ASX Release

15 January 2008

BBW RELEASES AN UPDATED INVESTOR MODEL

Babcock & Brown Wind Partners (ASX: BBW) has today released an updated investor model to assist stockbroking analysts, as well as current and potential investors, in the further development of their own investment models. A revised section 3 of the BBW Investor Pack (which provides an overview of the model) has also been released today and is an attachment to this announcement.

The updated model includes BBW's portfolio of wind farms as at the Annual General Meeting on 9 November 2007 as well as the acquisitions approved by securityholders at the AGM (US07 and Enersis (50%)).

A further updated model and Investor Pack, which will include the most recent wind farm acquisitions by BBW, will be available following the release of BBW's FY08 half year financial results in late-February 2008.

A copy of the updated investor model is available via BBW's website www.bbwindpartners.com

ENDS

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BABCOCK & BROWN WIND PARTNERS

About Babcock & Brown Wind Partners

Babcock & Brown Wind Partners (ASX: BBW) is a global wind energy business which owns and operates a portfolio of wind farms spanning six countries and three continents. BBW listed on the Australian Stock Exchange on 28 October 2005 and has a market capitalisation of approximately A$1.5 billion.

BBW 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 interests in 76 wind farms that have a total installed capacity of approximately 3,187MW and are diversified by wind resource, currency, equipment supplier, offtake arrangements and regulatory regime.

BBW is managed by Babcock & Brown Wind Partners Management Pty Ltd, a 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 has been a longstanding participant in the wind energy sector with 20 years experience. 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 roles as manager and financial advisor for BBW.

BBW's investment strategy is to grow Securityholder wealth through efficient management of the initial portfolio and by selective acquisitions of additional wind energy generation assets.

For further information please visit our website : **www.bbwindpartners.com**

Section 3 – The Model

3.1   Objective of the Model

The Model has been designed to increase the financial transparency of BBW's business and to provide a potential method for modelling BBW. The Model includes BBW's portfolio[1] of wind farms as at the Annual General Meeting on 9 November 2007 as well as the acquisitions approved by securityholders at the AGM (US07 and Enersis (50%)). The BBW Model is a cash flow model and does not represent the complexities of the group structure or accounting treatments. Specifically the Model aims to demonstrate the following:

•   A method for forecasting net operating cash flow.
•   A method for forecasting US asset capital structures and US distributions.
•   The portfolio effect.

3.2   Structure of the Model

The Model has been prepared using Microsoft Excel. In its current form the Model contains 122 individual worksheets and seven individual graphs. Each visible worksheet can be accessed by selecting the relevant link in the Master Control worksheet. The Model structure is summarised as follows:

•   One main ("Master Control") worksheet which contains the key inputs and outputs for the Model;
•   One "Global Assumptions" worksheet;
•   One "Correlation Matrices" worksheet, which looks at the degree of correlation in energy generation between wind farm regions;
•   One worksheet containing time series for economic assumptions. ("Time Series");
•   One worksheet which calculates the annual tax depreciation for individual wind farms ("Annual Inputs");
•   44 individual wind farm worksheets
•   24 separate worksheets for holding companies and partnerships;
•   Seven separate worksheets which model tax and corporate financing for each jurisdiction: Australia, Spain, Germany, France, Portugal and the US; The Australian case is split based on whether the holding company is tax consolidated with the parent.
•   One "Corporate" worksheet models corporate expenses and transactions with equity holders;
•   One "Consolidation" worksheet which illustrates the aggregated results for the BBW group;
•   One "Portfolio Effect" worksheet.

There are also seven graphs at the end of the Model which illustrate capacity, revenue, expenses, net operating cash flow, distributable cash flow and distributions across the regions for the modelled period.

The diagram over the page outlines the structure of the Model, together with the relevant colour coding. The content and objectives behind each spreadsheet are also described in this section.
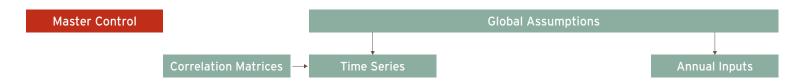
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1   The Model includes the Allegheny Ridge Phase II wind farm, although completion of this acquisition has not yet occurred.

