

## 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

28 February 2008

## **BBW INTERIM FINANCIAL RESULT FOR THE SIX MONTHS ENDED 31 DECEMBER 2007**

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Babcock & Brown Wind Partners (ASX: BBW) today released its interim financial result with Directors declaring a distribution of 7.25 cents per stapled security for the six months ended 31 December 2007, which will be paid to securityholders on 18 March 2008 and is expected to be fully tax deferred.

Highlights for the six months ended 31 December 2007<sup>1</sup> include the following:

- **Operational Performance:** Generation increased to 2,078 GWh.
- **Revenue:** Increased by 107% to \$100.5m.
- **Cash Flow From operations:** Increased by 109% to \$112m.
- **Net Operating Cash Flows:** Increased by 31% to \$54.5m.
- **Distributions:** Increased by 16% to 7.25 cents per security.
- **Investment and Acquisitions:** A total of \$1,775m<sup>2</sup> applied towards investments and construction.
- **Gearing and Risk Management:** On a net debt to enterprise value basis, BBW's consolidated gearing is 65% as at 31 December 2007<sup>3</sup>. BBW expanded its global corporate debt facility by \$1.1bn to \$2.9bn during the six month period ended 31 December 2007.
- **Growth in Portfolio Scale and Diversification:** Operational installed capacity increased by 979.5MW to 2,430.6MW and forecast generation increased by 2,790.5 GWh per annum to 7,123.0 GWh per annum<sup>4</sup>.

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1 Represents BBW's revenues, EBITDA (including US distributions & after corporate costs) & NOCF from the date that BBW has taken economic interest in the Enersis Portfolio (50% interest from 1 Jul 07) & in SW4 (from 1 Jul 07).

Percentage increases are based on prior corresponding period i.e. H107.

2 Represents enterprise value

3 Includes 50% of Enersis Portfolio debt \$629m and based on 31/12/07: 848m Securities at \$1.70 per security.

4 Statistics are on an equity ownership basis and include Allegheny Ridge II which will be acquired upon completion of construction. A 70% interest in Conjuero wind farm was acquired in FY07, the remaining 30% in 1H08.

## **Acquisitions and Construction Projects**

BBW acquired 41 wind farms during the period, including 50% of the Enersis Portfolio of 30 wind farms, 100% of Babcock & Brown's ("B&B") Class B membership interests in the US07 Portfolio of three large scale wind farms, five wind farms under the Gamesa Framework Agreement<sup>5</sup> and a further three wind farms under the Plambeck Framework Agreement. In addition, BBW significantly strengthened its wind farm leadership in Australia with the acquisition of the Capital wind farm in New South Wales.

BBW applied a total of \$1,775m<sup>6</sup> towards investments and construction during the six months ended 31 December 2007. This comprised a total of \$1,660m for wind farm acquisitions and \$115m on construction projects including the Fruges, Kaarst and Lake Bonney 2 wind farms.

As at 31 December 2007, BBW's portfolio capacity totalled 2430.6MW and consisted of interests in 76 wind farms in six countries, three continents and 13 wind regions, with a long term mean energy production of 7,123 GWh per annum<sup>7</sup>.

## **Presentation of Economic Benefit**

The acquisition of 50% of the Enersis Portfolio and the investment in B&B's Class B membership interests in the US07 Portfolio were approved by securityholders on 9 November 2007 at the BBW Annual General Meetings.

In the statutory accounting statements, BBW has consolidated the result and cash flows of the Enersis Portfolio and has recognised distributions received from the US07 Portfolio from the dates of acquisition and investment.

BBW received the economic interest in relation to the Enersis Portfolio and one of the three wind farms within the US07 Portfolio (the Sweetwater 4 wind farm) from 1 July 2007. Accordingly, for presentation purposes, this economic interest is represented in the cash flow from 1 July 2007.

## **Interim Result**

Total revenue was \$100.5m for the half year ended 31 December 2007, compared to \$48.6m in the previous corresponding period, representing an increase of 107%. The increase is mainly as a result of acquisitions, which contributed \$55.7m. The main contributors included the Enersis Portfolio and the Monte Seixo, Serra do Cando, Conjuero and Valdeconejos wind farms.

US cash distributions were also higher during the period, contributing \$27.7m in H108 compared to \$13.5m in H107.

BBW records the US investments at fair value through the income statement and recorded a revaluation of \$30.6m in H108 compared to \$1.8m in H107.

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5 Includes a 30% interest in the Conjuero wind farm.

6 Represents enterprise value

7 Statistics are on an equity ownership basis and include Allegheny Ridge II which will be acquired upon completion of construction. A 70% interest in Conjuero wind farm was acquired in FY07, the remaining 30% in 1H08.

Cash flow from operations<sup>8</sup> was \$112.0m for H108 compared to \$53.6m for H107, representing an increase of 109%. The movement reflects the increased size of the US wind farm portfolio, as well as full period contribution from a number of BBW wind farms.

There was a 31% increase in net operating cash flows to \$54.5m for H108 compared to \$41.5m in H107, reflecting the increased size of the portfolio. Net operating cash flow of \$54.5m fully covers the H108 interim distribution of \$42.5m (net of distribution reinvestment).

Miles George, Chief Executive Officer said, "New acquisitions have made a significant contribution to the interim result, with a 109% increase in cash flow from operations compared to the previous corresponding period. The application of nearly \$1.8bn towards new investments and construction projects has benefited securityholders, with a 16% increase in distributions to 7.25 cents per security."

### **FY08 and FY09 Guidance**

Guidance for FY08 net operating cash flow has been updated to reflect the impact of lower than forecast generation in H108, as well as VAT payable on construction of new wind farms in Spain not expected to be refunded until FY09. This has resulted in FY08 net operating cash flow being revised from \$122.8m to \$112.8m.

The FY09 guidance has also been updated from \$145.4m up to \$155.2m, to include the expected contributions from the Carrascal, Cerradilla, Hiddestorf, Leddin and Langwedel wind farms.

### **Funding and Risk Management**

The continued growth of the business during the six month period ended 31 December 2007 was funded through the progressive expansion of BBW's global corporate debt facility by \$1.1bn to \$2.9bn, as well as through two successful equity issues totalling approximately \$250m. As at 31 December 2007, BBW's net debt to enterprise value ratio was approximately 65%<sup>9</sup>, which is within BBW's stated preferred gearing range.

BBW continues to maintain prudent risk management practices. Approximately 75% of BBW's debt is hedged on a long term amortising basis, with the average maturity of swaps being 9.7 years. BBW's average interest rate was 5.96%, demonstrating the benefits of BBW's ongoing hedging arrangements.

BBW's corporate debt facilities are structured as long term amortising facilities with no refinancing anticipated prior to 2010. The Enersis debt facility of \$629.4m is a non-recourse facility and has a final maturity date of 2024. There are no share price acceleration triggers contained within the BBW or Enersis facilities.

All acquisitions announced to date are fully covered by existing cash and committed funding sources, including future construction costs of those wind farms under construction. Furthermore, BBW has no off-balance sheet liabilities.

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<sup>8</sup> Cash flow from operations represents EBITDA from non-US wind farms plus US distributions

<sup>9</sup> Includes 50% of Enersis Portfolio net debt of \$629m and based on 31/12/07: 848m Securities at \$1.70 per security.

## Strategic Initiative

Management is undertaking a strategic initiative in relation to BBW's wind energy generation portfolio. The initiative focuses on the potential sale of selected assets, with the objective of demonstrating and capturing a portion of the significant valuation gap which has arisen between the value attributed to BBW's portfolio by the stock market and the value attributed to other wind energy assets and businesses.

BBW has an exceptionally high quality portfolio of wind energy assets and will only divest assets within the portfolio where the realisable value is at an exceptional level compared to our criteria. Any decision to divest assets from the portfolio would focus on maintaining and enhancing BBW's position to continue to deliver strong growth in returns to securityholders after any divestment.

A further presentation in relation to this strategic initiative will be provided today.

## Outlook

BBW is uniquely positioned as a pure wind energy generator and has a portfolio of significant scale as a global top five wind farm owner and operator. BBW's ongoing strategy is focussed on managing the existing portfolio of wind farms efficiently, and where appropriate, through selective accretive investments and divestments.

BBW continues to offer securityholders a distribution which is clearly identifiable as fully covered by net operating cash flow. The Directors have also reconfirmed the FY08 and FY09 distribution guidance of 14.5 and 15.5 cents per security, respectively<sup>10</sup>. Both distributions are expected to be fully tax deferred<sup>11</sup>.

Miles George, Chief Executive Officer said, "BBW has continued to grow net operating cash flows and distributions on a per security basis whilst maintaining a prudent level of gearing within effective risk management policies. BBW remains in a strong position. A strategic initiative is currently underway to manage the next phase of BBW's growth. This initiative will potentially provide for improved value recognition for BBW and its securityholders."

Further materials in relation to the H108 financial result are contained within the accompanying investor presentation.

## ENDS

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### Further Information:

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<sup>10</sup> Subject to P50 performance and no performance fee

<sup>11</sup> Based on the current portfolio

## 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\$1.2 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, off-take arrangements and regulatory regime.

BBW is managed by Babcock & Brown Wind Partners Management Pty Limited, 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 its portfolio of wind energy generation assets.

For further information please visit our website : [www.bbwindpartners.com](http://www.bbwindpartners.com)

**Interim result for six months ended  
31 December 2007**

**28 February 2008**



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# Agenda

1. Introduction & Highlights
2. Financial Performance
3. Operational Performance
4. Outlook
5. Appendix

<b>Presenters:</b>	Miles George	Chief Executive Officer
	Gerard Dover	Chief Financial Officer
	Geoff Dutailis	Chief Operating Officer

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# Highlights

## Financial Performance<sup>1</sup>

Revenue	\$100.5 m	↑ 107%
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Cash Flow from Operations <sup>2</sup>	\$112.0 m	↑ 109%
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Net Operating Cash Flows	\$54.5 m	↑ 31%
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H108 Distributions	7.25 cps	↑ 16%
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Investments & Acquisitions	\$1,775 m	
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- Total revenue excludes contribution from US wind farms

- Reflects the increased size of the US wind farm portfolio & full period contribution from a number of wind farms

- NOCF covers interim distribution payment

- Interim distribution of 7.5 cps, expected to be fully tax deferred

- FY08 distribution guidance: 14.5 cps<sup>3</sup>

- FY09 distribution guidance: 15.5 cps<sup>3</sup>

- \$1,660m wind farm acquisitions

- \$115m construction projects

1. Percentage increase from prior corresponding period i.e. H107

2. EBITDA of Non-US Operations and US Distributions

3. FY08 and FY09 distribution guidance assumes P50 production, no performance fee

# Highlights

## Portfolio Growth & Performance<sup>1</sup>

Total Installed Capacity (MW) (Operational & Under Construction)	2,430.6
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Long Term Mean Energy Production (GWh pa) (Operational & Under Construction)	7,123.0
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Diversification	
- wind region	13
- regulatory regime	6
- turbine manufacturers	8

Actual Portfolio Generation for Period (GWh)	2,078
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## Highlights

- 979.5 MW acquired over the half year period, a 68% increase since 30 June 07

- 2,790 GWh acquired over period, a 64% increase since 30 June 07

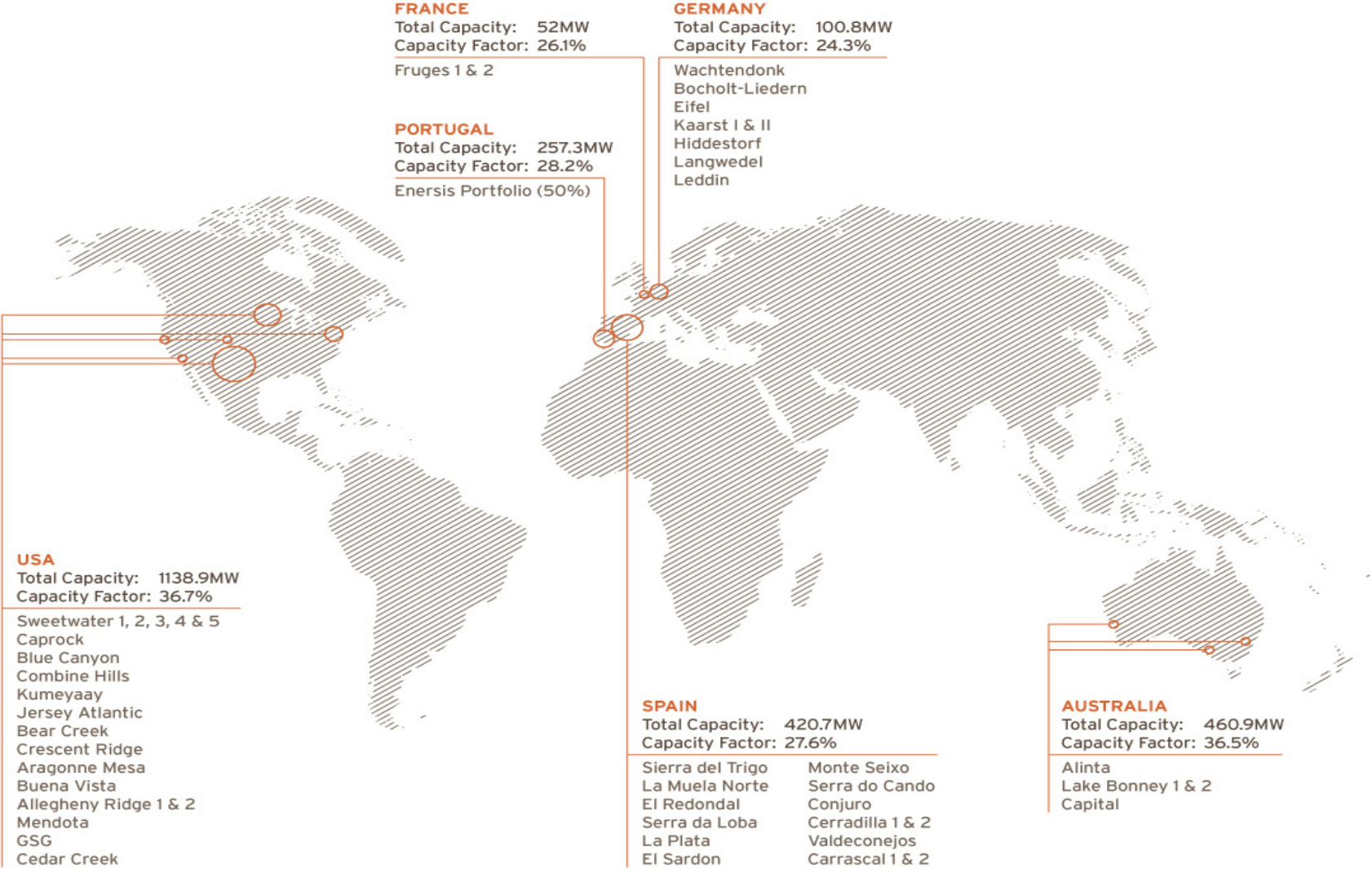
Increased diversification since 30 June 07:

- NSW, Central US, Portugal
- Portugal
- Suzlon

- 94% of forecast, a 58% increase since 30 June 07

1. Statistics are on an equity ownership basis and include Allegheny Ridge II which will be acquired upon completion of construction. A 70% interest in Conjuros wind farm was acquired in FY07, the remaining 30% in 1H08.

