

CONTENTS

01 MARKET COMMENTARY

02 PROPERTY SUMMARY

03 NEWSWORTHY ITEMS

01 MARKET COMMENTARY

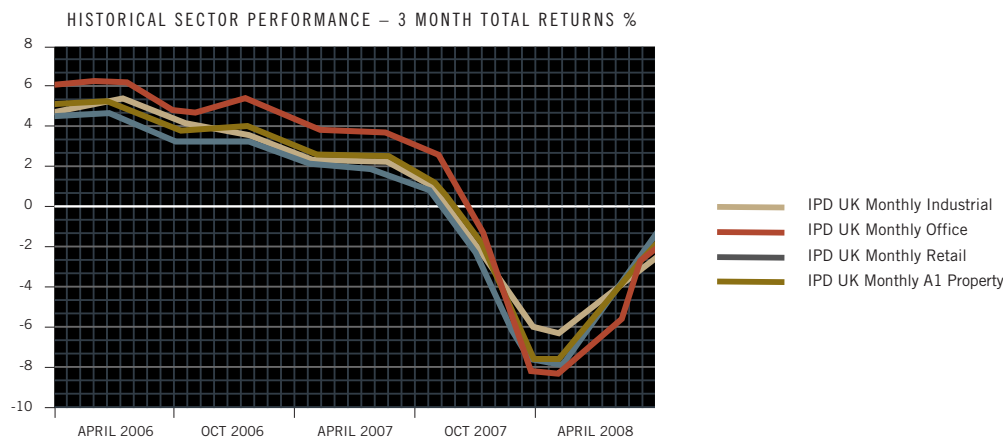
United Kingdom**Progress on New Acquisitions and Asset Management**

Since our last Quarterly Report, the Oxley Park property in Milton Keynes has completed and a new retail property in Chiswick is in the process of being acquired. Additional acquisition opportunities in both the UK and Europe are being assessed by our UK based team.

There have been some positive asset management developments in the Burgess Hill, Canterbury and Paddington properties. Further details are provided below.

Slowdown in Decline of Capital Values

While commercial property capital values have continued to decline during this period, the decline has slowed for the fourth month running in April. "Capital values are still falling, but the rate has moderated month-on-month this year and rents continue to grow in all of the three main sectors," said Malcolm Frodsham, IPD research director. This trend is graphically depicted below.



It should be noted that even with the downturn experienced since mid 2007, according to the IPD, the annualised returns for the 3 and 5 years ending 31 March 2008, were 8.1% pa and 10.9% pa respectively. This reinforces the strength of this asset class over the medium to long term.

With the devaluation in capital values having occurred, commercial property is now considered to be good value. The strong demand for value from institutions and foreign investors with large cash resources could result in the market starting to turn in the latter part of 2008. Furthermore, the Bank of England (BOE) recently announced a £50 billion initiative to improve the liquidity position of the banking system and raise confidence in financial markets.

During April the BOE cut its key rate by a quarter point to 5 percent. The rate cut together with the BOE's initiative to improve the availability of mortgage finance is also expected to have a positive impact on the market.

OXLEY PARK,
MILTON KEYNESPADDINGTON BASIN,
WEST END QUAY, LONDON W1WH SMITH,
15 CORNHILL, BURY ST EDMUNDSBENBOW HOUSE,
LONDON SE1

Cubic Property Fund

The Fund's NAV and share price has reduced in the April 2008 quarter by some 6.7%, remaining well above the overall commercial property market performance which declined by some 17% since July 2007 (in comparison Cubic has declined by 4.3% over the same period). This decline was expected and we are pleased with the Fund's stable performance to date in a period of volatility.

With its quality portfolio comprising good positions, strong tenants and long leases, Cubic's share price has been performing better than the market. Once the market improves, Cubic remains well poised to resume its favourable performance enabled by upcoming rental reviews; asset management opportunities; diversification across the UK and into Europe; and taking advantage of good buying opportunities in the current market. Refer to www.cubicfund.net for further details on the Fund.

