

UBS (D) 3 Kontinente Immobilien*

Monthly report



* in the future: UBS (D) 3 Sector Real Estate Europe

August 31, 2009

Executive Summary

Dear investors,

In the reporting month the fund performance stood at 2.9% p. a. (BVI-method). The net fund volume was at EUR 467.7 m.

At the beginning of August there was the annual distribution for the fiscal year 2008/2009 amounting to EUR 0.38 per share. This corresponds to a distribution return of 4.5% p.a. which is the second best result since fund's inception in October 2003 and reflects the strong operating income of the UBS (D) 3 Kontinente Immobilien*.

Vacancy

The vacancy rate for the month ending August 2009 stands at 12.2%. The reason for the increase is the existent vacancy in the building "WTC Almeda Park", Barcelona, which has now to be considered in the vacancy analysis after a 12-month qualifying period. We were able to extend a lease agreement amounting over 3.000 m² for the building "K1/K2", Budapest for an additional 5-year period. For the property "515 North State Street", Chicago we signed a lease contract for 760 m².

Valuation

The revaluation of the property "515 North State Street", Chicago resulted in a decrease in value of EUR 0.47 m. The reason was an increase of the property yield by 20 bps. The revaluation of the asset "WTC Almeda Park", Barcelona resulted in an decrease of EUR 0.93 m. This was caused by a lower ERV for the office sector in Barcelona . The value of the building "Business Carée" remained stable.



Axel Trescher
(Senior Portfolio Manager)

¹ After reserves for deferred taxes

* In the future: UBS (D) 3 Sector Real Estate Europe

UBS (D) 3 Kontinente Immobilien*

Brief summary

Fund features

Fund's inception	13/10/2003
Currency of account	EUR
Year-end financial statements	April 30
Total Expense Ratio (TER) ¹	0.94% p.a.
ISIN	DE0009772681
Security no.	977268

Current data

Fund assets	467.68 Mio. EUR
Net asset value	10.69 EUR
Number of properties	26
Real estate assets (gross) ²	622.56 Mio. EUR
Portfolio occupancy rate	94.90%
Last distribution	3/8/2009
Yield on distribution	4.50%

Performance

	1 year	3 years	5 years	Ø p.a. 5 years
	2.85%	15.32%	24.43%	4.47%

¹ For the financial year 1/5/2008-30/4/2009

² The Fund's leverage is calculated based on its total market value, with the market value of the properties and loans held by the real estate companies being calculated based on the size of equity interest.

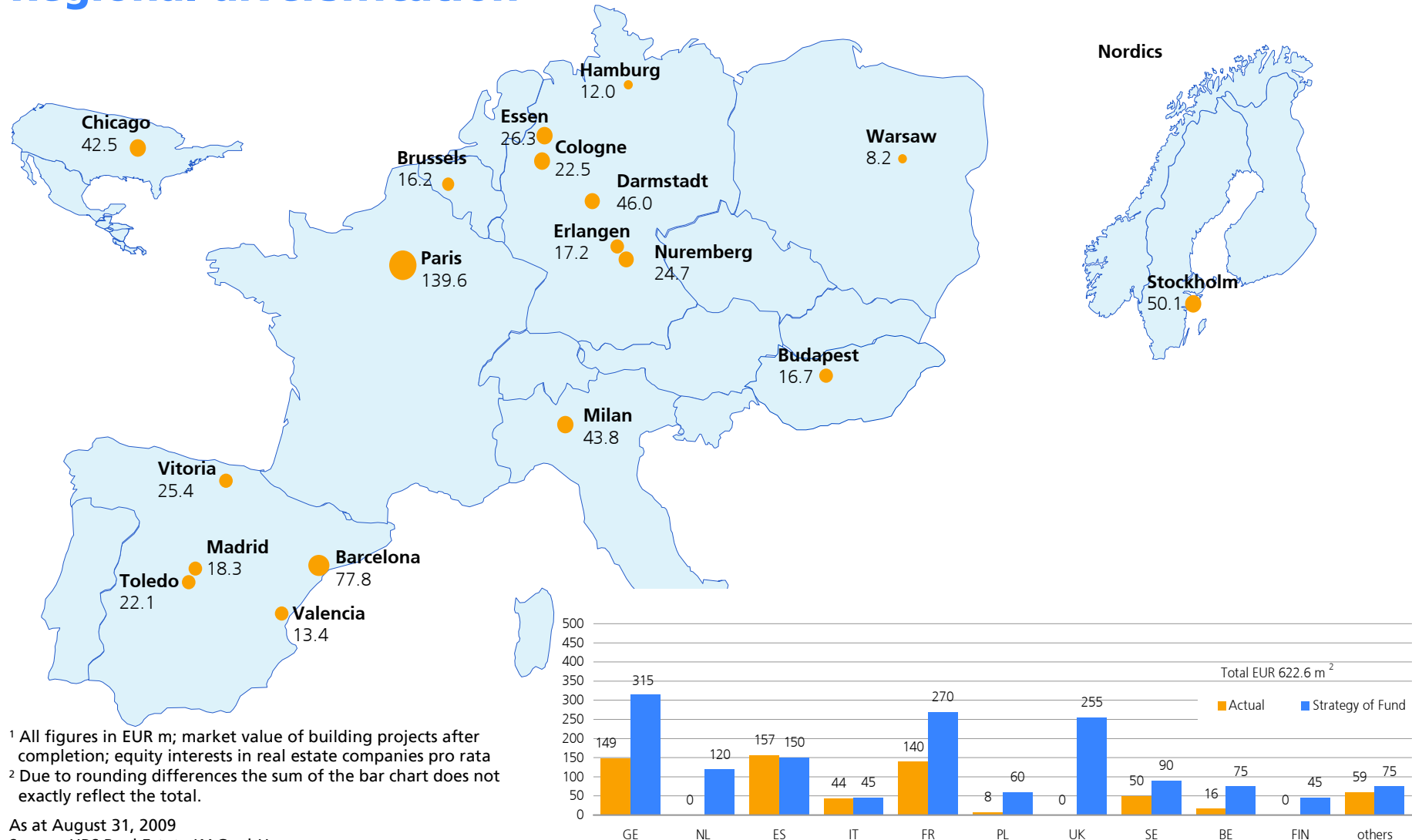
* In the future: UBS (D) 3 Sector Real Estate Europe