# Growth based in attractive markets

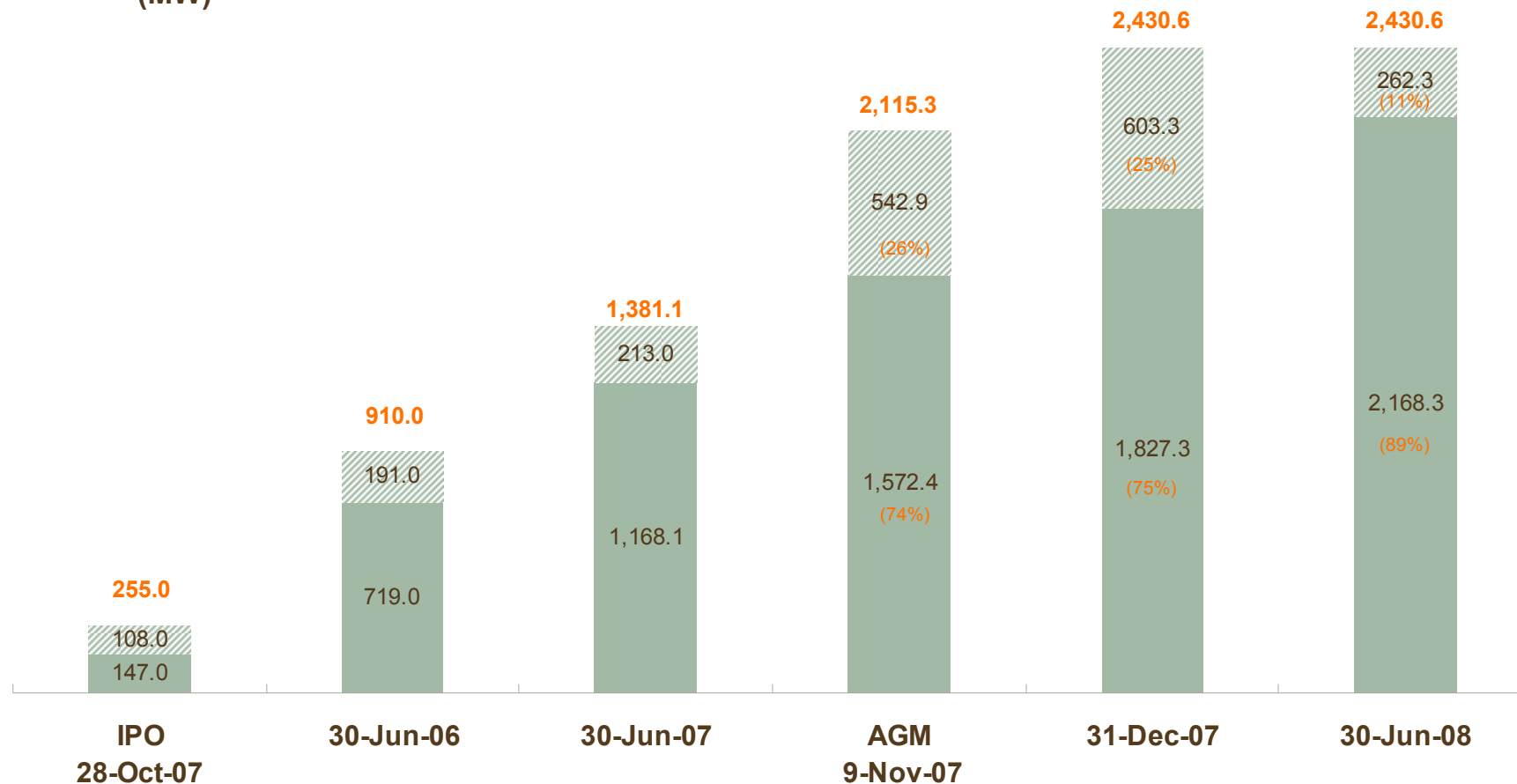


NB: Statistics are on an equity ownership basis



# Installed Capacity

(MW)



NB: Installed capacity is based on BBW's equity interest (US based on BBW's % B class interest)

Operating
  Construction



# Agenda

1. Introduction & Highlights

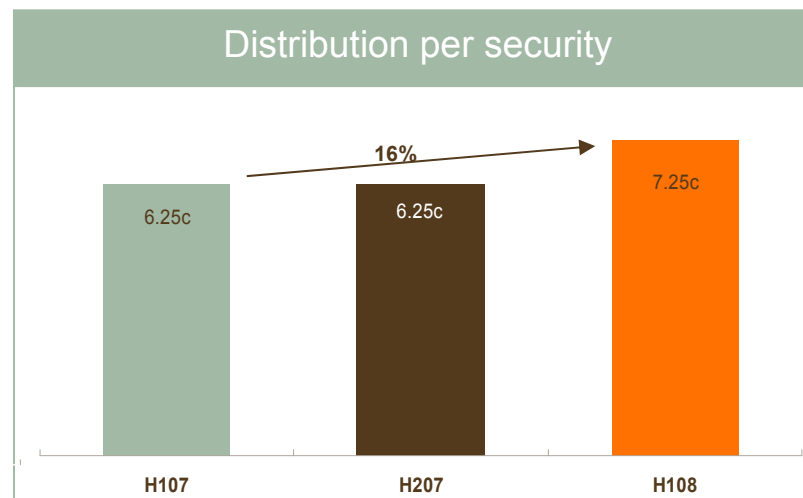
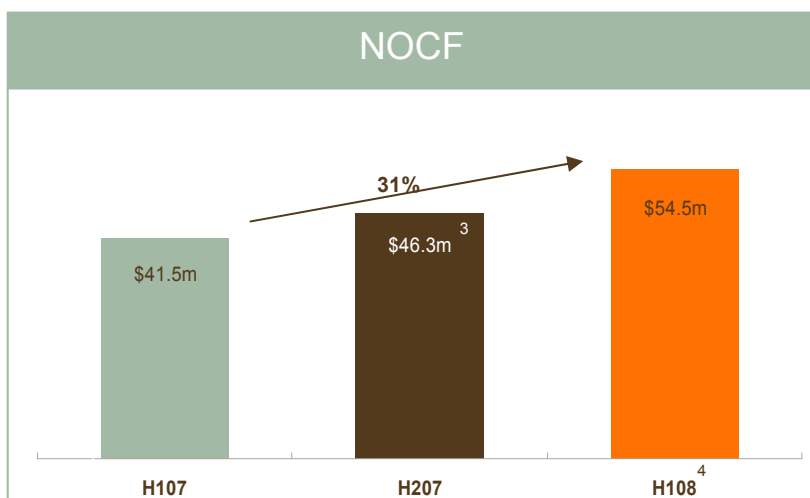
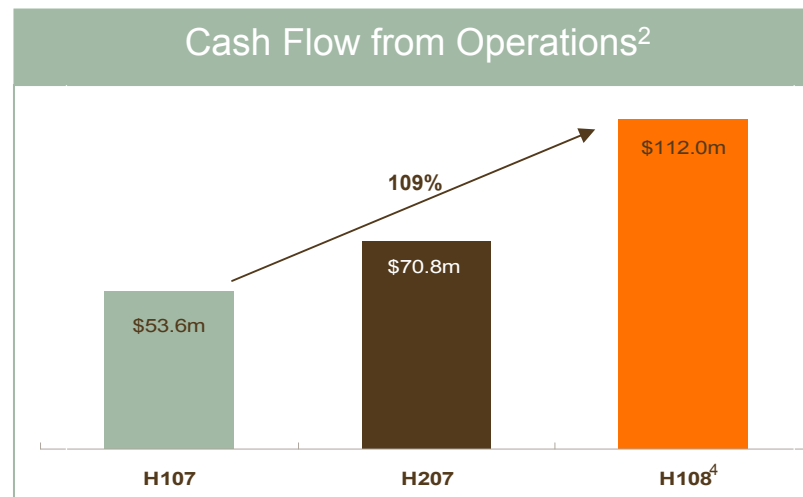
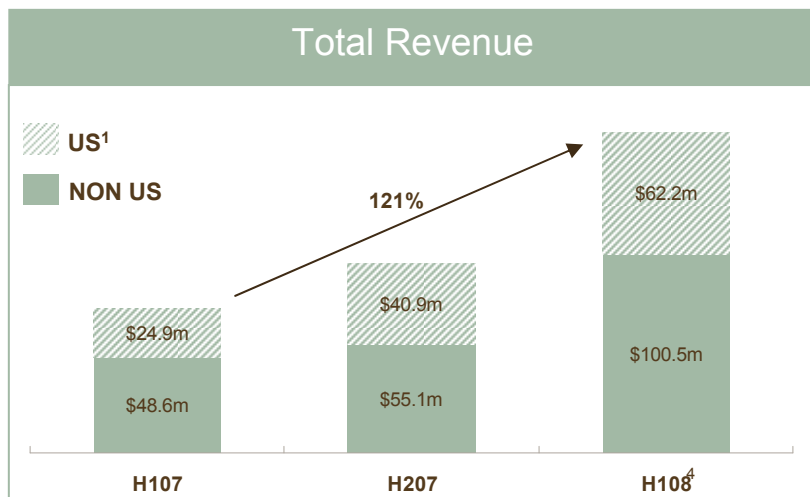
2. Financial Performance

3. Operational Performance

4. Outlook

5. Appendix

# Financial Performance



1. Revenues of the U.S wind farms are not included in BBW's statutory revenue as BBW does not control these investments. The US revenue presented represents BBW's B class ownership interest and excludes PTC revenues

2. EBITDA of non-US operations and US distributions

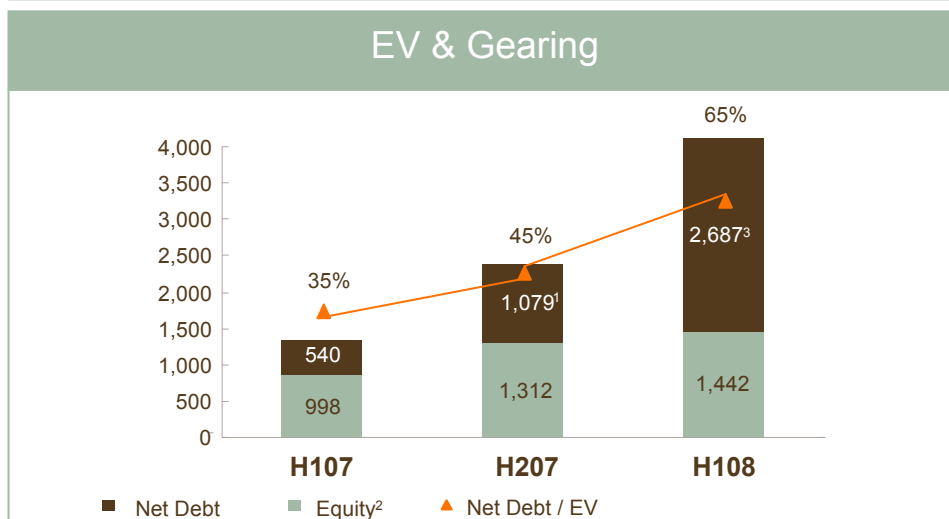
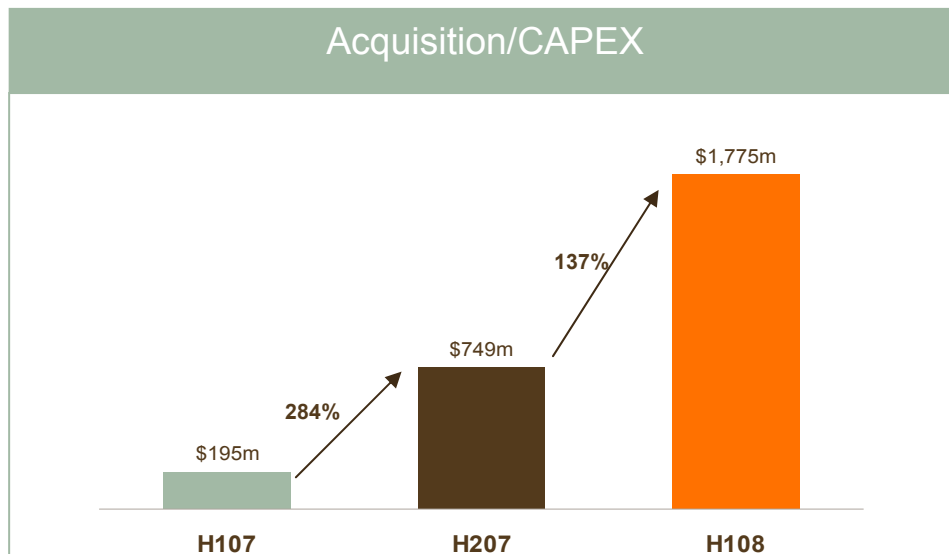
3. Includes \$8m positive impact of closing out interest rate swaps pursuant to the global refinance, includes \$2.8m gain FX

4. Represents BBW's economic interest in the Enersis Portfolio (50% interest) from 1Jul07 and in SW4 from 1Jul07. Refer to the appendix for a reconciliation to the statutory accounts



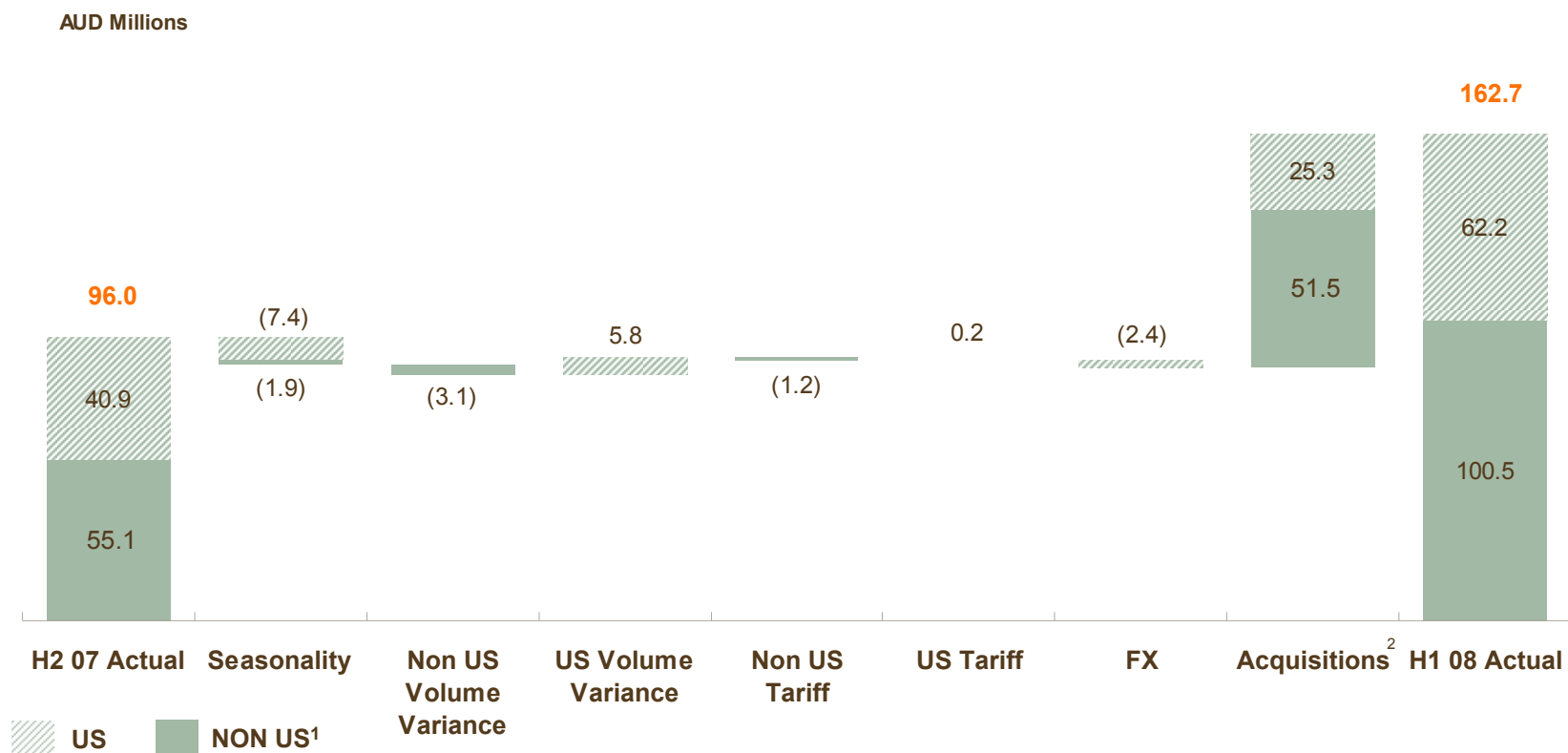


# Financial Performance



1. Includes \$182m relating to the 29 June 2007 purchase of the Allegheny Ridge Phase 1 and GSG paid on 2 July 2007  
 2. Based on: 31/12/2007 – 848m securities at \$1.70 per security; 30/6/2007 – 673m at \$1.95; 31/12/2006 – 580m at \$1.72.  
 Excludes Class A Equity in US Wind Farms  
 3. Includes 50% of net debt relating to the Enersis Portfolio (629.4m)

# Revenue H2 07 vs H1 08



NB: Excluding the "Acquisitions" variance, all movements reflect the portfolio in existence for all of the 2nd half of FY07.

