

UBS Fixed Income Investor Day Real Estate Finance

Ramesh Singh, Global Head of Securitized Products
Head of Debt Capital Markets Americas

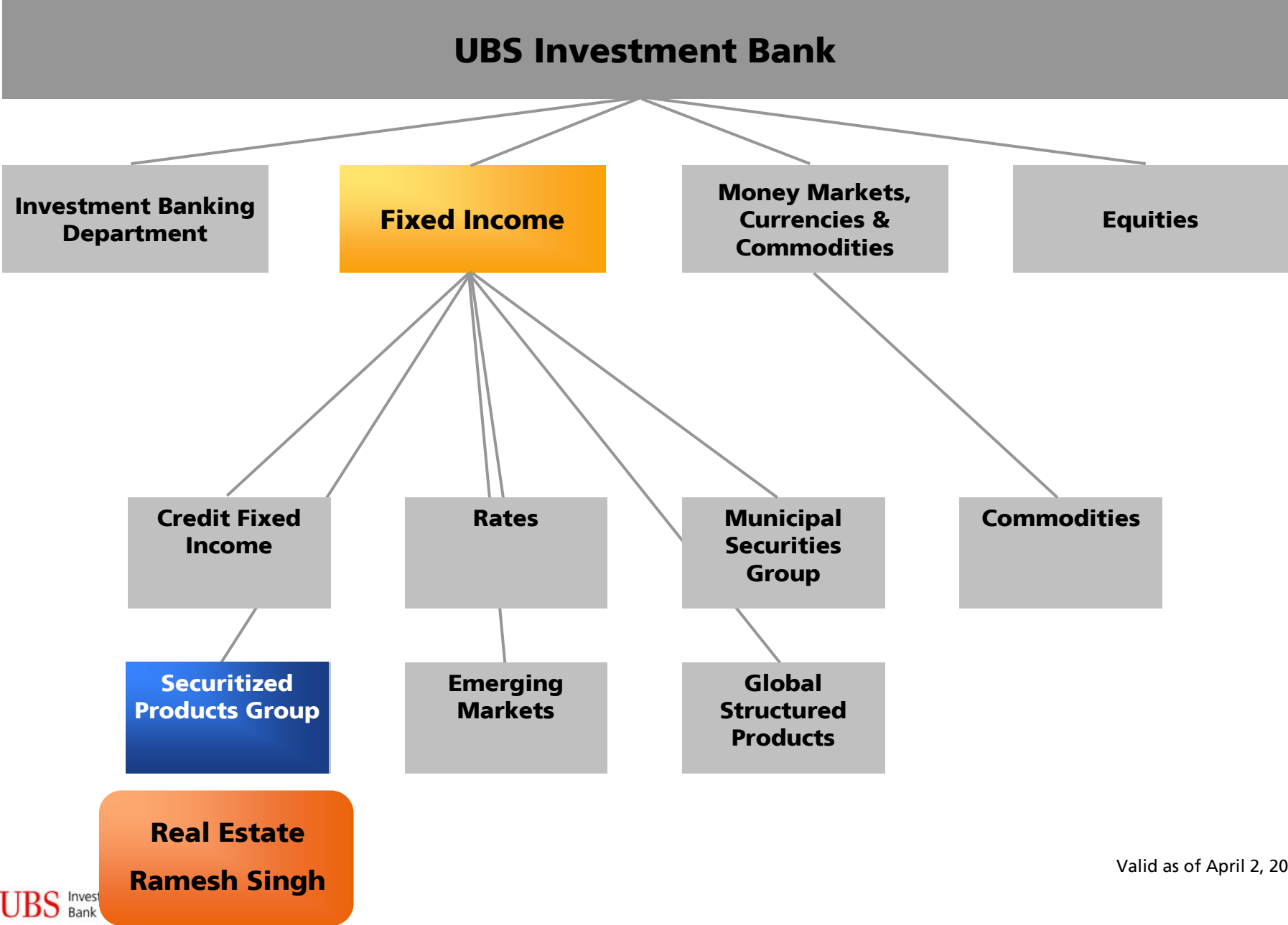
What is UBS doing to capture the \$700mm revenue opportunity in Real Estate Finance