As at August 31, 2009

Source: UBS Real Estate KAG mbH

Real Estate Investments

Regional diversification¹

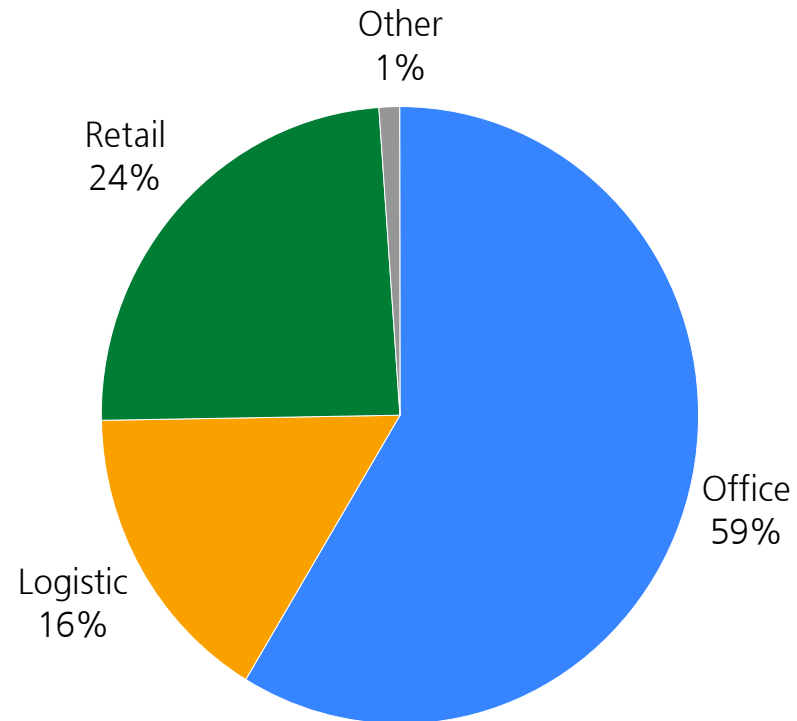


¹ All figures in EUR m; market value of building projects after completion; equity interests in real estate companies pro rata
² Due to rounding differences the sum of the bar chart does not exactly reflect the total.

