

BABCOCK & BROWN WIND PARTNERS

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

28 February 2008

BBW ANNOUNCES PROCESS TO UNLOCK PORTFOLIO VALUE

Babcock & Brown Wind Partners (ASX: BBW) today announced a strategic initiative in relation to its wind energy portfolio, consistent with its objective of maximising value for securityholders. The initiative focuses on the potential to capture currently unrecognised value in the portfolio through the possible sale of selected assets which can provide the greatest value uplift for BBW.

The key driver of this initiative is to demonstrate and capture a portion of the significant valuation gap which has arisen between the value attributed to BBW's wind energy portfolio by the stock market and the value attributed to other wind energy assets and businesses. Recent acquisition activity in both the listed and unlisted markets and new equity issuance has highlighted substantially increased valuations for wind energy assets, particularly throughout Europe.

Whilst the pool of assets for potential sale is yet to be finalised, the focus will be on European domiciled assets. 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. The proceeds of any sale will be utilised to reduce debt supporting the assets divested, fund future accretive investments in new and existing markets and make a return to securityholders where appropriate.

As previously announced to the market, BBW and Babcock & Brown (ASX: BNB) currently hold joint ownership of a portfolio of operating wind assets located in Portugal. BNB has indicated that it is prepared to consider a divestment of its interest in the Enersis operating wind portfolio in conjunction with any divestment by BBW, along with some additional wind energy assets owned by BNB.

Consequently, as part of this initiative, BBW has entered into a Process Agreement with BNB in order for both parties to access the value attributed to their respective wind energy assets in a coordinated program with a focus on European domiciled assets, including the Enersis operating wind portfolio. The Process Agreement provides for the potential sale of assets to be marketed jointly to capture and share potential synergy benefits, whilst also preserving the right for each party to proceed independently.

Miles George, Chief Executive Officer said, "Following a period of sustained strong growth BBW is ideally positioned to demonstrate and crystallize a portion of the value of its wind energy portfolio via the sale of selective assets which provide the greatest scope for improved value recognition. Should the process lead to a divestment, the sale proceeds will be applied towards associated debt reduction and provide BBW with

additional financial resources to apply towards future accretive investments. Where appropriate, BBW could also make a return to securityholders.”

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 to manage its wind energy portfolio through selective accretive investments and divestments. Any decision to divest assets from the portfolio will focus on maintaining and enhancing BBW's position to continue to deliver strong growth in returns to securityholders after any divestment.

The BBW Boards, together with the management team are committed to maximising value for securityholders. At this stage, it is expected that this strategic initiative will be conducted over the next few months, with the likelihood of any sale process being finalised within six months.

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 Securities 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

Strategic Initiative

28 February 2008

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Agenda

- Rationale for Strategic Initiative
- Market Comparables and Dynamics
- Process Agreement
- Future Acquisition Pipeline
- Conclusion
- Appendix

Presenters:	Peter Hofbauer	Chairman
	Miles George	Chief Executive Officer

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Rationale for Strategic Initiative

- Maximise value for Securityholders
- Substantial valuation gap between BBW trading price and value implied by asset market and trading comparables has arisen and persists
- At current share price future accretive acquisitions are unlikely
- Manager and the Board focussed on capturing the unrecognised value and seek to position BBW for accretive growth
- After having considered a range of alternative options, the Board is of the opinion that potential divestment of selected assets is the preferred option to realise significant Securityholder value
- Divestment of selected assets
 - Realise value for Securityholders
 - Demonstrate value of underlying portfolio
 - Provide capital for growth

