

Fortress Caribbean Property Fund Limited, SCC

A segregated cell company incorporated and registered with limited liability in Barbados in accordance with the provisions of the Companies Act, Cap 308 of the laws of Barbados.

Fortress Caribbean Property Fund Limited, SCC Prospectus 31st January, 2014

THIS PROSPECTUS
IS PUBLISHED IN CONNECTION WITH THE LISTING OF:

55,652,768 OF FORTRESS CARIBBEAN PROPERTY
VALUE FUND SHARES

and

55,652,768 OF FORTRESS CARIBBEAN PROPERTY
DEVELOPMENT FUND SHARES

MANAGED BY:
FORTRESS FUND MANAGERS LIMITED

The Trinidad and Tobago Securities and Exchange Commission has not in any way evaluated the merits of the securities offered hereunder and any representation to the contrary is an offence.

**This document is important
If you are in any doubt about the contents of this Prospectus you should
consult your stockbroker, bank manager, attorney-at-law, accountant or other financial adviser.**

Prospectus

In respect of the listing of fund shares of:

Fortress Caribbean Property Value Fund and Fortress Caribbean Property Development Fund

each a Segregated Cell of the Company (the "Funds" and each a "Fund").

This Prospectus is dated 31st January, 2014. It does not constitute an offer of securities or an invitation to purchase any securities of the Company. It has been prepared solely for the purpose of complying with regulatory requirements of Trinidad & Tobago to facilitate the listing of the new cellular shares for trading on the Trinidad & Tobago Stock Exchange following the conversion of the Company to a segregated cell company on 1st October 2013. The Fund Shares are already listed for trading on the Barbados Stock Exchange.

No person receiving a copy of this document in any territory outside of Barbados and Trinidad & Tobago may treat this document as constituting an invitation to him or her to purchase or subscribe for or invest in any shares of the Company nor should he in any event purchase or subscribe or invest in any such shares unless the relevant territory permits that such an investment could lawfully be made by him without the Company complying with any registration or other legal requirements. Any person wishing to subscribe for or invest in any shares should satisfy himself, in doing so, he complies with the laws of the relevant territory, and that he obtains any requisite governmental or other consent and observes any other applicable formalities.

This prospectus has been seen and approved by the Directors of the Issuer and/or the offeror and they collectively and individually accept full responsibility for the accuracy of the information given and confirm, that after having made all reasonable enquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts that omission of which would make any statement herein false or misleading.

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Management and Administration

<p>Registered Office of the Company First Floor, Carlisle House Hincks Street Bridgetown, Barbados, BB11144 1-246-431-2198 www.fortressfund.com</p>	<p>Directors Geoffrey Cave - Chairman Paul Altman Anthony Audain Sir Trevor Carmichael Maureen Davis Terry Hanton Algernon Leacock John M.B. Williams</p>
<p>Corporate Secretary Hanna M. Chrysostom Group Corporate Secretary Cave Shepherd & Co. Limited 24 Broad Street, Bridgetown, Barbados 11144</p>	<p>Funds Manager Fortress Fund Managers Limited First Floor, Carlisle House Hincks Street Bridgetown, Barbados, BB11144</p>
<p>Investment Advisor Altman Real Estate Property Consultancy Services Inc Derricks, St. James Barbados</p>	<p>Property Manager Altman Real Estate Property Consultancy Services Inc Derricks, St. James Barbados</p>
<p>Independent Valuer Terra Caribbean Somerly, Worthing Christ Church Barbados</p>	<p>Banker CIBC First Caribbean International Bank (Barbados) Limited Broad Street Bridgetown, Barbados</p>
<p>Independent Auditors PricewaterhouseCoopers SRL The Financial Services Centre Bishop's Court Hill St. Michael, Barbados</p>	<p>Legal Adviser Sir Henry deB Forde; KA, QC Juris Chambers Fidelity House Wildey Business Park St. Michael, Barbados</p>

Glossary

In this Prospectus, unless otherwise specified or the subject matter or context is inconsistent therewith, the following terms shall have the meanings set out below, and grammatical variations thereof shall have the corresponding meanings:

“\$” or “BD\$” means Barbados dollars;

“Act” means the *Companies Act, Cap 308* of Barbados as from time to time amended and every statute substituted therefor;

“Affiliate” has the meaning given to it in the *Securities Act Cap 318A of Barbados* and the *Companies Act Cap 308*, as applicable;

“Articles” mean the Article of the Company and any amendment thereto;

“Applicable Securities Laws” or “Securities Laws” mean the *Securities Act Cap 318A* of Barbados and the regulations thereunder and all other applicable securities Laws;

“Associate” has the meaning given to it in the *Securities Act Cap 318A* and the *Companies Act Cap 308*, as applicable;

“Board of Directors” or “Board” means the board of directors of Fortress Caribbean Property Fund Limited SCC.

“Business day” means any day (other than a Saturday or Sunday) on which commercial banks located in Barbados are open for the conduct of business;

“BSE” means the Barbados Stock Exchange;

“By-laws” means the by-laws of the Company;

“Cell” means a structure created by a segregated cell company for the purpose of segregating and protecting cellular assets in the manner provided by the Companies Act

“Cellular Company” or “Segregated Cell Company” or “Protected Cell” means a company incorporated or converted as such for the purpose of carrying on its business whereby the assets and business operations are divided into cells for the purpose of segregating and protecting the cellular assets of the company in the manner provided by the Act.

“Company” means Fortress Caribbean Property Fund Limited SCC.

“Common Shares” mean the non-cellular shares of the Company

“Development Fund” means the Fortress Caribbean Property Development Fund of the

Company and “Development Fund Shares” mean the cellular shares of the “Development Fund”.

“FSC” means The Financial Services Commission of Barbados;

“Fund” means, *unless the context otherwise require*, the Value Fund or the Development Fund of the Company and “Fund Shares” mean the shares of such funds;

“Management” means the Fund Manager and Officers of the Company;

“NAV” means net asset value;

“Officers” mean *unless the context otherwise require*, officers of Fortress Caribbean Property Fund Limited SCC;

“Options” means any outstanding options to acquire shares granted pursuant to any Stock

Option Plan or Share Incentive Plan of the Company;

“Prospectus” means this document together with the attachments thereto;

“Shareholders” mean *unless the context otherwise require*, the holders of Shares in the capital of the Company;

“Split” or “Share Split” means or refers to the conversion of the company to a segregated cell company and the issue of Value Fund Shares and Development Fund Shares of the Company in substitution for the existing Class “A” common property fund shares held by shareholders of Fortress Caribbean Property Fund Limited;

“TTSEC” means the Trinidad & Tobago Securities & Exchange Commission;

“TTSE” means the Trinidad & Tobago Stock Exchange;

“Value Fund” means the Fortress Caribbean Property Value Fund of the Company and **“Value Fund Shares”** mean the cellular shares of the “Value Fund”.

Words importing the singular include the plural and vice versa and words importing any gender include all genders. Unless otherwise indicated, all dollar amounts shown in this document are in Barbados dollars.

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Caution on Forward Looking Statements

Certain statements in this Prospectus may constitute forward looking information within the meaning of applicable Securities Laws. These statements can usually be identified by expressions of belief, expectation or intention, as well as those statements that are not historical fact. In some cases, forward looking information can be identified by the use of terms such as “may”, “will”, “should”, “project”, “expect”, “believe”, “plan”, “scheduled”, “intend”, “estimate”, “forecast”, “predict”, “potential”, “continue”, “anticipate”, “if” or other similar expressions concerning matters that are not historical facts. Forward looking information may relate to management’s future outlook and anticipated events or results, and may include statements or information regarding the future plans or prospects of the Company.

Forward looking information is based on certain risks, uncertainties and assumptions. While the Company considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect

and there can be no assurance that such developments can be completed as anticipated or at all.

Several factors could cause actual results to differ materially from those expressed in the forward looking statements, including, but not limited to: actions taken by the Company; actions taken by shareholders of the Company; and factors external to the Company arising from the general economic environment.

Forward looking statements are given only as at the date of this document. You should not place undue importance on forward looking information and should not rely upon this information as of any other date. While the Company may elect to, it is under no obligation and does not undertake to update this information at any particular time, except as required by law.

SEE ALSO RISKS ANALYSIS ON PAGE 25

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Background and History

Fortress Caribbean Property Fund Limited was incorporated on the 07th day of May, 1999 under the laws of Barbados and registered as a closed ended mutual fund to provide an avenue for portfolio investment in real estate properties and other securities in the Caribbean and internationally.

A closed ended mutual fund represents an investment into shares of a fund which the fund manager does not generally redeem (buy back) on an on-going basis. Shares of closed ended mutual funds are traded in securities markets, through brokers, at prices determined by supply and demand and differ from open ended mutual funds whose shares are issued and redeemed by the fund company with reference to the NAV of the fund.

The capital of Fortress Caribbean Property Fund Limited was divided into two classes namely Class 'A' Common Property Fund Shares and Class 'B' Common Property Fund Shares of which 10 such shares were issued. The Class 'A' shares were listed on the BSE and commenced trading in October 1999. An application was also made to have the shares listed on the TTSE.