Model Flow Chart
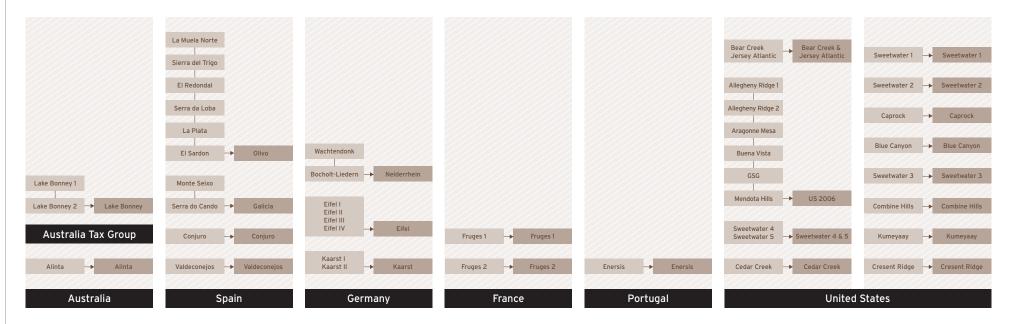
Assumptions

Master Control

Global Assumptions

Correlation Matrices	→	Time Series

Annual Inputs

Calculations

Australia

- Lake Bonney 1
- Lake Bonney 2 → Lake Bonney

Australia Tax Group

- Alinta → Alinta

Spain

- La Muela Norte
- Sierra del Trigo
- El Redondal
- Serra da Loba
- La Plata
- El Sardon → Olivo
- Monte Seixo
- Serra do Cando → Galicia
- Conjuro → Conjuro
- Valdeconejos → Valdeconejos

Germany

- Wachtendonk
- Bocholt-Liedern → Neiderrhein
- Eifel I / Eifel II / Eifel III / Eifel IV → Eifel
- Kaarst I / Kaarst II → Kaarst

France

- Fruges 1 → Fruges 1
- Fruges 2 → Fruges 2

Portugal

- Enersis → Enersis

United States

- Bear Creek Jersey Atlantic → Bear Creek & Jersey Atlantic
- Allegheny Ridge 1
- Allegheny Ridge 2
- Aragonne Mesa
- Buena Vista
- GSG
- Mendota Hills → US 2006
- Sweetwater 4 / Sweetwater 5 → Sweetwater 4 & 5
- Cedar Creek → Cedar Creek

- Sweetwater 1 → Sweetwater 1
- Sweetwater 2 → Sweetwater 2
- Caprock → Caprock
- Blue Canyon → Blue Canyon
- Sweetwater 3 → Sweetwater 3
- Combine Hills → Combine Hills
- Kumeyaay → Kumeyaay
- Cresent Ridge → Cresent Ridge

Summary

Corporate	→	Portfolio Effect	→	Charts

Key

| Assumptions |
| Operations |
| Financials |
| Totals |
| Outputs |

3.3   Activating the Model

In order to activate the Model, the user is required to set a variety of inputs on two sheets, 'Master Control' and 'Time Series'. Cells requiring input have a checked purple colour, and need to be populated by the user before the model will calculate results. Other inputs which can be changed by the user are contained in grey cells. These are summarised in the table below.

Whilst the Global Assumptions Worksheet has been populated by BBW, the user is required to review and determine appropriate values.