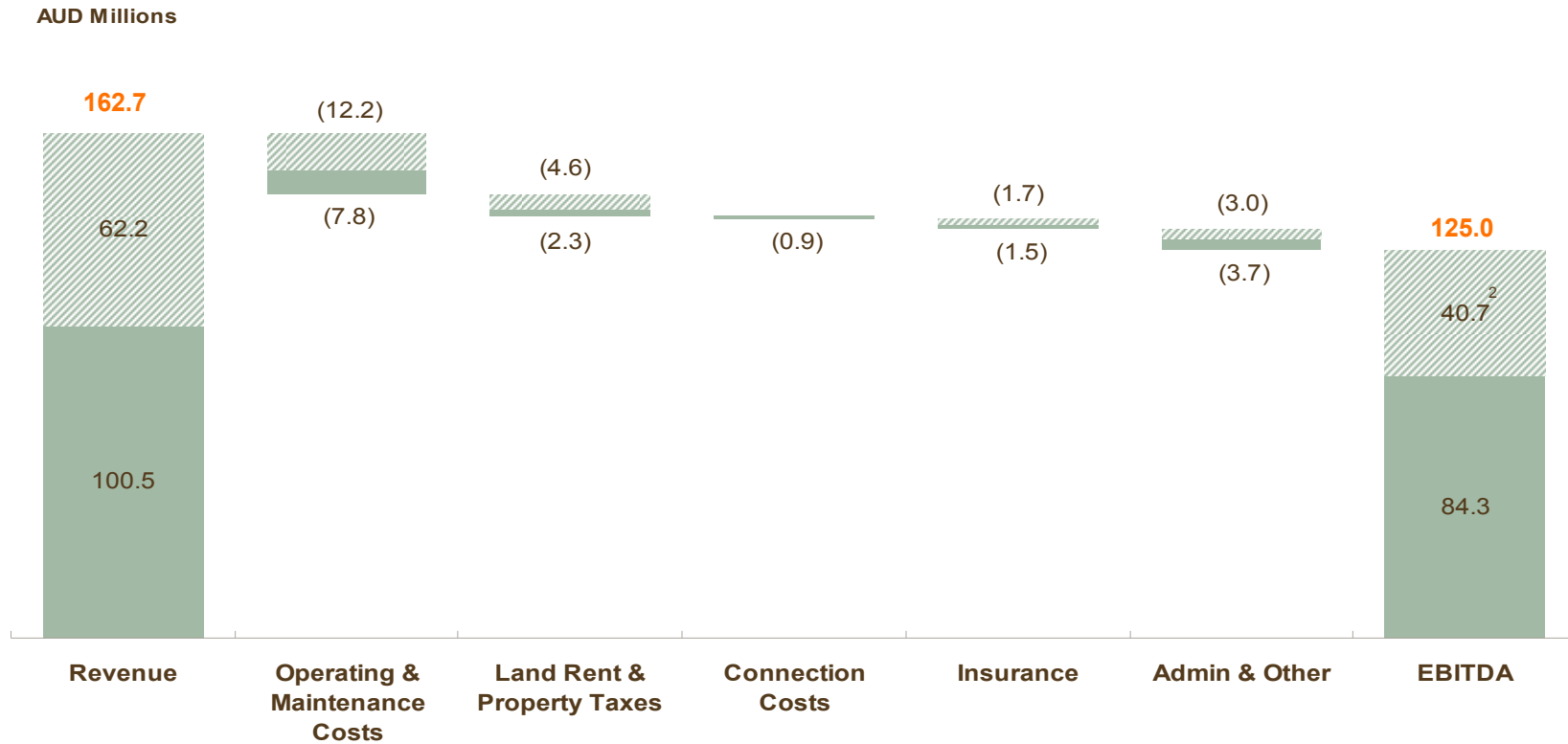
NB: Seasonality adjustment reflects a Revenue split of 47.5:52.5 between the first and second halves of the financial year for the portfolio in existence for all of H2 07

1. Non US includes Australia, Spain, France, Portugal & Germany

2. Includes assets under construction that have commenced operations



# H108 Operational EBITDA



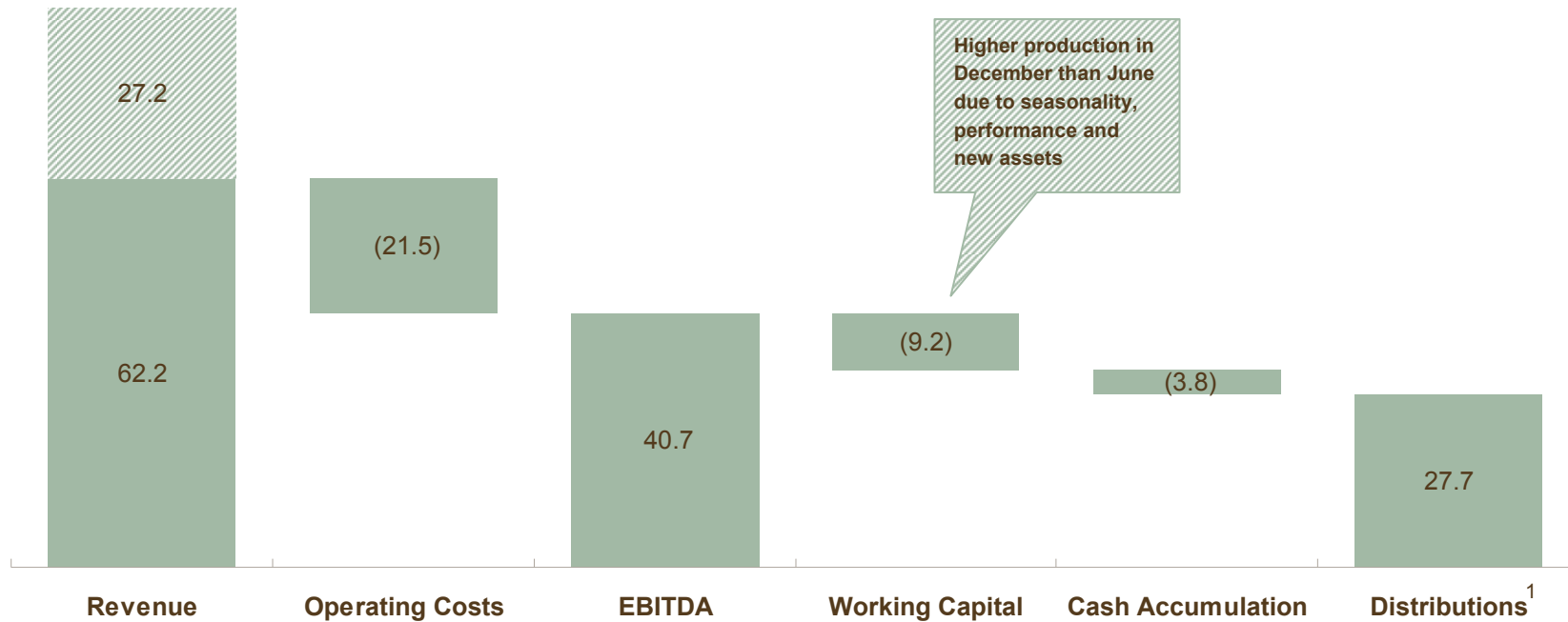
US
 NON US<sup>1</sup>

1. Non US includes Australia, Spain, France, Portugal & Germany

2. US EBITDA of \$40.7m is before working capital movements and cash accumulation, totalling \$13.0m, resulting in distributions of \$27.7m [Rounding]

# H108 US Distributions

AUD Millions

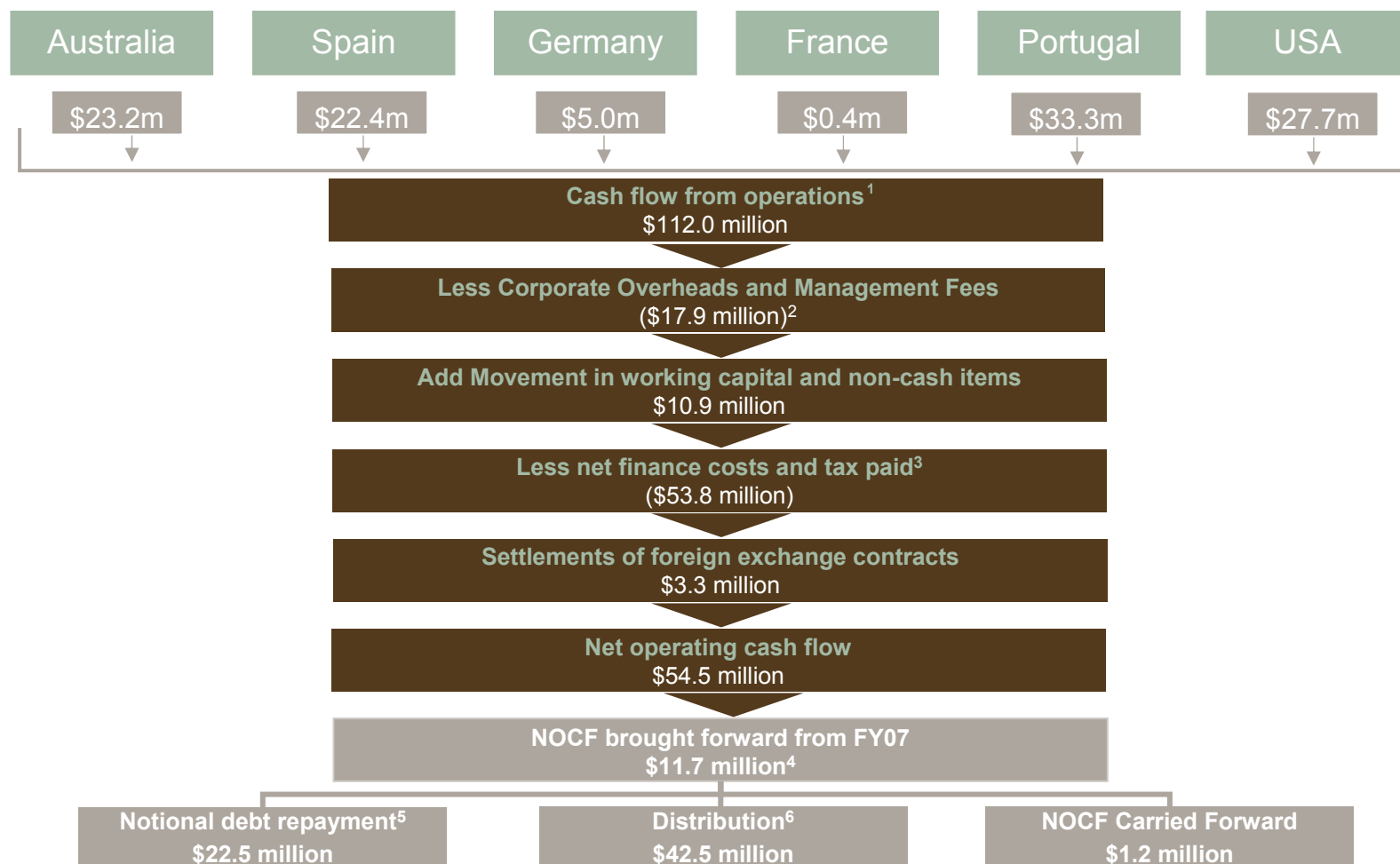


 PTC Revenue

1. Includes distributions from the date that BBW has taken economic interest in SW4.

Refer to the appendix for a reconciliation to the statutory accounts.

# Cash Flow



1. Includes EBITDA from non-US operations + US Distributions

2. Includes base fees of \$9.9m, management expenses of \$4.3m and ancillary costs of \$3.7m

3. Includes FX loss of \$3.4m

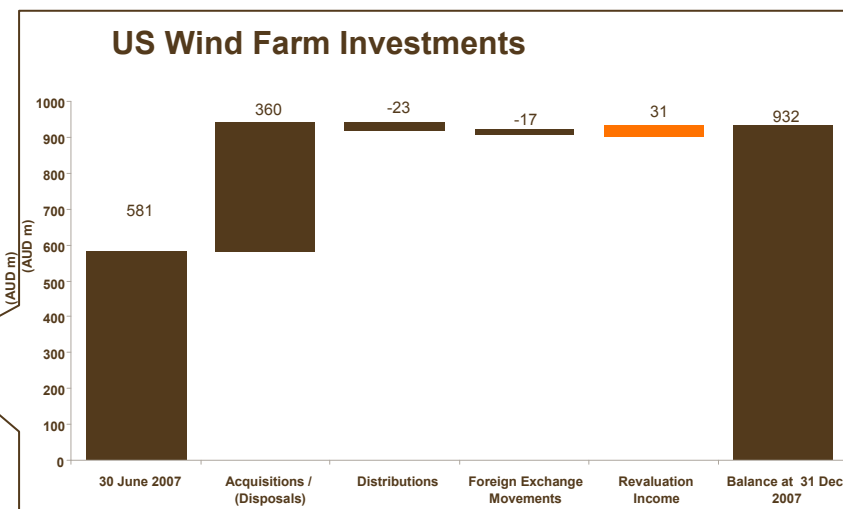
4. FY07 statutory NOCF of \$86.0m + positive inflow from FECs of \$1.8m less FY07 NDR of \$16.4m less FY07 distributions of \$59.7m

5. Notional debt repayment assumes average net debt balance of \$1,606m, straightline amortisation over 25 years, with a 30% residual balance based on a half year period

6. Net of DRP participation of H108: 30.8%

# Statutory Income Statement

	H107	H207	H108 <sup>1</sup>
Revenue	48.6	55.1	76.5
Operating Costs	(8.5)	(10.2)	(14.4)
Corporate Costs & Management fees	(10.6)	(14.1)	(17.9)
Revaluation of US Wind farms	1.8	16.8	30.6
Depreciation and amortisation	(16.9)	(17.1)	(27.3)
<b>EBIT</b>	<b>14.4</b>	<b>30.5</b>	<b>47.5</b>
Net borrowing costs	(16.4)	(16.7)	(46.0)
Foreign exchange gains/(losses)	-	2.8	(3.4)
Income tax benefit/(expense)	1.1	(1.9)	5.0
<b>Net Profit/ (Loss)</b>	<b>(0.9)</b>	<b>14.7</b>	<b>3.1</b>



## Net Borrowing Costs

	H107	H207	H108
Net interest expense	(13.6)	(18.4)	(37.4)
Net loss on financial instruments	(0.4)	(0.4)	(6.2)
Other finance charges	(2.4)	(5.8)	(2.4)
	<b>(16.4)</b>	<b>(24.6)</b>	<b>(46.0)</b>
Net gain resulting from global refinance	-	7.9	-
<b>Net borrowing costs</b>	<b>(16.4)</b>	<b>(16.7)</b>	<b>(46.0)</b>

1. Includes 100% of the results of the Enersis portfolio from the date of acquisition in December 2007



## Acquisitions & Investments

Acquisitions	
	Amount <sup>1</sup> (A\$m)
Australia <sup>2</sup> - Capital Wind Farm	49
US07 Portfolio - Sweetwater 4 & 5, Cedar Creek	360
Portugal - Enersis Portfolio (50%)	828
Spain - Conjuero (30%), Valdeconjeos, Carrascal I&II, Cerradilla I&II	403
Germany - Hiddestorf, Leddin, Langwedel	20
<b>\$1,660m</b>	

Construction	
	Amount (A\$m)
Lake Bonney 2	60
Kaarst	2
Fruges	53
<b>\$115m</b>	

**TOTAL INVESTED IN H108 = \$1,775M<sup>3</sup>**

1. Enterprise value including advisory fees and other transaction costs

2. Includes the value of securities issued as part consideration (\$24m)

3. Per statutory cashflow:

- Payment for PPE	118
- Payments for investments in controlled entities	318
- Payments for investments in financial assets	541
- Payment for investment in associates, loans advanced	<u>12</u>
	<b>989</b>
- US06 Phase 2 Payment 2 July 2007	(182)
- Net debt assumed on acquisitions	944
- Securities issued as consideration	24

**1,775**



## Balance Sheet & Interest Rate Statistics

Balance Sheet (\$m)	31 Dec 07	Committed Capex	Pro Forma
Gross Debt	2,809 <sup>2</sup>	531	3,340
Cash	122 <sup>2</sup>	(61)	61
<b>Net Debt</b>	<b>2,687<sup>3</sup></b>	<b>592<sup>1</sup></b>	<b>3,279</b>
Committed Facilities	531	(531)	-
Debt Ratios	31 Dec 07		Pro Forma
Net Debt to EV <sup>7</sup>	65%		69%
EBITDA <sup>10</sup> /Interest	2.0x		2.9x <sup>4</sup>
Net Debt/EBITDA <sup>10</sup>	11.3		6.9 <sup>4</sup>
Average Interest Rate	5.96% <sup>5</sup>		5.99% <sup>6</sup>
Average margin on facilities <sup>9</sup>	79bps		82bps
Average Swap Rate	5.04%		5.08% <sup>6</sup>
Average Maturity of swaps	9.69		N/A