The promoters of the Fund saw the initiative as one representing an investment opportunity to allow everyone, from the large financial institution to the small individual investor, to participate in the then rapidly growing real estate market in Barbados and the Caribbean.

The investment objective of the Fund stated in the first prospectus of the Company dated 21 July 1999 was to achieve income and capital appreciation over the long term. The Fund was authorised to invest in real estate, Caribbean listed shares or open ended funds, foreign listed shares or open-ended funds, unlisted shares of Caribbean companies, and government securities.

In 2001 the Company made a secondary offering. The main purpose of that offering was to fund the acquisition of a majority interest in a joint venture partnership (the partnership) to be formed to purchase the CWBET Building in Wildey, St. Michael, Barbados

The arrangement enabled the Partnership to acquire the freehold of the Wildey property for \$26 million plus \$2 million to cover transaction costs including the registration of the lease, property taxes, legal and financing fees.

CWBET then entered into an agreement to lease the Wildey property, including all buildings and the sports playing field, back from the Partnership for an initial period of 15 years under a triple net lease. *A triple net lease means that CWBET assumed all costs of the property including insurance, and repairs.*

The Fund has built a solid portfolio of commercial and development properties with holdings primarily in Barbados and the Eastern Caribbean. Approximately half of the Fund's investment properties produce income from lease and rental payments, while the other half of the investments do not yield a cash return, as they are in various stages of development for resale.

Since the 2008/2009 global financial crisis, real estate and stock markets in Barbados and the wider Caribbean have suffered declines. Market values of the Fund's properties – especially the property held for development – have declined and only recently showed signs of stabilising. Dividend payments from the Fund have also declined appreciably, as profits generated by the income producing properties was offset against fair value appraised losses on the development properties.

The NAV of the Fund declined from a high of \$1.52 in August, 2010 to approximately \$1.35

per share as at September 30th 2013 after payment of \$0.105 in total dividends. Over the same period, the Fund's share price on the BSE dropped more than 50% and at September 30th the closing price was \$0.65 per share compared to a NAV of \$1.35.

The large discount seems to reflect three primary factors:

- Low and uncertain dividend payments;
- The diverse nature of the portfolio may have left both income seeking and long term capital gain seeking investors without an investment that fits their precise objectives;

- Weak economic and liquidity conditions on the BSE generally. The decline in share price has occurred on relatively small volume of trades, as a lack of buyers has allowed sellers insensitive to price to set the value of the Fund's shares.

The Board and Management have sought extensive advice about how to improve shareholder value and on 29th August, 2013 submitted proposals to shareholders to convert the Company to a segregated cell company and to split the Fund into two parts, each being a segregated cell.

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Profile of Directors and Officers

The following is a brief biological description of each of the Directors and Officers of the Fund

Mr. Geoffrey Cave, C.B.E, B.C.H, LLD (Hon)
“Windermere”
Brittons Hill
St. Michael
Barbados

CHAIRMAN

Fortress Caribbean Property Fund Limited, SCC

Mr. Geoffrey Cave is the Chairman of Fortress Caribbean Property Fund Limited, SCC and Cave Shepherd & Co. Ltd. Mr. Cave, holds a B.Comm. from McGill University in Canada and has been the Chairman & Managing Director of Cave Shepherd for over five (5) decades. Mr. Cave has had a distinguished career in business in Barbados being involved as Director and Chairman of several of the leading public companies in Barbados.

In the Queen’s New Years’ Honour’s List in 2003 he was appointed Commander of the Most Excellent Order of the British Empire.

Mr. Paul Altman, G.C.M., B.C.H, J.P, LLD (Hon)
“Mallow”
Sandy Lane
St. James
Barbados

Managing Director
Altman Real Estate

Mr. Paul Altman has been involved in real estate for 39 years as Managing Director of Alleyne, Aguilar & Altman Ltd. He has been at the forefront of developments in the luxury residential market in recent years and was instrumental in the highly successful Royal Westmoreland golf residential community where he held the post of Deputy Chairman. He is at the helm of the Limegrove Lifestyle Centre

which currently hosts approximately 100 retailers, a nightclub, a cinema and restaurants.

Mrs. Maureen Davis
Walkers Plantation
St. George

Chief Development Officer
Duty Free Caribbean

Mrs. Davis is Chief Development Officer of Duty Free Caribbean, an associated company of Cave Shepherd & Co. Ltd. where she has worked for almost two decades. She is responsible for the identification and evaluation of new business opportunities, the co-ordination of legal processes related to new contracts and the management of the design and construction process.

Mr. Anthony Audain, LLB, MBA
“Airy Hill”
Moncrieffe
St. Philip

Attorney-at-Law
Aâstra Law Chambers

Mr. Tony Audain leads Aâstra Laws Chambers Commercial, Corporate Law & Value Added Tax (VAT) Practice. His practice is directed at advising public corporations, officers, directors and insurers on a range of legal issues. He was also the Chief Executive Officer of the Nation Group of Companies until September, 2008. He is a graduate of the University of the West Indies where he read for his LLB and Cranfield School of Management where he obtained his Masters in Business Administration.

Mr. Audain is the Chairman of the Audit Committee.

Sir Trevor A. Carmichael, Q.C.
Staples Grove House
St. Davids
Christ Church

Principal
Chancery Chambers

Sir Trevor was called to the United Kingdom Bar as a member of the Middle Temple in London and the Barbados Bar. He is a member of the International Bar Association, the Inter-American Bar Association and a Committee Member of the Inter-American Bar Foundation as well as an associate member of the Canadian Bar Association. He holds membership in the International Tax Planning Association.

Sir Trevor was knighted in the 2013 Independence Honours List and he also serves as an Independent Senator in the Senate of Barbados.

Mr. Terry Hanton, F.C.A, MRICS
22 Heron Court
Porters
St. James
Barbados

Managing Director
Property Consultancy Services Inc.

Mr. Terry Hanton is a Chartered Accountant and Chartered Valuer who specialises in consultancy services to the real estate and hospitality sectors in Barbados. He is also a member and accredited valuer of the Barbados Estate Agents & Valuers Association (BEAVA) and previously held the position of Vice-President of this Organisation. Mr. Hanton has over ten (10) years experience in conducting valuations for residential and commercial properties.

Mr. H. C. Algernon Leacock
65 Dover
Christ Church
Barbados

President and Chief Executive Officer
Trident Insurance Company Limited

Mr. Leacock is the President and Chief Executive Officer of Trident Insurance Company Limited, a Barbados incorporated general insurance company. He holds a B.A. in Economics from the University of Western Ontario, a B.Comm. from the University of Windsor and an M.B.A. from the University of the West Indies. He serves as the Honorary Consul General for Finland.

Mr. Leacock is a member of the Audit Committee.

Mr. John M.B. Williams, F.C.A
“Gully Top”
#8 Sturges
St. Thomas
Barbados

Chief Executive Officer
Cave Shepherd & Co. Limited

Mr. Williams joined Cave Shepherd & Co. Limited as Chief Executive Officer in 2006. Prior to joining Cave Shepherd, he worked for the Goddard Group of Companies from 1988 to 2006, the United States Agency for International Development from 1986 to 1988 and the London and Barbados offices of PricewaterhouseCoopers (then Price Waterhouse).

Mr Williams holds a Bachelor of Science in Mathematics from Manchester University. He is a fellow of the Institute of Chartered Accountants of England and Wales (FCA) and the institute of Chartered Accountants of Barbados.

Mr. Williams is a member of the Audit Committee.

Officers

Mr. Roger Cave, F.C.A.
Cottage #3
Rowans
St. George
Barbados

Investment Director
Fortress Fund Managers

Mr. Roger Cave is the founder and Investment Director of Fortress Fund Managers Limited which has managed the Fortress Caribbean Growth Fund, Fortress Caribbean Property Fund Limited, SCC, Fortress Caribbean Pension Fund and Fortress Caribbean High Interest Fund.

Mr. Roger Cave is a CFA charter holder as well as a Chartered Accountant. He is Board Member of the Barbados Stock Exchange.

Ms. Hanna M. Chrysostom, LLB, MBA
Apt#1 38 Blue Waters
Rockley
Christ Church
Barbados

Group Corporate Secretary
Cave Shepherd & Co. Limited

Ms. Chrysostom joined Cave Shepherd & Co. Limited as Group Corporate Secretary in July 2013. In August 2013 Ms. Chrysostom was appointed Corporate Secretary to Fortress Caribbean Property Fund Limited. Ms. Chrysostom is admitted to practice as an Attorney-at-Law in Barbados and Trinidad and Tobago. She has had a diverse legal career with over ten (10) years of experience in corporate and commercial law, and litigation. She has worked in private practice and as in-house counsel for a major international telecommunications company.

Ms. Chrysostom also holds a Masters in Business Administration from Durham University. Ms. Chrysostom was appointed Company Secretary for the Fund in August 2013.

