

Annual General Meeting of Securityholders

Babcock & Brown Wind Partners

11am, Friday, 9 November 2007

Chairman's Address

Before moving to the formal items of business on the Notice, I would now like to touch on the highlights for 2007 and update Securityholders on a number of strategic issues including the proposal to acquire the US07 and the first half of the Enersis Portfolio, before handing over to Miles George to discuss BBW's performance in 2007.

2007 Highlights

The Board and Management look to deliver Securityholder value by managing BBW's existing portfolio of wind farms efficiently and securing opportunities to grow the business through selective accretive acquisitions. BBW's proven strategy of acquiring assets and building a geographically diverse portfolio has been rewarded with a portfolio of quality assets that generate strong cash flows.

The expansion of BBW's portfolio during FY07 resulted in energy generation increasing by nearly 150% to over 2,236 GigaWatt hours. Net operating cash flows increased during this period by 133% to \$79.8m. Distributions increased **by 22.5%** to 12.5 cents per security and were paid from net operating cash flows.

The 2007 financial performance is a reflection of the growth initiatives and acquisition activity undertaken since our IPO two years ago. During FY07, \$944 million was invested towards acquisitions and construction projects.

Notwithstanding this investment program, BBW's balance sheet remains conservatively geared as demonstrated by a gearing ratio of 45% at financial year end. BBW raised \$157m of new equity funding in FY07 in support of the identified acquisition opportunities and also completed a €1.03 billion (or approximately \$1.64 billion) global refinance of its portfolio. This refinancing was the first global wind farm portfolio financing and pleasingly was awarded the "Renewable Energy Project Financing of the Year" by Environmental Finance.

BBW is a leading wind farm owner & operator

BBW listed on the Australian Securities Exchange a little over two years ago. At the time of listing BBW's portfolio comprised of 4 operational wind farms with a total installed capacity of 147MW. If approved by Securityholders today, the Acquisitions will secure BBW's global positioning as a top 5 industry player with interests in 68 wind farms across 3 continents and 6 countries with a total installed capacity of 2115MW. In addition to offering considerable diversification and scale benefits, the acquisitions are expected to be immediately accretive to net operating cash flows and BBW expects to pay increased distributions for FY08 and FY09. I will outline these benefits in more detail in just a moment.

Wind has become a competitive source of energy

BBW continues to benefit from the growth in the global wind energy industry. Long term fundamentals for wind energy investment remain strong with the industry growing at nearly 30% per year for the last 10 years.

The Global Wind Energy Council stated that global installed capacity increased by 26% in 2006. The same Council has estimated that total cumulative global installed capacity will reach nearly 150GW in 2010, about double its current capacity. Accordingly, international wind energy generation capacity is expected to grow by an average of 19% per year to 2010.

In economic terms, wind energy now represents a mainstream source of energy supply, with the total value of new generating equipment installed in 2006 reaching €18 billion.

The drivers of this growth include legislated renewables incentives reflecting deepening concerns about global warming, the need to ensure security of energy supply, increasing demand for electricity, and continuing reductions in wind energy generation costs.

Wind energy continues to become increasingly price competitive as traditional fossil fuel resources are depleted, carbon pricing is imputed, and electricity prices escalate. The cost of wind energy production has halved over the last 15 years, and is currently competitive with the cost of producing electricity from a new gas or coal fired power station if the cost of carbon dioxide emissions is taken into account.

Corporate Governance

I would now like to talk about BBW's Corporate Governance arrangements.

Good corporate governance is something that we take very seriously at BBW.

In your copy of the BBW 2007 annual report, you will find our Corporate Governance Statement, as well as a remuneration report.

Throughout the 2007 financial year BBW implemented additional governance related practices to further strengthen BBW's corporate governance regime.

These included the establishment of a Nomination and Remuneration Committee to provide a renewed focus on nomination, remuneration and succession matters for BBW. As BBW continues to grow, this committee will review the composition of the BBW Boards to ensure that they remain appropriate. The current composition of the Board structure includes independent directors on three of the five responsible entity board seats and an equal number of independent and non-independent directors on the Company boards.

The Stapled entity arrangements between the BBW entities require the entities co-operate and consequently there is effectively a majority of independent directors across the group.