As at August 31, 2009
 Source: UBS Real Estate KAG mbH

Real Estate Investments

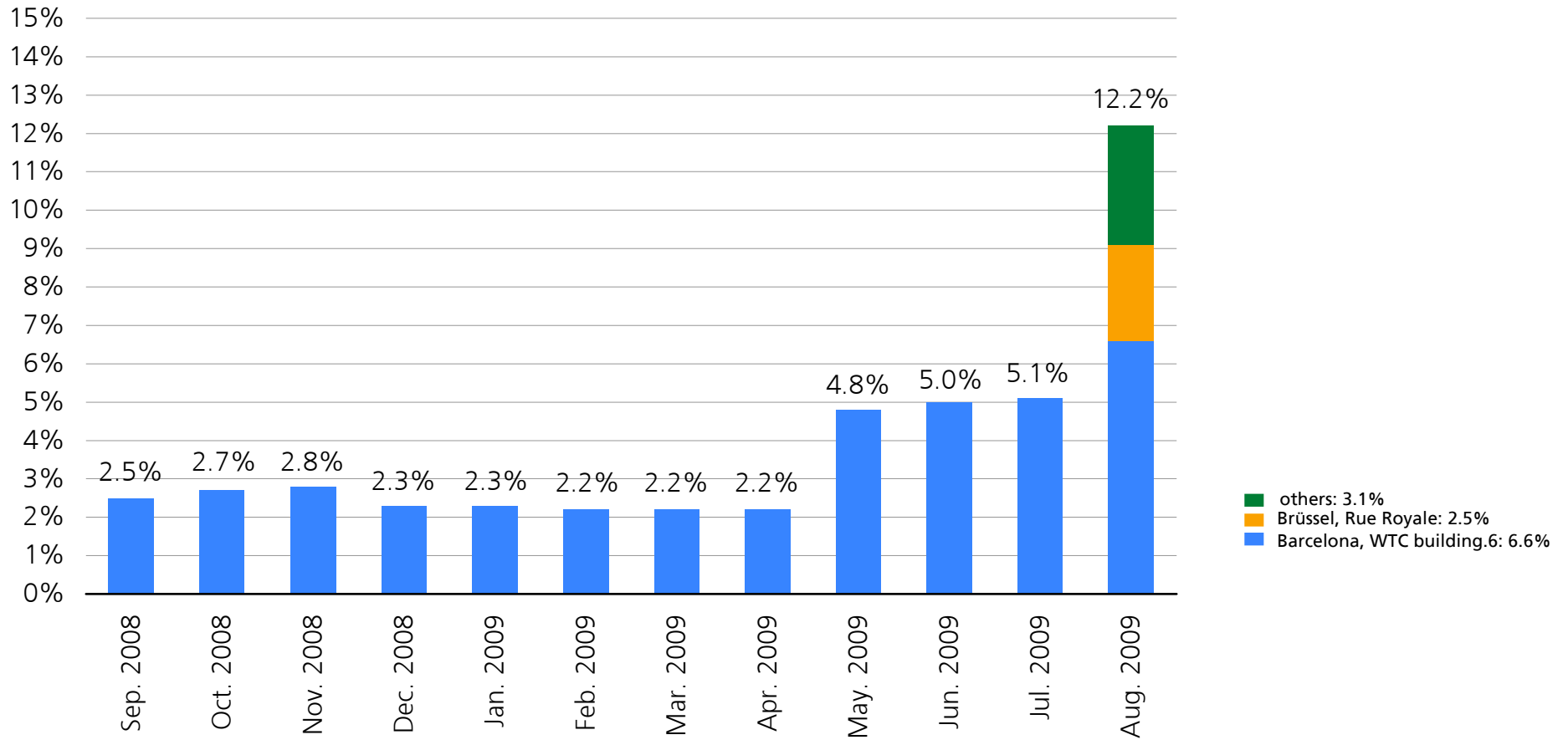
Sectoral diversification¹



¹ Figures based on market values; market value of building projects after completion; equity interests in real estate companies pro rata
As at August 31, 2009
Source: UBS Real Estate KAG mbH

Real Estate Investments

Vacancy ratio¹

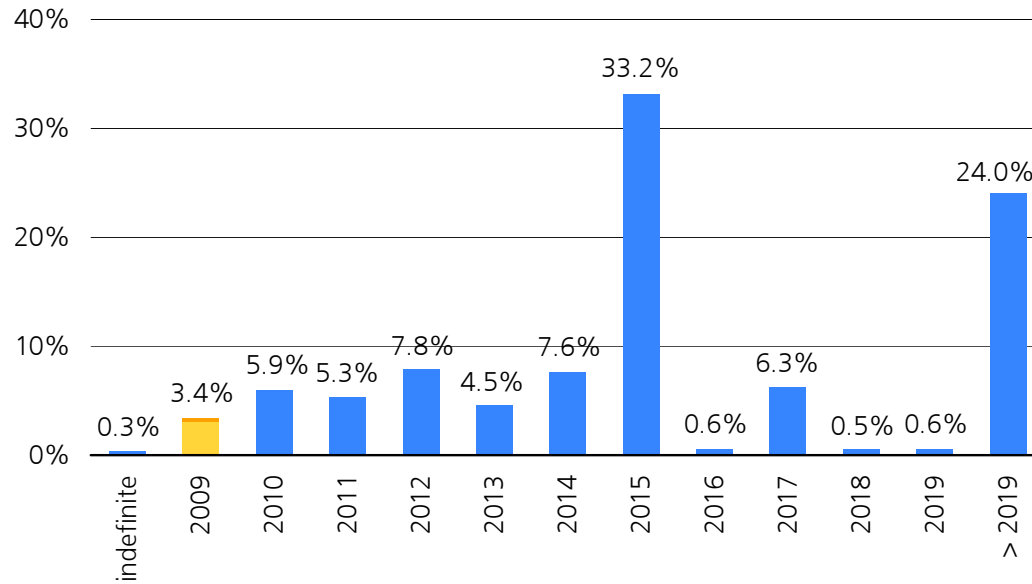


¹ As % of gross rental income (without parking space)