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Information on Directors, Officers and Management

COMMON SHARES

- The Company is authorized to issue 100 common shares of which 20 such shares are issued and outstanding. The common shares may only be held by the Fund Manager and Investment Advisor and shall not be entitled to receive any dividends from the Company.
- There is no share qualification for directors.
- There are no shares or debentures to which any person is entitled pursuant to any options granted by the Company.
- No shares or debentures have been issued by the Company within the preceding two (2) years.

SHAREHOLDINGS OF DIRECTORS AND OFFICERS BEFORE AND AFTER CONVERSION

- The number of Class “A” Property Fund shares held by each director and officer and in the Company immediately before its conversion to a cellular company was as follows:

DIRECTOR / OFFICER	NUMBER OF SHARES
Mr. Geoffrey Cave	20,000
Mr. Paul Altman	159,920
Mr. Anthony Audain	26,000
Sir Trevor Carmichael	26,333
Ms. Maureen Davis	5,306
Mr. Terry Hanton	7,200
Mr. John Williams	17,000
Mr. Algernon Leacock	-
Mr. Roger Cave	10,000
Ms. Hanna Chrysostom	-

Upon conversion of the Company the Directors, together with all other holders of Class "A" Property Funds shares received 1 Value Fund share and 1 Development Fund share for every one Class "A" Property Fund share previously held. Upon conversion and as at 31st December, 2013 the shareholding for the Directors is as follows:

DIRECTORS / OFFICERS	VALUE FUND SHARES	DEVELOPMENT FUND SHARES
Mr. Geoffrey Cave	20,000	20,000
Mr. Paul Altman	159,920	159,920
Mr. Anthony Audain	26,000	26,000
Sir Trevor Carmichael	26,333	26,333
Mrs. Maureen Davis	5,306	5,306
Mr. Terry Hanton	7,200	7,200
Mr. John M.B. Williams	17,000	17,000
Mr. Algernon Leacock	-	-
Mr. Roger Cave	10,000	10,000
Ms. Hanna Chrysostom	-	-

DIRECTOR REMUNERATION

Directors Aggregate Fees are BDS\$60,000.00 per annum

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OTHER DIRECTORSHIPS IN PUBLIC COMPANIES

DIRECTORS	PUBLIC CORPORATION	SHAREHOLDINGS
Mr. Geoffrey Cave	Cave Shepherd & Co. Limited	5,858,534
Mr. John Williams	Cave Shepherd & Co. Limited	51,602
	Bridgetown Cruise Terminal Inc.	-
Mr. Roger Cave	Cave Shepherd & Co. Limited	315,235
	Barbados Stock Exchange	-
Ms. Maureen Davis	Cave Shepherd & Co. Limited	79,184
Mr. Anthony Audain	-	-
Mr. Paul Altman	Insurance Corporation of Barbados Limited	-
Mr. Terry Hanton	-	-
Sir Trevor Carmichael	-	-
Mr. Algernon Leacock	Trident Insurance Company Limited	2,139,773

KEY SENIOR MANAGEMENT AND SHAREHOLDINGS

Mr. Peter Arender, CFA
93 Bakers Wood
St. Peter
Barbados

Chief Investment Officer
Fortress Advisory & Investment Services

Mr. Arender has over 20 years varied experience in financial markets, most recently as Chief Investment Officer of a privately held offshore bank in Barbados. His focus is on developing and applying highly disciplined strategies to the portfolio management process. He is a CFA charterholder, the current vice-president of the Barbados CFA society and a past-president of the Toronto CFA Society. He joined Fortress in 2009.

Ms. Dionne Thompson, BSc. FCCA,
Greenhill Drive
Silver Hill
Christ Church
Barbados

Chief Financial Officer
Fortress Fund Managers

Ms. Thompson is a qualified accountant with over seven years experience, gained through various positions with PricewaterhouseCoopers. Her last position was Manager in their Advisory Services Division. Ms. Thompson is a member of the Institute of Chartered Accountants of Barbados and the Association of Certified Chartered Accountants.

NAMES	VALUE FUND SHARES	DEVELOPMENT FUND SHARES
Mr. Peter Arender	0	0
Ms. Dionne Thompson	2,956	2,956

Directors' Report

After due enquiry made to the Management of the Company by the Board of Directors to Management and to the best of the Board's knowledge, information and belief:

1. Save as disclosed with respect to management fees and commissions no amount has been paid to any promoter within the two (2) preceding years;
2. Other than contracts for employees and the Fund Manager and Investment Advisor which are contracts of a general nature applicable to mutual funds, the Company has not entered into any contract within the two (2) preceding years that was not in the ordinary course of business;
3. Fortress Fund Managers Limited, Altman Real Estate, Property Consulting Services Inc., Terra Caribbean, CIBC First Caribbean International Bank, Sir Henry Forde, and PricewaterhouseCoopers SRL have given and have not withdrawn their consent for their names to appear in the Prospectus in the form and context in which it appears;
4. No Director or key management personnel of Fortress Caribbean Property Fund Limited, SCC, Fortress Fund Managers and/or Fortress Advisory and Investment Services have been involved in any of the following:
 - a) A petition under any bankruptcy or insolvency law which has not been struck out, against such person or any partnership in which he was a partner or any corporation of which he was a director or key personnel; or
 - b) Convicted in a criminal proceeding or is a named subject of a pending criminal proceeding; or
 - c) Subject of any order, judgment or ruling of any court of competent jurisdiction or regulatory authority temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.
5. Between the date to which the last audited accounts of the Company have been made up (September 30th 2013) and the date of filing this Prospectus (January 31st 2014):
 - a) The business of the Company and its Funds has in their opinion, been satisfactorily maintained;
 - b) There has arisen, in their opinion, since the last audited accounts of the Company, a circumstances which may adversely affect the trading and the value of the assets of its Funds and this relates to the notice received from LIME to vacate the BET property before the end of the lease in 2016;
 - c) The current assets of the Company appear in the books at values which are believed to be realizable in the ordinary course of business;
 - d) There are no contingent liabilities by reason of any guarantees or indemnities given by the Company or any of its Funds; and
 - e) There have not been, since the last audited accounts of the Company any material changes in the published net assets of the Company or any unusual factors affecting the profits of the Company and its Funds.

6. This prospectus contains no untrue statement of a material fact and does not omit to state a known material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

On behalf of the Board of Directors of Fortress Caribbean Property Fund Limited, SCC
Dated 31st January, 2014

.....
Chairman

.....
Director

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Conversion to a Cellular Company

In the Directors' Report to the Shareholders for the 2012 financial year, the Chairman observed that the Company had experienced another challenging year. He pointed out that the Fund's loss was primarily due to two main factors, namely revaluation losses on the Fund's investment properties and impairment losses on the Fund's portfolio of real estate investments available for resale. Together these non-cash items resulted in a charge of \$2.8 million to the Fund's net income.

Management, noting the report of the investment advisors and having conducted a careful evaluation of the Fund's corporate structure, formed the opinion that corporate and capital restructuring of the Fund offered the best option of building and unlocking Shareholder value within the constraints of the current economic environment.

Management further opined that the structure, as it then was, created a significant drag on the Company's ability to meet the needs of Shareholders who wished to maximize their income.

In 2001 the Companies Act was amended to facilitate the creation of segregated cell companies. In a segregated cell company the capital of the company is partitioned and distinct cellular shares are issued. Such shares will have an interest in the assets and stated capital of the specific cell to which they relate. It also means that liabilities too will be separated. In other words, a Cell within a company has the effect of segregating and protecting cellular assets substantially in the same manner as if the company had become two legal entities.

One of the significant benefits of a segregated cell company is found in Section 356.30 of the Companies Act. Sub-section (4) provides "Cellular dividends may be paid in respect of cell shares by reference only to the cellular assets and liabilities attributable to the cell in respect of which the cell shares were issued" and sub-section (5) states "In determining the cellular dividend payments no account needs to be taken of:

(a) the profits or losses or the assets and liabilities

attributable to any other cell of the company; or (b) non-cellular profits and losses or assets and liabilities"

The Directors posited that partitioning the assets and liabilities of the Company and segregating same into two segregated cells, represented by two distinct funds, namely; a Value Fund and a Development Fund by;(a) allocating the income generating performing assets and associated liabilities of the Company to the Value Fund and (b) allocating the non-income generating assets and associated liabilities of the Company (*as represented primarily by the real estate investments held for development and/or resale*) to the Development Fund, should be beneficial to shareholders.

Such corporate reorganization could facilitate the payment of enhanced dividends on shares of the Value Fund while segregating the non-income generating real estate assets held for development and/or resale into a separate fund which may be held for its long term capital appreciation potential or offered for sale by shareholders to persons whose objective may be in search for attractive real estate opportunities currently trading at significantly discounted prices.

In the reorganisation of the Company, by way of conversion to a segregated cell company, each Class 'A' common shareholder received 1 Value Fund share and 1 Development Fund shares for every 1 Class 'A' Common property Fund share previously held. Details of the conversion are set forth in the Articles of Amendment which are annexed to this document as Appendix "A".