◆ Leveraging the UBS Group wide client base

◆ Providing “One Stop Shopping” for all forms of real estate finance

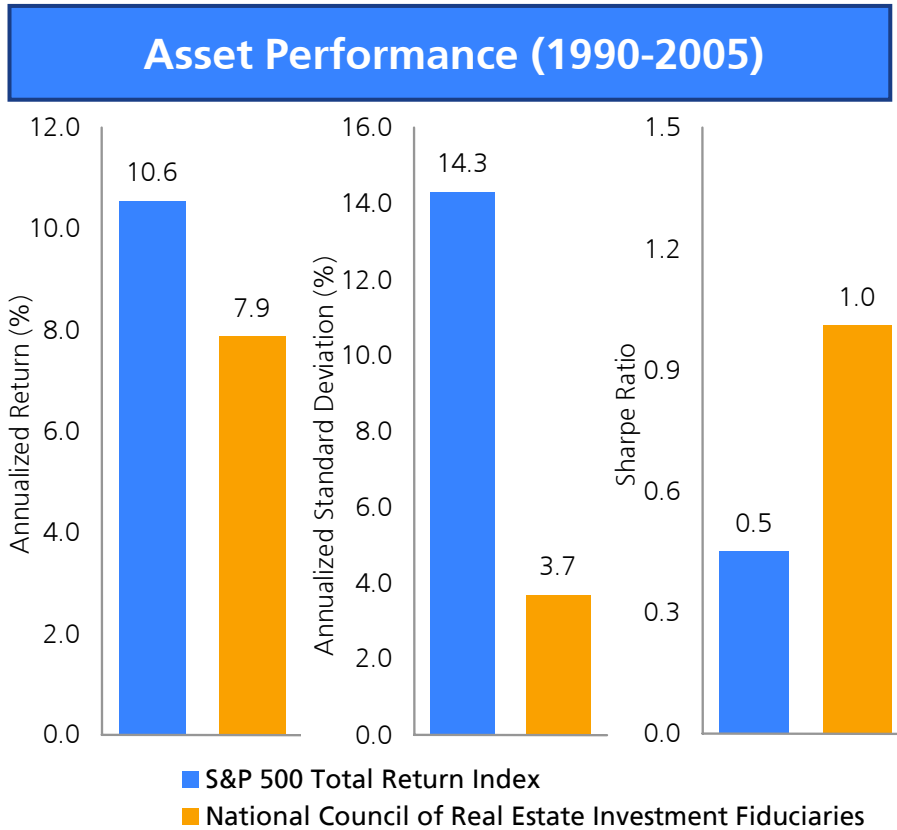
◆ Operating globally

REF-Part of Securitized Products Group within Global Fixed Income

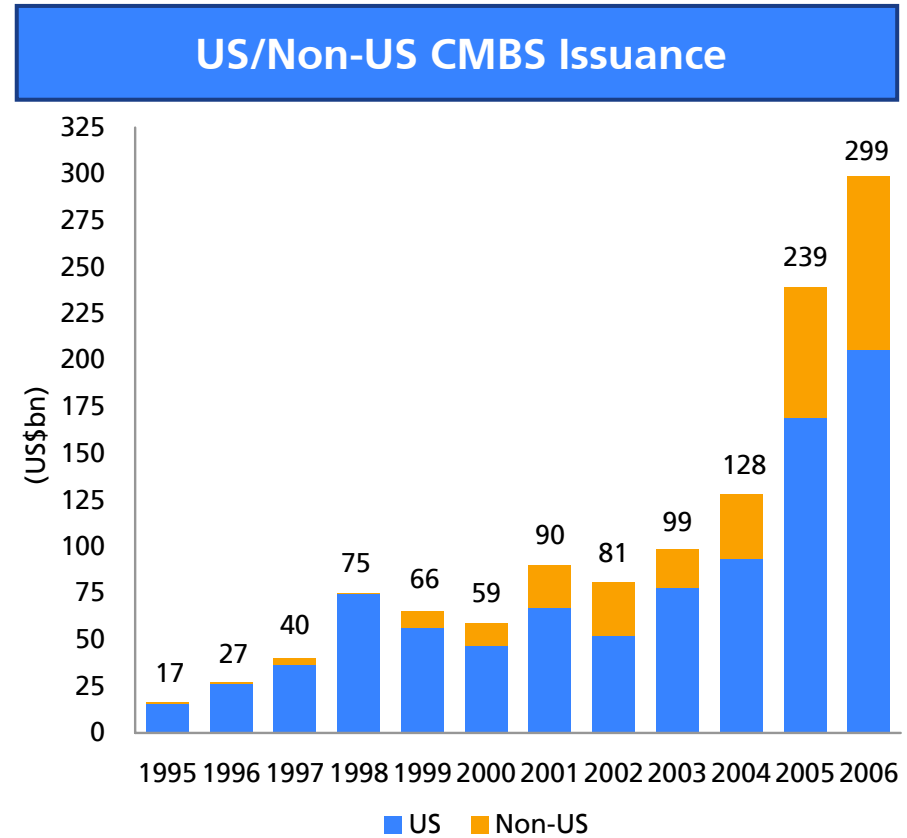


Real Estate is a Growing Asset Class and the Need to Finance it is Huge

Because of its performance and the diversifying effect it has on investment portfolios, real estate has become increasingly important to our global investor base


































































Source: The Center for International Securities and Derivatives Markets Research Department, May 2006



Source: Commercial Mortgage Alert

The CMBS market has matured into a large and stable market that continues to gain acceptance as a financing mechanism internationally

Our Gaps are in REF, an Opportunity Fund, and Offering a Full Service Coordinated Model