### • Global facilities

- Increased by \$1.1bn to \$2.8bn
- 75% hedged
- Covenants<sup>8</sup> comfortably met
- No refinancing anticipated prior to 2010

### • Enersis Debt facility

- \$629.4m net debt (on 50% basis)
- 100% hedged
- Non-recourse portfolio financing
- Maturity: 2024

### • No share price acceleration triggers

### • No off-balance sheet financial liabilities<sup>9</sup>

1. Australia \$289m, Spain \$108m, Germany \$66m, Portugal \$9m, France \$39m, US \$81m

2. Includes 50% of Enersis Portfolio Gross Debt (\$631m) and Cash (\$2m)

3. AUD 493.0m ; USD 547.0m ; EUR 938.0m

4. Assumes all assets are fully operational

5. Calculated from an average H108 debt values and includes capitalised interest

6. Based on current interest and swap rates

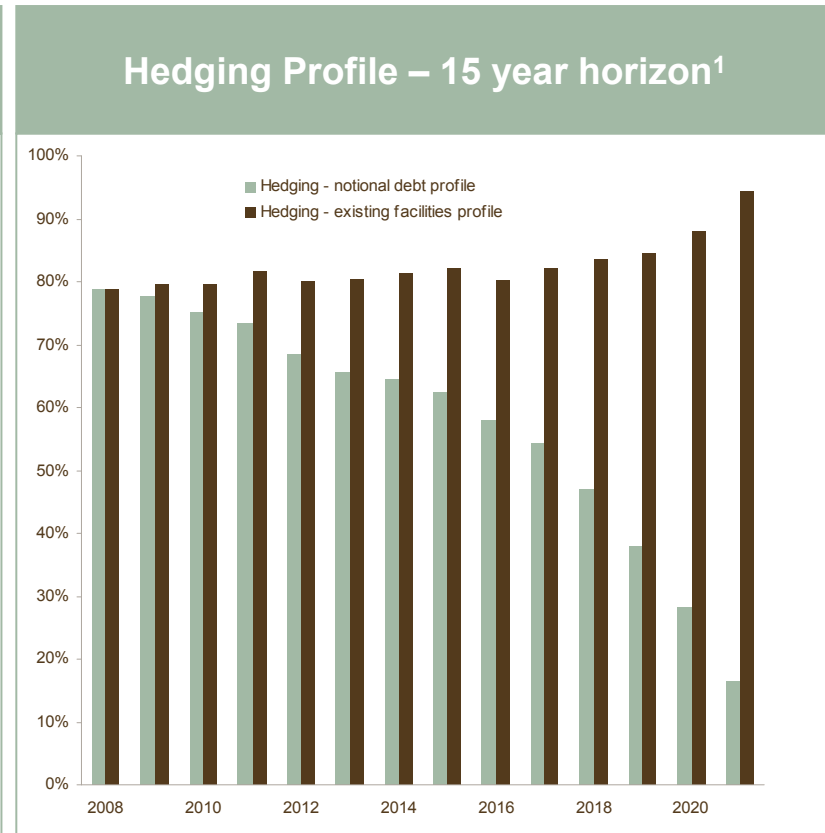
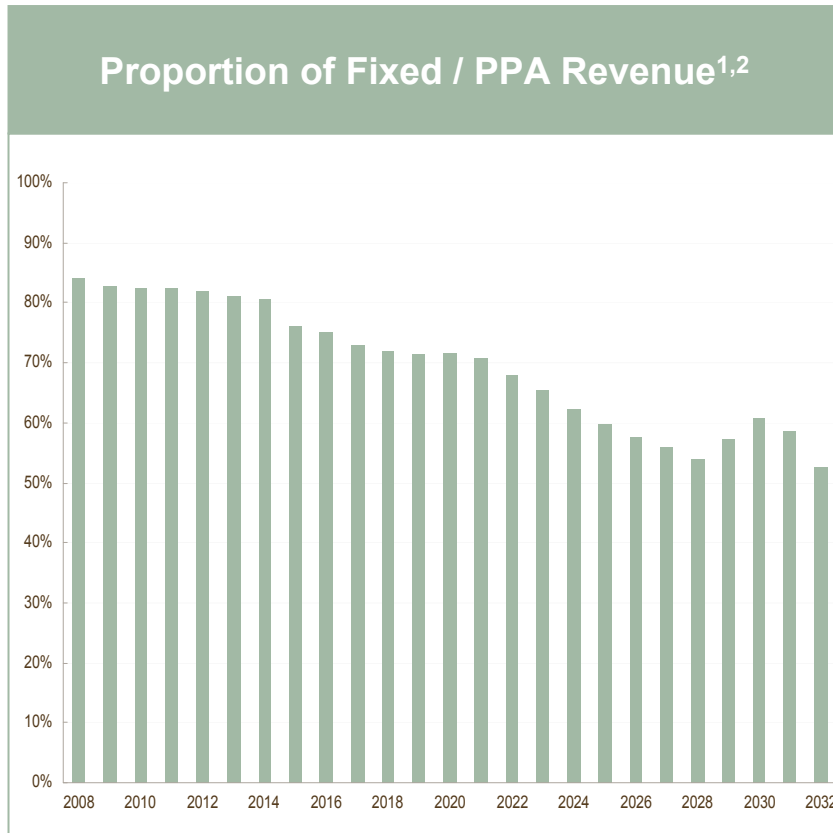
7. Based on 848m securities and security price of \$1.70

8. Global Facilities/Covenants (applicable from June 2008): Net Debt/EBITDA<11.5X; DCSR: 1X

9. Excludes guarantees

10. Cash flow from operations, plus US Distributions less Corporate costs

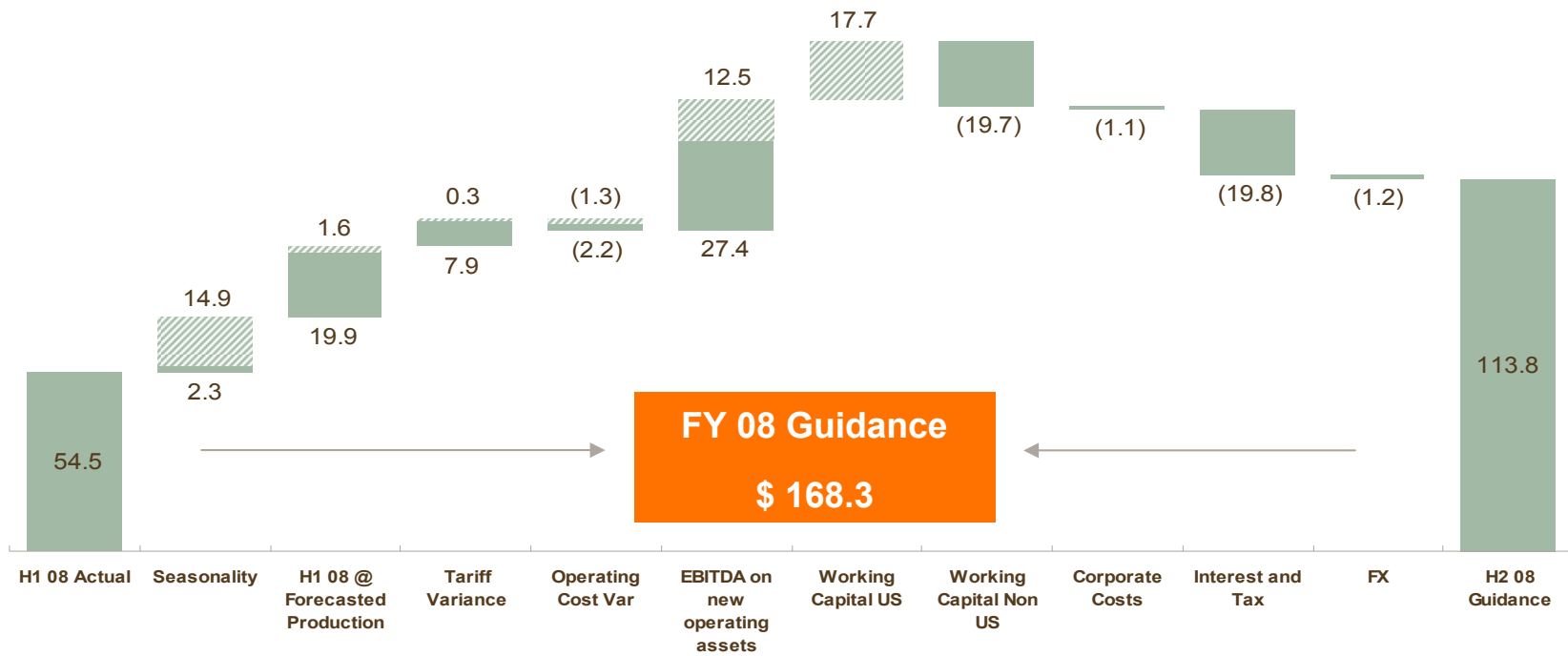
# Revenue Assurance & Interest Rate Hedging



1. Includes 50% Enersis Portfolio debt  
 2. Assumes wind farms under construction enter into PPAs

# NOCF Guidance (H1 vs H2)

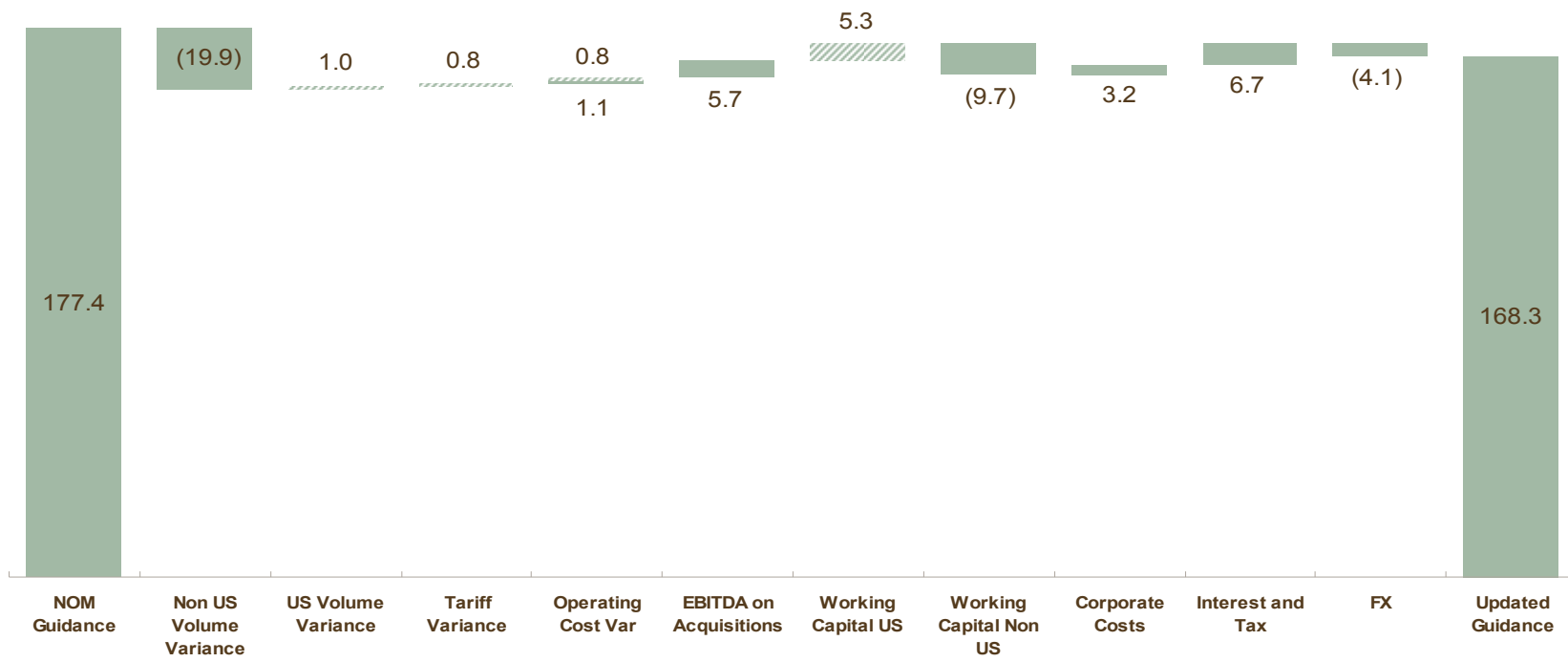
AUD Millions



 US
  NON US<sup>1</sup>

# NOCF Guidance VS NOM

AUD Millions



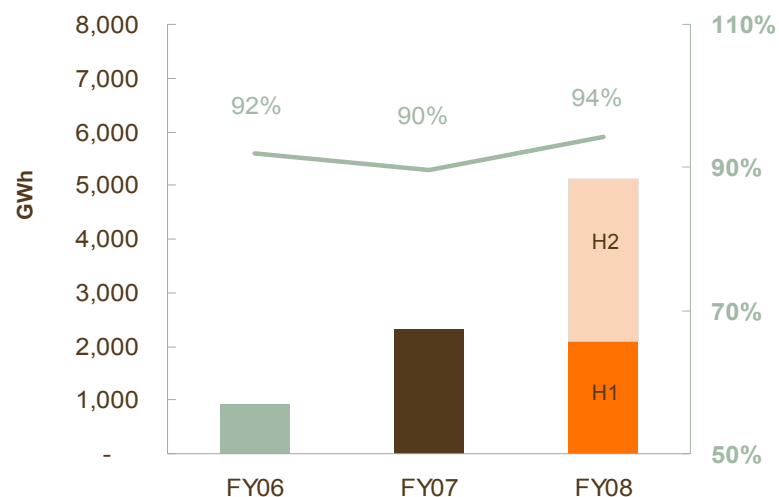
# Agenda

1. Introduction & Highlights
2. Financial Performance
3. Operational Performance
4. Outlook
5. Appendix



# Operational Performance – Portfolio

## Generation



	FY06	FY07	H108
Actual (GWh)	933	2,326	<b>2,100</b>
Forecast <sup>1</sup> (GWh)	1,015	2,596	<b>2,229</b>
Actual/Forecast	92%	90%	<b>94%</b>

	H107	H207	H108
Revenue <sup>2</sup> (\$Am)	73.6	96.0	162.7
EBITDA <sup>3</sup> (\$Am)	55.7	70.8	124.9
EBITDA %	76	74	77

1. Availability adjusted Long Term Mean Energy Production ('P50')
2. Includes US revenue in H107 of 25m; in H207 of 41m and in H108 of 62m
3. EBITDA including US

## Overview

### Generation

- 51% increase in generation to 2,078GWh
- Improvement over FY07 – 94% of forecast
- Increase in H2 reflects seasonality & further portfolio growth

### Wind

- Low wind conditions across Europe in 4<sup>th</sup> quarter

### Availability

- Generally at, or above budget

### Tariffs

- Market pool and REC prices in line with budget

### EBITDA Margin

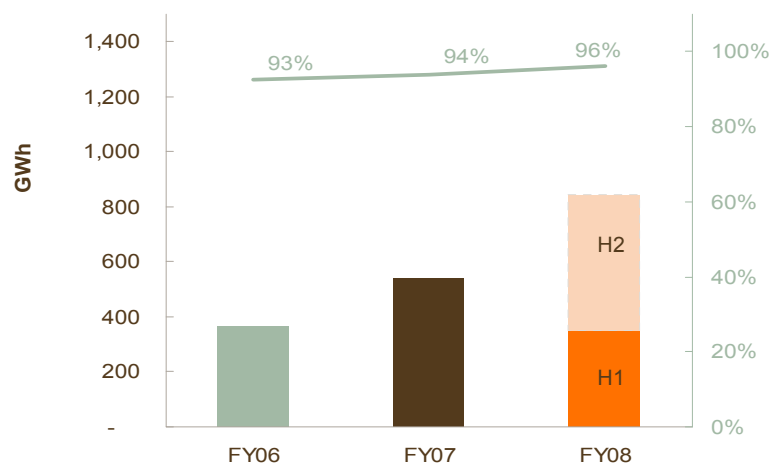
- Improved to 77%





# Operational Performance – Australia

## Generation



	FY06	FY07	H108
Actual (GWh)	364	541	352
Forecast <sup>1</sup> (GWh)	394	577	366
Actual/Forecast	93%	94%	96%

	H107	H207	H108
Revenue <sup>2</sup> (\$Am)	22.1	22.8	26.6
EBITDA (\$Am)	18.3	18.7	23.2
EBITDA %	83	82	87

## Overview

### Generation

- 96% of forecast
- 2.5% lost due to network outage
- Pre-completion contribution from Lake Bonney 2