The Directors believed that the division would allow the market to more accurately assess the potential of the income producing portfolio of the Company, as represented by the Value Fund, especially having regard to the likely increase in dividends; while those persons whose interest is primarily that of investing for capital appreciation potential may find the deep discount on the properties held for development and/or resale, as represented in the

Development Fund shares, to be of particular interest.

By segregating the assets into two funds, shareholders are given the opportunity to better cater to their investment needs by either holding both funds or exit from one in accordance with their individual investment objectives and personal circumstances. In essence, the cellular structure should promote a clearer evaluation of the

Company's investment portfolio by the market and facilitate the building and unlocking of shareholder value.

On 29th August, 2013 the Directors issued a Shareholders' Information Memorandum and Notice of Special Meeting of Shareholders. The conversion of the Company to a segregated cell company was approved by Shareholders on 26th September 2013.

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Key Features of the Funds

Fortress Caribbean Property Fund Limited, SCC now operates as an umbrella fund company with two Segregated or Protected Cells each being a separate Fund. It is managed by Fortress Fund Managers Limited and the investment strategy and policies applied thereto are those of the Fund Manager and the Investment Advisor.

Upon its conversion to a segregated cell company on 1st October 2013 the Company created two distinct Funds namely; the Value Fund and the Development Fund, which were established as separate 'segregated' or 'protected' Cells, according to the investment policy applicable thereto.

In respect of each Fund, there is maintained a separate and segregated investment portfolio in which the assets and liabilities and income and expenditure attributable or allocated to each Fund are applied or charged. A table showing the split of the assets and the liabilities of the Value Fund and the Development Fund is shown in Note 24 of the Audited Financial Statements at September 30th 2013. See www.fortressfund.com.

The decisions relating to investments comprising each Fund are made in accordance with the following objectives, whilst the asset allocation for each of the respective portfolios will generally be set in accordance with the respective investment strategy adopted by the Fund Manager and Investment Advisor.

General Investment Objectives

The investment of the Funds will be directed towards properties, which provide income returns and/or potential for medium or long-term capital appreciation. These may include land, office and retail space, luxury villas, or smaller residential developments.

The Funds will generally invest in mature properties and development projects having regard to the unique characteristics, which make them sound investments. The Fund may also partner with developers by investing in listed and unlisted securities of property development funds or companies, which are considered to have significant capital growth potential.

The Funds may balance their exposure to fluctuations in property values by also investing in marketable securities such as equities and government bonds, both locally and internationally.

Foreign currency received by subscription will, in whole or in part, be invested in such securities traded on international markets. Wherever the Directors consider that the long-term returns on such investments exceed those attributable to property, the Funds may also invest substantially in them.

The Funds will not normally invest in property with a value of less than \$500,000 as the cost of managing small investments reduces the yield to be earned from them. In order to ensure portfolio diversification, the directors of the Funds will not normally invest in any single property with a value in excess of 40% of the value of the Fund's assets.

The Funds will seek to participate in projects that demonstrate a return commensurate with investment risk. Although the Funds will consider a range of investments, each with a different expected return, the Funds will not normally invest in projects with a projected internal rate of return of less than 10%.

The Funds hold properties located in some of the best sites in Barbados and the Caribbean. A montage and description of the Funds' major

investments is shown in the Company's 2013 Annual Report at www.fortressfund.com.

It should be remembered that the prices of Shares and any income from them may go down as well as up due to, inter alia, market fluctuations or exchange rate changes. This may be a contributory factor to an investor not receiving back the amount of his original investment on a sale of his Shares.

Investment Objectives and Dividend Policy of the Value Fund

The investment objective of the Value Fund is to produce annual income and long term capital gains from a diversified portfolio of income producing properties in the Caribbean. It is expected that the Value Fund will pay out a minimum of 75 % of the available distributable profits of the Value Fund.

The expectation for the Value Fund is for growth in the NAV from \$0.79 per share to \$1.00 per share in 2017 after anticipated payment of dividends each year. A significant percentage of The Value Fund's earnings are expected to be cash earnings which should facilitate, at the discretion of the Board of Directors, a payment of annual dividends.

Using an anticipated dividend pay-out ratio of 75% of distributable profits, the dividend yields are estimated to be in the 6% range based on a 10% discount of the Fund's trading price to its NAV. It is on the basis of these assumed dividend yields that Management believes that the Value Fund's trading price could increase from the current levels to a level much closer to the Fund's NAV.

Investment Objectives and Dividend Policy of the Development Fund

The investment objective of the Development Fund is to realize value in the medium term on its portfolio of development properties in the Caribbean. It is not expected that the Fund will

pay a regular dividend. It is anticipated however, that when properties are sold, and all accrued and accumulated expenses have been paid, the remaining proceeds may be used to facilitate market buy-back of shares and/or distributed to Development Fund shareholders either by way of special dividends, share redemptions or distributions in specie of reinvested proceeds or a combination of any of the foregoing.

The properties which comprise the Development Fund consist of land awaiting resale and/or development e.g., Apes Hill, Rockley, Lion Castle, Lower Estate, Canouan and Villas On The Green and a number of finished units awaiting sale, these include Apes Hill Polo Villa, Limegrove, Villas On The Green & Canmore.

The appraised valuations of many of these properties have continued to decline in recent years due to the recession and the fall in Caribbean real estate prices. The impact of this has been continuous annual appraisal losses, most of which have been non-cash charges.

There are on-going costs associated with the holding of real estate including, property taxes, insurance, maintenance and management. Many of these properties generate little or no annual income so when the annual holding costs are combined with the annual revaluation losses, the negative impact on the earnings of the Company as a whole in recent years had been significant.

Against this background, the holders of Development Fund shares will naturally be concerned about that Fund's strategy for the realization of returns and the expected timing of cash flows and ultimately the recovery of their investment in that Fund.

Current economic conditions in Barbados, where most of the assets are located, are not favourable and the immediate outlook does not support a forecast of rising real estate prices. With a few exceptions, the prospects for gains

in the near term on the properties that constitute the portfolio of the Development Fund are not promising.

In addition, the transaction costs on property investments are very high (approximately 8% of sales) which include agents' commissions, property transfer taxes, stamp duties and legal fees. In summary, when flat or declining property prices are combined with annual holding costs, limited income and high selling costs, the immediate prospects do not support a very positive outlook for near term returns or gains in the Development Fund NAV.

While the above statements are not encouraging, there are nevertheless a number of positive factors to be considered. Many of this Fund's properties have already been written-down significantly and the current trading price of these assets at 71 % below those written down values would suggest there is a measure of value which will be realized when the properties are sold.

However, if the Fund's Shareholders continue to offer to sell their shares in weak and depressed market conditions, there is every likelihood that the share price of the Development Fund may decline more than management anticipates and thereby further erode shareholder value.

The assets which comprise the Development Fund were acquired with a long time horizon in mind. In this regard, Management believes that it is not in the Fund's Shareholders' long term interest for these assets to be sold through 'fire-sales' in extremely depressed market conditions.

The Development Fund will seek to realize value as swiftly as possible, but not at the expense of medium and long term value. Consideration will also be given to the method of returning capital to the Fund's Shareholders as properties are sold, bearing in mind the potential advantages of the Fund repurchasing shares on the market if they are trading at a significant discount.

Therefore the policy is to carefully, selectively and purposefully endeavour to realize value from the properties in the Development Fund and to return the proceeds to investors through special distributions, redemptions at NAV and/or share buy-backs when it is appropriate so to do. Note however that a buyback of greater than 10% of the Developments Fund's shares would require additional regulatory approval in Barbados that may affect the Fund's ability to purchase shares at the assumed discount.

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General Investment Powers and Restrictions

Investment Powers

The Funds may utilise all the investment powers available to them under the Articles and the By-laws of the Company and the Fund Manager and Investment Advisor are expressly permitted to do so at their discretion subject to the following investment restrictions.

A summary of the powers and restrictions applicable to the Company and to each Fund is as follows:-

- The restriction on the business that the Company may carry on is set out in Schedule 1A to the Articles of Amendment annexed hereto as Appendix "A".
- The rights, privileges and restrictions attached to the cellular Value Fund Shares are set out in Schedule 1B to the Articles of Amendment annexed hereto as Appendix "A".
- The rights, privileges and restrictions attached to the cellular Development Fund Shares are set out in Schedule 1C to the Articles of Amendment annexed hereto as Appendix "A".
- The rights, privileges and restrictions attached to the non-cellular Common Shares of the Company are set out in Schedule 1D to the Articles of Amendment annexed hereto as Appendix "A".
- In addition to the foregoing, attention is drawn to Schedules 2 and 3 to the Articles of Amendment annexed hereto as Appendix "A" which delineates the restriction, if any, on the transfer of shares of the Company and also embody other miscellaneous provisions applicable to the Value Fund and the Development Fund.

Charges and Expenses

Initial Charge: On any new issues of shares by the Funds, there shall be an initial charge not exceeding 2% payable to the Company of all amounts invested in the Fund by Fund Shareholders. The Directors may however from time to time waive or suspend such initial charge for a limited period during any special promotion or marketing of Fund Shares.