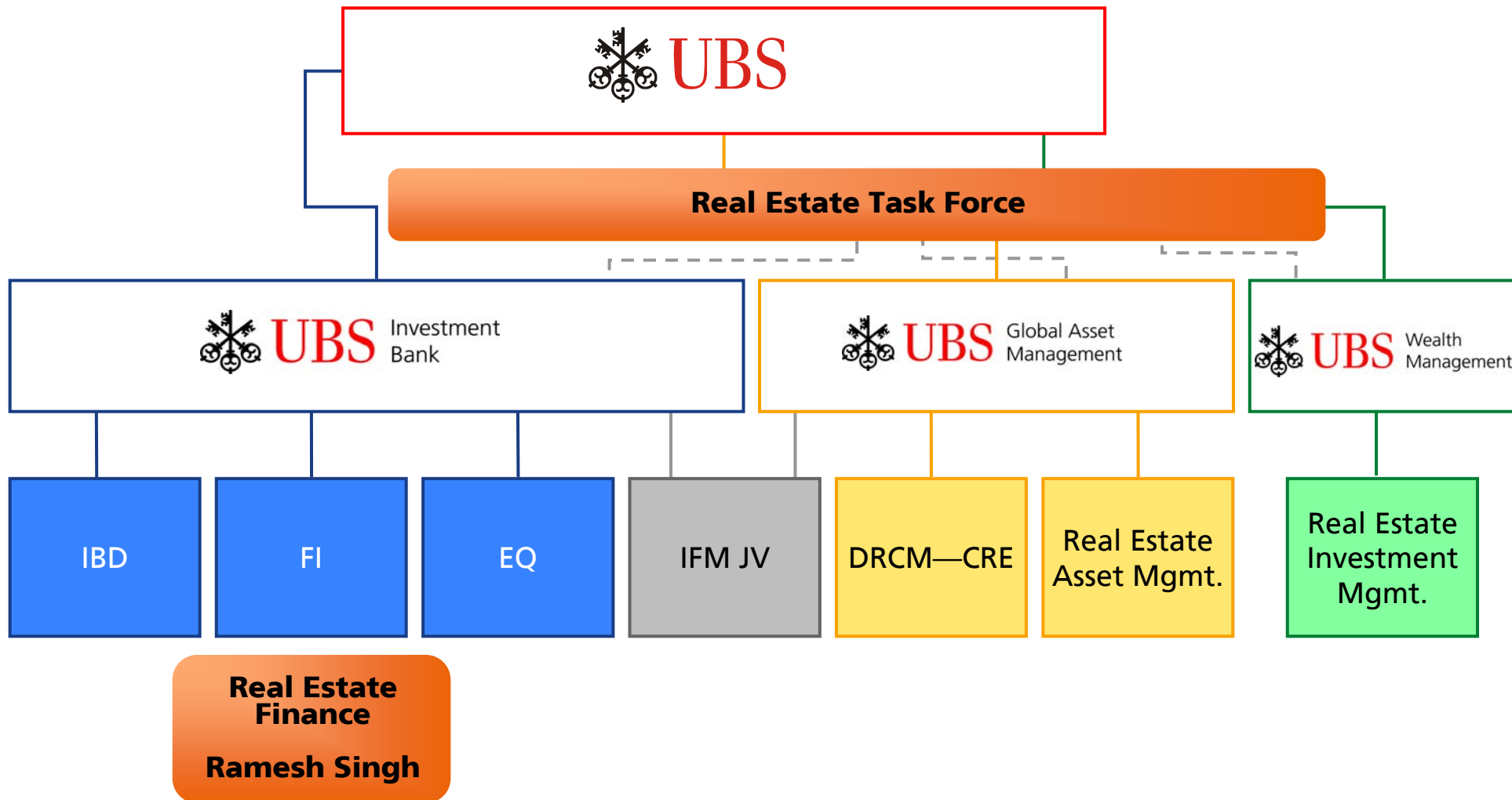
		CMBS/ Principal Finance	Commercial Banking/ Lending ¹	IBD	Research/ Sales	AM/WM	Opportunity Fund	Full-Service/ Coordinated Model	
Investment Banks	 UBS						Under Discussion		
	Morgan Stanley								
	Lehman Brothers								
	Merrill Lynch								
	Goldman Sachs								
	Global Full-Service Banks	Citigroup							
		JPMorgan Chase							
	Global European Based Banks	Credit Suisse							
		Deutsche Bank							

Notes: Represents UBS' assessment based on conversations with industry professionals, recent hires from competitors and Mercer Oliver Wyman
 1 Represents bank loans/construction lending

REF and improved Group wide coordination are key steps to complete the UBS business model in real estate