Parameters of the Strategic Initiative

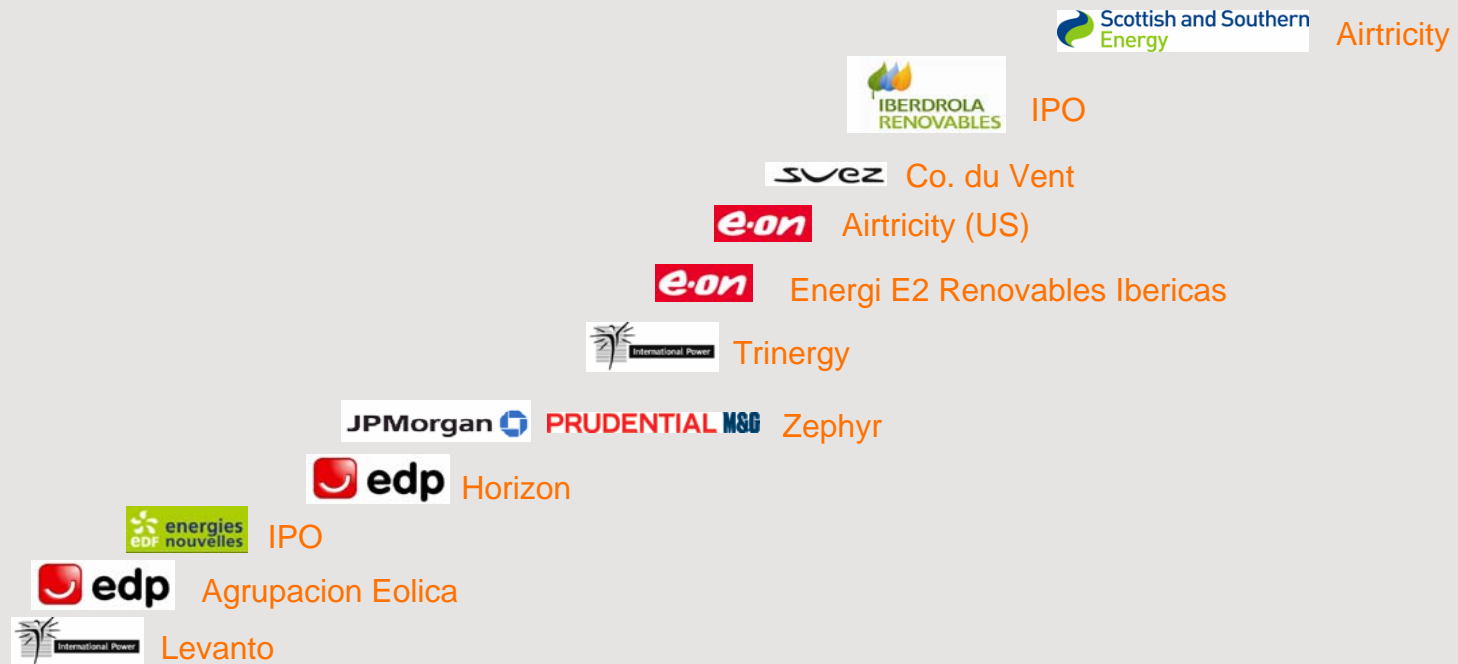
- Focus on European assets
- BBW's portfolio very high quality; will only divest assets where true value can be captured
- Scale to achieve significant gain and demonstrate portfolio value
- Joint initiative to be conducted with B&B, with potential for greater value capture