Value Fund Annual Charges: There shall be paid to the Fund Manager and the Investment Advisor an annual charge of 0.75% each per annum of the NAV of the Value Fund calculated on the NAV of the cellular Value Fund based on the semi-annual valuation and paid semi-annually within one week of calculation.

Development Fund Annual Charges & Sales Fee: There shall be payable to the Fund Manager and the Investment Advisor an annual charge of 0.375% each per annum of the NAV of the Development Fund calculated on the NAV of the cellular Development Fund based on the semi-annual valuation plus a progress fee of 2% each of the net proceeds of any non-income generating property sold or leased at fair market value.

Brokerage and Commission: The Directors may from time to time pay such brokerage and commission expenses out of the assets of the Funds for services rendered in connection with the marketing and promotion of the Fund Shares and for the buying and selling of investments and securities for the Funds' portfolio. The fact that a broker is a director or shareholder of the Company shall not disqualify him from receiving such brokerage or commission.

Other Expenses: Each Fund shall bear the cost of all other reasonable expenses appertaining to that Fund including audit, legal, printing and stationery costs.

Payment of expenses and fees out of the Funds: The Fund Manager is authorized to pay out of the Assets of the respective Funds, all expenses, fees, charges, taxes and liabilities incurred or arising in connection with the particular Fund, or in connection with the management thereof, including, but not limited to, the Fund Manager's and Investment Advisor's compensation and such expenses and charges for the services of the Fund's officers, employees, investment adviser or fund

manager, auditor, counsel and such other agents or independent contractors and such other expenses and charges as the Directors may deem necessary or proper to incur.

Without prejudice to the generality of the foregoing there may be charged to the Assets of the Fund the costs incurred in the preparation of any prospectus advertising and marketing of the Fund Shares and in the establishment of the Company and its conversion to a segregated cell company (which costs may be amortized over a period not exceeding five years), the costs of preparing any supplementary or substituted prospectus or information memorandum on the Fund and the costs of keeping the Register.

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Risk Analysis and Warnings

General: This document does not constitute an offer of securities for sale or a solicitation to the public to invest in securities of the Company. It is issued in compliance with a regulatory request pursuant to the conversion of the Company to a segregated cell company. The existing shareholders, whose shares would have been converted to Fund Shares, would have acquired their shares on the basis of a previously published prospectus and other financial information.

The Directors consider that it is important to outline some key risk factors associated with splitting the Fund. However, the following does not purport to be a comprehensive summary of all of the risks associated with an investment in the Funds. Rather, the following are only certain risks to which the Funds are subject and Shareholders should discuss and evaluate in detail with their professional advisors the merits of investing in the Funds by way of market purchase.

All investment carries risk of one sort or another. The important thing is to understand what that risk is in any given situation. Considered judgment should be given as to whether or not each risk is acceptable given the potential returns and each individual's personal circumstances. The value of investments and the income from them can go down as well as up. The purchasing power of cash is eroded over time by inflation. Therefore, in times of inflation, keeping savings in notes and coins generates a loss. Returns therefore need to be assessed against the rate of inflation to establish the true benefit being derived.

Currency: The rate of exchange between various currencies is a direct consequence of interest rates in each country, which are in turn materially influenced by inflation and the general outlook for their economy. Movements in foreign exchange rates can impact the level of income received and the capital value of the

investment.

The primary risk in relation to fixed income investment such as deposit accounts and bonds is that the issuer will default on payment of the interest when due or on repayment of the capital at maturity. If bought on issue and held to maturity then deposits and bonds issued by first world governments, supra-national institutions and first class financial institutions carry little default risk.

However, if access to an investment subsequently becomes necessary, only the current market value will be realizable. The current market value will depend on how interest rates and their future prospects have moved since the deposit or bond was issued. The level of market demand will also play a part

Equity Investments: Investing in equity shares means taking a stake in the performance of a company, participating in the profits it generates by way of dividends and participating in any increase in its value by way of a rise in its share price. If the company fails, however, all investment in it may be lost. The share price does not reflect a company's actual value. It is the stock market's view of a company's future earnings and growth potential, coupled with the level of demand for it that drives the price higher or lower as the case may be. Demand is a function of the market's assessment of which country's industry sectors and individual companies offer the best prospects for growth. That assessment is influenced by a whole array of economic and political considerations.

Collective Investment Schemes: These offer investors the ability to co-own a stake in a pool of investments on a pro-rata basis to their individual contribution. By the pooling of monies, investors obtain the ability to diversify risk amongst a wide range of securities. The specific risks associated with investing in or

through collective investment schemes are that the investment manager of a scheme fails to select and implement the correct investment strategy and that additional costs may be incurred in the administration and management of the scheme that materially undermine performance.

Real Estate: The higher returns generally anticipated from real estate investments are due to the inherent risks in the investment itself. The primary risk is that of reduced liquidity due to the size of the transaction, where a transaction can take months or even years to be executed. If the market in which the real estate assets trade is not well established and defined, there are often few participants and limited information. In addition, the valuation of properties is often subjective where appraisals are based on several assumptions including estimates of replacement costs, similar market values and future rental incomes and costs and future discount rates all of which may embody elements of uncertainty.

Economic and Business Conditions: General economic and business conditions may affect the Funds' activities. Interest rates, the prices of securities and participation by other investors in the financial markets may affect the value of securities purchased by the Funds. Unexpected volatility or liquidity in the markets in which the Funds directly or indirectly holds positions could impair the Funds' ability to carry out its business and could cause them to incur losses.

Market Risk: The real estate sector is currently in disequilibrium. That is to say, there are far more sellers than there are buyers, and as such many properties remain on the market for years without finding a buyer at any price.

The directors have recently seen a number of distressed properties brought to market as a result of bank foreclosures, receiverships and administration, and few of these have found buyers even at prices well below depreciated

replacement cost. The market price is not being set by equal market forces of demand and supply; hence the market is in disequilibrium. In such a market a seller would normally wait until market conditions improve.

There is this potential danger for the assets which have been allocated to the portfolio of the Development Fund. If the Fund seeks to dispose of these properties under current market conditions the price achieved may be very low, in some cases below their valuation, resulting in write downs which will further erode shareholder value. In addition, the Fund may be successful in selling the more sought after properties, leaving the least desirable ones on the books for some considerable period of time. There is also a risk that the price of securities held by the Funds could fall due to changing economic circumstances, currency exchange rates, interest rates, political or market conditions or by disappointing earnings results.

Country risk: Many of the economies of the Caribbean are in recession and are suffering from very high debt and escalating fiscal deficits. Some countries, such as St Kitts and Grenada, have failed to service their debt and others have been downgraded by international rating agencies. The combination of these factors makes economic recovery more challenging, borrowing more difficult and expensive, and discourages potential investors and buyers from extra regional territories. As a consequence sales lead times may lengthen and buyers may be scarce.

The country risk associated with poor economic performance and poor investment climate may also extend to the region's equity markets. Consequently, both the property and equity markets may become illiquid and this may depress share prices thereby impacting shareholder value.

Foreign Markets Risk: Investing in foreign assets involves risks relating to political, social or economic developments abroad as well as

risks resulting from the differences between the regulations to which the issuers and the markets are subject.

Concentration of Investments: A significant portion of the Funds' capital may be concentrated in a particular security, industry, market or country. Should such security, industry, market or country become subject to adverse financial conditions, the Funds' capital will not be afforded the protection otherwise available through greater diversification of its investments.

Value Fund: The largest investment of the proposed Value Fund is the LIME CWBET building. The building is being leased to a single tenant. The lease comes to an end in 2016. In December, 2013 the Fund was formally notified by LIME CWBET that it wished to exit the current lease by April, 2014. With the tenant seeking to terminate the lease early it is anticipated that significant cost would be allocated to the Value Fund because the building is currently and solely configured for the incumbent's business. Although the

building could be reconfigured for another tenant or even for multiple uses, additional expenses will be incurred as a result and in the interim the income of the Value Fund could be adversely affected.

Development Fund: The depressed real estate market suggests that returns from these investments can only be realized over extended periods of time and hence this asset class is most suitable for long term investors. The Development Fund's investment policies may be considered somewhat speculative, as there can be no assurance that the Fund Manager's assessments of the short-term or long-term prospects of investments will generate the desired profit. In light of this, the Fund is unlikely to pay dividends and is therefore not suitable for investors seeking current income.

Call Risk: The Development Fund shares may be redeemed at NAV by the company as a means of returning capital to shareholders. This means that it is unlikely that the shares will ever trade sustainably at a premium to NAV.

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Potential Conflicts of Interest

The Fund Manager, Investment Advisor and their respective affiliates, which shall be deemed to include, in each case, their respective officers, directors, employees and entities owned by any of the aforementioned parties (the "Related Parties") may face certain conflicts of interests in relation to the Funds.

The Related Parties may engage for their own accounts, or for the accounts of others, in other business ventures of any nature, and the Funds have no right to participate in or benefit from the other management activities described above and the Related Parties shall not be obliged to account to the Funds for any profits or benefits made or derived therefrom, nor shall they have any obligation to disclose or refer to the Funds any of the investment or service opportunities obtained through such activities.

