

The Cubic Property Fund

Q4 / 31 December 2014



CUBIC | PROPERTY | FUND

Highlights

NAV gain for the quarter stands at 3.8%

Following the strong disposals made in Q3, the focus for the Fund in Q1 and Q2 is to deploy capital profits into secure, high quality assets to deliver further income and capital return to the Fund. Strategic refinances and gearing up of core assets to take advantage of historic low interest rates will also be a large driver.

NAV gain for the quarter stands at 3.8% with the Fund's gearing reducing to 56% and cost of debt having also reduced from the previous quarter to 4.2%. The occupancy rate has remained flat at 98% whilst the overall Weighted Average Unexpired Lease Term has increased to over 10.6 years.

- Crawley asset sold to Clearbell Capital LLP for £13.45m, in line with valuation.
- Tesco rent review at West End Quay being finalised at uplifted rent of £140,500 pa (23% increase on current rent).
- Conditional surrender of Carlings unit extended at Købmagergade 26, Copenhagen and Heads of Terms agreed with an international fashion retailer to replace them ahead of business plan aspirations.
- Chiswick asset refinanced with cost of funds reduced to below target level for the Fund.

Key Fund Data (as at 31 Dec 2014)

NAV Price	£2.7485
Av Price (inc. 5% initial charge)	£2.8859
GAV	£188,128,389
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
Borrowings (LTV)	56%
Occupancy Rate	98%
Weighted Average Unexpired Lease Term	10.6 Years

Market Outlook

"UK GDP grew by 2.6% in 2014, its fastest annual growth since 2007"



Østernsloveien 27, Oslo

"There was an unexpectedly sharp increase in GDP in Norway in Q4, up 0.9%"

Unemployment in the UK continued to fall in Q4 with the number of people out of work now standing at 1.9 million, equating to an unemployment rate of 5.8% - its lowest level in over 6 years.

UK GDP grew by 2.6% in 2014 (up from 1.7% in 2013), its fastest annual growth since 2007 despite a slowdown in growth in Q4 compared to the previous three quarters. The growth recorded in 2014 places the UK amongst the best-performing of the major economies and above the IMF's estimates for the US.

Inflation fell to 0.5% in December, due in part to further falls in global oil prices, which is likely to reduce the pressure to increase interest rates in the short term.

In the Eurozone, retail sales increased at the fastest annual rate in almost 8 years during Q4, an indication that consumer spending is returning with the aid of increasing employment and falling oil prices.

In Spain, the economy grew by 0.7% in Q4 which was ahead of Bank of Spain forecast. Total GDP growth for the year equated to 2%, a strong sign that economic recovery is fully on track and at a faster rate than many had expected following the six year slump.

There was an unexpectedly sharp increase in GDP in Norway in Q4, up 0.9% which was ahead of the 0.6% forecast and a considerable increase on the growth of 0.5% seen in the previous quarter.

In the UK, yield compression was again the main driver for capital growth during the quarter however rental growth is forecast to take over which is being priced in to yields. Despite continued capital growth, capital values are still some 28% below their 2007 peak.

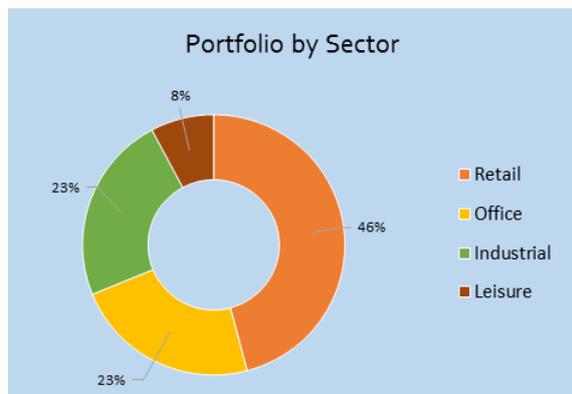
In Denmark, prime yields continue to sharpen with recent transactions reflecting a yield of 3.75%.

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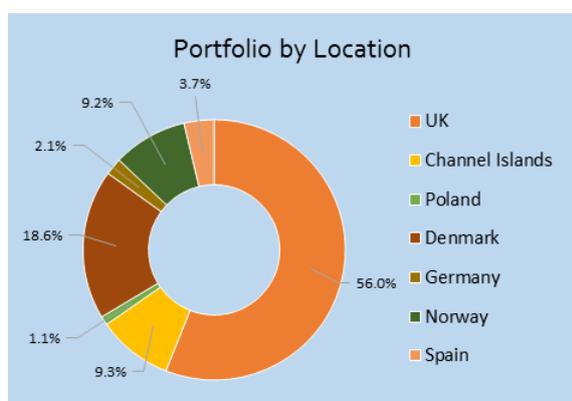


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10 Largest Tenants (by income)

Travis Perkins	10.4%
HSBC	6.2%
NCC Construction	5.6%
Warner Bros Cinemas	5.5%
Palmer & Harvey McLane	4.7%
Wolseley	4.5%
AAH Pharmaceuticals	4.0%
Benetton	3.9%
Banc de Sangl Teixits	3.9%
State Street Corporation	3.7%



Asset Management

West End Quay, London

No. of Tenants	13
WAULT	7.4 Years
Sector	Retail / Leisure



West End Quay Tesco rent review being finalised at 23% uplift and refinance progressing to improve cashflow and return

Turnham Green Terrace asset refinanced with cost of funds reduced to below target level for the Fund



Turnham Green Terrace, London

No. of Tenants	3
WAULT	8.75 Years
Sector	Retail / Leisure

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.

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