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M&A and IPO Activity

Wind energy assets have increased substantially in value

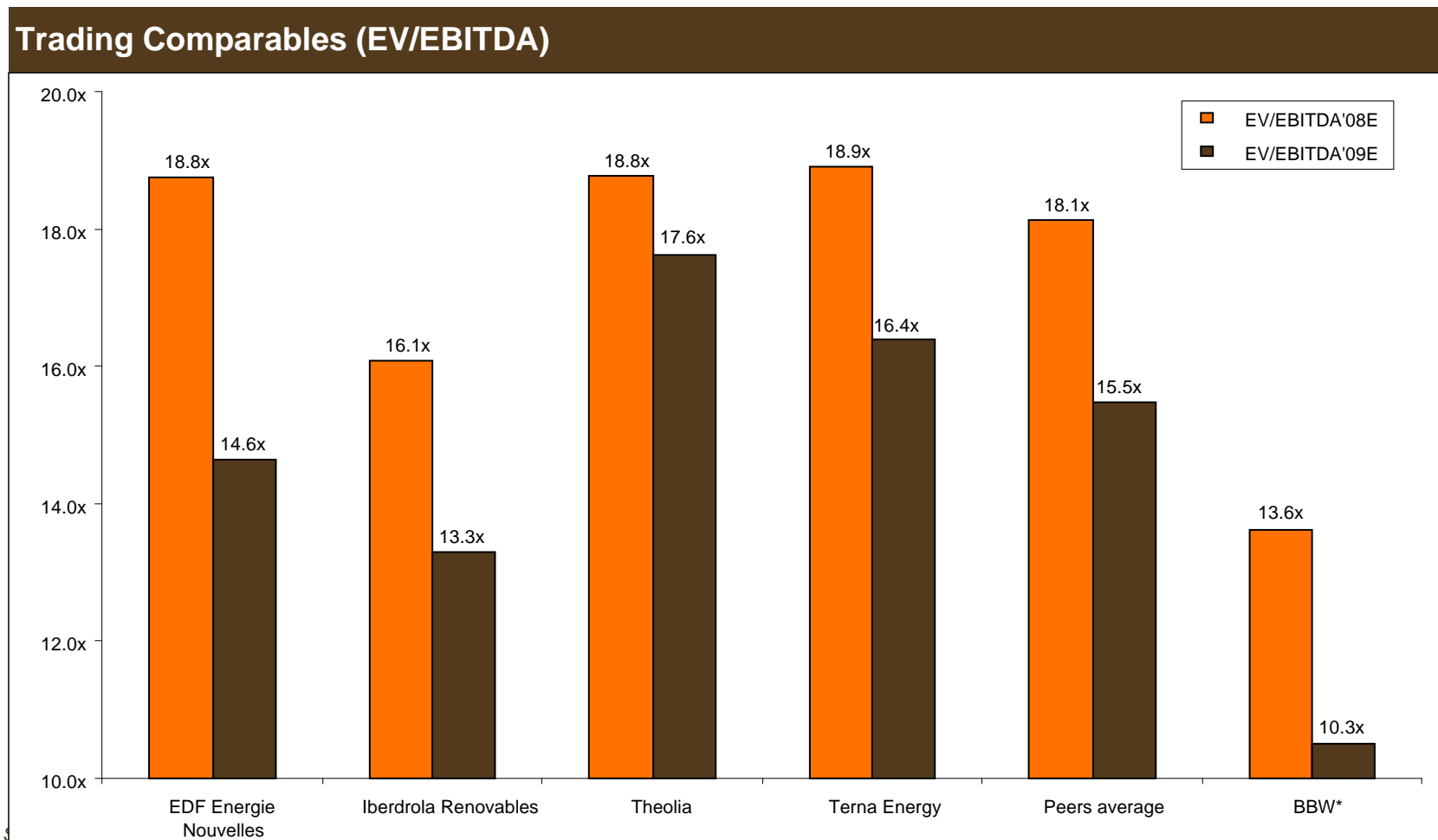


Q4 2006

2007

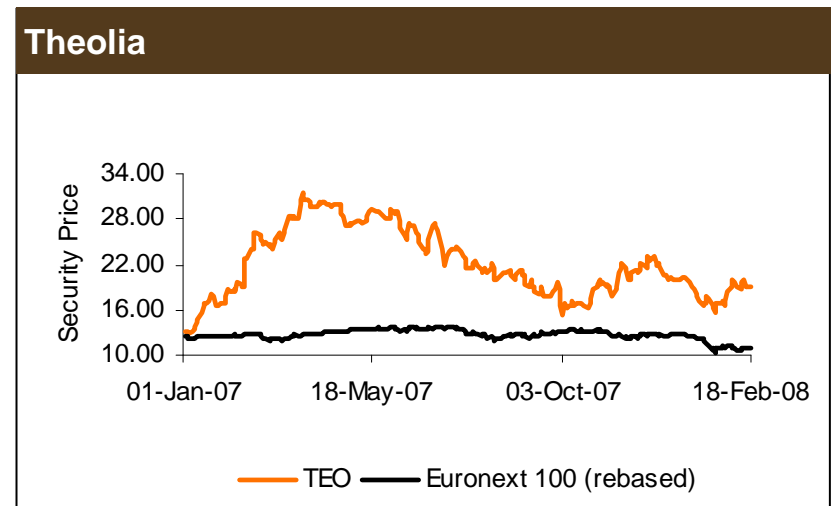
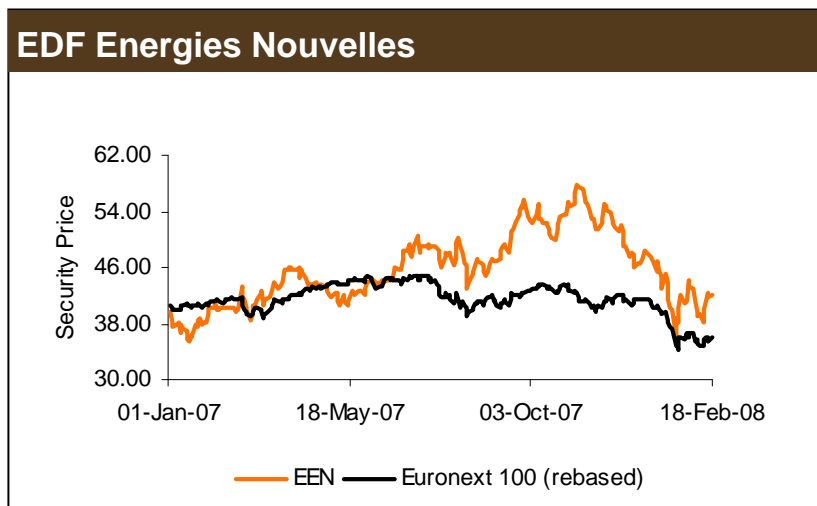
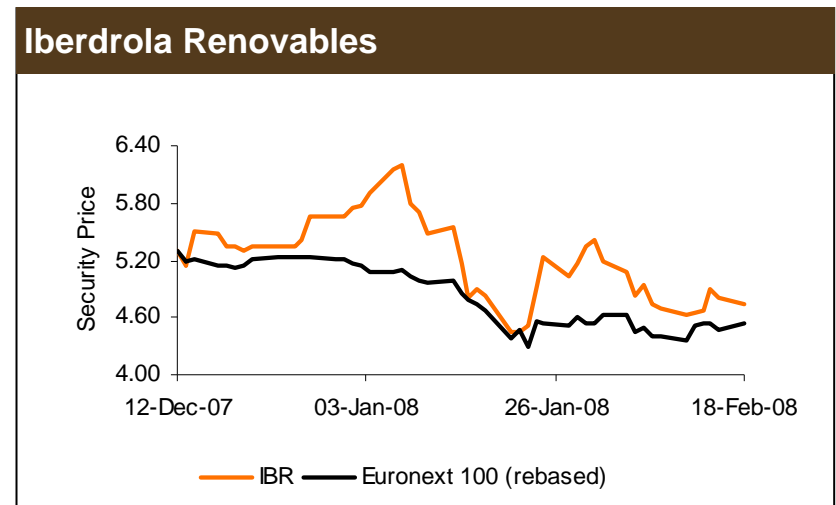