Source: UBS Real Estate KAG mbH

Real Estate Investments

Expiration of lease agreements in 2009¹



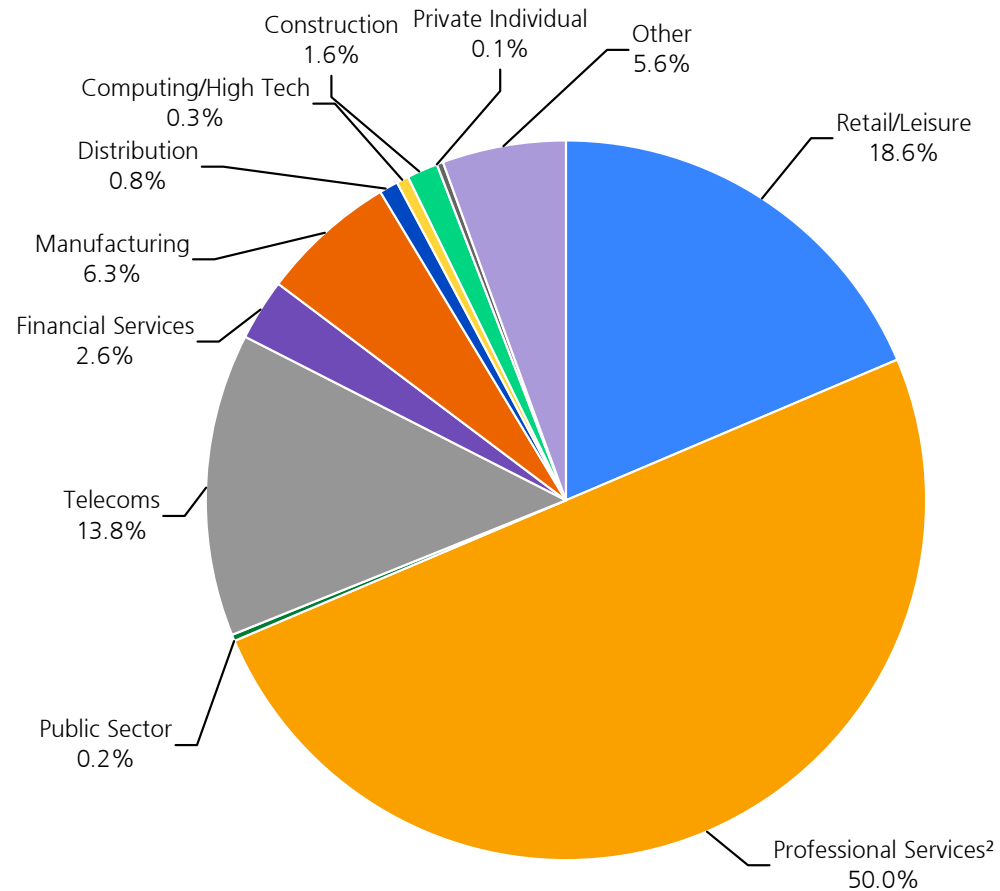
- Outstanding
- Negotiations
- Successful closing very likely

Asset	Rate 2009	Status
Milan - Torre Beta	2.7%	●
Brétigny-sur-Orge - Maison Neuve	0.3%	●
Darmstadt, Ludwigsplatz 6	0.2%	●
Chicago, North State Street 515	0.2%	●
Total 2009	3.4%	

¹ As % of net rental income
 As at August 31, 2009
 Source: UBS Real Estate KAG mbH

Real Estate Investments

Tenant structure: industries¹



¹ Based on net rental income

² Thereof approx. 29% medical association in the Chicago property, approx. 36% logistic-properties in Spain.

