

UBS immo news



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No Swiss real estate crisis on the horizon

Everybody is talking about the real estate crisis in the US. However, it has had little effect on the Swiss real estate market to date. Sound fundamental data continues to bode well for the local market.

Anybody making exchange-listed real estate investments at the beginning of last year could still enjoy favorable prices. As was the case in the previous four years, these investments were profitable. In the first four months of the year, real estate stocks posted a total return (i.e. distribution amount plus price gains) of 7.2 %, while real estate funds returned 5.2 %.

Real estate stocks impacted by credit crisis

However, real estate stocks were then also sucked into the mire of the credit crisis, dropping by up to 25 %, while real estate funds fell by up to 15 %. For 2007 as a whole, real estate stocks were down 10.9 % with investors in real estate funds facing a loss of 3.4 %. Real estate stocks, and the financial markets in general, are not yet to recover. If a major cooling in the global economy were to coincide with a lasting recession in the US, economic growth in Switzerland would also be severely affected. This could result in companies expanding less or even shedding jobs, which in turn would lead to a lower demand for office space. Because real estate companies tend to invest more heavily in

office and commercial properties, a decline in demand would have a negative impact on real estate stocks.

More attractive for investors with a long-term outlook

However, if the slowing of the economy is only temporary, the decline in real estate stock prices would be less severe. The stocks are also supported by the fact that current rents are not excessively high, which should ensure solid ongoing demand from companies for office space. Despite the increased market risks, Swiss real estate funds and real estate stocks remain attractive for investors with a long-term outlook. Above-average distribution yields should adequately compensate investors for the risk.

Mortgage rate forecast

UBS mortgages	Trend
UBS Libor Mortgage 3 months	↘
UBS Fixed-rate Mortgage 5 years	→
UBS Fixed-rate Mortgage 10 years	→
UBS Portfolio Mortgage 2 years	→

Editorial



Andreas Greil
Senior Product Manager

Dear Reader,

Homeowners everywhere know that there is always something that needs doing. A lot of the time it is only something little, but if you keep up these small repairs, you can preserve the value of your home over the long term. Even if everything is in full working order, sooner or later you will want to replace or renovate something, whether it be modern appliances in the kitchen or the laundry room, a new bath or even glazing for the balcony. These are the sort of investments that, while not huge in themselves, may still require financing. The UBS Current Account Mortgage offers flexible financing. In this newsletter we will show you how to use this new product, to realize your dreams without exceeding your budget and you can continue to enjoy your home for even longer.

We hope reading this will give you new ideas for your home!

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Comfort and speed in the kitchen

What are the current trends in kitchen design? Which appliances ease the workload? Daniela Hotz, a PR representative from household appliance manufacturers V-ZUG, has the answers.

Daniela, in a nutshell, what would you say are the key requirements for a modern kitchen?

Firstly, we have seen a trend towards healthy cooking with natural produce. This has seen an increase in demand for items such as steamers and woks, which are both used in preparing healthy food. Our customers also value good design, high quality materials, ease of use and favor appliances that are energy efficient.

How important is cooking nowadays?

On weekdays, it has to be fast – the emphasis is on saving time. At the weekend, however, many people push the boat out. They take the time to create something exceptional to put on the table. Modern kitchen appliances have cater to both of these needs.

So can modern appliances actually do more than older ones?

A range of sophisticated programming functions and precision sensors allows anybody to create dishes that used to be the preserve of only the finest chefs. Cooking is the most creative part of housework. These modern appliances allow each and every one of us to fully explore our creative sides.

Which specific appliances belong in the kitchen of today?

As I mentioned before, at the top of the list is a steamer, which allows you to gently

steam food or to reheat precooked meals, so they can be served piping hot. There are appliances which combine a steamer and an oven, which is ideal when space is at a premium. On the other hand, by opting for a separate steamer and oven, complete meals can be prepared more easily, for example the oven can be used to roast a chicken while using the steamer for vegetables and rice.

But a hob is a hob, is it not?

No. The most advanced hobs nowadays use induction technology. This allows only the pan to heat up and not the stove top. This has the advantage of heating up very quickly while using less energy. The temperature can be adjusted very precisely and once the pan is removed from the hob, it stops cooking immediately. This is a real safety feature, especially for families with young children or older people.

What else is a must-have in the kitchen?

Modern kitchens must have a dishwasher of course. Modern programs mean that fondue pans with burnt-on cheese are now as easily and energy-efficiently cleaned as drinking glasses. Nowadays extractor hoods are also considered to be important as open-plan kitchens and kitchen islands are becoming increasingly popular. This means it is important to keep cooking odors and steam from escaping to the living room.



Publication details

Publisher: UBS AG, Lending Products
Pictures: UBS AG and V-ZUG
Appears four times a year in English, German, French and Italian.
Subscriptions: www.ubs.com/immonews

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Any questions or feedback concerning the newsletter? Please send an e-mail to: immonews@ubs.com

Flexibly financing smaller renovations

Small renovations and modernization jobs can be flexibly financed with the UBS Mortgage Overdraft Facility. This is how the Baker family financed their new kitchen.



Anna Baker wanted a new kitchen. The house she built with her husband, Daniel, was 15 years old and still in very good condition. There was no need to carry out any large scale renovations as the Bakers had made lots of smaller repairs over time. However, their kitchen was aging. While the oven, stove and fridge all worked well, they did not offer any creature comforts, besides, the older appliances were all power hungry. And since Anna had tried out her friend Sarah's steamer, she knew she had to have one.