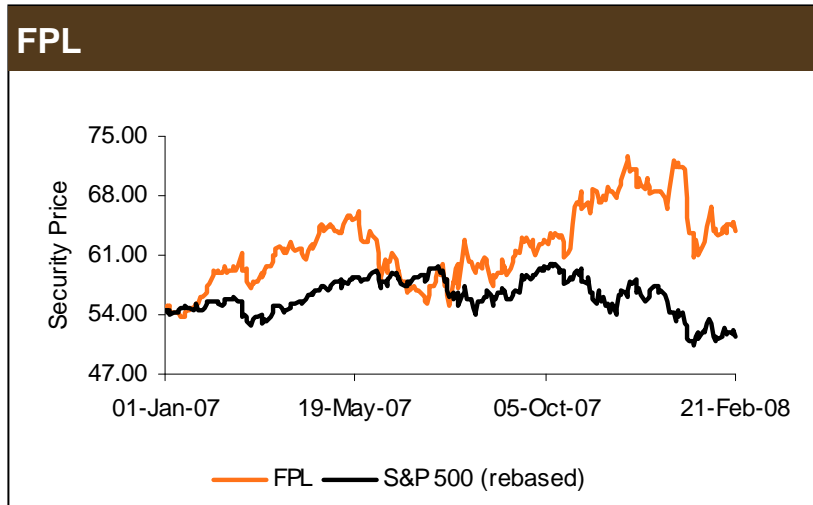
2008

Current Trading Comparables: Significant Discount to Peers on EV/EBITDA Basis



*BBW multiples calculated on 07/08 and 08/09 basis, trading comparables calculated on calendar year basis
EV for BBW includes proportionate Class A interests in US assets and is based on security price of \$1.40