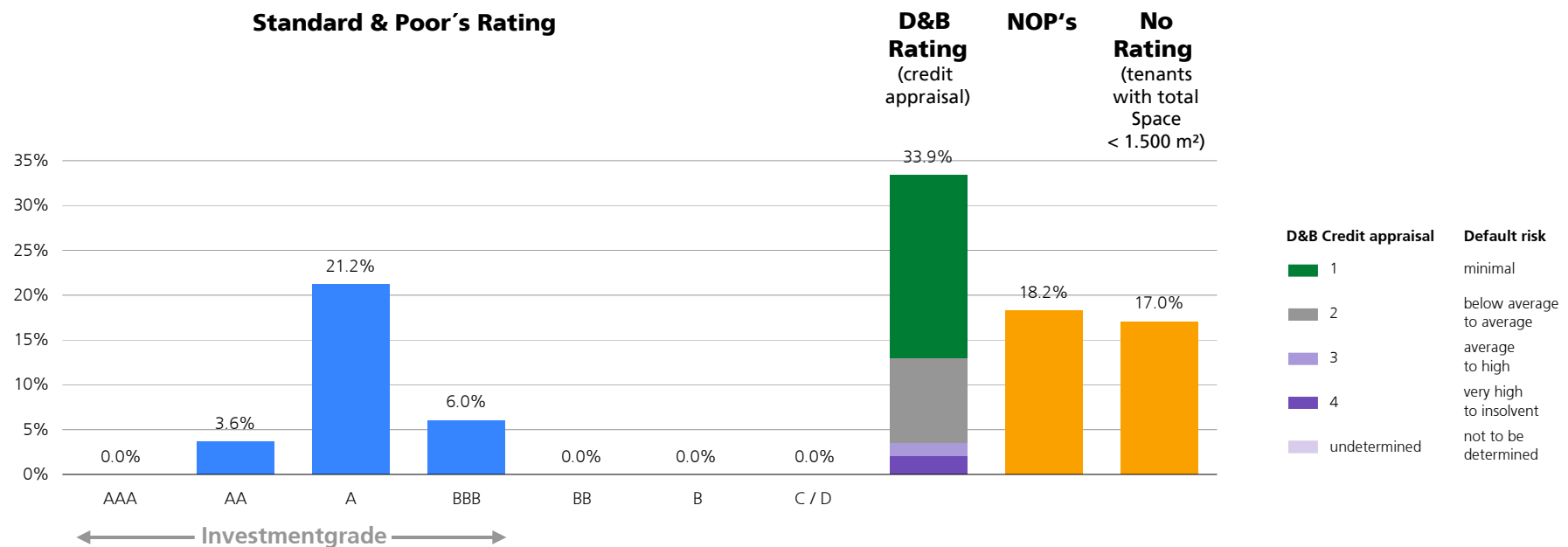
As at June 30, 2009

Source: UBS Real Estate KAG mbH

Real Estate Investments

Tenant structure: Rating¹

- ◆ Approx. 31% of all tenants have a S&P-Rating
- ◆ For 34% of all tenants the D&B credit appraisal has been assessed
- ◆ Approx. 18% of all tenants are classified as „Non Profit Organisations“ (NOP's)²
- ◆ For 17% of all tenants no analysis has been carried out since their total space is below 1,500 sqm



¹ Based on net rental income, Standard & Poor's Rating and D&B credit appraisal respectively for tenants with total space $\geq 1.500 \text{ m}^2$

² Mainly medical organisation in the Chicago property

As at June 30, 2009

Source: UBS Real Estate KAG mbH

Key financial data – Balance sheet and cash flow

Fund assets	30/4/2009		31/8/2009		Change in %
	Total EUR m	in % of FA	Total EUR m	in % of FA	
Properties	513.3	108	513.2	110	+ 2
Equity interests in real estate companies	42.3	9	41.4	9	- 0
Liquidity portfolio	90.1	19	79.8	17	- 2
Other assets	41.6	9	58.8	12	+ 3
Total (Gross Asset Value)	687.3	145	693.2	148	+ 3
Liabilities	-211.6	-45	-225.5	-48	- 3
Fund assets (FA)	475.7	100	467.7	100	

Development of the liquidity portfolio

EUR m	Sep/ 08	Oct/ 08	Nov/ 08	Dec/ 08	Jan/ 09	Feb/ 09	Mar/ 09	Apr/ 09	May/ 09	Jun/ 09	Jul/ 09	Aug/ 09
Gross liquidity at the beginning of the month	301	240	101	73	98	83	83	89	90	97	99	94
Inflow of funds	0	46	0	0	0	0	0	0	5	1	1	3
Outflow of funds	-17	-189	0	0	0	0	0	0	0	0	0	-21 ¹
Investments/ construction projects	-44	0	-36	37	0	0	0	0	0	0	0	0
Sale of properties	0	0	0	0	0	0	0	0	0	0	0	0
Increase/ decrease in dept capital	0	0	-1	0	-14	0	0	0	0	0	-8	20
Other assets/ other liabilities	-1	2	8	-13	-2	-1	5	-2	1	0	2	-16
Ordinary net income	1	2	1	1	1	1	1	3	1	1	0	0
Gross liquidity at the end of the month	240	101	73	98	83	83	89	90	97	99	94	80

¹ Disbursement EUR 21 m.

