



Cubic Quarterly

June 2014

HIGHLIGHTS

Following the acquisitions in the first quarter, debt restructuring, asset management initiatives and opportunistic disposals have been the focus in Q2. The completion of two refinances and a number of asset management initiatives has seen positive growth in fund cashflow over the quarter. Terms agreed for the sale of three assets at a substantial premium to current NAV will also provide the opportunity to grow the fund and increase cashflow going forward.

The Fund has seen further strong NAV growth for the quarter as a result of continued rental growth, implementation of value-added asset management initiatives and yield compression in the majority of markets.

The Fund's gearing is currently 59%, occupancy rate has remained stable at 98%, and overall Weighted Average Unexpired Lease Term has increased to over 10.6 years.

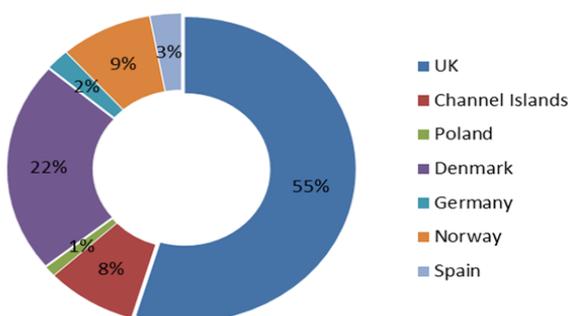
ACQUISITIONS / DISPOSALS

- Sale of Ostergade 33-35 agreed following successful implementation of asset business plan ahead of forecast. The agreed sale price reflects a 50% ROE in just 18 months.
- Sale of Colchester asset is progressing and currently in solicitor's hands. The agreed sale price reflects a premium on the current valuation of the asset in the fund and we will update further next quarter.
- Back-to-back surrender of lease and sale of Huddersfield asset is progressing and currently in solicitor's hands. The agreed sale price reflects a premium on the current valuation of the asset in the fund and we will update further next quarter.

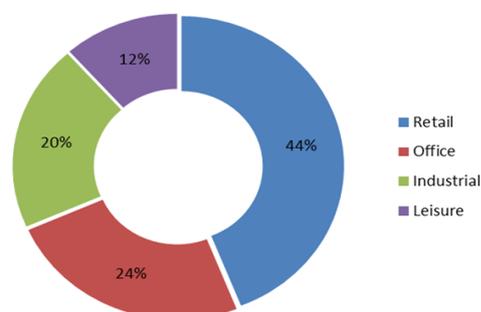
FUND FACTS

Price Date	30 JUNE 2014
NAV Price	£2.467
Av Price (inc. 5% initial charge)	£2.590
GAV	£191,199,565
Fund Currency	Sterling
Dealing	Quarterly
Minimum Investment	£25,000
Fund Administrator, Secretary and Registrar	Praxis Fund Services Limited
Investment Advisor	Montreux Advisers Limited
Auditors	Moore Stephens
Bloomberg Fund Class	CUBPROP JY The UK and European Sterling Class
Listing	CISE

LOCATION WEIGHTING



SECTOR BREAKDOWN



ASSET MANAGEMENT

- Outstanding rent reviews at West End Quay with Flight Centre, Hamptons and Tesco currently being concluded at an average targeted uplift of 20%.
- Bristol asset refinanced with Lloyds Banking Group on a 5 year term, and an equity return of c. £150,000 with forecast annual returns of 12%.
- Lincoln asset refinanced with Santander on a 5 year term, providing annual returns of 11.5%.
- Lease of the remaining vacant space of 645sq.m at Oslo asset (space held under lease from developer) to Akelius completed on a lease expiring March 2020 on the same terms as the existing developer lease. The building is now 100% occupied in line with forecast.
- Terms agreed at Bad Munder asset for extended 10 year lease of restaurant unit at passing rent.
- New 10 year lease of Dartford unit to Dreams Ltd (which was created out of the old Dreams business and now owned by private equity firm Sun Capital Partners Inc.) completed at a rent of £115,000 which equates to a 1 year rental incentive.
- Restructure of Subway lease at Hemel asset currently in solicitor's hands at passing rent of £27,500 pa and no rent free for 5 year secure term.
- Contracts being finalised for café operator at Worcester asset providing a 10 year term at £20,000 pa. Contracts being finalised for the back-to-back surrender of the current Mail Box franchisee's lease and grant of two new leases to the main UK Mail Box holding company and Subway.