Related Parties may own Shares in the Funds, deal as principals with the Funds in the sale or purchase of investments of the Funds or act as brokers, whether to the Funds or to third parties in the purchase or sale of the Funds' investments and shall be entitled to retain any profits or customary commissions resulting from such dealings.

The Related Parties and each of its affiliates and the Directors may engage in other business activities and manage the accounts of clients other than the Funds including those of other collective investment vehicles. The investment strategy for such other clients may vary from that of the Funds.

The Related Parties, each of its affiliates and the Directors are not required to refrain from any other activity, nor must they disgorge any profits from any such activity, including acting as director, general partner, manager or managing agent for investment vehicles with objectives similar to those of the Funds. In addition, the Funds may, from time to time,

invest its assets in other funds managed by one or more of the Related Parties or its Directors.

The Funds Manager and Investment Advisor believe that they will continue to have sufficient staff, personnel and resources to perform all of their duties with respect to the Funds. However, because some of the officers of the Fund Manager and Investment Advisor may have duties in connection with other investment funds and other matters, such officers may have conflicts of interest in the allocation of responsibilities, services and functions among the Funds and other entities similar to the Fund.

The Value and Development Fund Shares of the Company will not be traded other in compliance with Part IX of the Securities Industry By-Laws 1997.

Dealing in the Funds' Shares

Fortress Caribbean Property Fund Limited, SCC is a closed ended mutual fund company with two (2) segregated cellular funds. Investors wishing to liquidate their investment in whole or in part can sell their shares through a broker on the BSE or TTSE. Shares cannot be redeemed at the offices of the Fund Manager as is the case with an open ended mutual fund. Similarly an investor wishing to make an additional investment in the Fund's shares should place an order through a broker on the BSE or TTSE. There can be no guarantee that on any trading day there will be buyers and sellers for the Funds' shares.

As supply and demand for the Funds' shares will fluctuate with the market conditions, Funds' shares could trade at a premium or discount to the NAV of the Fund. If shares trade at a premium for a consistent period of time, additional tranches may be issued by the Company. If shares trade regularly at a

significant discount, consideration may be given by the Fund Manager of entering the market and buying back shares, either for onward sale

or cancellation with the aim of enhancing shareholders' value.

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Financial Information

The Company is NOT currently offering nor will it accept applications for the purchase of Fund Shares at the present time.

The shares of the Funds are listed and traded on the BSE and they are intended to be listed and traded on the TTSE upon receiving regulatory approval in Trinidad and Tobago. Investors desirous of trading Fund Shares should therefore consult their broker or other financial advisor before selling or purchasing Funds Shares.

The financial information published in this document is substantially of a historical nature and primarily relates to the company before its conversion to a segregated cell company and the splitting of its property fund. As such it may not be germane to the post conversion structure of the Company and the replaced cellular funds.

No audited financial information has been prepared or published by the Company since its conversion on 1 October 2013. The latest published financial information, being the audited 2013 Financial Report as at September 30th 2013, and an unaudited consolidated statement of financial position as at December 31st 2013. These reports are to be found on the Company's website at www.fortressfund.com and are incorporated in this document by reference.

The financial year end of the Company is 30 September and audited financial statements were published before 31 December 2013.

The Company prepares its financial statements in accordance with International Financial Reporting Standards (IFRC).

The number of issued shares in the capital of each cellular fund is 55,652,778.

Publication of Prices

The most recent buying and selling prices of the Funds will be published by the BSE and the TTSE.

Taxation

The taxation of the income and capital gains of the Company and Shareholders is subject to the fiscal law and practice of Barbados, the jurisdictions in which the Company invests and the jurisdictions in which Shareholders are resident or otherwise subject to tax.

The following summary of the anticipated tax treatment in Barbados, which is not intended to be comprehensive, does not constitute legal advice and applies only to persons resident in Barbados or holding Shares as an investment. No attempt has been made to summarize the income and capital gains taxation liabilities of the Company and Shareholders in other jurisdictions where the Company may invest, as the Company may invest in companies traded in markets worldwide where deemed appropriate within the Company's investment objectives, and tax legislation will change from time to time.

Prospective investors should ascertain from their professional advisers the consequences to them of acquiring, holding, redeeming, transferring, converting or selling Shares under the relevant laws of the jurisdictions to which they are subject, including the tax consequences and any exchange control requirements. These consequences will vary with the law and practice of an investor's country of citizenship, residence, domicile or incorporation and with his personal circumstances.

The summary below is based on current law and practice in Barbados and is subject to changes therein.

Income

The Fund is not subject to corporation tax on the income or profits derived from its investments, provided it designates all of such income or profits arising in an income year to be the income of the shareholders.

Capital Gains

There is no capital gains tax in Barbados and, therefore, capital gains realised by the Fund are not subject to tax.

Dividends

The Fund is exempt from tax in respect of dividends received from investments in companies located in countries within the Caribbean Community (CARICOM), which have ratified the CARICOM Double Taxation Agreement.

Property Transfer Tax and Stamp Duty

Investors in the Funds will be exempt from property transfer tax and stamp duty in respect of transfers of their shares in the Funds made on the stock exchange.

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Fortress Caribbean Property Fund Limited									
Consolidated Statement of Financial Position									
As at September 30, 2013									
(expressed in Barbados dollars)									
		September 30, 2013	September 30th, 2012	September 30th, 2011	September 30th, 2010	September 30th, 2009	September 30th, 2008		
		\$	\$	\$	\$	\$	\$		
Assets									
Investment properties		78,157,899	82,275,571	82,972,727	84,883,834	81,123,212	81,035,448		
Real estate available for re-sale		22,409,101	24,355,688	26,292,358	30,822,484	34,299,702	40,042,466		
Investment in associated company		2,999,625	2,999,625	2,999,625	-	-	-		
Cash and cash equivalents		2,476,993	2,359,338	2,611,674	1,560,467	3,350,498	2,877,207		
Short term deposits		49,200	49,200	241,200	4,718,870	3,731,316	716,874		
Investments		633,910	581,090	1,654,841	508,931	539,535	332,891		
Accounts receivable and prepaid expenses		2,232,527	850,231	515,228	1,263,091	815,834	852,198		
Total assets		108,959,255	113,470,743	117,287,653	123,757,677	123,860,097	125,857,084		
Liabilities									
Security and advanced deposits		1,275,606	1,267,708	1,345,797	1,204,436	1,145,961	1,587,603		
Accounts payable and accrued expenses		1,651,087	1,293,836	1,921,232	1,195,515	1,195,034	1,323,934		
Dividend payable		-	-	-	-	-	3,349,026		
Loans payable		15,915,747	17,550,931	19,173,635	22,578,843	25,912,051	25,430,414		
Total liabilities		18,842,440	20,112,475	22,440,664	24,978,794	28,253,046	31,690,977		
Total assets less liabilities		90,116,815	93,358,268	94,846,989	98,778,883	95,607,051	94,166,107		
Equity									
Share Capital		66,522,072	66,522,072	66,718,500	66,718,500	66,718,500	66,718,500		
Retained Earnings		8,815,736	11,601,830	12,682,539	17,305,322	14,942,642	14,157,162		
Total shareholders' funds		75,337,808	78,123,902	79,401,039	84,023,822	81,661,142	80,875,662		
Non-controlling interests		14,779,007	15,234,366	15,445,950	14,755,061	13,945,909	13,290,445		
		90,116,815	93,358,268	94,846,989	98,778,883	95,607,051	94,166,107		

Fortress Caribbean Property Fund				
Consolidated Statement of Changes in Equity				
For the year ended September 30, 2013				
(expressed in Barbados dollars)				
	Attributable to Fund shareholders			
	Share capital	Retained earnings	Non-controlling interests	Total
	\$	\$	\$	\$
Balance- September 30, 2007	66,718,500	13,133,159	12,034,521	91,886,180
Distributions to non- controlling interests	-	-	(537,500)	(537,500)
Repurchase of shares	-	-	-	-
Dividends declared	-	(3,349,026)	-	(3,349,026)
Total comprehensive income for the year	-	4,373,029	1,793,424	6,166,453
Balance- September 30, 2008	66,718,500	14,157,162	13,290,445	94,166,107
Distributions to non- controlling interests	-	-	(752,500)	(752,500)
Dividends paid	-	-	-	-
Total comprehensive income for the year	-	785,480	1,407,964	2,193,444
Balance- September 30, 2009	66,718,500	14,942,642	13,945,909	95,607,051
Balance- September 30, 2009	66,718,500	14,942,642	13,945,909	95,607,051
Distributions to non- controlling interests	-	-	(881,500)	(881,500)
Repurchase of shares	-	-	-	-
Dividends declared	-	-	-	-
Total comprehensive income for the year	-	2,362,680	1,690,652	4,053,332
Balance- September 30, 2010	66,718,500	17,305,322	14,755,061	98,778,883
Distributions to non- controlling interests	-	-	(924,500)	(924,500)
Dividends paid	-	(1,674,513)	-	(1,674,513)
Total comprehensive income for the year	-	(2,948,270)	1,615,389	(1,332,881)
Balance- September 30, 2011	66,718,500	12,682,539	15,445,950	94,846,989
Balance- September 30, 2011	66,718,500	12,682,539	15,445,950	94,846,989
Distributions to non- controlling interests	-	-	(1,999,500)	(1,999,500)
Repurchase of shares	(196,428)	51,745	-	(144,683)
Dividends declared	-	(1,116,342)	-	(1,116,342)
Total comprehensive income for the year	-	(16,112)	1,787,916	1,771,804
Balance- September 30, 2012	66,522,072	11,601,830	15,234,366	93,358,268
Distributions to non- controlling interests	-	-	(2,322,000)	(2,322,000)
Dividends paid	-	(1,113,055)	-	(1,113,055)
Total comprehensive income for the year	-	(1,673,039)	1,866,641	193,602
Balance- September 30, 2013	66,522,072	8,815,736	14,779,007	90,116,815