WORK SHEET	REQUIRED INPUT
Master Control	• Forecast period • EBITDA Multiple • Equity risk premium • Scenario Selection • Acquisition and Construction funding • End of Life
Global Assumptions	• Model timing and reporting frequency • Average PPA prices and Tariffs • Investment parameters for US partnerships including Class A member returns, Class B ownership share, taxes and PTC tenor. • Working Capital • BBW Balance Sheet • Accounting Depreciation • Corporate Debt • Income tax
Time Series	• Inflation • Interest rates • Risk free interest rates • Exchange rates, relating to EURO, USD. • Wholesale electricity prices • Price for Wind energy incentives

3.4   Contents of the Model

3.4.1   Main Input and Output Worksheet ("Master Control")

The Master Control worksheet provides the user with the ability to set model parameters with respect to the following.

•   Horizon
•   EBITDA multiple
•   Equity risk premium
•   Funding
•   End of Life

Within this worksheet, the user may choose between three Scenarios.

The key outputs for the Model are displayed within this worksheet as illustrated below:

•   Revenue
•   EBITDA
•   Net debt
•   Net assets

The following outputs are displayed on a per security basis as follows:

•   Net operating cash flow
•   Distributable cash flow
•   Distributions to security holders

In addition to revenue and EBITDA generated by non-US assets, revenue and EBITDA includes revenues and EBITDA earned by US assets multiplied by the proportion of Class B membership units held by BBW multiplied by the ownership proportion after reallocation date.

Net debt is gross debt less cash.

Net operating cash flow represents EBITDA for non US assets plus US Distributions less corporate costs, changes in working capital, and net interest paid. Distributable Cash flow is net operating cash flow after principle debt repayment. Corporate costs exclude incentive fees.

Since wind farms have relatively high and stable EBITDA margins, the value of wind farms in the portfolio is estimated using a discounted cash flow method. For the purposes of the Model this calculation is used as a value for net assets, and can be defined as a discounted cash flow valuation excluding corporate costs (including fees).

3.4.2 Global Assumption Worksheet

This spreadsheet contains the main assumptions of the Model as follows:

Key Assumptions
- Model timing and reporting frequency
- Average PPA prices
- US Partnerships
- Income tax rates

The user has the ability to set the Model timing or commence date of the Model. The frequency of the Model has been set as semi-annual in line with BBW's current reporting profile.

The PPA prices represent average figures and reflect current pricing contained within long-term PPA agreements. Whilst these figures can be varied by the user, these prices apply for the term of the PPA agreements.

In order to forecast US distributions under the current asset structure, the yield return to Class A Members and the investment balance for the US assets is required. These numbers are confidential and have not been disclosed. Accordingly, an indicative yield has been provided in order to back solve for the US Reallocation Date, and to provide an implied investment balance for the US wind farms. For more information with respect to the US asset structure refer to the United States asset description and portfolio section on pages 56-57.

Other US partnership variables which require input comprise of the Class A return, Class B ownership share, annual local and property tax, and PTC tenor.

3.4.3 Correlation Matrices Worksheet

The correlation worksheet calculates the cholesky matrix[2] corresponding to correlation matrices for wind energy variation. These are used in the time series work sheet to simulate energy production for the portfolio.

3.4.4 Time Series Worksheet

This work sheet contains long-term economic, corporate level data and wind generation data. The long-term economic data can be set by the user. The following inputs are required.

Long-term Assumptions
- Relevant Consumer Price Index
- Interest rates – floating interest rates (LIBOR)
- Risk free interest rates – government bond rate
- Exchange rates
- Wholesale electricity prices
- Prices for wind energy incentives

The wholesale electricity prices for FY07 are representative of the average prices in the market in which our wind farms operate.

The user may run sensitivities on Generation, Electricity Price and Expenses.

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2   The Cholesky decomposition expresses a symmetric positive definite matrix as the product of an upper-triangular matrix and its transpose.

3.4.5 Taxation Worksheet ("Annual Inputs")

There is a Taxation worksheet containing the depreciation and property taxes by wind farm project. These balances are based on taxation years as opposed to calendar years.

Half year depreciation values are calculated in the wind farm work sheet, based on the information as contained in the original taxation work sheet.