Germany and Selected European Countries

The Cubic Property Fund's acquisition of a Polish property comprising of a warehouse in Pietrzykowice, was successfully completed. This property, together with its 3 German properties, continue to perform well and make a positive contribution to the Fund.

Germany, Europe's largest economy, grew by a healthy 2.5% in 2007. While the German economy has become more robust in recent years, the negative international economic influences such as high oil and food prices, the strong Euro and turmoil in the financial markets, are expected to reduce the growth for 2008 to some 1.7%.

Poland's economy grew by 6.5% in 2007, the fastest pace in a decade, mainly as a result of strong production and construction. While growth is expected to slow in 2008, it is still expected to be a strong 5%.

The continued solid performance of these countries will have a positive impact on the property investments there.

Notable Achievements since last Report

Burgess hill:

This property, comprising 4 separate office blocks and let to Ericsson on a 10 year lease, was acquired in 2006. As part of a multi-phase asset management play, a surrender has been successfully negotiated with Ericsson, which provides for the equivalent of 8 years of rental income received upfront. The next phase of realizing value has commenced.

Canterbury:

A new lease has been negotiated whereby The Post Office would sub-let its space to DimT, a successful restaurant chain specializing in Asian food. The current 10 year lease would be extended to 20 years and at a higher rental (this is in the process of being contracted). This lease, together with the recently negotiated Prezzo lease of 20 years, will have a positive impact on this property.

Paddington:

An additional unit of the highly successful West End Quay development in Paddington has been let to Montessori on a new 10 year lease. The property, which was acquired in 2004, comprises 13 retail units with multiple anchor tenants such as Tesco, Superdrug, Carphone Warehouse, Flight Centre and The Post Office.

Conclusion

While the commercial property market is expected to remain volatile during 2008, it has historically proven over time to provide satisfactory and secure returns over a 3 to 5 year period. The high quality portfolio, together with our focus on active asset management and taking advantage of favourable buying opportunities in the current market conditions, positions our investments well to meet their forecasted returns.



19-25 RED LION STREET,
NORWICH



THE LYCEUM,
28-29 HEAD STREET, COLCHESTER



BENBOW HOUSE,
LONDON SE1



PALMER & HARVEY,
MID KENT BUSINESS PARK, KENT



PADDINGTON BASIN,
WEST END QUAY, LONDON W1

02 PROPERTY SUMMARY

PROPERTY NAME	LOCATION	ACQUISITION DATE	TENANTS
Colchester	28-29 Head Street, Colchester	October 2002	Odeon Cinemas Mitchell and Butlers
Benbow House	Southwork Bridge, London	November 2003	Pizza Express Starbucks
Palmer & Harvey	Midkent Business Park, Kent	March 2004	Palmer & Harvey
Paddington	Praed Street, Paddington, London	September 2004	SeeWoo Carphone Warehouse Superdrug Flight Centre Hamptons Tesco Wells Palmer Quest Estates Stanley Betting The Post Office Core Organics The Headmasters Montessori
Canterbury	28 / 29 High Street, Canterbury	October 2004	DIMT Prezzo Plc
Exeter	65 / 67 High Street, Exeter	January 2005	Harvey World Travel
Newport	170/173 Commercial Street, Newport	May 2005	Signet Group H Samuel Barrats Orange Retail Ltd 02 (UK) The Card Factory
Dartford	36 Westgate Road, Dartford	September 2005	Dreams Plc
British Nuclear Fuels plc	1100 Daresbury Park, Cheshire	July 2005	British Nuclear Fuels Plc
Workington	1-4 Ritz Shopping Centre, Workington	November 2005	Superdrug Savers Arcadia Group t/a Dorothy Perkins Adams Property Holdings
Norwich	19-25 Red Lion Street, Norwich	January 2006	Nando's Chickenland Mr. Shoes Thai Wellbeing
Burgess Hill	Woodlands Court, Albert Drive, Burgess Hill	January 2006	Ericsson
Luminar Leisure	Luminar Leisure, Q2 Deltic Avenue, Rooksley, Milton Keynes	February 2006	Luminar Leisure
Derby	15/16 Market Place, Derby	June 2006	Nando's Chickenland Done Brothers Cash Betting
Cromer	Cromer Retail Park, Holt Road, Cromer	June 2006	Argos MFI Properties Carpetright
Swindon	5 Regent Street, Swindon	November 2006	Clinton Cards
Warrington	JJB Bank Street, Warrington, Cheshire	November 2006	JJB Sports
Hastings	207 -212 Queens Road, Hastings	May 2007	Barclays Bank Thomas Cook Retail Phones 4 U Dollond & Aitchison
Taunton	Belvedere Retail Park, Station Road, Taunton	July 2007	Laura Ashley Johnson Cleaners UK Bathstore.com
Team Valley	Olas House, Team Valley	September 2007	Gateshead Council
Oxley Park	Milton Keynes, Buckinghamshire	June 2008	Tesco Dominos Connells The Lounge Subway