Fortress Caribbean Property Fund						
Consolidated Statement of Comprehensive Income						
For the year ended September 30, 2013						
(expressed in Barbados dollars)						
	September 30, 2013	September 30th, 2012	September 30th, 2011	September 30th, 2010	September 30th, 2009	September 30th, 2008
	\$	\$	\$	\$	\$	\$
REVENUES						
Net rental income	7,832,060	8,195,495	7,934,420	7,622,807	7,534,688	6,982,918
Interest income	47,031	28,859	80,547	239,887	98,163	92,845
Net gain on financial assets at fair value through profit or loss	52,820	76,765	(31,532)	112,396	28,993	138,371
Net gain on sale of real estate available for re-sale	-	-	262,593	-	1,055,814	1,145,910
Other income	1,504	3,967	331,118	1,815	1,211	15,875
Dividend income	189	261	367	340	555	23,189
Fair value losses on investment property	(2,507,210)	(857,479)	(2,316,027)	1,183,734	(2,113,981)	1,361,214
Total investment income	5,426,394	7,447,868	6,261,486	9,160,979	6,605,443	9,760,322
EXPENSES						
Impairment loss on real estate available for re-sale	1,448,889	1,954,368	4,173,249	1,198,586	-	-
Interest expense	1,151,449	1,288,353	1,471,504	1,740,548	1,859,512	1,252,596
Fund management fees	586,700	595,465	630,862	624,555	610,000	611,790
Investment advisor fees	586,700	595,465	630,862	624,555	610,000	611,790
Audit, listing and other professional fees	482,926	295,686	317,143	371,510	260,498	241,245
Net carrying costs on real estate available for re-sale	497,711	484,365	308,200	496,511	966,009	803,162
Provision for bad debts	141,000	-	-	-	-	-
Finance costs and bank charges	-	-	-	-	48,670	2,901
Net loss on sale of real estate available for re-sale	236,122	-	-	-	-	-
Net loss on sale of investment property	16,326	-	-	-	-	-
Office and administrative expenses	38,969	16,362	16,547	5,382	12,810	10,885
Directors' fees	46,000	46,000	46,000	46,000	44,500	59,500
Lease premium expense	-	400,000	-	-	-	-
Operating expenditure	5,232,792	5,676,064	7,594,367	5,107,647	4,411,999	3,593,869
Total comprehensive income for the period	193,602	1,771,804	(1,332,881)	4,053,332	2,193,444	6,166,453
Attributable to:						
Class 'A' common property fund shareholders	(1,673,039)	(16,112)	(2,948,270)	2,362,680	785,480	4,373,029
Non-controlling interests	1,866,641	1,787,916	1,615,389	1,690,652	1,407,964	1,793,424
Total comprehensive income for the period	193,602	1,771,804	(1,332,881)	4,053,332	2,193,444	6,166,453
Per Share Data						
Net Asset Value per share	\$1.35	\$1.40	\$1.42	\$1.51	\$1.46	\$1.45
Earnings per share	-\$0.03	\$0.00	(\$0.05)	\$0.04	\$0.01	\$0.08

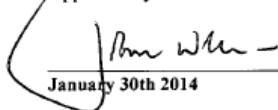
Fortress Caribbean Property Fund						
Consolidated Statement of Cashflows						
For the year ended September 30, 2013						
(expressed in Barbados dollars)						
	September 30, 2013	September 30th, 2012	September 30th, 2011	September 30th, 2010	September 30th, 2009	September 30th, 2008
	\$	\$	\$	\$	\$	\$
Cash flows from operating activities						
Total comprehensive income for the period	193,602	1,771,804	(1,332,881)	4,053,332	2,193,444	6,166,453
Adjustment for:						
Fair value losses on investment property	2,507,210	857,479	2,316,027	(1,183,734)	2,113,981	(1,361,214)
Net loss on sale of real estate available for re-sale	236,122	-	(262,593)	-	(1,055,814)	(1,145,910)
Net loss on sale of investment property	16,326	-	-	-	-	-
Impairment loss on real estate available for re-sale	1,448,889	1,954,368	4,173,249	1,198,586	-	-
Net gain on financial assets at fair value through profit or loss	(52,820)	(76,765)	31,532	(112,396)	(28,993)	(138,371)
Impairment charge on receivables	141,000	-	-	-	-	-
Dividend income	(189)	(261)	(367)	(340)	(555)	(23,189)
Interest income	(47,031)	(28,859)	(80,547)	(239,887)	(98,163)	(92,845)
Interest expense	1,151,449	1,288,353	1,471,504	1,740,548	1,859,512	1,252,596
Operating income before working capital changes	5,594,558	5,766,119	6,315,924	5,456,109	4,983,412	4,657,520
Net increase in accounts receivable and prepaid expenses	(1,517,369)	(336,600)	749,460	(447,257)	36,364	751,661
Net increase/(decrease) in accounts payable and accrued expens	390,992	(661,137)	725,717	481	(128,900)	(14,516)
Net increase/ (decrease) in security deposits	7,898	(15,244)	78,516	58,475	(441,642)	53,837
Additions to investment properties	(47,302)	(160,323)	(404,920)	-	(1,265,745)	-
Purchases/additions to real estate available for re-sale	(6,722)	(17,698)	(5,243,983)	(38,256)	(432,974)	(13,501,722)
Decrease/(increase) in real estate available for re-sale deposits	-	-	-	(260,000)	288,000	(1,224,000)
Net proceeds from sale of real estate available for resale	268,298	-	2,863,828	-	6,007,552	6,555,944
Net proceeds from sale of investment properties	1,641,438	-	-	-	-	-
Purchase of financial assets at fair value through profit or loss	-	-	(2,431,600)	-	(469,136)	(2,418,657)
Proceeds on sale of available-for-sale securities	-	1,150,516	1,254,158	143,000	291,485	11,348,304
Cash generated from operations	6,331,791	5,725,633	3,907,100	4,912,552	8,868,416	6,208,371
Interest received	41,104	30,457	154,410	189,362	81,651	98,670
Interest paid	(1,234,565)	(1,335,632)	(1,474,967)	(1,839,743)	(1,763,291)	(1,356,389)
Dividend income	189	261	367	340	555	23,189
Net cash generated from operating activities	5,138,519	4,420,719	2,586,910	3,262,511	7,187,331	4,973,841
Cash flows from investing activities						
Decrease in short term deposits	-	192,000	4,402,210	(937,029)	(2,997,930)	10,800
Net cash used in investing activities	-	192,000	4,402,210	(937,029)	(2,997,930)	10,800
Cash flows from financing activities						
Distributions to non-controlling interests	(2,322,000)	(1,999,500)	(924,500)	(881,500)	(752,500)	(537,500)
Loan advances paid	3,108,750	144,000	72,000	958,266	10,999,345	7,074,970
Repayment of loans	(4,694,559)	(1,748,530)	(3,410,900)	(4,192,279)	(10,613,929)	(7,129,201)
Dividends paid	(1,113,055)	(1,116,342)	(1,674,513)	-	(3,349,026)	(3,349,026)
Repurchase of shares	-	(144,683)	-	-	-	-
Net cash used in financing activities	(5,020,864)	(4,865,055)	(5,937,913)	(4,115,513)	(3,716,110)	(3,940,757)
Net increase/ (decrease) in cash and cash equivalents	117,655	(252,336)	1,051,207	(1,790,031)	473,291	1,043,884
Cash and cash equivalents at beginning of the year	2,359,338	2,611,674	1,560,467	3,350,498	2,877,207	1,833,323
Cash and cash equivalents at end of the year	2,476,993	2,359,338	2,611,674	1,560,467	3,350,498	2,877,207


Fortress Caribbean Property Fund Limited SCC- Value Fund
 Unaudited Consolidated Statement of Financial Position
 As at December 31, 2013
 (expressed in Barbados dollars)