Specific key performance indicators are also being developed for senior management providing services to BBW and these will be reviewed by the Nomination and Remuneration Committee. Babcock & Brown is also reviewing the philosophy and framework of remuneration of key members of the executive management team, with a view to ascertaining how it can further improve the remuneration structure and alignment of remuneration to BBW performance.

Whilst this process remains ongoing, the current compensation arrangements are already based on rewarding BBW key management personnel for their performance and this is linked to the operational performance of BBW.

During the year we also undertook a tender process to identify an appropriate independent firm to provide internal audit services for BBW. At the conclusion of this process, KPMG was selected.

Proposed Acquisitions of US07 and Enersis Portfolios

I would now like to outline the proposed acquisitions of the US07 and Enersis portfolios.

On 17 September 2007, Babcock & Brown Wind Partners announced that it had reached agreement with the Babcock & Brown Group for the acquisition of a 50% interest in the Enersis portfolio of wind farms for approximately €133 million or approximately A\$219 million, and 100% of B&B's Class B membership interests in the US07 Portfolio for approximately US\$309 million or approximately A\$374 million.

Further detailed information regarding the proposed transaction was subsequently provided to Securityholders in the Notice of Meeting.

US07 Portfolio

The wind farms comprising the US07 Portfolio are as follows:

- Sweetwater 4 is located in Texas, with a total installed capacity of 240.8MW and has been operational since May 2007.
- Sweetwater 5 is located in Texas, with a total installed capacity of 80.5MW, and is expected to commence commercial operations in the first half of 2008.
- Cedar Creek is located in Colorado, with a total installed capacity of 300.5MW and is expected to commence commercial operations in the first half of 2008.

The US07 Portfolio has totalled installed capacity of 621.8MW and mean energy production of 2,070.8 GWh pa.

The US market is an attractive wind energy market for BBW as it is a highly developed market, with total installed capacity of approximately 11,600MW accounting for nearly 16% of the global market.

The recent growth of the US market has been driven by the extension to December 2008 of the Production Tax Credit or PTC system which is the primary US federal government incentive for wind development. The PTC is unique to the US and offers tax credits to wind farm owners for the first ten years of a project's operations.

In addition to the PTC system, there is diversity in regulatory support, with Texas, Colorado and other US States demonstrating high demand for renewable power with state based renewable energy targets in place.

Overall, the support for renewable energy in the US is positive and future changes to regulatory policy are likely to be positive.

Enersis Portfolio

The Enersis wind farm portfolio is located in Portugal, comprises 30 wind farms with a total installed capacity of 524.8MW and long term expected mean energy production of nearly 1,300 Gwh pa, and will represent BBW's first investment in Portugal.

The arrangements also encompass the construction of four additional wind farms with an anticipated installed capacity of 156.3MW under a development agreement with Babcock & Brown.

The equity investment commitment under this development agreement totals between €40 to €50 million with some of the development projects potentially commencing construction during November 2007. The funding obligation for the development projects is subject to a number of conditions including that the total enterprise value price for the development projects must not exceed €2.33 million per installed megawatt.

The acquisition of the Enersis portfolio will result in BBW having an investment in an additional regulatory regime and tariff structure which will further enhance the overall diversity of the BBW wind farm portfolio. Portugal has demonstrated long term regulatory support for renewable sources of energy. This stable regulatory environment has led to strong growth in the wind energy industry in Portugal and fits with one of BBW's key investment criteria to invest in countries that have, and are expected to provide strong regulatory incentives for renewable and wind energy generation.

US07 & Enersis Financial summary

Turning to the financial implications of the acquisitions.

The acquisitions of the US07 and Enersis Portfolio's are financially attractive for BBW.

The Acquisitions should further assist in creating a more diverse profile of earnings and increased Net Operating Cash Flow over the longer term.

To assist Securityholders in assessing the merits of the acquisitions, the Directors have provided guidance for both net operating cash flows and distributions for the 2008 and 2009 financial years. This guidance assumes P50 production, no performance fee and that the acquisitions are completed in line with the proposed timing.