Property taken off market in prices stand-off***By Daniel Thomas, Property Correspondent******Published: 27 May 2008***

More commercial property is being withdrawn from the investment market than being sold owing to a stand-off between buyers and sellers.

Around £309m of property deals have been carried out in the south-east since the turn of the year, according to Jones Lang LaSalle, the property consultancy, whereas £447m of property has been taken off the market after failing to achieve a sale at the required price.

The investment market for commercial property has slowed sharply because of the mismatch between the price sellers want to achieve, and that buyers are willing to pay in a market where every indicator suggests values are still falling, albeit at lower rates than last year.

Last week, the £120m sale of a portfolio of properties owned by Royal London Asset Management fell through, with agents saying there was a difference over the final price.

At the beginning of the year, investment funds were being forced to put property on the market after a run on their cash through investor redemptions but this has slowed considerably in the past few months.

"Funds aren't chasing the market down any further, as they are not forced sellers," said Mark Routledge, director at Jones Lang LaSalle. "If they don't get the prices that they want, then they aren't selling."

Mr Routledge said buyers were also very selective, given market uncertainty, leaving poor quality properties to be quietly withdrawn.

There are signs of optimism, according to Mr Routledge, as deals were being carried out, albeit at lower levels. Last week, Legal & General confirmed the £146m sale of the "Galaxy" portfolio of properties to Canada Life, for example. There is another £345m of deals currently "under offer", while a further £460m is on the market.

The JLL data only cover the south-east, but this pattern is being repeated nationally, according to agents. Since the beginning of the year, some £9bn has been transacted across the UK, according to Savills, roughly half that in the same period last year. There are signs of a similar slowdown in western Europe.

Copyright <<http://www.ft.com/servicestools/help/copyright>>

The Financial Times Limited 2008

View of the day: UK commercial property***By Jamie Dannhauser******Published: 21 May 2008***

Foreign buyers could be the saving grace of the ailing UK commercial property market, says Jamie Dannhauser at Lombard Street Research.

He notes that commercial property values continued to fall last month – although the pace of decline has clearly slowed. He adds that confidence and activity remain fragile, notably amongst debt-funded buyers who are largely shut out of the market.



THE LYCEUM,
28-29 HEAD STREET, COLCHESTER



LUMINAR LEISURE,
MILTON KEYNES



PADDINGTON BASIN,
WEST END QUAY, LONDON W1



JJB SPORTS PLC,
WARRINGTON



CROMER RETAIL PARK,
HOLT ROAD, CROMER



QUEENS ROAD,
HASTINGS

But Mr Dannhauser believes that with capital values now 17 per cent below their peak of last year and initial yields at 5.5 per cent, there is unlikely to be much more downside for the market as a whole.

"The work-out in the commercial property sector should not be prolonged. Unlike the early 1990s, the problem is not one of excess supply, at least outside the City of London office market."

He goes on: "There are clear downside risks from tighter credit conditions, banks' reduced willingness to lend and the closure of the commercial mortgage-backed securities market. Debt-funded activity is likely to be much reduced into next year.