FORTRESS
 CARIBBEAN PROPERTY FUND

	<u>Unaudited</u> <u>December 31, 2013</u>	<u>Unaudited</u> <u>October 1, 2013</u>
	\$	\$
Assets		
Investment properties	72,936,858	72,750,000
Cash & cash equivalents	1,181,749	1,289,111
Financial assets at fair value through profit or loss	1,394,178	633,910
Accounts receivable and prepaid expenses	1,080,434	361,917
Short term deposits	49,200	49,200
Total assets	<u>76,642,419</u>	<u>75,084,138</u>
Liabilities		
Accounts payable and accrued expenses	1,627,341	859,285
Security and advanced deposits	325,060	375,606
Due to related party	2,118,184	-
Loans payable	13,884,353	14,299,000
Total liabilities	<u>17,954,938</u>	<u>15,533,891</u>
Total assets less liabilities	<u>58,687,481</u>	<u>59,550,247</u>
Equity		
Share Capital	37,209,550	37,209,550
Retained Earnings	6,629,641	7,561,690
Total shareholders' funds	<u>43,839,191</u>	<u>44,771,240</u>
Non-controlling interests	14,848,290	14,779,007
	<u>58,687,481</u>	<u>59,550,247</u>
Net asset value per share	<u>\$ 0.79</u>	<u>\$ 0.80</u>

Approved by:

 Director
 January 30th 2014

 Director

Fortress Caribbean Property Fund Limited SCC- Value Fund
 Unaudited Consolidated Statement of Changes in Equity
 For the three month period ended December 31, 2013
 (expressed in Barbados dollars)



	Attributable to Fund shareholders			
	Share capital	Retained earnings	Non-controlling interests	Total
	\$	\$	\$	\$
Balance- October 1, 2013	37,209,550	7,561,690	14,779,007	59,550,247
Distributions to non- controlling interests	-	-	(473,000)	(473,000)
Dividend declared (0.035 cents per share)	-	(1,947,843)	-	(1,947,843)
Net income for the period	-	1,015,794	542,283	1,558,077
Balance- December 31, 2013	37,209,550	6,629,641	14,848,290	58,687,481

Fortress Caribbean Property Fund Limited SCC- Value Fund
Unaudited Consolidated Statement of Comprehensive Income
For the three month period ended December 31, 2013
(expressed in Barbados dollars)

	<u>Unaudited</u> <u>Three months to</u> <u>December 31st, 2013</u>
REVENUES	
Net rental income	2,004,190
Net gain on financial assets	5,700
Interest income	6,048
Dividend income	52
Total revenue	<u>2,015,990</u>
EXPENSES	
Interest expense	233,517
Fund management fees	80,640
Investment advisor fees	80,640
Audit, listing and other professional fees	51,582
Office and administrative expenses	5,091
Directors and subcommittee fees	6,443
Operating expenditure	<u>457,913</u>
Total comprehensive income for the period	<u>1,558,077</u>
Attributable to:	
Class 'A' common property fund shareholders	1,015,794
Non-controlling interests	<u>542,283</u>
Total comprehensive income for the period	<u>1,558,077</u>
Earnings per share	<u>\$ 0.02</u>

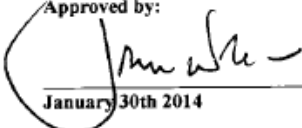
Fortress Caribbean Property Fund Limited SCC- Value Fund
Unaudited Consolidated Statement of Cashflows
For the three month period ended December 31, 2013
(expressed in Barbados dollars)

	<u>Unaudited</u> <u>Three months to</u> <u>December 31st, 2013</u>
	\$
Cash flows from operating activities	
Total comprehensive income for the period	1,558,077
Adjustment for:	
Net gain on financial assets at fair value through profit or loss	(5,700)
Dividend income	(52)
Interest income	(6,048)
Interest expense	<u>233,517</u>
Operating income before working capital changes	1,779,794
Net increase in accounts receivable and prepaid expenses	(721,064)
Net increase in accounts payable and accrued expenses	768,056
Net decrease in security deposits	(50,546)
Increase in due to related parties	2,118,184
Purchases/additions of investment property	(186,858)
Purchases of financial assets at fair value through profit or loss	<u>(754,568)</u>
Cash generated from operations	2,952,998
Interest received	8,595
Interest paid	(212,250)
Dividend income	<u>52</u>
Net cash generated from operating activities	<u>2,749,395</u>
Cash flows from financing activities	
Distributions to non-controlling interests	(473,000)
Cash contribution from company split	1,289,111
Net repayment of loans	(435,914)
Dividends paid	<u>(1,947,843)</u>
Net cash used in financing activities	<u>(1,567,646)</u>
Net increase in cash and cash equivalents	1,181,749
Cash and cash equivalents at beginning of the period	<u>-</u>
Cash and cash equivalents at end of the period	<u>1,181,749</u>

Fortress Caribbean Property Fund Limited SCC- Development Fund
Unaudited Consolidated Statement of Financial Position
As at December 31, 2013
(expressed in Barbados dollars)

FORTRESS
CARIBBEAN PROPERTY FUND

	<u>Unaudited</u> <u>December 31st, 2013</u>	<u>Unaudited</u> <u>October 1, 2013</u>
	\$	\$
Assets		
Investment properties	5,407,899	5,407,899
Real estate available-for-sale	22,034,596	22,409,101
Investment in associated company	2,999,625	2,999,625
Cash & cash equivalents	91,004	1,187,882
Financial assets at fair value through profit or loss	10,369	-
Accounts receivable and prepaid expenses	661,027	1,870,610
Due from related party	2,118,184	-
Total assets	<u>33,322,704</u>	<u>33,875,117</u>
Liabilities		
Accounts payable and accrued expenses	826,842	791,802
Security and advanced deposits	900,000	900,000
Loans payable	1,250,757	1,616,747
Total liabilities	<u>2,977,599</u>	<u>3,308,549</u>
Total assets less liabilities	<u>30,345,105</u>	<u>30,566,568</u>
Equity		
Share capital	29,312,522	29,312,522
Retained earnings	1,032,583	1,254,046
Total shareholders' funds	<u>30,345,105</u>	<u>30,566,568</u>
Net asset value per share	\$ 0.55	\$ 0.55

Approved by:  Director
January 30th 2014

 Director

Fortress Caribbean Property Fund Limited SCC- Development Fund
Unaudited Consolidated Statement of Comprehensive Income
For the three month period ended December 31, 2013
(expressed in Barbados dollars)

	<u>Unaudited</u> <u>Three months to</u> <u>December 31st, 2013</u>
	\$
Revenue	
Net gain on financial assets at fair value through profit or loss	1,189
Total investment income	<u>1,189</u>
Expenses	
Property expenses (net)	62,631
Fund management fees	31,680
Investment advisor fees	31,680
Audit, listing and other professional fees	51,725
Net loss on sale of real estate available for re-sale	27,966
Interest Expense	10,261
Office and administrative expenses	1,649
Directors and subcommittee fees	5,060
Operating expenditure	<u>222,652</u>
Total comprehensive income for the period	<u>(221,463)</u>
Earnings per share	<u>\$ (0.00)</u>

Fortress Caribbean Property Fund Limited SCC- Development Fund
Unaudited Consolidated Statement of Cashflows
For the three month period ended December 31, 2013
(expressed in Barbados dollars)

	<u>Unaudited</u> <u>December 31st, 2013</u>
	\$
Cash flows from operating activities	
Total comprehensive loss for the period	(221,463)
Adjustment for:	
Net loss on sale of real estate available for re-sale	27,966
Net gain on financial assets at fair value through profit or loss	(1,189)
Interest expense	<u>10,261</u>
Operating loss before working capital changes	(184,425)
Net increase in accounts receivable and prepaid expenses	1,209,583
Net increase/(decrease) in accounts payable and accrued expenses	31,923
Increase in due from related parties	(2,118,184)
Net proceeds from sale of real estate available for resale	346,539
Purchases/additions to financial assets at fair value through profit or loss	(1,209,180)
Proceeds from financial assets at fair value through profit or loss	<u>1,200,000</u>
Cash used in operations	(723,744)
Interest paid	<u>(7,144)</u>
Net cash used in operating activities	<u>(730,888)</u>
Cash flows from financing activities	
Cash contribution from company split	1,187,882
Repayment of loans	<u>(365,990)</u>
Net cash from financing activities	<u>821,892</u>
Net increase in cash and cash equivalents	91,004
Cash and cash equivalents at beginning of the period	<u>-</u>
Cash and cash equivalents at end of the period	<u>91,004</u>

Fortress Caribbean Property Fund Limited SCC- Development Fund
Unaudited Consolidated Statement of Changes in Equity
For the three month period ended December 31, 2013
(expressed in Barbados dollars)

	Attributable to Fund shareholders		Total
	Share capital	Retained earnings	
	\$	\$	\$
Balance- October 1, 2013	29,312,522	1,254,046	30,566,568
Loss for the period	-	(221,463)	(221,463)
Balance- December 31, 2013	29,312,522	1,032,583	30,345,105

Further Disclosures

The Directors and officers of the Company are not aware of any other information that indicates any material change in the affairs of the Company since 31st December, 2013, the date of the Company's last interim unaudited financial report.

Except as otherwise stated or referred to in the Company's 2013 annual report, the Company has not entered into any transaction, directors' resolution, agreement in principle or signed any contract in response to any transaction outside the ordinary course of business nor are there any negotiations underway in response to any such matter.

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APPENDIX A