The acquisitions are expected to be immediately accretive to BBW's net operating cash flows and are expected to increase these operating cash flows by \$57.4 million to \$177.4 million in FY08 and by \$72.1 million to \$213.1 million in FY09.

On a per security basis, net operating cash flow after notional debt repayment is expected to increase by 7.1% to 15.0 cents in FY08 and by 13.8% to 17.4 cents in FY09.

BBW expects to fund the Acquisitions with a mixture of cash on hand and additional borrowing facilities drawn under the global corporate facility. On completion of the acquisitions, BBW's net debt to enterprise value ratio will increase from 45% to 61%.

Increased distribution guidance of 14.5 cents and 15.5 cents per stapled security for the 2008 and 2009 financial years has been provided subject to the transaction being approved.

In addition the Boards have reconfirmed the medium term distribution growth target at 3.5% pa from the current portfolio and set an additional medium term growth target of at least 5% pa assuming continued accretive acquisitions, both from FY09.

The Directors reconfirm their intention to deliver distributions substantially from Net Operating Cash Flow after taking into account other investment capital flows such as debt amortisation, the Distribution Reinvestment Plan participation and future funding requirements or investment opportunities of the business.

Diversified and high quality portfolio of assets

BBW's portfolio has grown and diversified significantly since listing. Assuming the successful acquisition of the US07 and Enersis Portfolios, BBW's global portfolio will consist of interests in 68 individual wind farms across 12 wind regions with total installed capacity of over 2115MW.

The locations of the wind farms in BBW's existing portfolio, together with the wind farms comprising the US07 and Enersis Portfolio's, are shown on the screen.

As always, it is the intention of your Boards to uphold strict acquisition and investment criteria in order to grow via acquisition on an accretive basis. BBW's existing portfolio of wind farms is characterised by strong cash flows, locations with favourable wind resource, long term investment horizons with re-powering opportunities, and no development risk.

The proposed Acquisitions represent a continuation of BBW's strategy of investing in and managing a diversified global portfolio of wind farms.

Endorsement from independent directors

The proposed Acquisition is a related party transaction.

ASX Listing Rule 10.1 provides that an entity must not acquire a substantial asset from a related party, unless the Acquisition is approved by Securityholders of the entity.

Listing Rule 10.10 requires the notice of meeting for such a transaction to include an independent expert's report on the fairness and reasonableness of the transaction to Securityholders (excluding Babcock & Brown and its associates).

KPMG prepared an Independent Expert Report in relation to the proposed Acquisition, which was included in the Appendix to the notice of meeting distributed to security holders on 5 October 2007.

KPMG has concluded in its report that the proposed Acquisition by BBW of the US07 and Enersis Portfolios is fair and reasonable from the perspective of Securityholders (excluding Babcock & Brown and its associates).

Furthermore, under BBW's Corporate Governance policies, related party transactions are considered and approved by the Independent Directors of BBW rather than the full Board.

After considering the proposed Acquisition, its advantages and disadvantages, and in light of the conclusion reached by KPMG in the Independent Expert report that the transaction is fair and reasonable, the Independent Directors of BBW have unanimously recommended that Securityholders vote in favour of the resolution.

Outlook

I would now like to comment on the outlook for BBW.

Pipeline well positioned for growth

As I mentioned earlier, the investment rationale for wind energy investment is well supported by a number key industry drivers. Accordingly, not only is BBW's growth profile supported by strong industry fundamentals, but it also has access to a large investment pipeline via its strategic relationship with Babcock & Brown as well as Framework Agreements to acquire wind farms in Spain and Germany. In addition, BBW also participates in third party negotiated transactions.

Collectively, the investment pipeline for the next two to three years is in excess of 3,000MW. The immediate acquisition opportunities available to BBW are as follows:-

- The potential acquisition of the remaining 50% of the Enersis Portfolio before 30 September 2008, representing a further 257MW of installed capacity.
- A wind farm project located near Lake George NSW representing approximately 130MW of installed capacity.
- Approximately 200MW of wind farm projects from the Gamesa framework agreement, and 100MW of wind farms projects from the Plambeck framework agreement.

BBW has also been successful in reaching the second stage of the Queensland Government competitive bid process for wind energy assets which total approximately 177MW.