"However, with commercial property now looking fair-to-good value versus gilts, and UK institutions awash with cash, there could well be increased equity interest later on in the year.

"Sterling weakness is also likely to be a boon for commercial property prices, as foreign funds plough money into the cheaper UK market."

Copyright <<http://www.ft.com/servicestools/help/copyright>>
The Financial Times Limited 2008

Commercial property slows asset value decline
By Daniel Thomas, Property Correspondent
Published: 15 April 2008

The commercial property sector managed to slow the decline in asset values for the third month running in March, though returns were still negative as capital values continued to fall.

Capital values of commercial property fell 1.3 per cent in March, according to IPD, the benchmark index for property in the UK.

But the performance caps a slight improvement across each of the first three months of the year. There was a 1.5 per cent fall in values in February and a 2 per cent drop in January.

"Capital values are still falling, but the rate has moderated month-on-month this year and rents continue to grow in all of the three main sectors," said Malcolm Frodsham, IPD research director.

"The results may not signal the bottom of the market just yet but at least investors have a better idea of where the floor is likely to be."

There was a total return of -0.8 per cent in March, a slight improvement on the -1 per cent return in February but markedly better than the historic low of -3.7 per cent in December.

In spite of easing in the monthly numbers, the all-property total return on an annual basis hit a record low of -10.7 per cent in March, down from -9.2 per cent in February.

The total return in the first quarter was -3.4 per cent and capital values were down 4.7 per cent in the period. Analysts at Merrill Lynch said yesterday there should be a return to positive returns by 2010, assuming a constant 5.5 per cent running yield.

Copyright <<http://www.ft.com/servicestools/help/copyright>>
The Financial Times Limited 2008



LLOYDS TSB BANK,
26-28 REGENT STREET, WREXHAM



LLOYDS TSB BANK,
41-43 SOUTH STREET, WORTHING



BELVEDERE RETAIL PARK,
TAUNTON



13-16 CHURCH STREET,
HIGH WYCOMBE



PALMER & HARVEY,
MID KENT BUSINESS PARK, KENT



MARINA WAY CENTRE,
HARTLEPOOL

Bank cut shows no sign of aggression

By Delphine Strauss

Published: 10 April 2008

The Bank of England yesterday cut its key rate by a quarter-point to 5 per cent, but offered no sign that it plans to move aggressively to combat growing fears of a significant economic slowdown. In announcing its decision, the Bank expressed concern about inflation – as it has all year – noting that the closely watched CPI inflation measure rose to 2.5 per cent in February. But it said that its medium-term outlook justified a rate cut.

Norma Cohen says money remains dear for banks and companies. “Credit conditions have tightened and the availability of credit appears to be worsening,” the Bank said, adding that it believed business activity would slow to create spare capacity that would offset inflationary pressure.

The move is the third cut since December, when rates stood at 5.75 per cent. But the move looks paltry compared with the three percentage points that the US Federal Reserve has shaved off its rates.

Economists believe that employment, output and consumption measures are still too strong to justify aggressive rate cuts. “We haven’t yet had enough of a slowdown to give the Bank carte blanche to cut rates as quickly as they might otherwise have done,” said George Buckley, economist at Deutsche Bank.

But a growing number of economists is pointing to the similarities between the US and UK economies. Simon Hayes, economist at Barclays Capital, said that sterling had been suffering in recent months as Britain’s economy showed signs of being more like that of the US and less like that of continental Europe. “Without a doubt, that is a very widespread perception across the financial markets,” he said.

Signs that the UK housing market was beginning to mimic that of the US, along with other factors such as heavily indebted consumers and a large current account deficit, were lending credibility to that parallel, Mr Hayes added.

Money markets barely shrugged at the widely expected move. It did little to cut the cost of interbank lending, with three-month Libor, which forms the basis for pricing much consumer and business lending, little changed at 5.923 per cent.

Meanwhile, the European Central Bank announced its rate would remain unchanged at 4 per cent, pushing sterling to a record low against the euro. The euro later fell back, including against the US currency, as Jean-Claude Trichet, ECB president, warned that financial market turmoil could last longer and have a bigger impact than many now expect.

