BABCOCK & BROWN
WIND PARTNERS

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ASX Release

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BBW 2008 FULL YEAR FINANCIAL RESULT

Babcock & Brown Wind Partners (ASX: BBW) today released its 2008 financial result with Directors declaring a fully tax deferred distribution of 14.5 cents per stapled security for the full year ended 30 June 2008. The final distribution of 7.25 cents per stapled security will be paid to security holders on or about 18 September 2008.

Highlights for the 12 months ended 30 June 2008[1] include the following:

- **Generation:** Increased by 121% to 5,145GWh
- **Revenue:** Increased by 146% to $422.7m
- **EBITDA from operations:** Increased by 164% to $333.7m
- **Net Operating Cash Flows[2]:** Increased by 115% to $188.8m
- **Distributions:** Increased by 16% to 14.5 cents per stapled security, fully tax deferred
- **Net Profit After Tax:** $36.8m
- **Investment and Acquisitions:** $2.02bn applied towards accretive investments and construction projects
- **Gearing and Interest Cover:** 30 June 2008 consolidated market gearing[3] was 65.3% with an interest cover of 2.6x
- **Growth in Portfolio Scale and Diversification:** Operational installed capacity increased by 88% to 2,200MW and potential long term mean energy production increased by 81% to 6,383GWh per annum[4]

1 FY08 result includes US wind farms consolidated / proportionately consolidated under AASB 127/ AASB 131. Percentage increases are based on prior corresponding period i.e. FY07.

2 Net operating cash flow (NOCF) defined as EBITDA from operations, less corporate costs, management fees, finance costs, tax paid and working capital movements.

3 On a net debt to market capitalisation basis. Includes 50% ($605m) of the Enersis Portfolio gross debt. Based on 868m securities and a security price of $1.65 as at 30 June 2008.

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 Conjuro wind farm was acquired in FY07, the remaining 30% in 1H08.

- **Strategic Initiative:** Post balance date divestment of the Spanish operating wind energy portfolio totalling 420.7MW will, subject to completion, generate an estimated profit before transaction costs for BBW of approximately $266m[5]. In FY09 the total proceeds of $1.42bn result in a reduction of net debt of over 40% (on a pro-forma basis).

Miles George, Chief Executive Officer said, “The FY08 result clearly demonstrates the resilience of BBW’s highly contracted business model. Strong operating performance and accretive acquisitions contributed to this result.”

“The ongoing efficient management of our operations, prudent risk management practices and balance sheet capacity has enabled us to deliver a 16% increase in full year distributions which continue to be fully covered by net operating cash flow after debt repayment and are fully tax deferred.”

FY08 Result

Total revenue[6] was $422.7m for the full year ended 30 June 2008, compared to $171.9m in the previous corresponding period, representing an increase of 146%. The uplift in revenue can be attributed to a full period contribution from the US06 Portfolio[7], acquisition of the Enersis and US07 Portfolios, and a contribution from the Lake Bonney 2 wind farm which was previously under construction.

EBITDA from operations increased by 164% to $333.7m in FY08 compared to $126.5m in FY07. This increase reflects the abovementioned growth in the portfolio. Furthermore, EBITDA from BBW’s wind energy portfolio has exhibited a compound annual growth of 127% pa since IPO with a current portfolio EBITDA margin of 79%.

Net operating cash flow was $188.8m for FY08 compared to $87.8m in FY07, representing an increase of 115%. Again, this reflects the abovementioned growth in the portfolio.

Net operating cash flow covers the distributions of $74.5m (net of distribution reinvestment) and actual debt repayments of $89.8m. Net operating cash flow has achieved a compound annual growth of 135% pa since IPO.

As of 1 January 2008, BBW is required to consolidate / proportionately consolidate its US Wind Farms under AASB 127 / AASB 131. See the attached appendix for further detail.

Portfolio Generation

A 121% increase in generation to 5,145GWh for the 12 months to 30 June 2008, reflects a portfolio that has grown significantly.

The FY08 portfolio achieved a Capacity Factor of 32% which translates to a performance of 98% of forecast. This represents a significant improvement on the previous corresponding period when portfolio performance reached only 90% of forecast generation.

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5 Transaction costs include tax, fees and other expenses. Sale subject to regulatory approvals

6 Total revenue includes BBW’s economic interest in the Enersis Portfolio (50% interest) and in Sweetwater 4 from 1 July 2007

7 Relates to five of the six wind farms; including Allegheny Ridge 1, Aragonne Mesa, Buena Vista, GSG and Mendota

Portfolio diversification and scale have reduced the impact of natural wind variability. In FY08, lower wind resource in Europe was significantly offset by higher wind resource in the US.

Acquisitions and Construction Projects

BBW applied a total of $2.02bn[8] towards acquisition and construction projects during FY08, comprising $1.74bn for acquisitions totalling 848MW and $283m for construction projects totalling 369MW.

Balance Sheet and Risk Management

As at 30 June 2008, consolidated market gearing was approximately 65.3%[9] and interest cover ratio of 2.6x was above BBW's newly stated target of 2.5x.

The recently announced sale of BBW's Spanish wind energy portfolio will reduce net debt by over 40% to $1.88bn upon completion. Accordingly, on a pro-forma basis BBW's consolidated market gearing will be 56.9% with an interest cover ratio 3.5x.

Committed CAPEX and future construction costs of wind farms currently under construction are fully covered by existing cash of $170m and committed funding sources of $448m.