Key financial Data - Performance

Performance						
	Actual Fiscal year 2008/2009		Actual 31/7/2009 - 31/8/2009		YTD 30/4/2009 - 31/8/2009	
	Value EUR m	Rate of return	Value EUR m	Rate of return	Value EUR m	Rate of return
Income from properties (gross) ¹	27.4	5.9%	2.4	0.5%	9.5	1.9%
Net income from properties ²	25.3	5.5%	1.9	0.4%	7.2	1.4%
Income from equity interests	0.9	2.6%	0.0	0.0%	-0.1	-0.2%
Income from liquidity portfolio	5.8	4.3%	0.1	0.1%	0.7	0.7%
Other Income	0.5	0.1%	0.0	0.0%	0.1	0.0%
Income before interest expenses & management costs	32.5	4.7%	2.0	0.3%	7.9	1.1%
Interest expenses	-8.6	-4.8%	-0.6	-0.3%	-2.5	-1.5%
Costs of managing the investment fund	-4.6	-0.9%	-0.7	-0.2%	-1.9	-0.4%
Operating income before equalization	19.3	3.9%	0.7	0.2%	3.5	0.7%
Equalization	-1.1		-0.3		0.0	
Operating income	18.2		0.4		3.5	
Changes in values of properties	2.1	0.5%	-1.2	-0.2%	-0.3	-0.1%
Changes in values of equity interests	-0.9	-1.7%	-0.3	-0.7%	0.2	0.5%
Others and extraordinary profit/loss	-0.7	-0.1%	0.0	0.0%	0.0	0.0%
Total	0.5	0.1%	-1.5	-0.3%	-0.1	0.0%
TOTAL (BVI-Method)	18.7	4.0%	-1.1	-0.1%	3.4	0.7%

Investment performance calculated according to the BVI method

Fiscal year	05/06	06/07	08/09
Performance p.a. (BVI method)	4.1%	5.5%	4.0%
Profit distribution in %	3.8%	4.1%	4.5%

Past performance is no guarantee of future trends.