UBS Group's Real Estate Businesses

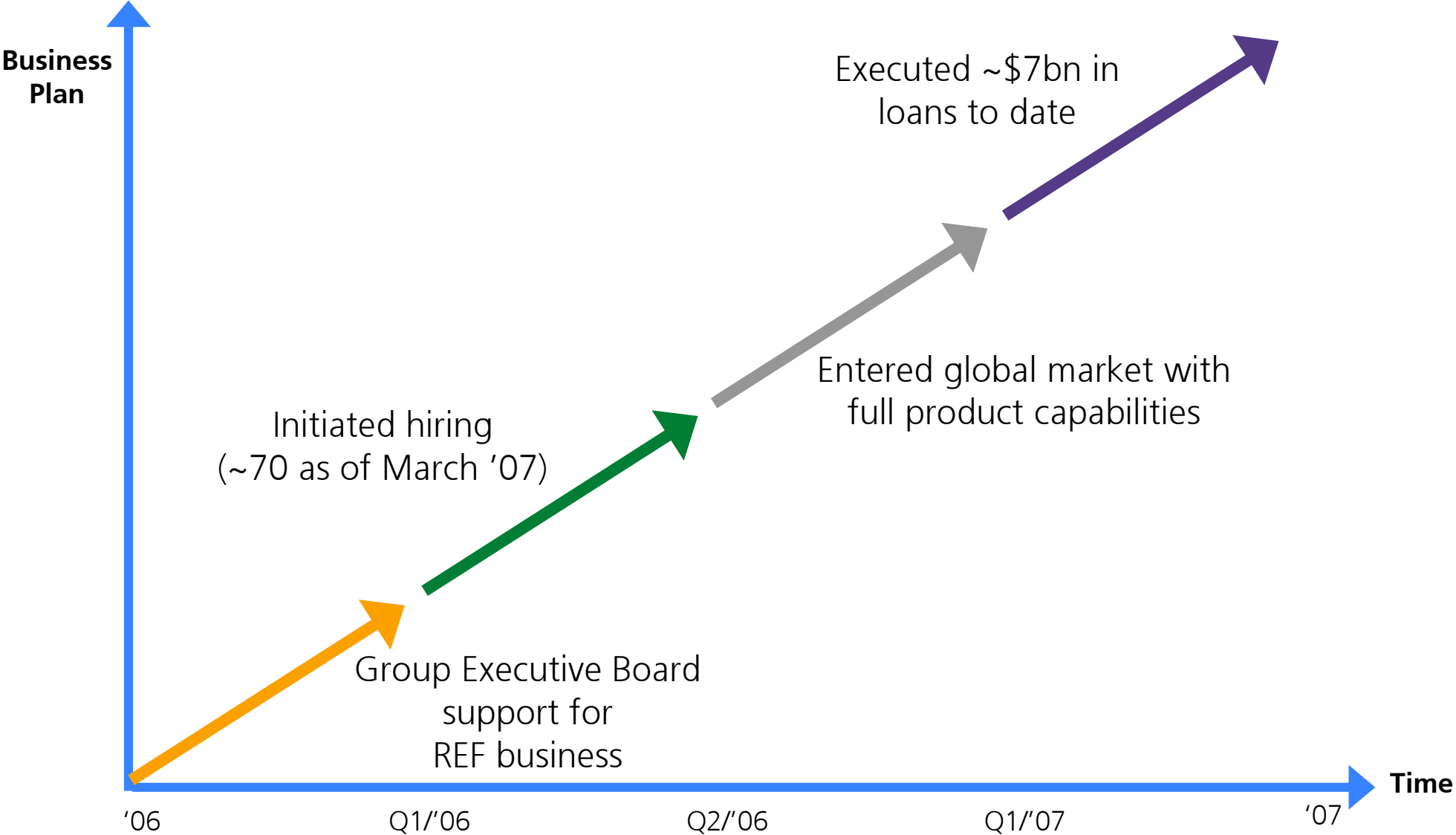
Where does REF fit in and how do we pull it all together?











UBS employs ~650 people in its Group wide real estate businesses and the Real Estate Task Force helps pull it all together