Market Conditions for Renewables Remain Favourable



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Joint BBW and B&B Initiative

- BBW / B&B hold joint ownership of assets in Portugal
- B&B prepared to consider sale alongside BBW to achieve potential incremental value; valuation uplift potentially greater for an enlarged portfolio
- BBW / B&B have entered into a Process Agreement in order to facilitate this process
- Process Agreement sets out a framework for the joint marketing of assets owned by each party, without binding either party to any particular outcome
- B&B has other wind assets in Europe which could be added to the sale process
- BBW retains capacity to move forward independently of B&B
- Anticipated that any sale process could be finalised within 6 months

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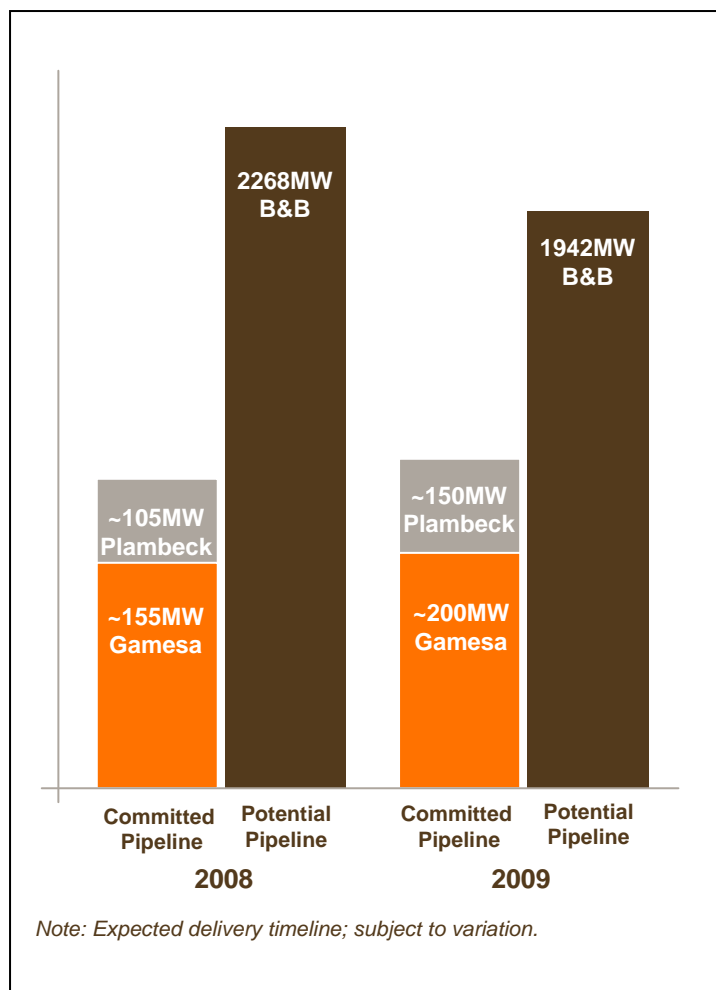
Recap: Current Funding Position

- Three successful equity issues in 2007 raising over \$400m.¹
- Global corporate facilities expanded by \$1.1bn
- No refinance envisaged prior to 2010
- Net debt to EV 65% as 31/12/07²
- 75% of debt hedged over long term
- All announced acquisitions and construction projects fully covered by existing cash and committed funding
- 79% of revenues underpinned by long term PPAs and fixed tariffs
- 24% of generation capacity under construction; supportive of continued distribution growth

1. A\$157m raised via an Institutional Placement in May 2007; A\$201m net proceeds via the implementation of the Alinta Scheme of Arrangement in August 2007; and approximately A\$47m raised from the Security Purchase Plan in October 2007

2. Based on: 31/12/2007 – 848m securities at \$1.70 per security

Extensive Pipeline



BBW has a robust acquisition pipeline

Growth and investment pipeline

- B&B has in excess of 16,000MW under development in its wind pipeline, to be delivered over the next 8 years
- BBW has approximately 605MW under Framework Agreements

Babcock & Brown (B&B) relationship

- B&B has an extensive global development pipeline
- BBW has historically been B&B's preferred purchaser of B&B's wind energy development pipeline
- BBW will only acquire assets from B&B if they meet its acquisition criteria and are accretive
- B&B will only sell assets to BBW where it has the financial capacity and cost of capital to support such acquisitions