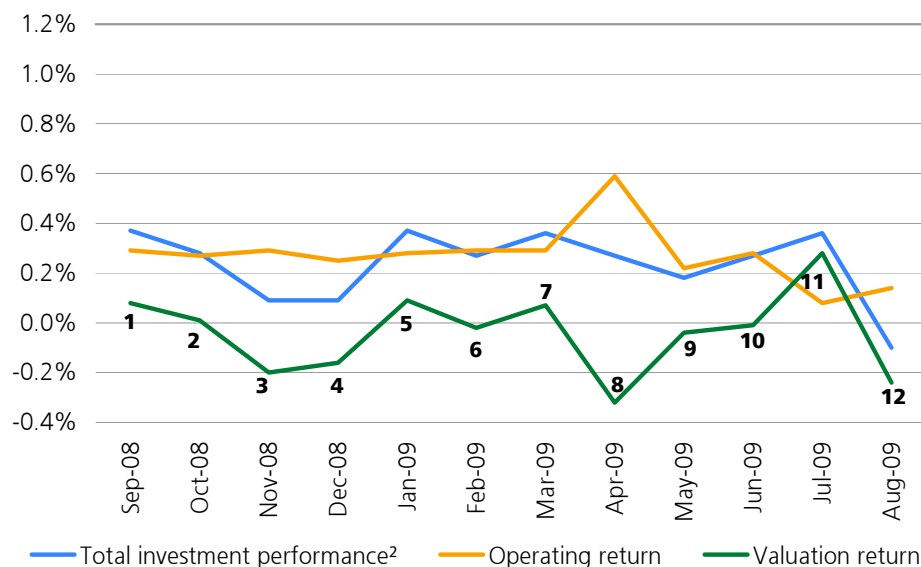
¹ Net rental income

² Net rental income, minus not apportionable operating costs

Key financial Data - Performance

Explanations concerning the performance 1/9/2008 – 31/8/2009

1. Increase in value „Torre Beta“, Milan: EUR +0.89 m¹
2. Increase in value “Vatimesnil“, Paris: EUR +0,07 m¹; decrease in value “Rue Royal“, Brussels: EUR -0.16 m¹; increase in value Hamburg, Friesenweg: EUR +0.37 m
3. Revaluations “C2 Plot“, Madrid: EUR -0.05 m¹; “Venloerstr.“, Cologne: EUR -0.29 m
4. Increase in value “Sebalder Höfe“, Nuremberg: EUR +0.36 m
5. Increase in value „SEUR“, Barcelona: EUR +0.52 m¹; „Stansen“, Stockholm: EUR -0.05 m
6. There were no revaluations in the reporting month.
7. Increase in value „Arceuil“, Paris: EUR +0.56 m¹; decrease in value „Alovera C6/C6“, Madrid: -0.48 m¹
8. Decrease in value „Maison Neuve“, Paris: EUR -0.35 m¹
9. There were no revaluations in the reporting month.
10. There were no revaluations in the reporting month.
11. Increase in value „Luisenplatz 6“, Darmstadt: EUR +1.5 m; decrease in value Louise Michel, Paris -0.13 m¹
12. Decrease in value „WTC Almeda Park“, Barcelona: EUR -0.93 m¹.; decrease in value „515 North Street“, Chicago: EUR -0.47 m¹.; Update „Business Carée“, Erlangen: EUR +/- 0 m.



	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Total 12 month
Total investment performance²	0.37%	0.28%	0.09%	0.09%	0.37%	0.27%	0.36%	0.27%	0.18%	0.27%	0.36%	-0.10%	2.9%
Operating return	0.29%	0.27%	0.29%	0.25%	0.28%	0.29%	0.29%	0.59%	0.22%	0.28%	0.08%	0.15%	3.3%
Valuation return	0.08%	0.01%	-0.20%	-0.16%	0.09%	-0.02%	0.07%	-0.32%	-0.04%	-0.01%	0.28%	-0.25%	-0.4%

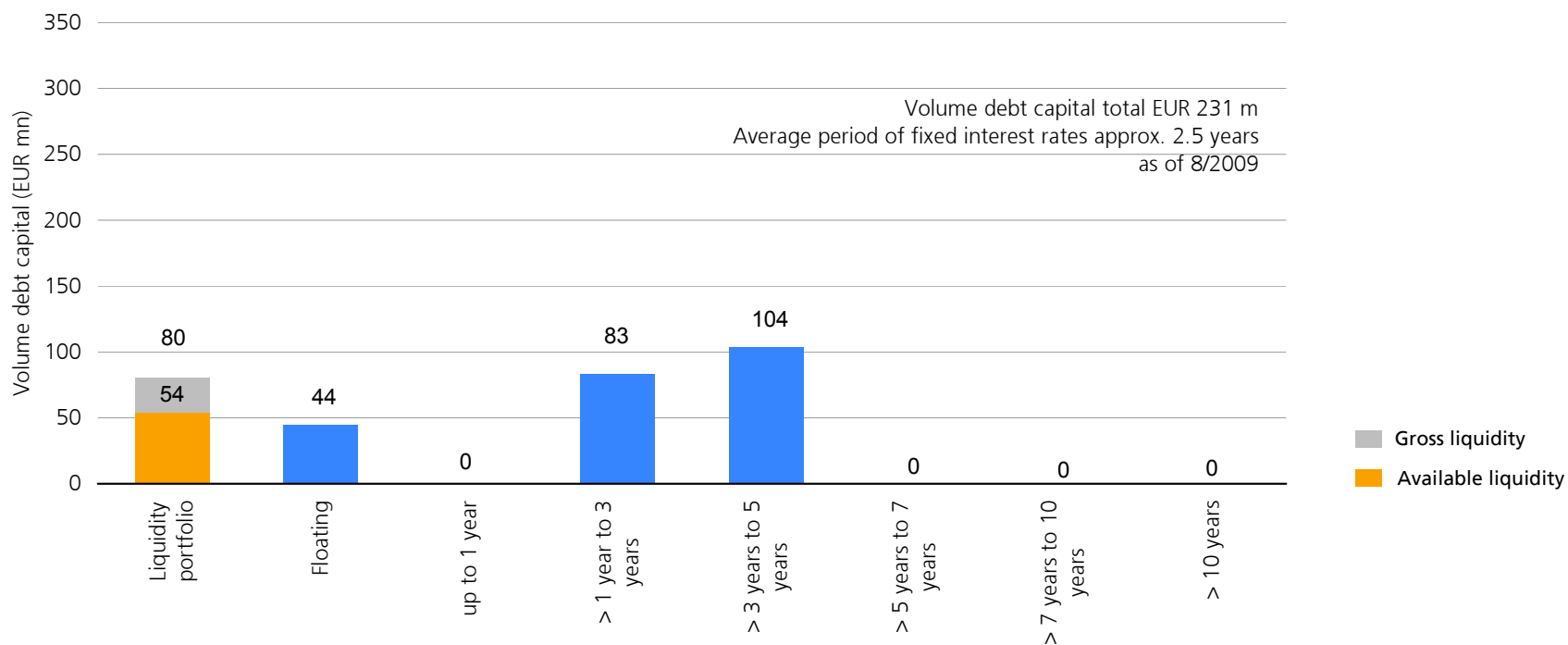
Past performance is no guarantee of future trends.