3.4.6 Wind Farm Operations Worksheets

There are 44 light grey sheets which model the cash flow from operations from wind farms. The wind farms in the Enersis and Fruges Portfolios are modelled separately on white sheets and consolidated on the corresponding light grey sheet. Assumptions that are unique to a wind farm such as annual electricity production and the term of the PPA, will be found on these sheets. Due to the commercial sensitivity, some terms (such as pricing) under the purchase power agreements have not been disclosed. Instead, the model links these assumptions to average or typical values provides on the Global Assumptions sheet.

These worksheets provide an overview of each wind farm and provide the following outputs.

- Capacity
- Power Generation
- Revenue
- Expenses
- EBITDA
- Construction costs
- Cash flow from Operations
- Tax depreciation

Expenses for each of the wind farms include maintenance CAPEX.

Additional wind farm work sheets can be added to the Model. The instructions may be found below the flow chart.

3.4.7 Summary Worksheets

While all wind farms are modelled in a similar way at the operational level, financing and taxation are jurisdiction dependent so these have been modelled separately. The wind farm sheets are consolidated and summarised on 24 dark grey sheets.

The number of worksheets required to calculate the financing arrangements for each of the wind farms are as follows:

AUSTRALIA

- There are two worksheets being for Lake Bonney (representing stages 1&2) and the Alinta wind farm

SPAIN

- One worksheetheet covers all of the Olivo portfolio
- A separate worksheet covers Monte Seixo and Serra do Cando
- A separate worksheet for Conjuro
- A separate worksheet for Valdeconejos

GERMANY

- One worksheet covers the Neiderrhein portfolio consisting of wind farms in Watchendonk and Bocholt-Liedern.
- A separate worksheet covers the Eifel wind farm
- A separate worksheet covers the Kaarst wind farm

FRANCE

- There are two separate workheets for the Fruges 1 & 2 wind farms

PORTUGAL

- One worksheet covers all of the Enersis Portfolio

UNITED STATES

- There are 12 sheets, one for each US partnership. This sheet models the tax position of the partnership and determines the timing of reallocation.
- The return of capital to Class B Members is modelled as a zero interest senior facility. Subsequent returns to Class A Members are modelled as a subordinated shareholder loan. Ordinary returns begin after the Reallocation Date.

3.4.8 Country Worksheets

The black worksheets consolidate the operations in a country. For each jurisdiction corporate debt and tax are modelled on this sheet. There are seven country output summary sheets, two worksheets for Australia, and one each for Spain, Germany, France, Portugal and the US. The Australian sheet has been split into two because Lake Bonney is consolidated with the parent.

Operational information includes:

- Capacity
- Power Generation
- Revenue
- Expenses
- EBITDA
- Contributions and Acquisition costs
- Cash flow from operations
- Tax depreciation
- Net Interest
- Net Debt
- Tax Paid
- Valuation
- Debt service paid
- Drawdown
- Other principal paid
- Disposals
- Net cash flow

3.4.9 Corporate Worksheet and Consolidation Worksheet

These two closely linked worksheets are the heart of the model. BBW group production and cash flow is detailed on the consolidation sheet. Corporate Costs, Transactions with Equity, Cash and Group Tax are modelled on the Corporate sheet.

3.4.10 Portfolio Effect Worksheet

The Portfolio Effect worksheet provides the user with information about the distribution of various key outputs depending on random variation in wind energy and measurement error. The model calculates P90, P75, P50, P25 and P10 for the following variables:

- Average power generation
- Average revenue
- Average EBITDA
- Net debt
- Average distributable cash flow per security
- Average net operating cash flow per security
- Net assets

Two simulation methods are used to determine these values. A one minute process computes 100 simulations, while the 20 minute process produces 2,000 simulations.

3.4.11 Graphs Worksheets

There are seven individual work sheets at the end of the Model, which aggregate the information for Australia, US, Spain, Germany and France.

Graphs illustrate the following variables:

- Capacity
- Revenue
- Debt
- Expenses
- Net operating cash flow
- Distributions
- Distributable Cash flow per security