### Wind

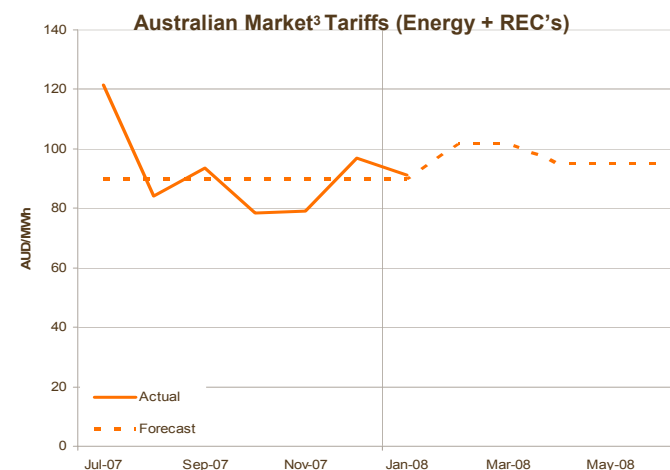
- Average wind speed slightly below budget

### Availability

- Above budget

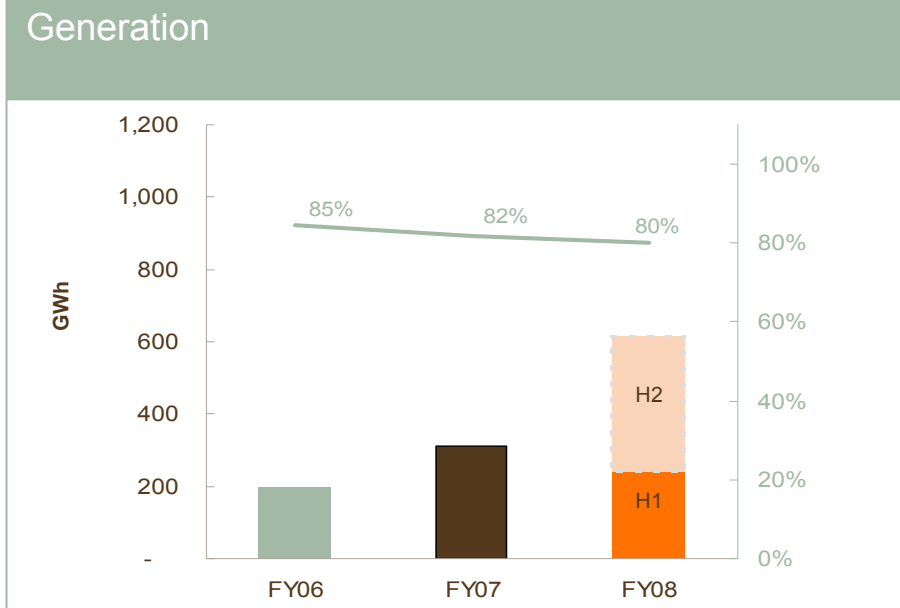
### Market Prices

- Average electricity price + REC on budget



1. Availability adjusted Long Term Mean Energy Production ('P50')  
 2. Includes pre-completion revenue from Lake Bonney 2  
 3. BBW's wind farm in the Australian National Electricity Market is Lake Bonney 2

# Operational Performance – Spain



	FY06	FY07	H108
Actual (GWh)	197	309	240
Forecast <sup>1</sup> (GWh)	233	378	299
Actual/Forecast	85%	82%	80%

	H107	H207	H108
Revenue (\$Am)	21.3	23.3	29.7
EBITDA (\$Am)	18.0	18.6	22.4
EBITDA %	85	80	75

### Overview

**Generation**

- 80% of forecast
- 105% in 1<sup>st</sup> quarter

**Wind**

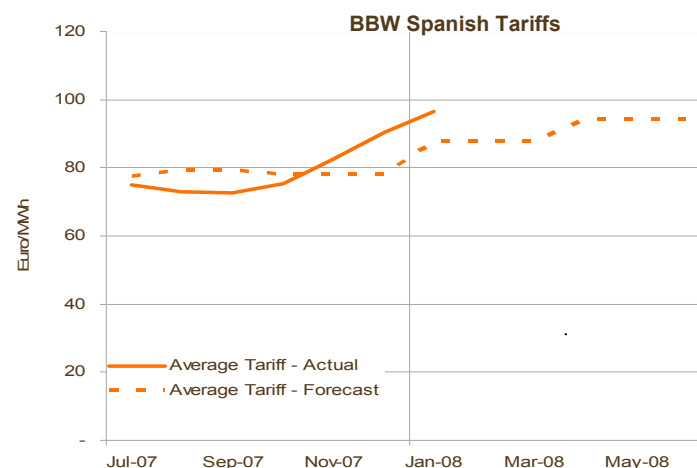
- Low wind in 4<sup>th</sup> quarter

**Availability**

- Overall on budget

**Market Tariff**

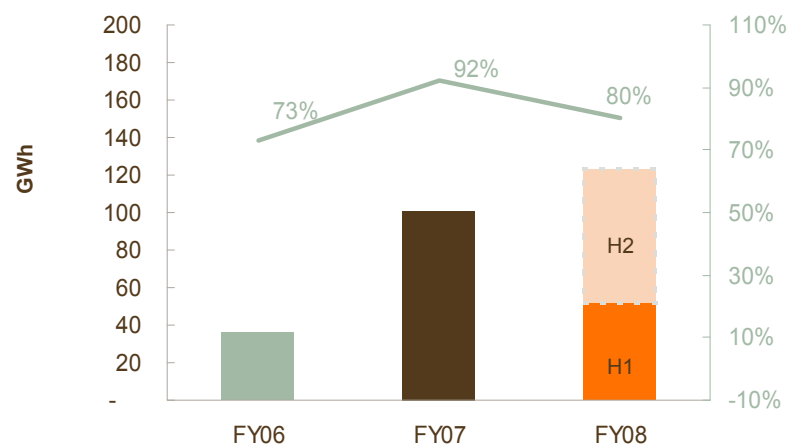
- Average tariff above budget
- Driven by rising wholesale prices



1. Availability adjusted Long Term Mean Energy Production ('P50')

# Operational Performance – Germany

## Generation



	FY06	FY07	H108
Actual (GWh)	36	101	<b>52</b>
Forecast <sup>1</sup> (GWh)	49	110	<b>65</b>
Actual/Forecast	73%	92%	<b>80%</b>

	H107	H207	H108
Revenue <sup>1</sup> (\$Am)	5.2	9.0	7.2
EBITDA <sup>2</sup> (\$Am)	3.8	7.6	5.0
EBITDA %	73	84	69

## Overview

### Generation

- 80% of forecast
- Very low 4<sup>th</sup> quarter

### Wind

- Low wind in the 4<sup>th</sup> quarter

### Availability

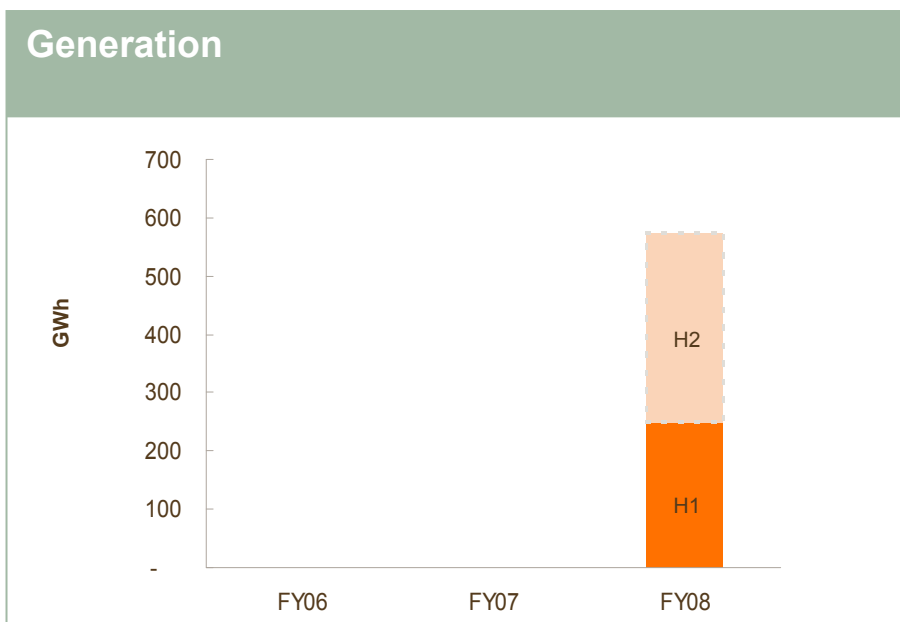
- Above budget excluding Wachtendonk
- Blade failure in July – compensation expected



1. Availability adjusted Long Term Mean Energy Production ('P50')

2. EBITDA including US Distributions before corporate costs

# Operational Performance – Portugal



	FY06	FY07	H108
Actual (GWh)	-	-	250
Forecast <sup>1</sup> (GWh)	-	-	309
Actual/Forecast	-	-	81%

	H107	H207	H108
Revenue (\$Am)	-	-	36.3
EBITDA (\$Am)	-	-	33.3
EBITDA %	-	-	92

### Overview

**Generation**

- 80% of forecast
- Very low 4<sup>th</sup> quarter

**Wind**

- Low wind in the 4<sup>th</sup> quarter

**Availability**

- Majority above budget

**Tariffs**

- Above budget due to reduced production and reactive power supplement

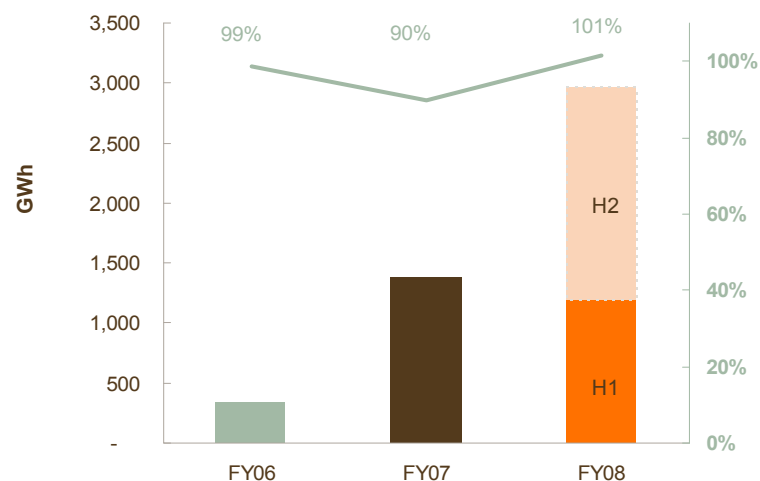


1. Availability adjusted Long Term Mean Energy Production ('P50')



# Operational Performance – USA

## Generation



	FY06	FY07	H108
Actual (GWh)	336	1,375	<b>1,196</b>
Forecast <sup>1</sup> (GWh)	340	1,531	<b>1,180</b>
Actual/Forecast	99%	90%	<b>100%</b>
	H107	H207	H108
Revenue <sup>2</sup> (\$Am)	25.0	40.9	62.2
EBITDA (\$Am)	15.6	25.9	40.7
EBITDA %	62	63	65

1. Availability adjusted Long Term Mean Energy Production ('P50')

2. Excludes PTC Revenue

## Overview

### Generation

- 100% of Forecast

### Wind

- Average wind speeds ranged from 78 to 101%

### Availability

- Improved turbine & site availability

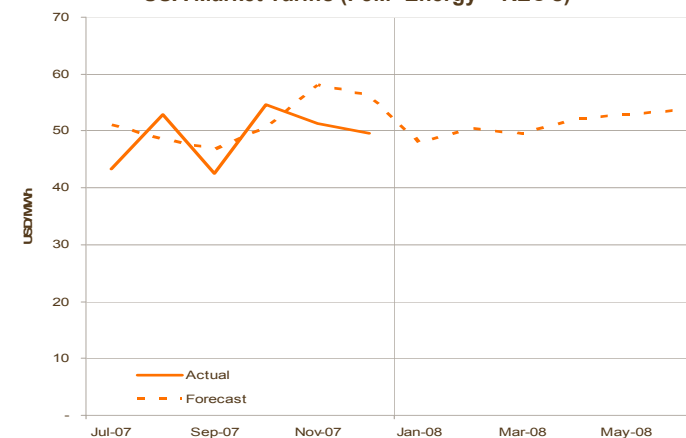
### Market Prices

- Average slightly below forecast

### Scale & Diversification

- 18 operational wind farms in 5 wind regions

USA Market Tariffs (PJM<sup>3</sup> Energy + REC's)



**BABCOCK & BROWN**  
WIND PARTNERS

## Operational Performance - Construction



Lake Bonney 2



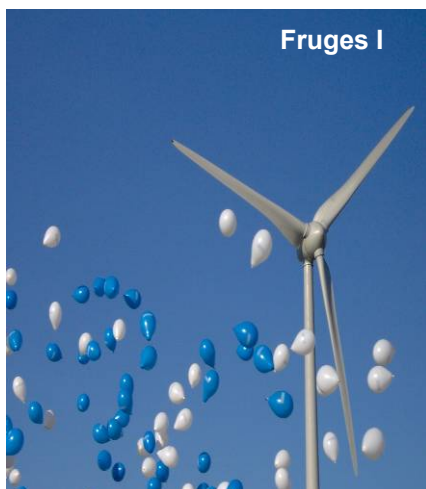
- Currently 10 wind farms under construction with capacity of 572MW
- 309MW is expected to be fully operational by 30 June 2008

### Fruges I (22MW)

- Commercial operation achieved between Oct 07 and Feb 08

### Lake Bonney 2 (159MW)

- LB2 is currently undergoing final commissioning
- All 53 turbines operational
- Expect completion by mid 2008



Fruges I



Fruges I

### Carrascal & Cerradilla (150MW)

- Substation energised in December 2007
- Staged completion expected between Apr-June 2008

### Capital Wind Farm (132.3MW)

- Full construction activity commenced Feb 2008

# Agenda

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# Net Operating Cash Flow Guidance<sup>1</sup>

FY07 Actual	\$'M	FY08		FY09	
		NOM <sup>6</sup>	Guidance <sup>7</sup>	NOM <sup>6</sup>	Guidance <sup>7</sup>
87.8	Net operating cash flow	177.4	168.3	213.1	243.2
(16.4)	Notional debt repayment <sup>2</sup>	(54.6)	(55.4)	(67.7)	(88.0)
<b>71.4</b>	<b>Net operating cash flow after notional debt repayment</b>	<b>122.8</b>	<b>112.9</b>	<b>145.4</b>	<b>155.2</b>
(59.7)	Net Distributions	(90.1)	(86.9)	(98.1)	(96.9)
11.7	NOCF after distributions	32.7	26.0	47.3	58.3
11.7	NOCF carried forward	44.4	37.7	91.7	96.0
<b>Per Security<sup>3</sup></b>					
17.5	Net Operating Cash Flow	21.7	19.7	25.6	27.9
14.2	Net Operating Cash Flow after notional debt repayment	15.0	13.2	17.4	17.8
12.5	Distribution per security	14.5 <sup>4</sup>	14.5 <sup>5</sup>	15.5 <sup>4</sup>	15.5 <sup>5</sup>

1. This cash flow guidance shows what our result would be if certain assumptions, including the assumptions shown in footnotes 2-5 were realised. It is not a forecast, and there can be no guarantee that our actual results will be as shown.

2. Notional debt repayment assumes average net debt balance repaid over 25 years on a straightline basis with a 30% residual balance

3. Based on FY07 weighted number of securities of 501.5m: actual weighted number of securities (594.2m) less securities attributable to assets under construction (92.7m) based on assets under construction (\$238m); average gearing in FY07 (36%) and FY07 volume weighted average price (\$1.64). Assumes total securities of 819m in FY08 and 834m in FY09 for NOM and 856m in FY08 and 872m in FY09 for Guidance.