¹ After reserves for deferred taxes

² Due to roundings in each month the sum of single values does not exactly amount to the rolling 12-month-performance.

Source: Real Estate KAG mbH

Key financial data – Interest rate and currency risk



The fund's leverage is 37.0% of its total market value, whereas the market value of properties held by equity interests is calculated based on the size of equity interest.

All positions in EUR m	Assets		Hedging		Net	in % of Fund assets
			FX contracts	debt capital		
USD	20.9		18.4	2.7	0.2	0.0%
HUF	0.0		0.0	0.0	0.0	0.0%
PLN	1.0		0.0	0.4	0.6	0.1%
SEK	34.8		34.5	0.0	0.3	0.1%
Total	56.7		52.9	3.1	1.1	0.2%

Source: UBS Real Estate KAG mbH

Benchmarking

Fund	Investment company	1 year	3 years		5 years	
		31/8/2008 31/8/2009 in %	31/8/2006 31/8/2009 Performance in %		31/8/2004 31/8/2009 Performance in %	
			accumulated	p. a.	accumulated	p. a.
UBS (D) 3 Kontinente Immobilien	UBS RE KAG	2.9	15.3	4.9	24.4	4.5
SEB ImmoPortfolio Target Return Fund	SEB Investment	5.7	22.9	7.1	-	-
CS PROPERTY DYNAMIC	CSAM IMMO	5.5	-	-	-	-
KanAm SPEZIAL grundinvest Fonds	KanAm Grund Spezial	5.1	17.9	5.6	-	-
DEGI GERMAN BUSINESS	DEGI	4.8	-	-	-	-
Deka-ImmobilienGlobal	DEKA IMMO	4.8	16.9	5.4	26.5	4.8
hausInvest europa	CRI	4.5	17.6	5.6	22.5	4.2
SEB ImmoInvest	SEB Investment	4.5	15.4	4.9	25.9	4.7
KanAm grundinvest Fonds	KanAm Grund	4.3	16.9	5.3	31.6	5.7
Unilmmo: Europa	Union Investment Real Est	4.3	14.9	4.8	20.2	3.8
UBS (D) Euroinvest Immobilien	UBS RE KAG	4.3	19.6	6.2	31.0	5.6
grundbesitz europa	RREEF Deutschland	4.2	27.2	8.4	33.2	5.9
Aachener Grund-Fonds Nr. 1	AACHENER GRUND	4.1	12.4	4.0	19.0	3.5
Unilmmo: Global	Union Investment Real Est	4.1	15.1	4.8	25.4	4.6
CS EUROREAL A EUR	CSAM IMMO	4.0	13.7	4.4	22.7	4.2
hausInvest global	CRI	4.0	16.0	5.1	24.6	4.5
Unilmmo: Deutschland	Union Investment Real Est	4.0	16.9	5.3	20.3	3.8
DEGI GLOBAL BUSINESS	DEGI	3.9	15.6	5.0	-	-
DEGI INTERNATIONAL	DEGI	3.9	14.0	4.5	23.7	4.3
Deka-ImmobilienFonds	DEKA IMMO	3.8	11.6	3.7	16.0	3.0
WestInvest ImmoValue	WESTINVEST	3.8	14.4	4.6	27.4	5.0
Deka-ImmobilienEuropa	DEKA IMMO	3.5	13.8	4.4	21.9	4.0
DEGI EUROPA	DEGI	3.4	11.8	3.8	16.5	3.1
TMW Immobilien Weltfonds	Pramerica	3.4	15.2	4.8	-	-
AXA IMMOSELECT	AXA Investment Managers	3.0	14.0	4.5	24.0	4.4
WestInvest InterSelect	WESTINVEST	3.0	13.0	4.2	22.8	4.2
grundbesitz-global	RREEF Deutschland	2.9	15.5	4.9	28.0	5.1
HANSAimmobilia	HANSAINVEST	2.5	13.6	4.3	18.8	3.5
WestInvest 1	WESTINVEST	2.4	9.6	3.1	14.6	2.8
INTER ImmoProfil	iii-investments.	0.7	8.7	2.8	15.9	3.0
EURO ImmoProfil	iii-investments.	-6.4	-6.5	-2.2	-5.6	-1.2
Morgan Stanley P2 Value	Morgan Stanley	-11.9	-2.7	-0.9	-	-
Average		3.0	14.0	4.5	22.1	4.1
Average Peer Group			3.4			

Past performance is no guarantee of future trends.

Source: UBS Real Estate KAG mbH based on the figures from the BVI Bundesverband Investment und Asset Management e.V.

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