Framework Agreements

- BBW also has access to extensive wind farms portfolios through the Plambeck Framework Agreement (Germany) and the Gamesa Framework Agreement (Spain & Germany)

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Conclusion

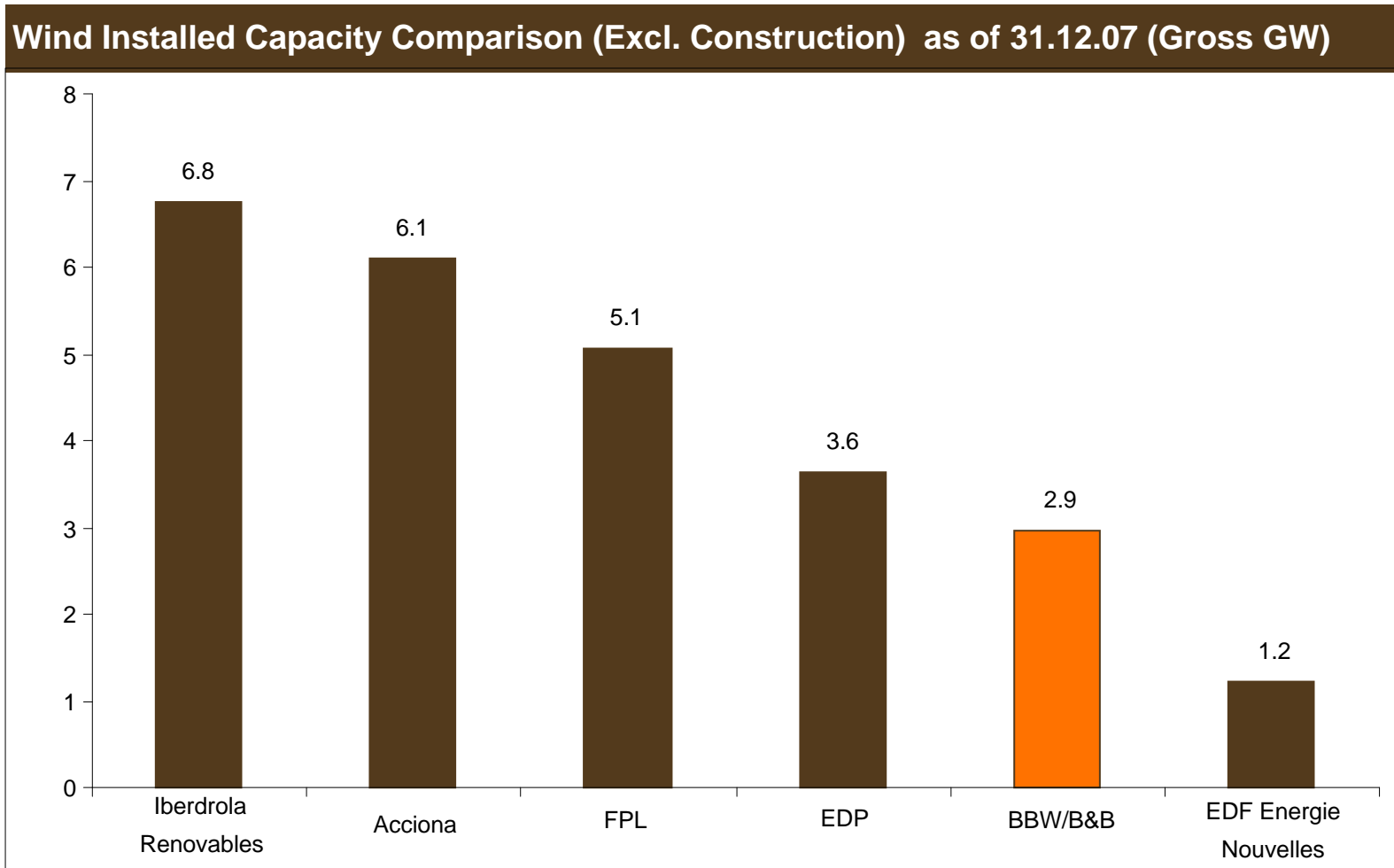
Benefits of Strategic Initiative

- ✓ Focus on maximising value for Securityholders
- ✓ Demonstrate underlying value of portfolio
- ✓ Capture a portion of unrecognised value
- ✓ Joint B&B and BBW initiative; with potential for greater value capture
- ✓ Proceeds applied to debt reduction, fund future accretive investments and potentially a return to Securityholders
- ✓ Provides ability to undertake accretive acquisitions from significant pipeline
- ✓ Sale process could be finalised within 6 months