REF "Build from Scratch" Progress to Date

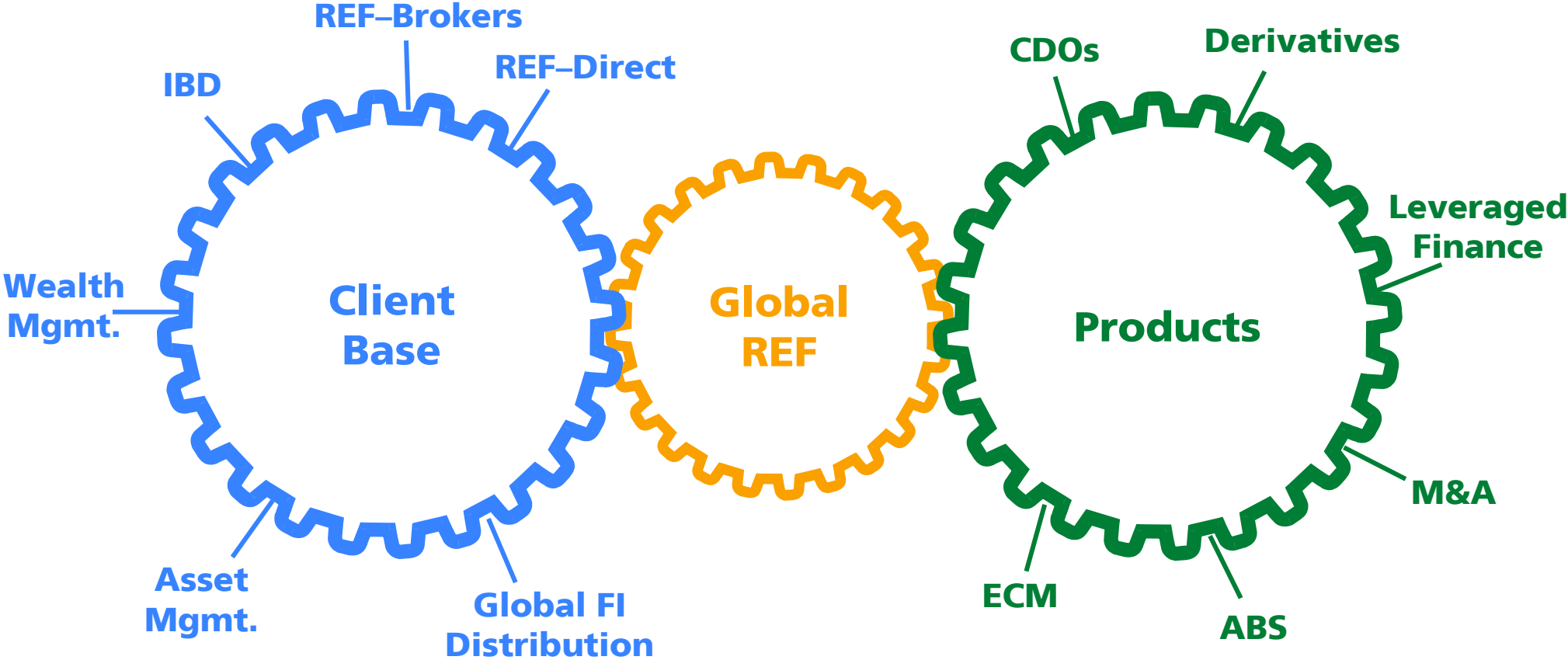
What has UBS accomplished in first year?



REF Remaining Build-Out Plans

REF's Initiatives	3/28/07 Completion Status	12/31/08 Projected Completion Status	Pay-Off Begins
Grow Global Finance Capability; people, process, infrastructure and balance sheet			2007
Integrate with UBS AG Partners			2007
Impact Market/ Client Franchise			2007
Grow Revenues			2007

REF Leverages UBS' Global Franchise






Examples of Global Franchise Leverage

Successful Coordination Among UBS' Partners

Deals Executed	Region	REF	IBD	ECM	DCM	Deriv's	CDO
Sainsbury's	UK	✓	✓		✓	✓	
Government Properties Trust Inc.	Australia/ USA	✓	✓	✓			
RAIT Investment Trust	USA	✓	✓				✓
General Electric	Japan	✓	✓				

Growing Revenue Opportunities/ '07 Market Themes

Opportunity	Example	REF Requirement	UBS Position
Take Private	EOP	<ul style="list-style-type: none"> ◆ Finance relationship ◆ Size ◆ Speed ◆ Coordination with IBD 	
"One Stop Shopping"	GPT	<ul style="list-style-type: none"> ◆ CMBS ◆ Mezzanine ◆ Preferred Equity 	
CDO's	RAIT	<ul style="list-style-type: none"> ◆ Strong CDO structuring/distribution ◆ Real estate mezzanine expertise ◆ Issuer relationships 	

Risk Control Strategy

Returns

- ◆ Provide all products from first mortgage to equity

Risk Control

- ◆ Consistent global checks and balances via commitment committees

- ◆ Independent Credit Risk Control approval process

- ◆ Capital markets strategy for balance sheet

- ◆ Highest concentration in most liquid sectors

REF 2007 Regional Focus

Global mandate with regional variation...