Importantly, BBW will only participate in future investment opportunities where the investment meets BBW's investment hurdles and investment criteria. Also Management and the Boards will continue to review BBW's financial resources to assess its ability to participate in the potential pipeline of investment opportunities.

This may mean that BBW will from time to time not pursue specific investment opportunities, or partner with other investors or dispose of assets or undertake a combination of all of these alternatives to better manage its capital and match its financial capabilities with the available investment opportunities.

Cash flow & distributions guidance

Provided the proposed acquisitions are approved at today's meeting, the immediate prospects for growth in net operating cash flow and distributions remain strong with the BBW boards having, subject to the caveats mentioned earlier, provided cash flow and distribution guidance for the 2008 and 2009 financial years.

As we stand here today we remain very confident in BBW's future.

Thank you.

CEO's Presentation

I would now like to invite your Chief Executive Officer, Miles George to present his report on BBW's operations. If there are any Securityholders who wish to ask a question or make a comment regarding any of the matters which I have just covered, we intend to take questions after Miles' presentation. There will also be time for questions or comments regarding the financial statements and the other items of business throughout the meeting.

Miles George:

Thank you Peter and good morning. May I take this opportunity to welcome you again to our 2007 Annual General Meeting.

2007 Highlights

As outlined by the Chairman, BBW continued to grow and further diversify its global portfolio of wind farms during the year, establishing its position as a leading global wind energy business by

year end. BBW's 2007 acquisitions delivered significant scale and diversification benefits, with the number of wind farms increasing from 16 at the end of FY06, to 34 at the end of FY07.

Securityholders benefited from BBW's continuing growth and portfolio diversification. Revenue increased by 42% to \$103.7m. If Class B membership interests in the US wind farm revenues is included, then total revenues increased even further by 110% to \$171.9m.

Increased revenues reflected the first full year contribution of the Olivo wind farms in Spain which comprise 6 wind farms, 3 of which were acquired in FY06. A full year contribution from the Alinta wind farm in Western Australia which achieved practical completion in January 2006, and a part year contribution from the Kaarst wind farm in Germany also contributed to higher revenue and cash flow.

The US wind farms were a significant contributor to the FY07 result. US cash distributions contributed \$39.4m in FY07 compared to \$7m in FY06. EBITDA and US cash distributions also increased significantly by 90% to \$99.7m.

Strong increases in revenue and a greater contribution from the US portfolio translated to a strong uplift in total net operating cash flows of 133% to \$79.8m. The increase in net operating cash flow also resulted in an uplift in distributions of 22.5% to 12.5 cents per security.

BBW's intention is to fully cover distributions from net operating cash flow after taking into account principal debt repayments, the distribution reinvestment plan, future funding requirements and future investment opportunities.

I am pleased to report that net operating cash flow of \$79.8m, offset by a notional repayment of debt of \$16.4m, fully covered the full year distribution payment of \$59.7m, net of distribution reinvestment, for the 2007 financial year.

Earnings have diversified since IPO

This was a good performance, especially considering that in FY07 our portfolio production performance was affected by a low wind year in Spain - a region where we had an approximate 30% portfolio exposure at the beginning of the year.

Significant further diversification of the portfolio by the end of FY07, combined with a total of 21 wind farms being fully operational for the entire period, resulted in a more diversified spread of earnings at the end of the financial year as illustrated by this slide.

During the 2007 financial year, BBW achieved further diversification with the addition of 3 new wind regions. Going forward the variations to individual wind farm performances is expected to be mitigated and BBW's exposure to variability in individual wind regions will also be reduced.

Annual portfolio generation

Turning now to the generation performance of the portfolio, in the first quarter of FY08 the portfolio has performed at 96% of the forecast which is a significant improvement on FY07.

Pleasingly, Spain has performed at 101% for the quarter, with both Australia and Germany at 97%. The US achieved 94% due to a very low month of July, which has since improved with August and September both above 100%.

Production variability

The benefits of reduced variability at the portfolio level can be seen on this slide showing individual wind farm performance versus portfolio which has been updated for the first quarter of FY08.

Acquisitions & Investments

BBW invested a total of \$944m on acquisitions and construction projects during the 2007 financial year.