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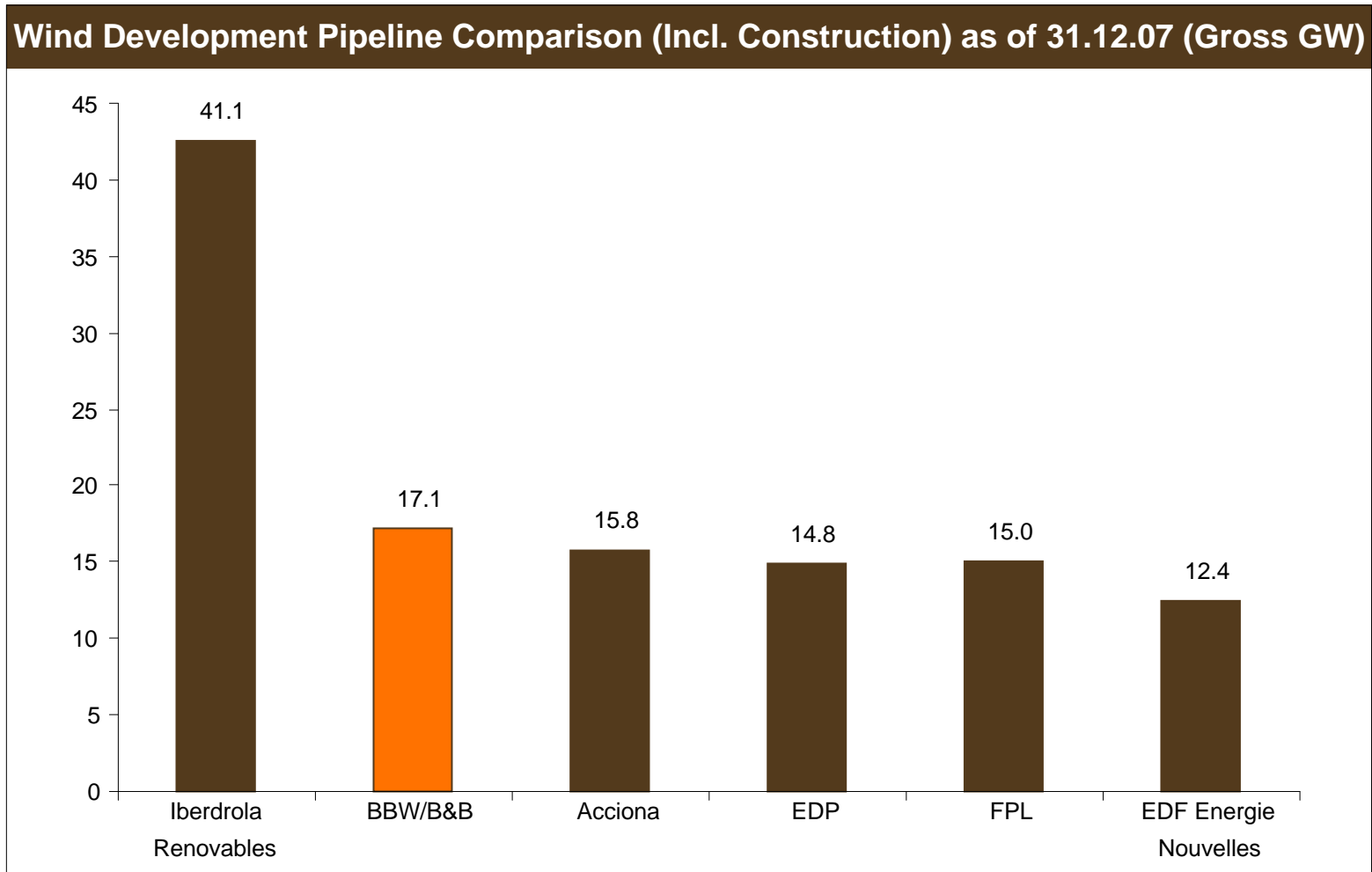
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Top 5 Player Globally In Terms Of Operating Capacity