4. FY08 and FY09 assumes P50 production and no performance fee, and the US07 & Enersis (50%) Portfolios are acquired in line with the proposed timing

5. FY08 and FY09 assumes P50 production and no performance fee and is based on the current BBW portfolio.

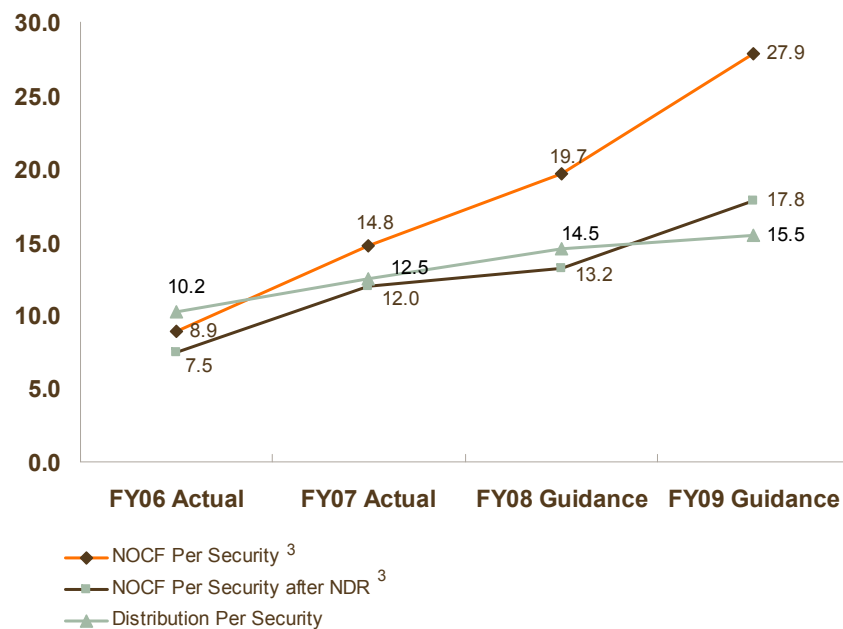
The FY08 and the FY09 distribution are expected to be tax deferred assuming current portfolio

6. Assumes FX rates of AUD:EUR 0.6021 and AUD:EUR 0.5868 and AUD:USD 0.8224 and AUD:USD 0.8035 used in FY08 and FY09, respectively

7. Assumes FX rates of AUD:EUR 0.6121 and AUD:EUR 0.5890 and AUD:USD 0.8818 and AUD:USD 0.8473 used in FY08 and FY09, respectively



# Cash Flow Cover of Distributions



- **FY08 and FY09 distributions reconfirmed**
- **Growth of 5%<sup>1</sup> in distribution to FY10 assuming continued accretive acquisitions**
- **Net Operating Cash flow cover of FY08 distribution: >135%**
- **Distributions**
  - Paid from net operating cash flow
  - Expected to be fully tax deferred<sup>2</sup>

## FY09 NOCF Sensitivity

	\$Am
+/- 1% in Production	+/- 5m

1. Assuming continued accretive acquisitions  
 2. For Australian tax purposes in FY08 and FY09; assumes current portfolio  
 3. Not adjusted for the number of securities attributable to assets under construction

# Distributions

## Distribution Approach

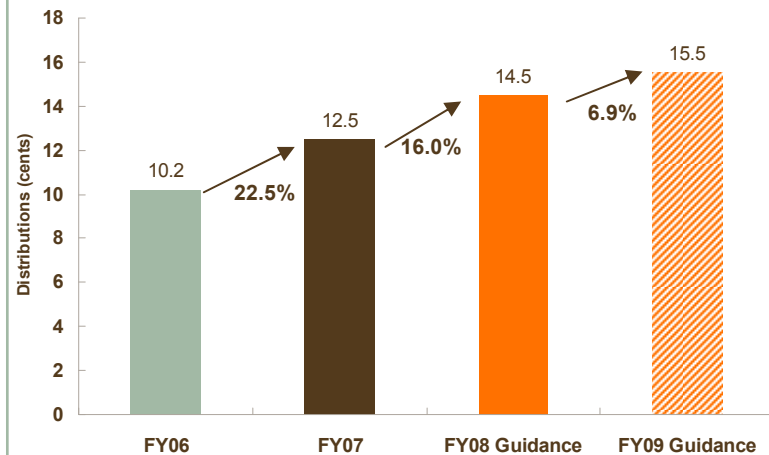
Pay distributions from net operating cash flow:

- EBITDA + US distributions
- Less corporate costs, interest & tax paid
- Adjusted for changes in working capital

And after taking account of:

- Principal debt repayments and DRP<sup>1</sup>
- Future funding requirements
- Investment opportunities

## Strong Growth in Distributions



## Distribution Guidance

- HY08 Interim Distribution: 7.25 cps for half year to 31 December 2007 (up 16% from HY07). Expected to be fully tax deferred.
- FY08 Guidance of 14.5 cps; FY09 Guidance of 15.5 cps<sup>2</sup>
- FY08 & FY09 distribution expected to be fully tax deferred<sup>3</sup>
- Distribution growth target: at least 3.5% pa from current portfolio; Medium term target of 5% pa assuming continued accretive acquisitions

1. Distribution Reinvestment Plan

2. FY08 and FY09 distribution guidance assumes P50 production and no performance fee

3. Based on the current portfolio

# Pipeline Well Positioned For Growth

<b>Babcock &amp; Brown Pipeline</b>	<ul style="list-style-type: none"><li>• Wind farm developer, financier &amp; advisor for 20 years</li><li>• B&amp;B has in excess of 16,000MW under development in its wind pipeline, to be delivered over the next 8 years</li></ul>
<b>Gamesa Framework Agreement</b>	<ul style="list-style-type: none"><li>• Approximately 200MW delivered</li><li>• Up to 350MW to come in 2008 &amp; 2009</li><li>• Agreement includes 90MW of German assets</li></ul>
<b>Plambeck Framework Agreement</b>	<ul style="list-style-type: none"><li>• 45MW delivered</li><li>• Up to 255MW to come in FY08 &amp; FY09</li></ul>
<b>Negotiated and Tendered</b>	<ul style="list-style-type: none"><li>• Monte Seixo &amp; Serra do Cando acquired from Electric Power Development Co., Limited and Marubeni Corporation</li><li>• Capital wind farm acquired from a consortium comprising of National Power, the principles of Carbon Solutions, and B&amp;B</li></ul>

1. Represents total installed capacity, includes third party Class B membership interests.

# Wrap Up

BBW	GLOBALLY DIVERSIFIED PURE WIND ENERGY BUSINESS
<b>REGULATION</b>	<ul style="list-style-type: none"> <li>• Long term regulatory support for renewable energy continues to strengthen</li> </ul>
<b>INDUSTRY</b>	<ul style="list-style-type: none"> <li>• Global top 5 wind farm owner and operator</li> </ul>
<b>PORTFOLIO</b>	<ul style="list-style-type: none"> <li>• Well diversified and efficient scale</li> <li>• Strategic initiative underway to demonstrate &amp; capture underlying value of portfolio</li> </ul>
<b>NOCF</b>	<ul style="list-style-type: none"> <li>• NOCF per security has grown in line with accretive acquisitions and continues to fully cover distributions</li> </ul>
<b>ACQUISITION PIPELINE</b>	<ul style="list-style-type: none"> <li>• Investment pipeline remains robust               <ul style="list-style-type: none"> <li>– B&amp;B pipeline of over 16,000MW to be delivered over 8 years</li> <li>– Gamesa Framework Agreement: up to 350MW</li> <li>– Plambeck Framework Agreement: up to 255MW</li> </ul> </li> </ul>
<b>FUNDING &amp; RISK MANAGEMENT</b>	<ul style="list-style-type: none"> <li>• Approximately 75% of BBW's debt is hedged</li> <li>• No refinancing anticipated prior to 2010</li> </ul>
<b>DISTRIBUTIONS</b>	<ul style="list-style-type: none"> <li>• FY08 Guidance of 14.5 cps<sup>1</sup>; FY09 Guidance of 15.5 cps<sup>1</sup></li> <li>• Both expected to be fully tax deferred<sup>2</sup></li> </ul>

1. FY08 and FY09 assumes P50 production and no performance fee  
 2. Based on the current portfolio




# Questions



# Agenda

1. Result Highlights & Operational Update
2. Financial Statements
3. Portfolio Overview
4. Outlook
5. Appendix

# Portfolio Summary – 21 December 2007

 <b>BABCOCK &amp; BROWN WIND PARTNERS</b>		<b>PORTFOLIO SUMMARY</b>						21 December 2007	
Country	Wind Region	No. of Windfarms	Installed Capacity (MW)		No. of Turbines	Long Term Mean Energy Production (GWh pa)		Capacity Factor %	Energy Sale <sup>2</sup>
			Total	Ownership <sup>1</sup>		Total	Ownership <sup>1</sup>		
<b>AUSTRALIA</b>	Western Australia		89.1	89.1	54	366.5	366.5		
	South Australia		239.5	239.5	99	691.3	691.3		
	New South Wales		132.3	132.3	63	415.3	415.3		
	Sub Total	4	460.9	460.9	216	1,473.1	1,473.1	36.5%	PPA & Market
<b>SPAIN</b>	Spain								
	Sub Total	14	421.8	420.7	397	1,020.6	1,017.7	27.6%	Fixed & Market
<b>GERMANY</b>	Germany								
	Sub Total	7	101.0	100.8	59	214.7	214.3	24.3%	Fixed
<b>FRANCE</b>	France								
	Sub Total	2	52.0	52.0	26	118.8	118.8	26.1%	Fixed
<b>PORTUGAL</b>	Portugal								
	Sub Total	30	524.8	257.3	267	1,295.1	635.4	28.2%	Fixed
<b>USA</b>	US - South		829.6	488.9	607	2,941.4	1,719.3		
	US - North West		41.0	20.5	41	119.6	59.8		
	US - South West		88.0	88.0	63	272.9	272.9		
	US - North East		181.5	168.7	92	539.5	501.8		
	US - Central		300.5	200.3	274	959.2	639.5		
	US - Mid West		186.2	172.5	136	513.4	470.4		
	Sub Total	19	1,626.7	1,138.9	1,213	5,346.0	3,663.7	36.7%	PPA & Market
Sub Total - Operational		61	2,598.3	1,858.5	1,915	7,828.4	5,523.0	33.9%	
Sub Total - Under Construction		15	588.9	572.1	263	1,639.9	1,600.0	31.9%	
<b>TOTAL</b>		<b>76</b>	<b>3,187.2</b>	<b>2,430.6</b>	<b>2,178</b>	<b>9,468.3</b>	<b>7,123.0</b>	<b>33.5%</b>	

1 Ownership represents equity interest. For the US wind farms this is on the basis of active ownership as represented by the percentage of B Class member interest.  
2 "PPA": Power Purchase Agreement. Percentages are calculated based on "Ownership" of "Long Term Mean Energy Production".

## Financial Summary

	H107	H207	H108 <sup>1</sup>
<b>Net Operating Cash Flow</b>	\$41.5m	\$46.3m	\$54.5m
<b>Distribution<sup>2</sup></b>	\$36.3m	\$42.0m	\$61.5m
<b>Distribution per Security<sup>3</sup></b>	6.25 cents	6.25 cents	7.25 cents
<b>Revenue<sup>4</sup></b>	\$48.6m	\$55.1m	\$100.5m
<b>EBITDA<sup>5</sup></b>	\$43.0m	\$56.7m	\$94.1m
<b>Reported Profit/(Loss) after tax</b>	(\$0.9)m	\$14.8m	\$3.1m
<b>Net Debt / EV<sup>6</sup></b>	35.1%	45.1%	65.1%

1. In H108, represents BBW's Revenues, EBITDA<sup>5</sup> and NOCF from the date that BBW has taken economic interest in the Enersis Portfolio (50% interest from 1Jul07) and in SW4 (from 1Jul07). Refer to the appendix for a reconciliation to the statutory accounts

2. Gross distribution before DRP. At H107 DRP participation rate of 23.6% (\$8.6m); H207: 24.1% (\$10.1m); H108: 30.8% (\$19.0m)

3. Based upon 469.2m securities for H107; 673.1m for H207 and 848.0m for H108

4. Excludes revenue from US wind farms

5. EBITDA includes US distributions and is after corporate costs

6. EV calculated using share price of \$1.72 for H107; \$1.95 for H207 and \$1.70 for H108



## HY08 Reconciliation of Cash Flow

A\$'M	Half Year Actual (Statutory Accounts)	Less Enersis 100% Consolidated <sup>1</sup>	Add Enersis Economic Interest – 50% <sup>2</sup>	Sweetwater 4 <sup>3</sup>	FX Contracts	Half Year Result (Presented Financials)
EBITDA	62.1	(11.1)	33.3	-	-	84.3
US Distributions	22.6	-	-	5.1	-	27.7
WC Movement	(0.9)	8.3	3.5	-	-	10.9
Corporate Costs	(17.9)	-	-	-	-	(17.9)
Interest Paid	(47.1)	3.4	(16.5)	-	-	(60.2)
Interest Received	11.0	-	0.3	-	-	11.3
Tax Paid	(1.8)	0.9	(0.6)	-	-	(1.5)
FX Loss	(3.4)	-	-	-	-	(3.4)
Settlements of FX contracts	4.8	-	-	-	(1.5) <sup>4</sup>	3.3
<b>NOCF</b>	<b>29.4</b>	<b>1.5</b>	<b>20.0</b>	<b>5.1</b>	<b>(1.5)</b>	<b>54.5</b>

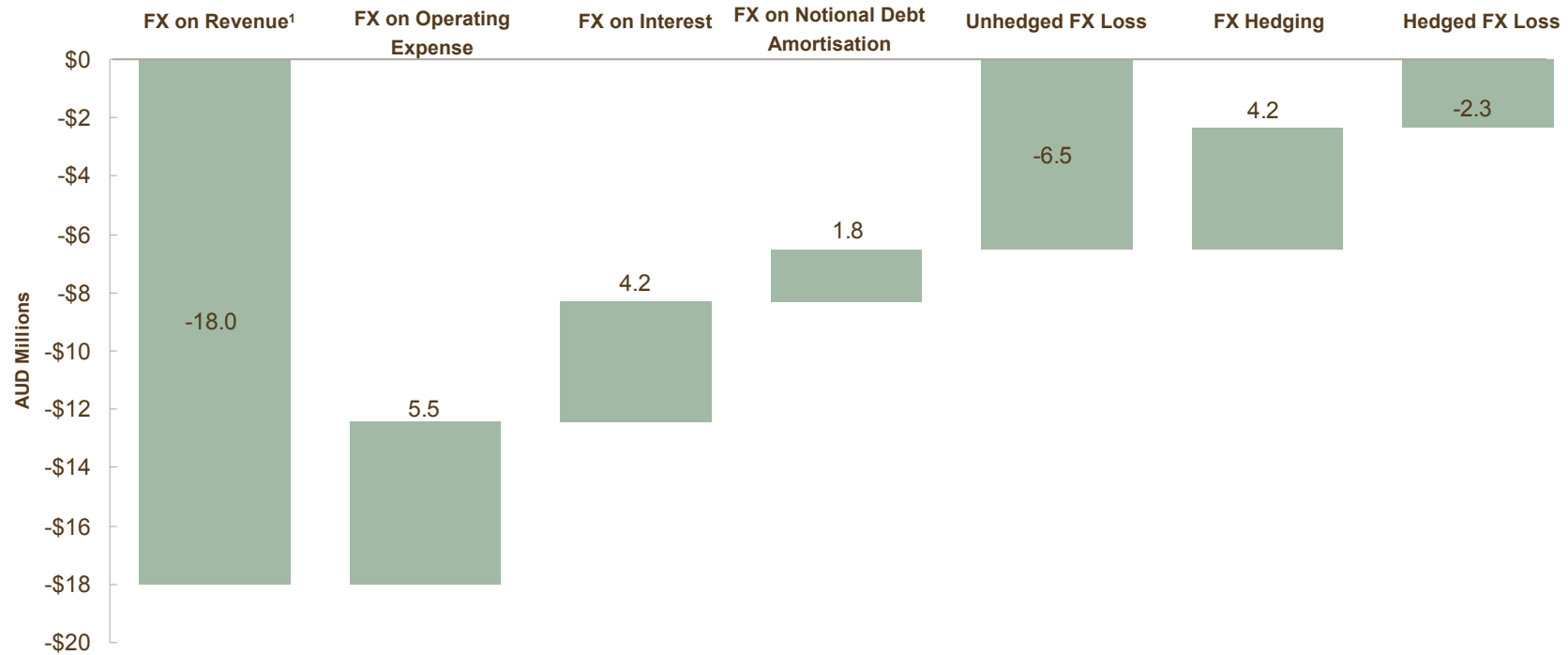
1. From acquisition date in December 2007