A highlight of the year was the acquisition of the US06 portfolio which comprised 6 wind farms with a combined installed capacity of 410MW. To date, 5 of the 6 wind farms in the US06 Portfolio have been acquired with the remaining wind farm, Allegheny Ridge phase 2 due for completion and acquisition later in FY08.

BBW also acquired equity interests in wind farms forming part of the US05 Portfolio earlier in the year. The Sweetwater 3 and Kumeyaay wind farms were acquired in July 2006 and the Bear Creek and Jersey Atlantic wind farms were acquired in December 2006. In aggregate, BBW applied \$478m towards acquisitions in the US during FY07.

BBW also made three acquisitions in Spain during FY07. The Monte Seixo and Serra do Cando wind farms were acquired in May from independent vendors. BBW also acquired a 70% economic interest in the Conjuro wind farm in Spain - the first under the Gamesa Framework Agreement which provides for a potential pipeline of 490MW of wind farms. BBW has since acquired the remaining 30% minority interest in Conjuro in August, as well as acquiring a 96% equity interest in the Valdeconejos wind farm under that framework agreement.

In Germany the Kaarst wind farm was acquired under the terms of the Plambeck Framework Agreement in January. This is BBW's first acquisition under that agreement which provides a further potential pipeline of up to 288MW of operational wind projects.

Growth in BBW's portfolio is also being achieved through the construction of several wind farm projects. During FY07 BBW invested \$266m in construction projects of which \$184m related to the construction of the second stage of the Lake Bonney wind farm in South Australia.

BBW deployed a further \$29m on construction projects in Europe including the Fruges I & 2 wind farms in France, and the Eifel wind farm in Germany.

Enterprise value & Gearing

BBW is well capitalised with a conservatively geared balance sheet with flexible and efficient funding options. Gearing as represented by net debt to EV was 45% as at 30 June 2007.

A highlight of 2007 was the completion of the €1.03 billion refinancing of BBW's global wind farm portfolio in anticipation of the continued growth of the business. In effect this involved aggregating project, asset and corporate level debt across various jurisdictions into a single corporate multi currency facility.

Key outcomes of the portfolio refinancing include a greater degree of capital efficiency and flexibility associated with a corporate facility as well as reduced borrowing costs under a multi-currency structure with common global terms. The facility also provides a framework for establishing additional facilities as acquisitions are completed subject to lenders' approvals at the time of each new investment.

The refinancing syndication process was also completed, oversubscribed and priced on competitive terms. The mandated lead arrangers, Banco Espirito Santo de Investimento, Bank of Scotland, Dexia Crédit Local and Millennium investment banking were joined by 11 international institutions in the final banking syndicate. The completion of this transaction, in what can only be described as a challenging capital market environment, clearly demonstrates the underlying credit strength and diversification benefits of BBW's portfolio.

Balance sheet & interest rate hedging

BBW continues to uphold prudent financial risk management policies. Current policy provides for BBW to enter into fixed rate hedging for not less than 75% of its long term borrowings. At the end of FY07, the average interest swap duration was 9.7 years.

BBW manages its foreign exchange exposures on the basis that the AUD is its base currency and to the extent possible will match its non AUD assets and investments with borrowings in the same currency as a "natural hedge". BBW also has a stated policy of hedging returns on equity investments made in foreign currencies out to 3 years on a rolling basis.

In FY07 prior to any hedging initiatives undertaken by BBW, currency movements reduced revenues by \$4.9m. This reduction was almost completely eliminated by the established natural hedges and the implementation of BBW's foreign exchange hedging strategies.

Construction progress

I am pleased to advise that the last of the 53 turbines at Lake Bonney Stage 2 in South Australia have been erected. It is expected that Lake Bonney Stage 2 will be fully operational before the scheduled completion date of June 2008.

At our Fruges 1 wind farm in France, 3 of the 11 turbines have achieved full operational status, with the remaining turbines expected to be operational by the end 2007. Construction at the Fruges 2 wind farm is progressing well and as previously advised is expected to be operational in the first half of 2008.

These projects, together with the proposed acquisitions will add just over 900MW of additional installed capacity to BBW's portfolio in the medium term.

Thank you.