State-of-the-art appliances from equity capital

Daniel Baker helped the kitchen designers plan the new kitchen. As a skilled handyman, he wanted to carry out some of the work himself. The money he saved by doing this was then invested in state-of-the-art appliances. The kitchen builders carried out the planning and completed the structural work and wiring, while

Daniel and a colleague then completed the rest of the work themselves.

There was still the question of financing. An oven, fridge, induction hob, kitchen island, dishwasher and wine fridge all had to be paid for. The Bakers did not have this money readily available and they considered selling units in a fund they had held for a long time. Given the current economic situation on the stock markets however, the timing was unfortunately not right. A few months previously their investment had been worth considerably more.

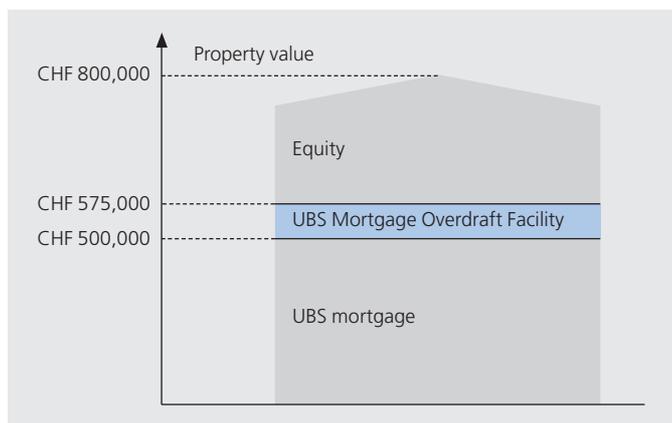
UBS Mortgage Overdraft Facility instead of selling funds

Mr and Mrs Baker sat down with a UBS advisor to discuss their situation. When they told the advisor that the money would be used to renovate their kitchen, he made a suggestion: instead of selling part of their fund, the Bakers should open a UBS Mortgage Overdraft Facility. In recent years they had amortized part of the

mortgage, which stood at CHF 500,000. Given the current value of their house was CHF 800,000, Anna and Daniel were easily able to get a UBS Mortgage Overdraft Facility with a limit of CHF 75,000. This solution is especially practical as in contrast to a conventional mortgage, no fixed amount has to be specified in advance. Within the agreed limit, Mr and Mrs Baker are able to pay off all the bills for their new kitchen as they arrive. This gives them a degree of flexibility, even if the kitchen ends up costing more or less than they initially budgeted.

Room for more dreams

The Baker family's renovations all went to plan. Three months after work started, Anna was able to prepare a meal in her new kitchen to celebrate its completion. The guests didn't just compliment her menu, but also her brand new kitchen. As the saying goes, "the more you get, the more you want" – and this is certainly true for the Bakers. They want more. In six months' time their eldest daughter is moving out and the Bakers think that this will be a good time to renovate their bathroom. It is a dream of theirs to have a bath tub with inbuilt massage jets. As they are still within the UBS Mortgage Overdraft Facility limit, they can make this dream come true. They do not need to consult their UBS advisor again as the expected costs of the project are still within the credit limit.



The property has a market value of CHF 800,000. A UBS mortgage was taken out for CHF 500,000, and CHF 75,000 is used for a UBS Mortgage Overdraft Facility.

UBS Mortgage Overdraft Facility

The UBS Mortgage Overdraft Facility is a credit limit that can be used without having to consult your UBS advisor. There are no restrictions regarding the timing of or purpose for the withdrawal. The amount borrowed is backed by the mortgage on the property, depending on the market value of the property the credit limit will be between CHF 25,000 and CHF 200,000. Unlimited term, subject to interest rate fluctuations.

UBS Hypo Challenge: and the winner is ...

A CHF 3,000 voucher for refurbishing your child's bedroom – this is what the 20 lucky winners of the UBS Hypo Challenge could look forward to receive. Another 70 people were the lucky recipients of additional prizes.



Winners Emanuel Strässle and his family are happy to receive the shopping voucher.

The UBS Hypo Challenge ran until the end of the year. Right up until the champagne corks started to pop to welcome the new year – a suitable point at which to end the UBS Hypo Challenge – contestants were still chancing their luck.

In addition to practice, it required a certain degree of luck. The 20 prizes of FLY furniture and decorations for children's bedrooms were drawn from all the contestants. The winners were presented

with their vouchers personally by a UBS advisor from their local UBS branches. The most enthusiastic participants in the challenge were also rewarded, with 70 of the 100 fastest entrants receiving additional prizes. They were sent these prizes by post.

Congratulations to the winners. We hope that they enjoy their prizes.

Get your free Home Expo package

The Home Expo in Suhr (canton of Aargau) has been running since the end of October 2007. The most modern permanent show home exhibition in Europe is showcasing 13 different prefabricated wooden single-family homes and gives handy tips on building, furnishing and saving energy in these homes. UBS is the exclusive financial partner of the event and has a stall in the Infocenter where clients can come to receive consultations on the financing options available.

With the Home Expo package you can be there for free. The package contains two entry tickets, two vouchers for a coffee and important information on the Home Expo and on financing your home with UBS. Let UBS help you take the first step towards owning your dream home. You can get your free Home Expo package from your UBS advisor (until stocks last).

Would you like to find out more about UBS's range of mortgages? By visiting www.ubs.com/hypo you can find detailed information on our products and much more on the subjects of home ownership and real estate.



Your chance to win: UEFA EURO 2008™ group game stadium tickets and final tickets



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