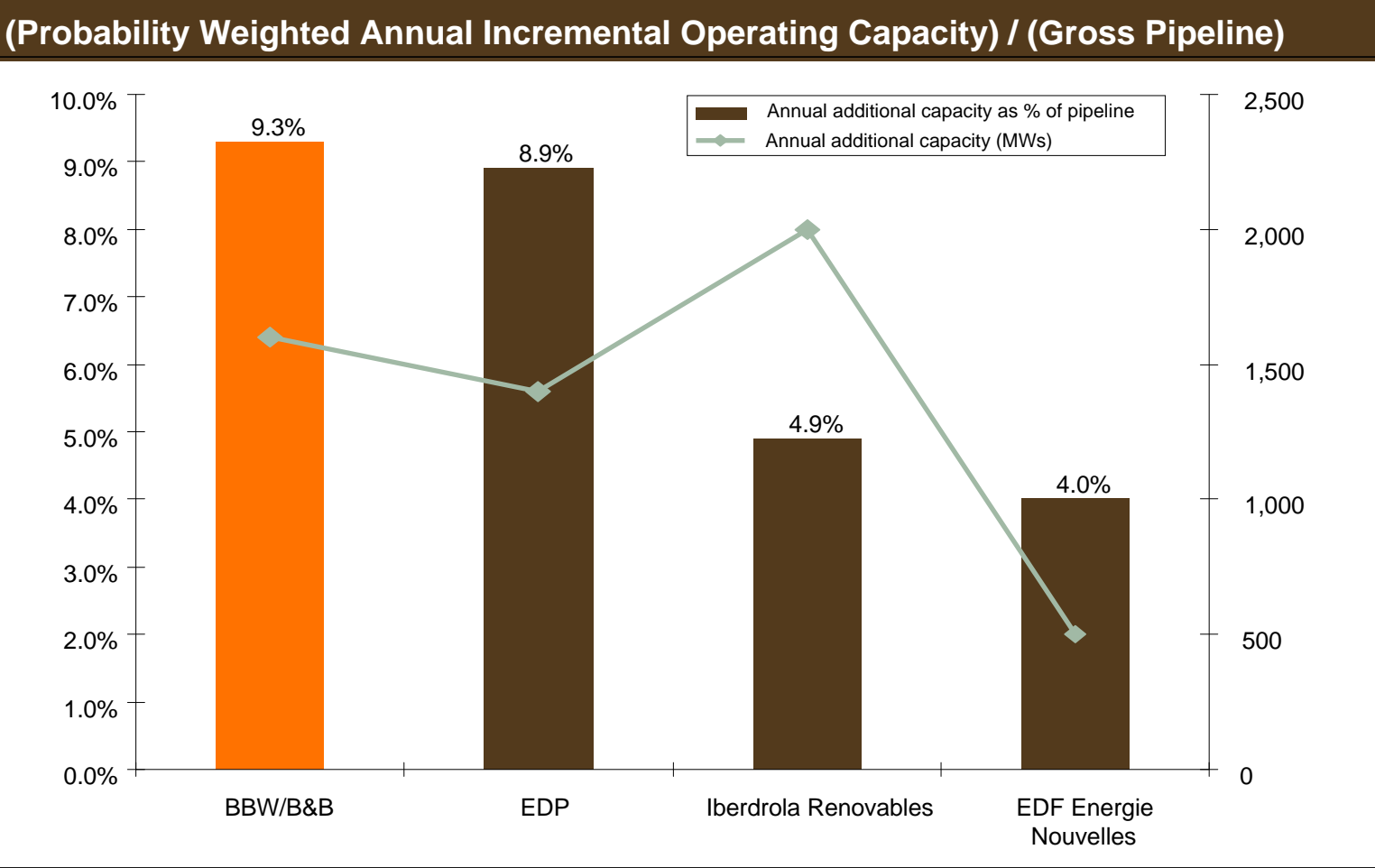
Source: Company Reports

Second Largest Pipeline After Iberdrola Renewables



Source: Company Reports

The B&B/BBW Pipeline Is Mature



Source: Company Reports, BBW