2. 1<sup>st</sup> July to 31<sup>st</sup> December 2007

3. 1<sup>st</sup> July to 10<sup>th</sup> December 2007

4. Represents settlements relating to cash flows not generated in H108

# Impact of FX on H1 08 Cash Flow



1. Total Revenue including US

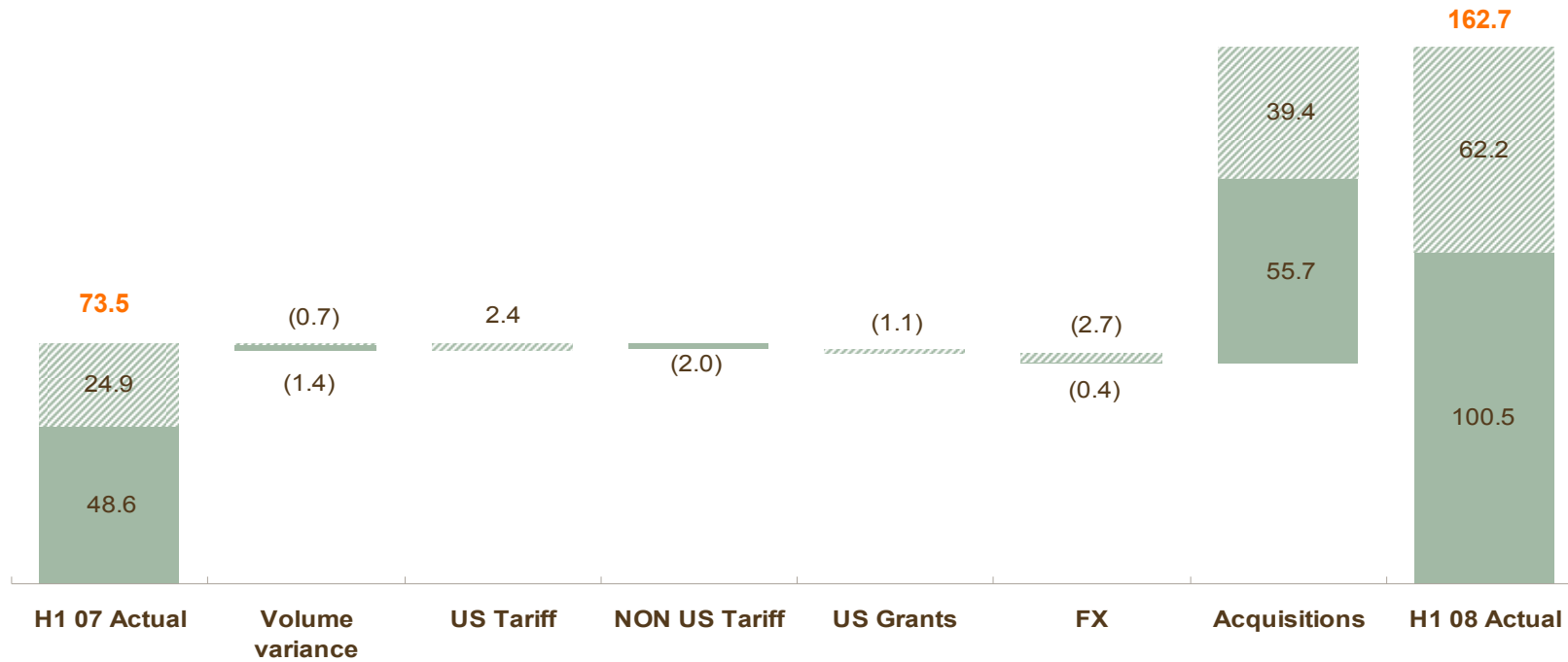
## Cash Flow Summary

	H107	H207	H108
EBITDA from operations	40.1	44.9	84.3
US Distributions	13.5	25.9	27.7
Corporate Costs	(10.6)	(14.1)	(17.9)
Net finance costs and tax paid	(16.9)	(12.7) <sup>1</sup>	(53.8)
Movement in working capital and non-cash items	15.4	0.5	10.9
Settlements of FX contracts	-	1.8	3.3
<b>Net operating cash flow</b>	<b>41.5</b>	<b>46.3</b>	<b>54.5</b>

1. Includes \$8m cash received on closing out financial instruments pursuant to the global refinancing;  
includes \$2.8m FX gain in H207

# Revenue H1 07 vs H1 08

AUD Millions



 US
  NON US<sup>1</sup>

1. Non US includes Australia, Spain, France, Portugal & Germany



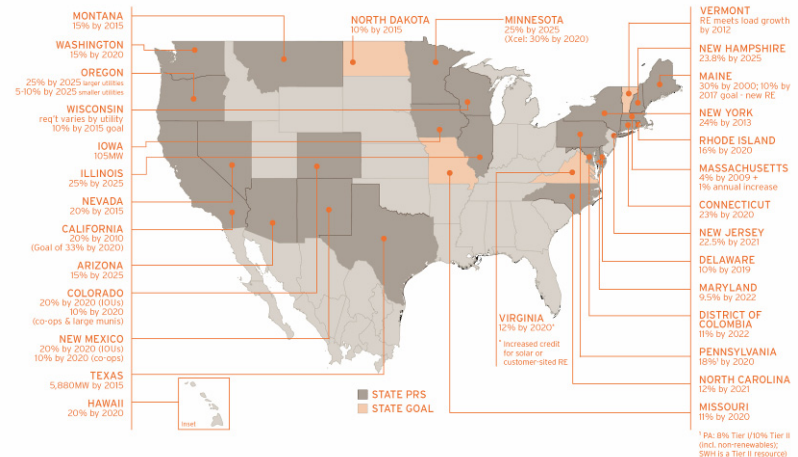
# US Regulatory Overview

## Production Tax Credit (PTC)<sup>1</sup>

- Primary fiscal incentive in the US
- Provides a tax credit to wind farm owners for 10 years
- Federal tax credit is 1.9 US cents per kWh of production, and is adjusted annually for inflation
- Current scheme expires 31/12/08, expected to be extended for a further term

## Renewables Portfolio Standards (RPS)

- 29 states & 1 district have adopted renewable energy targets, including RPS programs based on fixed quantity system
- BBW's US wind farms are located in states supportive of wind energy :
  - California: 20% by 2010
  - Colorado: 20% by 2020
  - Illinois: 25% by 2025
  - New Jersey: 22.5% by 2021
  - New Mexico: 10% by 2020
  - Oregon: 25% by 2025 (large utilities)
  - Pennsylvania: 18% by 2020
  - Texas: 5,880MW by 2015



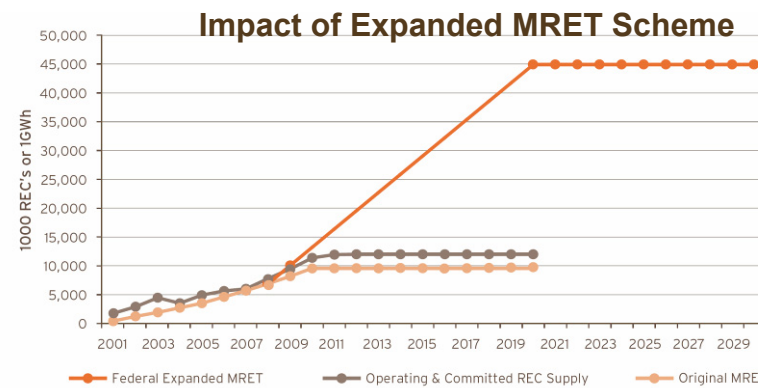
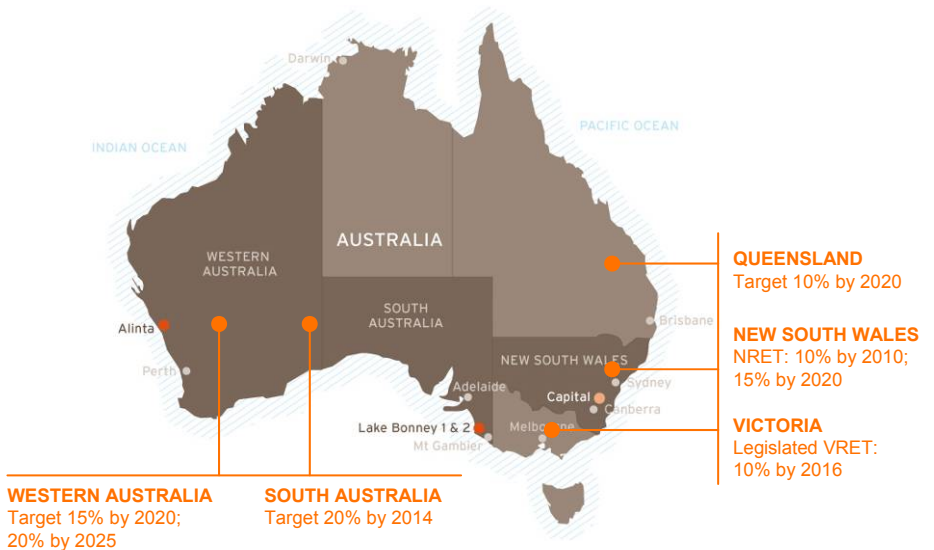
Source: DSIRE database of State incentives for Renewables and Efficiency [www.dsireusa.org](http://www.dsireusa.org). As at Jan 2008.

1. The capital structure of BBW's US wind farms is divided into Class A & Class B membership interests. BBW's interests are represented by the Class B membership interests. Under the current structure, the PTC's and accelerated tax depreciation benefits the Class A members.

# Australian Regulatory Overview

## Mandatory Renewable Energy Target (MRET)

- Federal Policy first introduced 1 April 2001
- Initially, main driver of wind industry expansion
- Original Federal target: 9,500 GWh by 2010, now fully subscribed
- State based targets developed alongside Federal Scheme
- **New Federal target announced: 45,000 GWh by 2020 (20% share for renewable energy by 2020)**
- Federal & State Governments working towards single expanded Scheme by early 2009.
- Scheme design to be announced in Sept 2008

