



## HIGHLIGHTS

The quarter has seen very positive growth for the Fund during Q3 2014, through a combination of improving market conditions, strong disposal and acquisitions and continued asset management initiatives.

NAV growth of **7.4%** for the quarter (representing **20%** growth for the past 12 months) has been achieved alongside the following

- Copenhagen asset sold at **50%** profit, achieved in just 18 months
- Colchester asset sold at **13%** premium to valuation
- Acquisition of Birmingham leisure asset with long term income and strong capital growth
- Acquisition of prime retail parade in West London with excellent rental and capital growth opportunities

The Fund's gearing is currently 58%, cost of debt funds has reduced to 4.3%, vacancy rate has remained stable at 98%, and overall Weighted Average Unexpired Lease Term has increased to over 10.3 years.

## ACQUISITIONS / DISPOSALS

- Acquisition of a newly redeveloped leisure scheme In Harborne, Birmingham. Recently converted former school in an affluent suburb of Birmingham let to 4 tenants, anchored by Prezzo restaurant with a weighted average unexpired lease term of 15.5 years with strong opportunities for capital and rental growth. Asset was acquired for a Net Initial Yield of 6.85%.
- Acquisition of a freehold parade of 3 ground floor retail units with long let offices on Turnham Green Terrace in West London. Prime trading location in affluent London suburb with income secured against Oliver Bonas, Fat Face and Maison Blanc with excellent rental growth prospects.
- Sale of Ostergade 33-35, Copenhagen completed following successful implementation of asset business plan ahead of forecast. This reflected a 50% ROE in just 18 months and provided strong evidence for value growth on the balance of the portfolio.
- Sale of Colchester asset has also completed. The agreed sale price reflected a 13% premium on the previous valuation of the asset in the fund.
- Back-to-back surrender of lease and sale of Huddersfield asset agreed, subject to planning consent for purchaser. The agreed sale price reflects a 34% premium on the current valuation of the asset in the fund. The sale will produce a capital receipt of £950k delivering a 110% Return on Equity. The transaction is due to complete in Q4 2014.

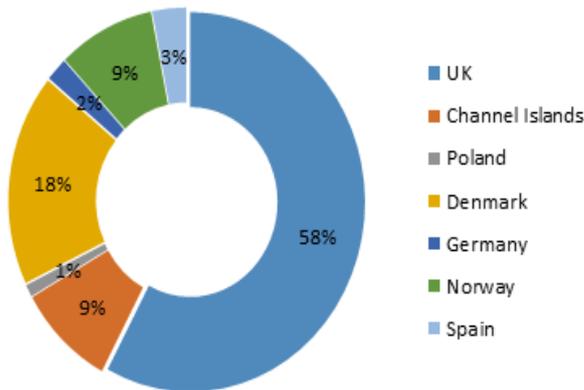
## FUND FACTS

Price Date	30 SEPTEMBER 2014
NAV Price	£2.649
Av Price (inc. 5% initial charge)	£2.782
GAV	£183,181,044
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	CISX

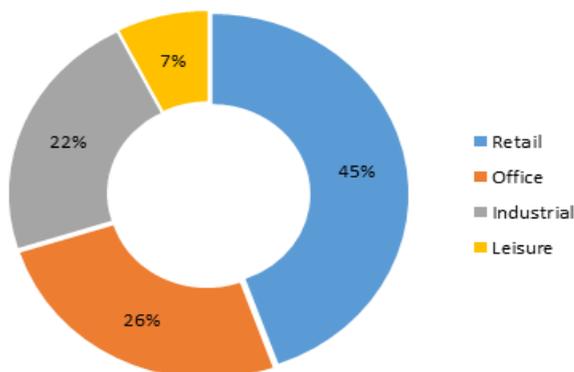
## TOP 10 TENANTS



## LOCATION WEIGHTING



## SECTOR BREAKDOWN



## ASSET MANAGEMENT

- West End Quay rent reviews on Tesco's unit close to being finalised with strong uplift projected.
- Kobmagergade 26, Copenhagen Business plan progressing well with terms being concluded with potential retailer and staged conversion of upper parts to residential under way.
- Refurbishment works to Kobmagergade 24 completed in line with purchase Business plan.
- Remedial works and new 10 year lease at Bad Munder asset, Germany now completed.
- Restructure of Subway lease at Hemel asset completed 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 agreed 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.

## MARKET OUTLOOK

The UK economy grew by 0.7% in Q3, following growth of 0.9% seen in Q2, buoyed by increased consumer and government spending. Household spending, which accounts for two thirds of UK economic output, grew at its strongest rate in 4 years with wage growth outstripping inflation for the first time in 5 years.

The Eurozone however saw much more muted growth of 0.2% for the quarter. Germany, Europe's largest economy, narrowly avoided a triple-dip recession with growth of 0.1% in Q3 following the contraction seen in Q2. Elsewhere, France exceeded forecasts with 0.3% growth for the quarter and Greece continued to re-emerge from a near 6 year recession.

In the UK, investment volume in the regional markets overtook London for the first time since Q1 2011 as an increasing weight of capital continues to chase yield outside of the expensive London market. As a result, secondary yields have continued to fall with the yield spread to prime narrowing further. It is now forecast that rental growth will take over as the main driver for further capital growth as business sentiment improves and occupational demand increases.

FUND ADMINISTRATOR	INVESTMENT ADVISOR
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	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](http://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.