



CUBIC | PROPERTY | FUND

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22
APRIL 2012
QUARTERLY



AERIAL VIEW, BENETTON, COPENHAGEN

FUND FACTS

Price Date	1 April 2012
NAV Price	£3.1046
NAV Price (inc. 5% initial charge)	£3.268
GAV	£132.912 million
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

COMMENTARY

The Fund continues to make progress towards its long term strategy of deleveraging to become a low geared income Fund that is less dependent on banks, and able to pay investors an annual return or dividend out of its cash flow surplus.

During the quarter, the following key asset management activities have contributed to this strategy:

- Contracts have been exchanged on the acquisition of a new property in the prime pitch of Copenhagen, Denmark, to be let to Benetton on a 10 year lease with annual uplifts. The favourable terms that have been agreed with the debt provider are expected to result in strong cash returns to the Fund. Further acquisitions are in the pipeline
- Once the Copenhagen acquisition and the Colchester property refinancing have been completed the loan to value (LTV) of the core portfolio is expected to reduce further in line with the Fund's strategy.
- Debt restructuring negotiations on the core portfolio continue with a number of lenders. This includes the Snodland property which has been refinanced with a debt forgiveness which was negotiated with the lender.
- At West End Quay a rental review with Car Phone Warehouse concluded a 16% uplift and a further 3 reviews are in progress there. Rental review negotiations continue with Dreams, the tenant of the Dartford property.
- Following Luminar Leisure (the tenant of the Milton Keynes property) going into administration, the administrators have agreed to surrender the head lease, and direct relationships have been formed with the 3 existing sub-tenants. Agreement has been reached with the new Luminar company to retain 10,000 sq. ft. of office space.

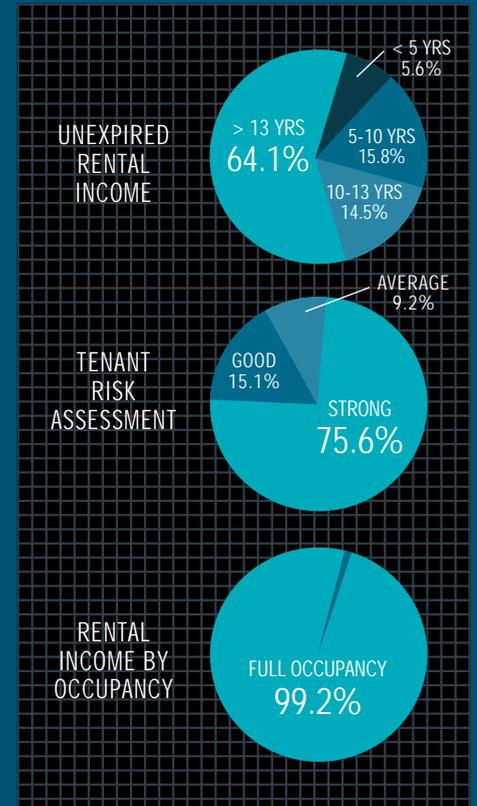
In addition to the progress being made on its strategy, the Fund continues to have over 99% tenancy levels, high levels of unexpired rental income, a strong and diverse tenant base, ring-fenced property investments which have assisted with addressing LTV issues, a diversified portfolio and lender base and a strong capital base to draw on following the recent P share raise of £25.5m.

The benchmark statistics provided by the Investment Property Databank (IPD) show a capital growth of -0.7% for the quarter ended 31 March 2012, thereby continuing the existing trend. The general market devaluation of properties in the UK is the key reason for the decrease in the NAV of the Fund, despite the continuous improvement of the Fund's fundamentals. This volatility may continue until there is a clear improvement in the overall market conditions.



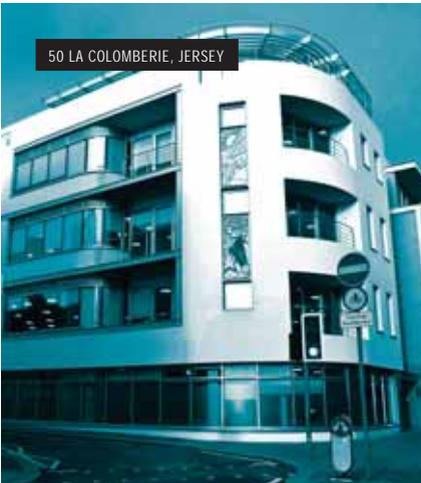
BENETTON, COPENHAGEN, DENMARK

KEY STATISTICS



NOTES:

- Rental income weighted based on % ownership
- Unexpired rental income takes breaks into account
- Surrendered lease considered occupied as income already received



CONTACT DETAILS

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OUTLOOK

The UK has fallen into its second recession since the financial crisis began, hit by headwinds from the Eurozone sovereign debt crisis, public spending cuts and high inflation which have curbed the country's efforts to boost economic output. Recent commentary from the IPD indicates that this is the worst downturn since the UK's benchmark index began in 1971, with property values still 31% below the last peak in September 2007.

Selected prime properties in London West End are the only sector to have experienced a reasonable recovery, assisted by foreign demand. The gap between values for prime real estate and secondary assets was at its widest since the early 1990's, according to the IPD, as investors remained unnerved by the wider economic uncertainty.

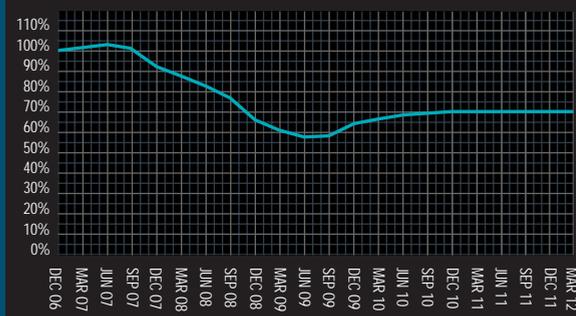
The debt markets continue to be a major factor in reduced market liquidity, with continued reductions in the number of lenders and pressure being applied to margins due to the bank's own cost of fund requirements. We anticipate that pressure on bank margins will continue through 2012 and consequently yields will remain strained in line with restrictive transactional activity through the remainder of the year.

In order to put the performance of UK property into perspective, a recent quote from the Governor of The Bank of England is as follows: "We have been through a big global financial crisis, the biggest downturn in world output since the 1930s, the biggest banking crisis in this country's history, the biggest fiscal deficit in our peacetime history, and our biggest trading partner, the euro area, is tearing itself apart without any obvious solution The idea that we could reasonably hope to sail serenely through this with growth close to the long-run average and inflation at 2% strikes me as wholly unrealistic".

In the current environment of market uncertainty, the Fund aims to continue with its strategy of deleveraging the portfolio through amortization and debt restructuring initiatives, thereby improving profitability and cash flow. This will also reduce the Fund's dependence on property value growth for achieving its targeted returns.

The benchmark statistics provided by the Investment Property Databank (IPD) show a capital growth of 0.7% for the quarter ended 31 March 2012, thereby continuing the existing trend, as reflected in the graph below.

QUARTERLY CAPITAL RETURNS INDEXED TO DEC 2006 (SOURCE IPD)



IMPORTANT INFORMATION

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.net

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 quoted 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.

South African Investors: 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.

