

BABCOCK & BROWN POWER

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ASX Release

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URANQUINTY POWER STATION REACHES FINANCIAL CLOSE

Babcock & Brown Power (ASX:BBP) is pleased to announce Financial Close and completion of the investment in the 640MW Uranquinty Power Station (“Uranquinty”) located near Wagga Wagga in southern NSW. The Independent Director’s have obtained an independent valuation in relation to the investment and provided their approval. The project, once operational is expected to meet BBP’s investment criteria in terms of value and yield accretion and is in line with BBP’s strategy of maintaining a diversified revenue mix.

The power station once completed, will comprise of 4 x 160MW open cycle gas turbine units, and has been co-developed by Babcock & Brown (ASX:BNB) and its co-development partner ERM. Uranquinty is currently under construction and is expected to be commissioned in late CY2008 and operational for the 2008/09 summer period.

BBP holds 70% of the equity and the marketing rights to a significant portion of the power station’s output. ERM holds the remaining 30% of the equity.

Uranquinty is being constructed at a total cost of approximately \$500 million with major contractors Bilfinger-Berger and Balfour Beatty United Group Infrastructure. Siemens Ltd is supplying the power plant and is responsible for the successful commissioning of the power station. Funding will be by way of existing committed debt facilities. Following completion of the Uranquinty and Alinta transactions, BBP’s gearing levels are expected to remain within the target range of 60-65%.

Uranquinty will be a merchant plant thereby maintaining BBP’s meaningful exposure to the spot and medium term electricity markets and will provide an opportunity to lock in the favourable forward market conditions that currently exist. A long term Gas Supply Agreement has been signed with BHP Billiton and Esso, and Gas Transportation Agreements have been signed with the APA Group.

ENDS

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About Babcock & Brown Power

Babcock & Brown Power (ASX:BBP) is a power generation business, with assets diversified by geographic location, fuel source, customers, contract types and operating mode. Its aim is to grow returns to its securityholders through optimisation of its existing power generation business and the addition of further power assets via a combination of new construction and strategic acquisitions.

The portfolio has interests in seven operating power stations and one power station under construction and due for completion in late 2008. The portfolio has a total electricity generation capacity of approximately 2,900 MW.¹ Babcock & Brown has been developing, operating and acquiring the generation portfolio over a period of 10 years. Four of the power stations have been co-developed by Babcock & Brown from green field development opportunities and four have been acquired from other operators.

Portfolio Summary

Power station	Location	Equity interest ⁽¹⁾	Fuel	Operations Start Date	Capacity	Operating Mode	Offtake
Operating power stations							
Braemar	Queensland	85%	Gas	September 2006	450MW	Intermediate	Origin/Market
Oakey	Queensland	50%	Gas	January 2000	286MW	Peak	Enertrade
Redbank	NSW	100%	Coal	April 2001	148MW	Base load	EnergyAustralia
Ecogen (Jeeralang)	Victoria	73%	Gas	1980	449MW	Peak	TRUenergy
Ecogen (Newport)	Victoria	73%	Gas	1980	510MW	Peak	
Flinders (Playford)	South Australia	100%	Coal	1960-1964	240MW	Intermediate	Various/Market
Flinders (Northern)	South Australia	100%	Coal	1985	527MW	Base load	Various/Market
Under construction							
NewGen Kwinana	Western Australia	70%	Gas	late 2008 (projected)	320MW	Base load	Synergy
Total of operating and under construction					2,935MW		
Contracted power offtake							
Osborne contracts	South Australia	100%	Gas / cogeneration		180MW	Base load	Various/Market

⁽¹⁾ Direct and Indirect equity interest

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

¹ Some assets have minority shareholders.