding period representing an increase of 42%. Revenues from the sale of energy include a full year's contribution from all 6 Olivo wind farms in Spain, 3 of which were acquired during FY06, a full year's contribution from the Alinta wind farm, which became fully operational during FY06, and a part year contribution from the Kaarst wind farm, which was purchased in January 2007.

Whilst total revenue excludes the contribution from the US wind farms, BBW records the investments at fair value through the income statement and recorded a revaluation of \$18.6m in FY07 compared to \$2.1m in FY06. US cash distributions were also higher during the period, contributing \$39.4m in FY07 compared to \$7.0m in FY06.

US wind farm acquisitions were a significant contributor to the FY07 result. The increased contribution can be attributed to the acquisition of 5 of the 6 wind farms in the US06 Portfolio, which included Aragonne, Buena Vista, Mendota, Allegheny Ridge Phase I and GSG. BBW also acquired certain interests in the US05 portfolio including Class B membership interests in Sweetwater 3 and Kumeyaay in July 2006, followed by the acquisition of Class B membership interests in Bear Creek and Jersey Atlantic wind farms in December 2006. In FY07 BBW applied \$478m towards acquisitions in the US.

EBITDA plus US distributions was \$99.7m for FY07 compared to \$52.5m for FY06, representing an increase of 90%. The movement reflects the increased size of the US wind farm portfolio, as well as full year contributions from a number of wind farms in the portfolio.

There was a 133% increase in net operating cash flows to \$79.8m for FY07 compared to \$34.3m in FY06. Net operating cash flow of \$79.8m, offset by a notional repayment of debt of \$16.4m, covers the full year distribution payment (net of distribution reinvestment) of \$59.7m for FY07.

Miles George, Chief Executive Officer said, "The 2007 full year result is characterised by a significant increase in net operating cash flows and a higher contribution from the US portfolio. The application of nearly \$700m towards acquisitions in the US, Spain and Germany has clearly delivered tangible benefits for security holders."

### **Outlook**

BBW delivers security holder value by managing its existing portfolio of wind farms efficiently and securing opportunities to grow the business through selective accretive acquisitions.

BBW's participation as a member of the Babcock & Brown (ASX: BNB) and Singapore Power International Pte Ltd consortium to acquire Alinta Limited has provided BBW with enhanced capacity to pursue a range of identified accretive acquisition opportunities in FY08.

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Acquisition opportunities include at least 50% of a company that holds the Enersis operating wind farm assets in Portugal totalling 262MW<sup>2</sup>, and 100% of Babcock & Brown's interests in the US07 Class B interests<sup>3</sup> totalling 375MW<sup>2</sup>. The proposed acquisitions require an Independent Expert's Report, BBW Independent Director approval and security holder approval. Security holders will be asked to consider the proposed acquisitions at the Annual General Meeting on 9 November 2007.

Miles George, Chief Executive Officer said, "During FY07 operational installed capacity increased by 94% securing BBW's position as one of the top 5 participants in the industry globally. The BBW management team is currently focussed on completion of proposed acquisitions including the Enersis operating wind farm assets and the US07 Portfolio, which are subject to security holder approval on 9 November 2007. If approved, the completion of the proposed acquisitions and the construction of Lake Bonney Stage II in mid 2008, together with other construction projects, will add approximately 920MW of operating assets to the portfolio in the medium term."

Updated distribution guidance will be provided with the AGM notice of meeting seeking security holder approval for the proposed acquisitions. The notice of meeting will be dispatched to security holders in late September.

If approved by security holders on 9 November 2007, the proposed acquisitions are expected to increase BBW's net operating cash flows by a minimum of \$55.2m to \$175.2 million in FY08 and by a minimum of \$65.4m to \$206.4 million in FY09. The acquisition of the Enersis operating wind farms assets and the US07 Portfolio will increase BBW's gearing ratio on a pro-forma basis to approximately 60%<sup>4</sup>.

"BBW remains well placed to further build and consolidate its position as a leading global wind energy business. BBW has access to a high quality acquisition pipeline which we expect will deliver opportunities for continued growth on an accretive basis," concluded Miles George.

Further materials in relation to the FY07 financial result are contained within the accompanying investor presentation.

**ENDS**

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**Further Information:**

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<sup>2</sup> Represents BBW's proportional interest if the acquisition proceeds.

<sup>3</sup> Babcock & Brown has the right to a majority (and not 100%) of the Class B interests in the wind farms in the US07 Portfolio.

<sup>4</sup> Pro-forma gearing ratio of 60% assumes a market value of equity calculated at \$1.95.

## 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\$1.1 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 35 wind farms on three continents that have a total installed capacity of approximately 1,700MW 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](http://www.bbwindpartners.com)