Copyright <<http://www.ft.com/servicestools/help/copyright>>
The Financial Times Limited 2008

UK offers to acquire mortgage securities

By Chris Giles and Peter Thal Larsen in London

Published: 22 April 2008

The Bank of England yesterday made an almost unlimited offer to acquire UK banks' mortgage-backed securities for up to three years in return for Treasury bills. Mervyn King, governor, said the plan would “take the liquidity issue off the table in a decisive way”. The plan is designed to support banks' liquidity rather than their solvency.

The facility will be open for six months and the Bank of England expects to swap £50bn (\$100bn) of assets in the first couple of months. This figure could rise sharply as commercial banks rush to offload loans on to the central bank for a period of at least one year, renewable for a further two years.



1-4 RITZ SHOPPING CENTRE,
WORKINGTON, CUMBRIA



28/29 HIGH STREET,
CANTERBURY



WOODLANDS COURT,
ALBERT DRIVE, BURGESS HILL



PADDINGTON BASIN,
WEST END QUAY, LONDON W1



5 REGENT STREET,
SWINDON



WH SMITH,
15 CORNHILL, BURY ST EDMUNDS

It is a radical action that the central bank believes will remove the fear that a solvent bank will not be able to settle its debts. It should therefore unblock the interbank lending market. US Federal Reserve officials will consider a similar long-term liquidity scheme if it eases UK financial strains.

The European Central Bank had no comment. But analysts said it was less worried than the Bank of England about the threat posed to the real economy of a credit squeeze, while the continental European banking system was arguably less fragile. It has so far only launched operations lasting six months - compared with the three years possible under the Bank of England plan. Mr King told journalists the scheme had three principal elements: to raise liquidity, protect taxpayers and avoid distorting the mortgage market. It would support long-term liquidity by swapping highquality triple-A-rated mortgage-backed securities for government paper for up to three years.

Risks to UK taxpayers would be minimal because banks retained liability for defaults on assets and would be offered less in government paper than the market value of assets. The "haircut" on an own-brand long-dated mortgage-backed security would be 27 per cent.

The central bank would not refinance new mortgage lending and would offer to lend only against loans issued before the end of last year. "The objective is not to protect the banks but to protect the public from the banks," Mr King said.

Bankers said the plan would help restore confidence. "In terms of liquidity this takes any problem off the table for banks," one executive at a UK bank said. Mr King insisted "the scheme is not designed to send the mortgage market back to the rather wild lending before the turmoil began last summer".

But the UK government hopes that the move will free some of the constraints on mortgage lending. Alistair Darling, chancellor of the exchequer, said: "This will help alleviate the problems that have seen banks reluctant to lend to each other and in turn support the provision of new mortgage lending."

Copyright <<http://www.ft.com/servicestools/help/copyright>>
The Financial Times Limited 2008



36 WESTGATE ROAD,
DARTFORD, KENT



BRITISH NUCLEAR FUELS PLC,
1100 DARESBUY PARK, CHESHIRE



PADDINGTON BASIN,
WEST END QUAY, LONDON W1



ALLIANCE & LEICESTER,
26-28 HIGH STREET, SHEFFIELD



BENBOW HOUSE,
LONDON SE1



CONTACT DETAILS

Athnor Investments /
Pam Golding Commercial Joint Venture

Email: offshore@athanor.co.za
Email: offshore@pamgolding.co.za

www.athanor-investments.com
www.pamgolding.co.za/commercial

South Africa

1st Floor, Cape Quarter,
72 Waterkant St,
Green Point, Cape Town
Tel: +27 (0) 21 41 77 888
Fax: +27 (0) 21 41 77 889

17th Floor, The Forum at Mandela Square,
c/o Maude and Fifth Street,
Sandton, Johannesburg
Tel: +27 (0) 11 301 0600
fax: +27 (0) 11 301 0650

London

58 Queen Anne Street,
London, W1G 8HW
Tel: +44 (0) 20 746 75560
Fax: +44 (0) 20 746 75561