

Press release

Hypo Public Finance USA, Inc. provides senior secured loan facility to Babcock & Brown Rail North America LLC, to finance freight railcar lease fleets

Munich/New York, 9 January 2007: Hypo Public Finance USA, Inc. (“HPF USA”), the New York-based subsidiary of Hypo Public Finance Bank - a member of the Hypo Real Estate Group - announced that it closed \$238 million of floating rate term financing for Babcock & Brown Rail North America LLC (BBRNA), a Babcock & Brown (ASX:BNB) sponsored investor that owns freight railcars leased to railroads, utilities, and industrial companies in the US and Canada. The 3,600 railcar structured financing was closed in mid-December 2006.

Stephan Bub, CEO Hypo Public Finance Bank and Member of the Management Board of Hypo Real Estate Holding AG: “Hypo Public Finance is picking up pace and we are proud to have completed this important transaction. It demonstrates both our commitment to expand our transportation and infrastructure finance business and our support of leading equipment operating lessor clients such as Babcock & Brown”.

Jack Campbell, head of HPFUSA’s Infrastructure and Asset-based Finance unit in the Americas adds: “This transaction represents HPF USA’s first significant financing of railroad sector assets and we expect to upsize it in early 2007.”

Hypo Public Finance, USA Inc.

Hypo Public Finance USA, Inc. (“HPF USA”) is the New York-based subsidiary of **Hypo Public Finance Bank**. The Bank provides premier financial services to borrowers, investors and intermediaries in the international public finance and capital markets. Operating from its head office in Dublin and from offices in the US, London, Dortmund and Luxembourg, the bank is structured to deliver solutions and results to clients and partners around the world. Its success is based on a team of experienced professionals with successful track records and the specialised financial platforms from which they operate. The core business lines are in public/infrastructure finance, capital markets/structured finance, and asset management.

Hypo Real Estate Group

The **Hypo Real Estate Group** (HREG) is one of the largest European providers of commercial real estate financing. The group consists of the non-operational listed holding company, namely **Hypo Real Estate Holding AG** based in Munich, and three operational entities. The **Hypo Real Estate Bank International AG** (Stuttgart) combines the international real estate financing activities. The centre of competence for the German market is **Hypo Real Estate Bank AG** based in Munich. **Hypo Public Finance Bank puc** (Dublin) combines public finance business with responsibilities for government lending, infrastructure financing, local authority project financing and forfeiting as well as for Capital Markets activities.

About Babcock & Brown

Babcock & Brown is 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 was founded in 1977 and is listed on the Australian Stock Exchange.

Babcock & Brown operates from 26 offices across Australia, North America, Europe, Asia, United Arab Emirates and Africa and has in excess of 810 employees worldwide. Babcock & Brown has five operating divisions including real estate, infrastructure and project finance, operating leasing, structured finance and corporate finance. The company has established a funds management platform across the operating divisions that has resulted in the creation of a number of focused investment vehicles in areas including real estate, renewable energy and infrastructure.

For further information about Babcock & Brown please see:
www.babcockbrown.com

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