US

- ◆ Conduit; aggregating loans for quarterly securitizations
- ◆ Floating rate securitization; transitional loans including take privates
- ◆ Transitional property finance
- ◆ CDO; warehouse facilities through issuance

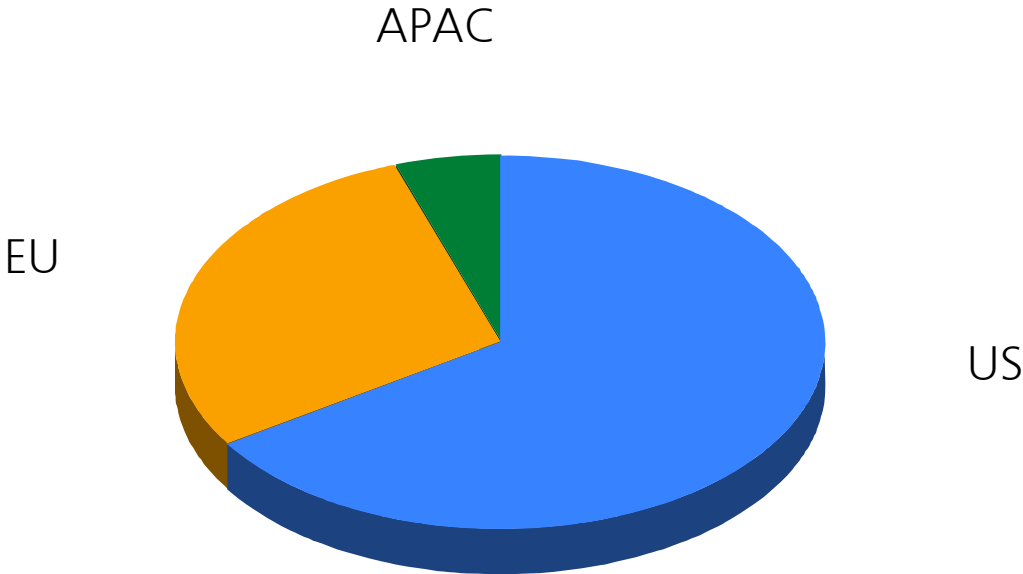
EU

- ◆ Local market focus
- ◆ Syndication
- ◆ Securitization including 3rd party
- ◆ Derivatives
- ◆ Transitional property finance

APAC

- ◆ Japan first, non-Japan Asia next
- ◆ Conduit; aggregating loans for securitization
- ◆ Leverage business flows from IBD

Global REF Revenue Contribution by Geography - 2007



We expect to grow revenues to more than \$400mm by 2009

Risks to Plan

Risks

- ◆ Cap rate expansion
- ◆ Economic downturn
- ◆ Liquidity crisis

Tools and Strategies to Manage Risks

- ◆ We have an experienced team—average years of experience for REF MD's is 15 years
- ◆ Fully integrated to other product and distribution capabilities
- ◆ Risk control strategies
 - Capital markets orientation for balance sheet
 - Independent Credit Risk Control function

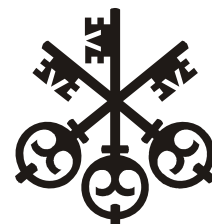
Positioning

- ◆ As a new entrant in the market our footings are smaller

Conclusion

How are we going to be successful?

You & Us



UBS

Leverage Group
Wide Clients

Provide "One Stop
Shopping"

Operate
Globally