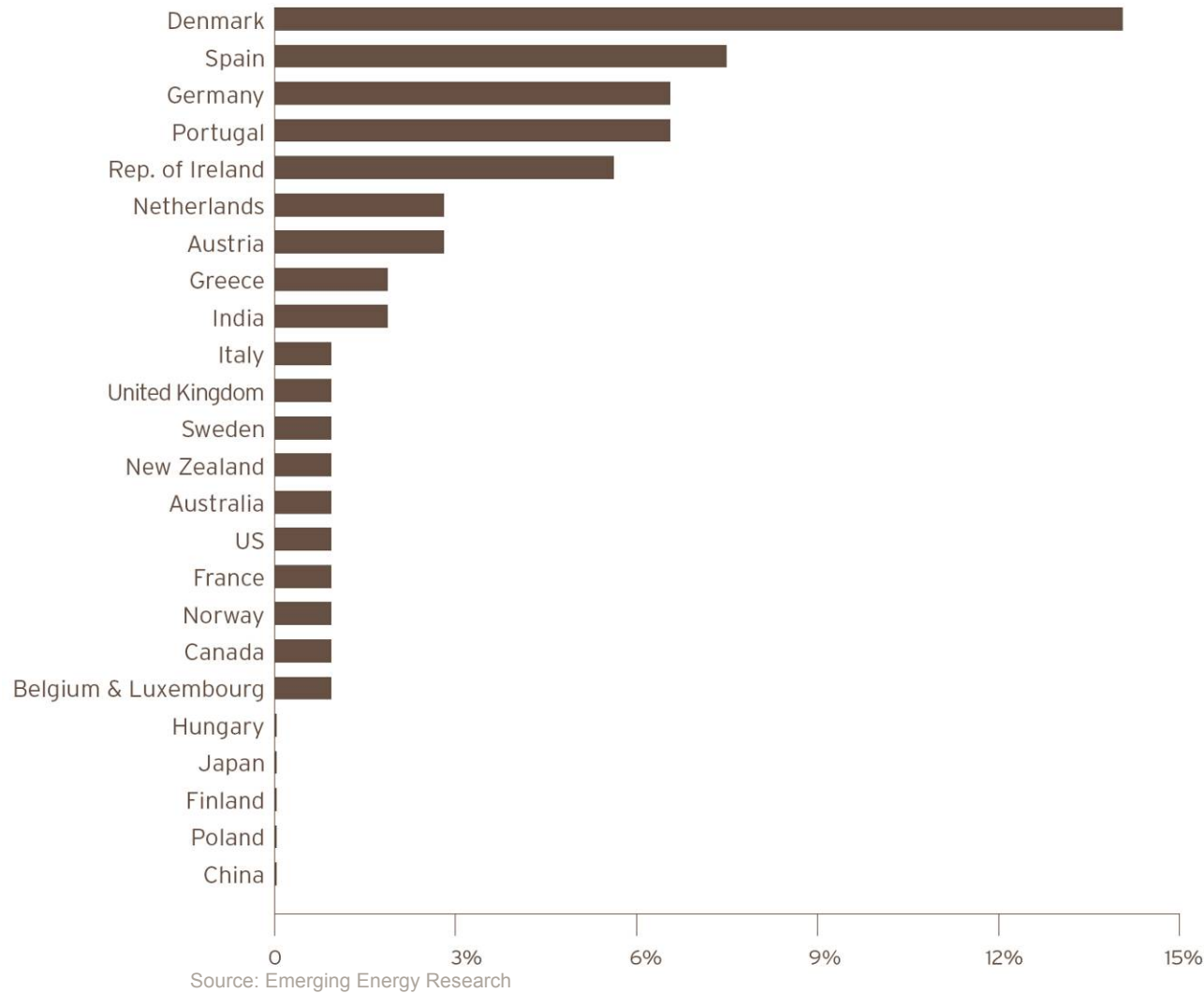


Source: GreenPower Services Pty Ltd & Australian Department of Climate Change

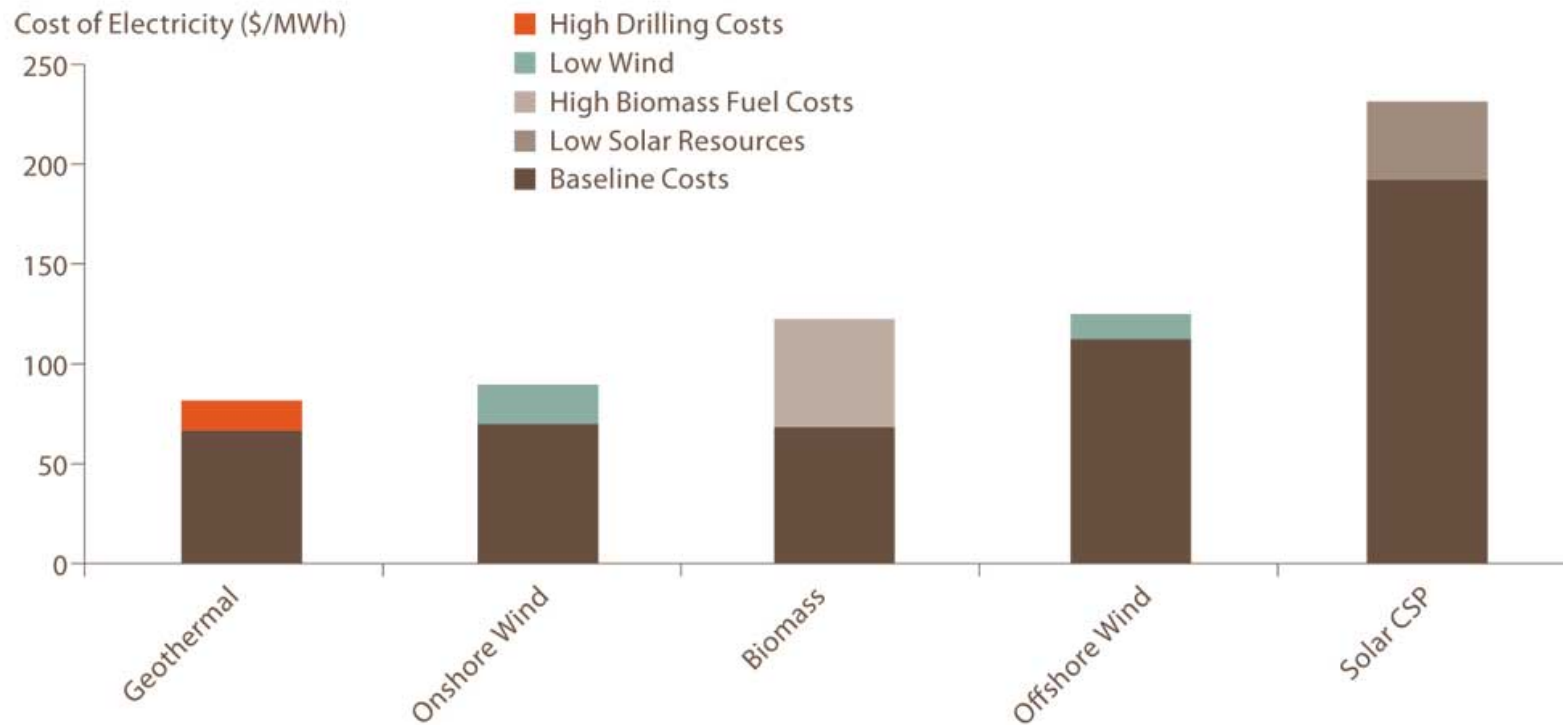


# European Wind Power Penetration

Global Wind Energy Penetration as a % of Electricity, 2006

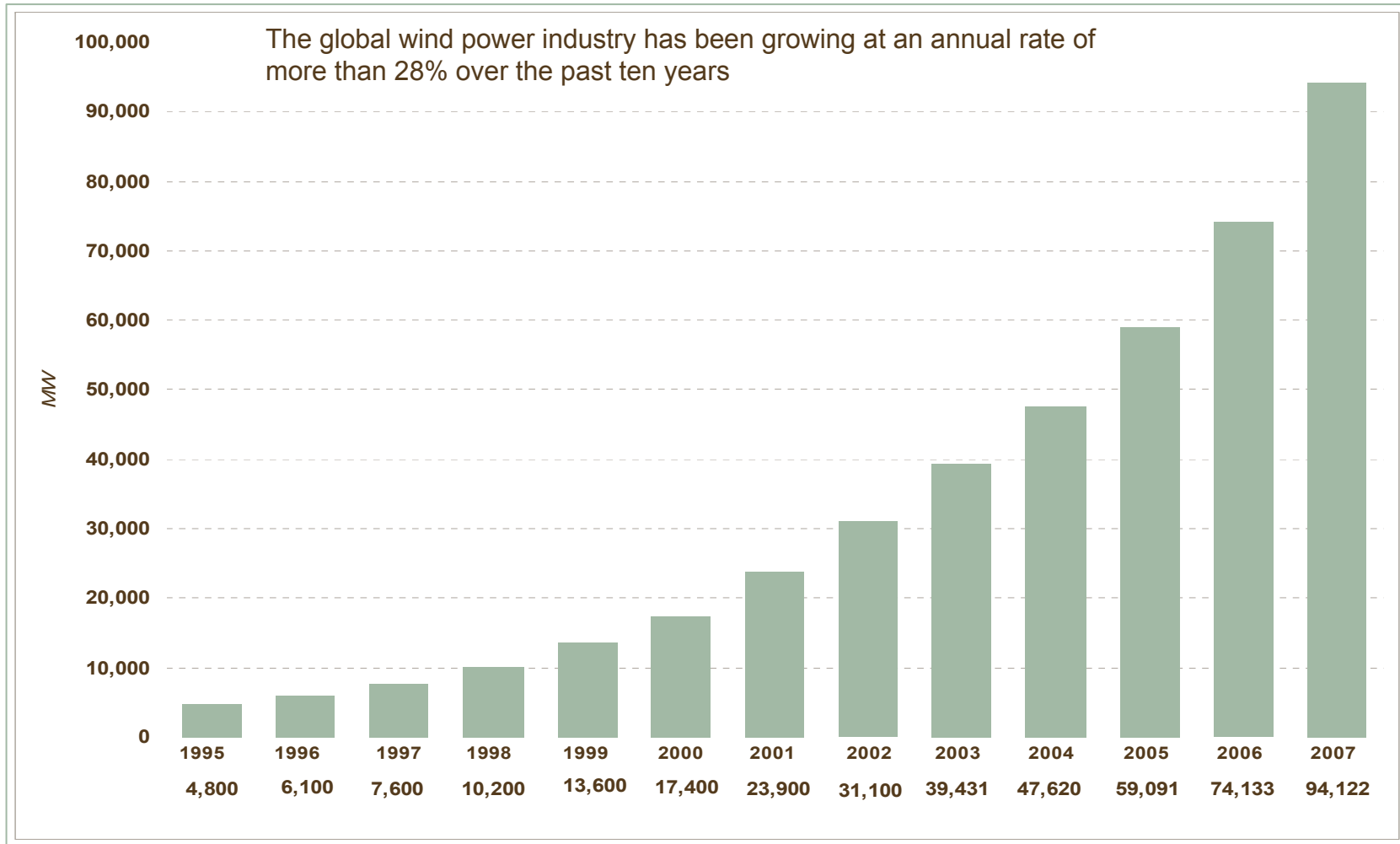


# Cost of Electricity from Renewable Energy Sources



Source: Emerging Energy Research

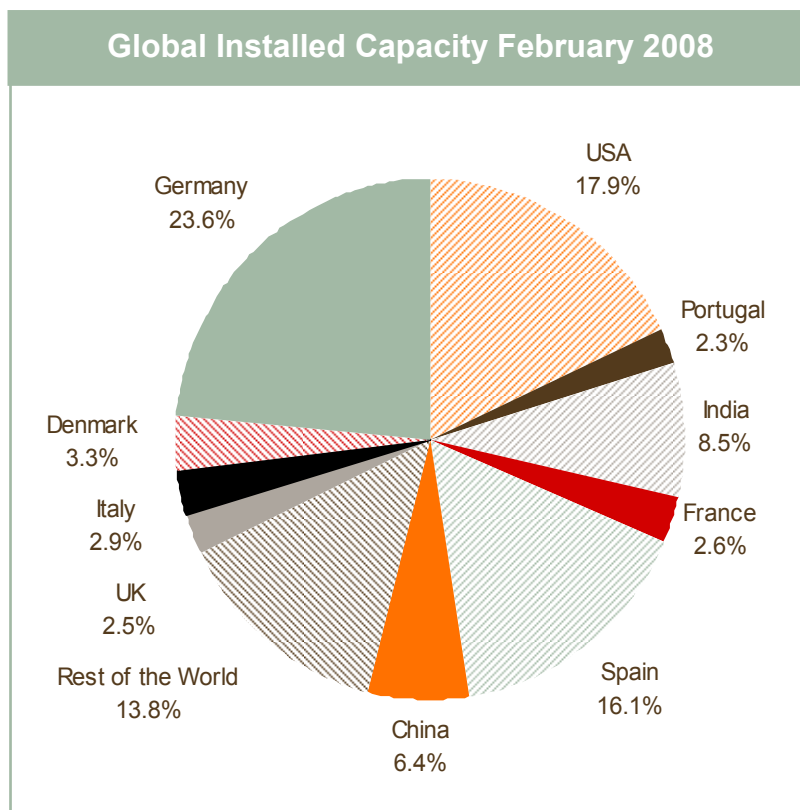
# Global cumulative wind power capacity



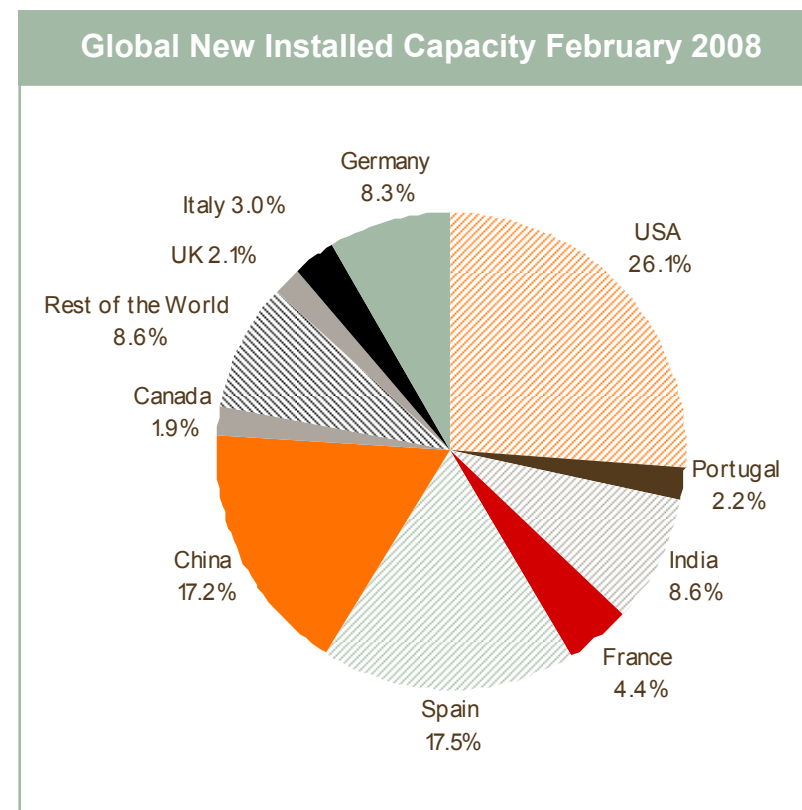
Source: GWEC



# Global wind energy market



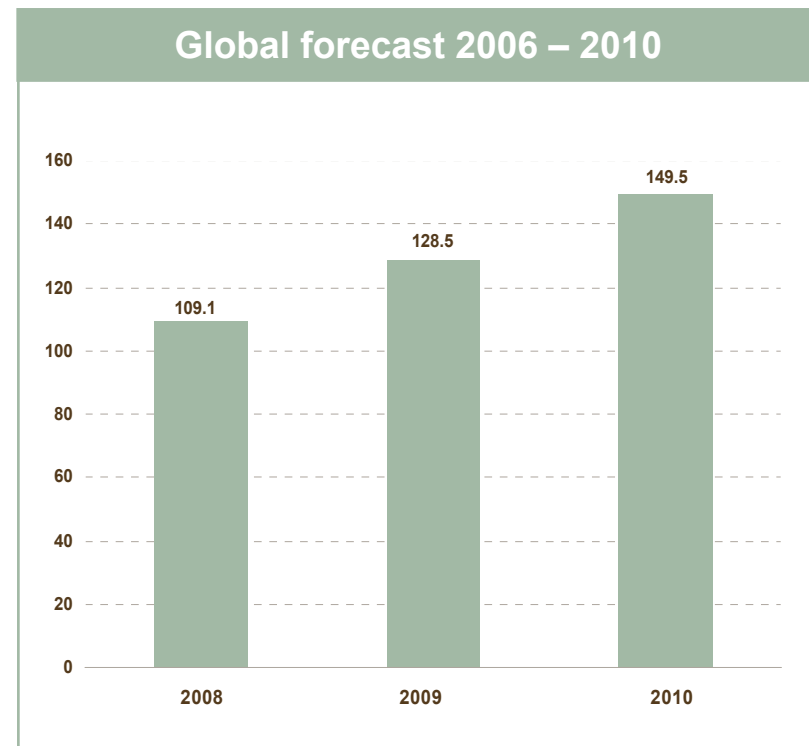
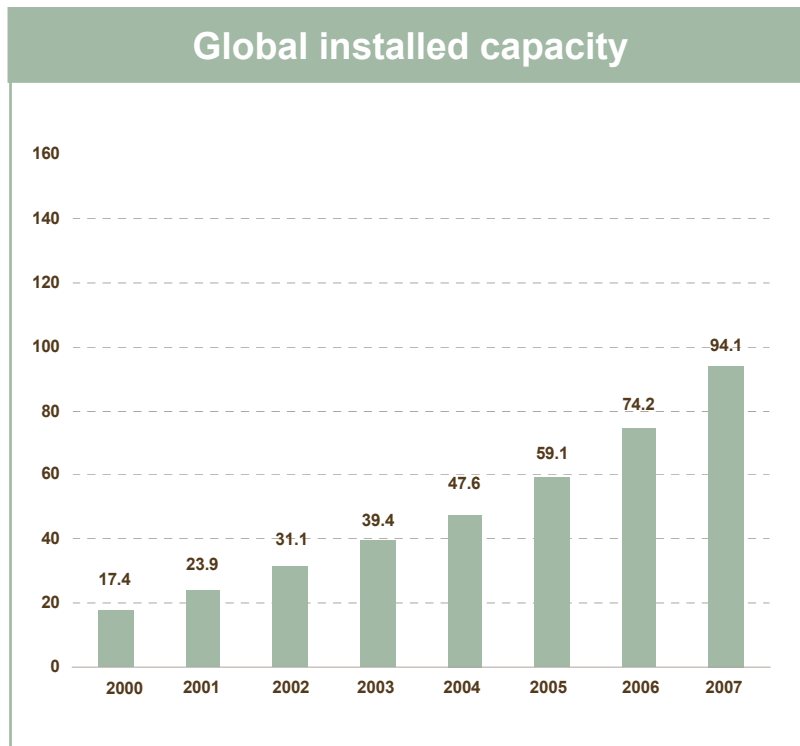
Source: Global Wind Energy Council (GWEC)



Source: Global Wind Energy Council (GWEC)

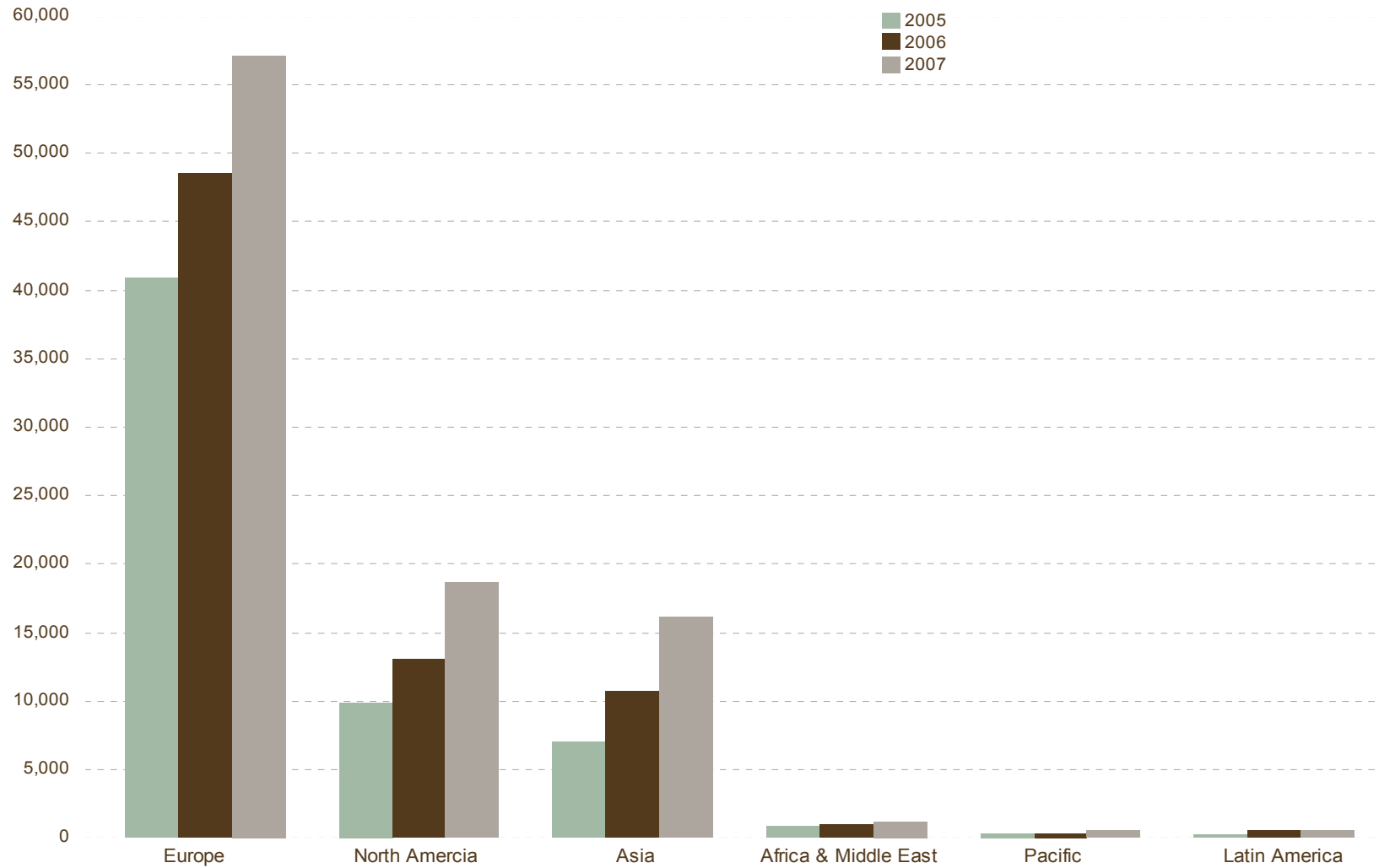


## Global cumulative wind power capacity (GW)



Source: Global Wind Energy Council (GWEC)

# Annual Installed Capacity By Region



Source: Global Wind Energy Council (GWEC)