TOP 10 TENANTS

	9.05%		4.57%
	5.89%		4.05%
	5.33%		3.90%
	4.83%		3.45%
	4.78%		3.28%

- Contracts finalised for sale of roof space to residential unit at Exeter for £10,000 premium.

MARKET OUTLOOK

Momentum in the UK economy continued in Q2 with growth of 0.8% for the quarter contributing to total growth of 3.2% for the year, the strongest performance since the end of 2007. The quarter also saw UK GDP surpass that of the pre-crisis peak seen in Q1 2008 by 0.2%

In the Eurozone, economic growth in Q2 was stagnant, falling below analyst's expectations. Spain posted strong growth of 0.6% however Germany saw a shock 0.2% contraction due to negative balance of imports and exports as well as a fall in construction.

In the UK, All Property average yields came in during the second quarter to 6.6%, driven primarily by good quality secondary assets as investors continue to seek value outside of the core London markets. As a result, the yield gap between prime and secondary has continued to narrow. All Property capital values have continued to rise as a result of yield compression and moderate rental growth, currently standing at 20% above their 2009 trough but still 33% below the 2007 peak. With strong weight of capital and an ever improving occupier market, we will continue to see downward pressure on yields as well as rental growth.

FUND ADMINISTRATOR

Praxis Fund Services Ltd.
PO Box 296, Sarnia House,
Le Truchot, St Peter Port,
Guernsey, GY1 4NA
Tel: +44 1481 737600
Fax: +44 1481 749829

INVESTMENT ADVISOR

Montreux Advisers Ltd.
Kingsway House,
Havilland Street,
PO Box 393, St Peter Port,
Guernsey, GY1 3FN
Tel: +44 1481 726141
Fax: +44 1481 726142
Email: info@cubicfund.net

This Quarterly update is for information purposes for existing Cubic investors and their advisors and is not an invitation to purchase shares in the Fund. An investment in the Fund should be made solely on the basis of the prospectus relating to the Fund which should be read in full. The prospectus and other information, including contact details, is available on www.cubicfund.com.

Investment in the shares of open ended investment funds is generally a medium to long term investment. The value of shares may go down as well as up and investors may get back less cash than originally invested. Past performance is not necessarily a guide to the future. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down. The shares of Cubic are traded at ruling prices and are priced quarterly using the forward pricing method. A schedule of fees and charges and maximum commissions is available on request from Praxis Fund Services Limited, the Administrator, Secretary and Registrar. Cubic is an open ended investment company in that it may issue and redeem participating shares which represent the rights of investors at prices based on the underlying value of the property of the Fund. Commission and incentives may be paid and if so, are included in the overall costs. Performance is quote in sterling terms. Please refer to the prospectus of this scheme for more details, a copy of which is available on request from the Administrator, Secretary and Registrar, the registered office of which is Praxis Fund Services Limited, PO Box 296, Sarnia House, Le Truchot, St Peter Port, Guernsey, GY1 4NA, Channel Islands.

Praxis Fund Services Limited is a company incorporated with limited liability in Guernsey on 13 April 2005 and is licensed to carry out controlled investments in the Bailiwick of Guernsey and for the purpose of the POI Law and the Fund rules, is the designated Manager, Administrator, Secretary and Registrar of the Fund. The Fund is not approved for sale in South Africa by the South African Financial Services Board and is only available in South Africa through policies issued by South African licensed and registered life offices.