

11 January 2006

ASX Announcement

BBW – Incentive fee for the period to 31 December 2005

Babcock & Brown Wind Partners (ASX: BBW) announces that an incentive fee for the period to 31 December 2005 is payable to the manager, Babcock & Brown Infrastructure Management Pty Limited (“BBIM”), a wholly owned subsidiary of Babcock & Brown Limited (ASX: BNB).

As detailed in the Prospectus and Product Disclosure Statement dated 26 September 2005 (the “Offer Document”), an incentive fee may be payable to BBIM. The incentive fee is calculated half yearly as 20% of the amount, if any, of the excess return of BBW Stapled Securities over the S&P/ASX 200 Accumulation Index (the “Benchmark Index”) for each half year, based on BBW’s market capitalisation at the end of the half year.

For the period from commencement of trading on 28 October 2005 to 31 December 2005 the incentive fee calculation is based on the following:

Benchmark Index return	5.4%
BBW return	24.5%
Excess return of BBW over Benchmark Index, based on BBW’s market capitalisation	\$164.9 million
20% of the excess return	\$33.0 million

Accordingly, an incentive fee of \$33.0 million is payable to BBIM for the period to 31 December 2005. Further details relating to the basis and calculation of the incentive fee can be found in section 8.2 of the Offer Document.

At the request of the BBW independent directors, and subject to the Corporations Act and ASX Listing Rules, up to 60% of the incentive fee may be paid to BBIM in BBW Stapled Securities. As detailed in the Offer Document, any amount of the incentive fee that is paid in BBW Stapled Securities is based on the volume weighted average price of these securities over the 20 day period of trading subsequent to 31 December 2005. The number of BBW Stapled Securities to be issued in payment of the incentive fee, if any, will be calculated after this period.

Mr Peter O’Connell, Chief Executive Officer of BBW said, “This incentive fee has arisen because of the very strong performance of BBW since it listed in late October 2005. The market capitalisation grew by more than \$180 million in the period from listing to 31 December, the date at which this fee is calculated and has grown by more than an additional \$40 million since then”.

Mr Peter Hofbauer, BBW Chairman said “This outperformance reflects the market’s view of BBW’s prospects particularly the strong growth in the global wind energy market and a recognition of the quality of BBW’s assets, a number of which were accumulated by Babcock & Brown over a number of years and formed part of BBW’s initial portfolio”.

ENDS.

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About Babcock & Brown Wind Partners

Babcock & Brown Wind Partners (ASX: BBW) is a specialist investment fund focused on the wind generation sector. BBW listed on the Australian Stock Exchange on 28 October 2005 and has a market capitalisation of approximately A\$900 million.

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 (including the recently announced purchase of the Eifel wind farm) comprises an interest in 16 wind farms on three continents that have a total installed capacity of over 700 MW and are diversified by geography, currency, equipment supplier, customer and regulatory regime.

BBW is managed by Babcock & Brown Infrastructure 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 over the past 16 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 securityholder wealth through management of the initial portfolio and the acquisition and management of additional wind energy generation assets.

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