BBW continues to maintain prudent balance sheet and risk management practices. Approximately 75% of BBW's debt is hedged for interest rate exposure on a long term amortising basis, with the average maturity of swaps being 9.5 years. BBW's average interest rate was 6.15%, demonstrating the benefits of BBW's ongoing interest rate 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 $591.4m[10] is a non-recourse facility and has a final maturity date of 2024. There are no share price acceleration triggers contained within the BBW corporate facilities or the Enersis facility. Furthermore, BBW has no material off-balance sheet liabilities.

BBW and Babcock & Brown have no loans to or security shared with each other. BBW and other Babcock & Brown managed funds have no loans to or security shared with each other. BBW's Global Corporate Debt Facility does not refer to Babcock & Brown.

All of BBW's financial covenants continue to be comfortably met.

8 Represents enterprise value

9 On a net debt to market enterprise value basis. Includes 50% ($605m) and cash ($14m) of the Enersis Portfolio gross debt. Based on 868m securities and a security price of $1.65 as at 30 June 2008.

10 Represents BBW's 50% share

FY09 Cash Flow and Distribution Guidance

BBW's business is in a strong operational and financial position as evidenced by the continued coverage of distributions and debt repayments from net operating cash flow. Furthermore, total proceeds from the sale of the Spanish portfolio of $1.42bn provide BBW with financial flexibility to consider reinvestment and capital management initiatives.

BBW operates in a high growth industry with global installed capacity growing by an average of 24% pa for the past 5 years[11] and conditions in debt markets may restrict BBW's funding options for organic and new growth projects over the next few years. Recognising current credit market conditions and the growth market in which BBW operates, the Directors have decided to re-align BBW's distribution policy to provide additional balance sheet flexibility and to take account of the reduced net operating cash flow following the sale of the Spanish wind energy portfolio.

Revised guidance for FY09 net operating cash flow is 21.4c per stapled security. The FY09 distribution guidance has been re-stated to not less than 9.0 cents per stapled security, which accords with BBW's long held policy of paying distributions from available net operating cash flow after debt repayments. This guidance assumes no further divestments and that the proceeds from the Spanish wind energy sale are not reinvested. The Directors will continue to target the same risk adjusted total return from BBW's existing portfolio.

Strategic Initiative

On 28 February 2008, BBW announced a strategic initiative in relation to its European wind energy portfolio. The initiative aims to demonstrate and capture unrecognised value in the BBW European wind energy portfolio via a coordinated process of potential individual country sales.

As advised to the market on 21 August 2008, BBW sold its Spanish wind energy portfolio for a sale price of $1.42bn which, subject to completion, represents an estimated profit before transaction costs of approximately $266m in FY09.

The strategic initiative has been extended to allow bidders further time to complete their analysis in relation to Portugal and France. Whilst the Enersis portfolio is offered jointly with Babcock & Brown, both parties can proceed independently.

BBW is committed to achieving the best outcome for security holders and will only divest assets if unrecognised value is suitably demonstrated and captured.

It is still anticipated that any potential sale of the Portugal and France assets would be agreed in the final quarter of 2008.

Outlook

BBW's strategy remains focussed on the efficient management of its existing portfolio of wind farms and where appropriate to manage its portfolio through selective accretive acquisitions and divestments.

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11 BTM Consult ApS – March 2008 –world market growth rates by cumulative MW

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The recent sale of BBW's Spanish wind energy portfolio, combined with the continued strong operational performance of the business, provides BBW with flexibility to consider reinvestment and capital management initiatives.

BBW will consider near term reinvestment opportunities including potential acquisitions from the Framework Agreements and 'infill' opportunities in Australia, which include an extension to the existing Lake Bonney 2 wind farm.

Following the strategic initiative BBW has concluded to more formally investigate a secondary listing on one of the US or European stock exchanges. Following discussions with investment banks, BBW has commenced a process to appoint an adviser to review and make recommendations on the appropriateness and implications of the various options available. If a secondary listing is pursued, BBW would seek to list in a US or a European equity market in the first half of 2009.

Further materials in relation to the FY08 financial result are contained within the accompanying investor presentation.

ENDS

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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$1.1 billion.

BBW's portfolio comprises interests in 87 wind farms that have a total installed capacity of approximately 3,360MW and are diversified by wind resource, currency, equipment supplier, off take arrangements and regulatory regime. Once the sale of the Spanish wind energy assets reaches financial close, BBW's global wind energy business will span five countries and its wind farm portfolio will comprise interests in 73 wind farms with a total installed capacity of approximately 2,941MW.

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.

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).

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

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APPENDIX: Accounting presentation of the US wind farms

BBW has previously recorded its interests in US Wind Farms as investments in financial assets held at fair value in the statutory financial statements as per AASB 139. This treatment applied because although BBW exerted a significant influence, BBW did not control the related entities through to 31 December 2007.

As of 1 January 2008, BBW management considered (and BBW's auditors agreed) that BBW controlled the project entities. Consequently, BBW is required to consolidate / proportionately consolidate under AASB 127 / AASB 131.

The principal changes in the financial statements are as follows:-

- Revenue and operating expenses of the US wind farms consolidated or proportionately consolidated within the income statement
- PTCs recognised within other income
- Income allocation to institutional equity and minority interest partners recognised within other expenses
- Balance of the institutional equity contributed capital recognised within payables