



## Fortress Caribbean Property Fund SCC

### HIGHLIGHTS:

- *The Net Asset Value (NAV) of the Value Fund was flat for the year at \$44.7 million (\$0.80 per share) after paying a dividend of \$0.035 per share in December, 2013. This equates to a total return of 4.4%.*
- *The NAV of the Development Fund declined during the year from \$30.6 million to \$26.9 million (\$0.49 per share) resulting in a -10.9% return.*
- *The combined NAV of the Fund's two shares at the September 30, 2014 year end was \$1.29 per share, which represents an overall decline of 4.4% for the year, or 1.9% including the Value Fund dividend.*

The Fortress Caribbean Property Fund Limited SCC (the Fund) had a challenging year in 2014. It was the first full year of operations since the Fund was split into the two new segregated cells on October 1, 2013, namely the Value Fund and the Development Fund. While the Value Fund recorded a profit attributed to the shareholders of \$1.87 million for the year ended September 30, 2014, the Development Fund recorded a loss of \$3.55 million. Both classes of share continue to feel the pressure of a weak economy and real estate market in Barbados, and the wider Caribbean region.

The Value Fund's portfolio of properties continued to generate attractive levels of rental income in line with expectations. This is a positive outcome given the economic stress being felt by Barbados businesses. Unfortunately, this rental income was partly offset by fair value losses of \$3.43 million in the market value of properties, and this reduced the positive

return for shareholders. The Value Fund paid a dividend of \$0.035 per share in December, 2013. The Directors have declared a dividend in the same amount of \$0.035 per share with respect to the year ended September 30, 2014. The dividend equates to a 7% yield based on the \$0.50 trading price of the Value Fund shares as of November, 2014. The shares continue to trade at a substantial discount to their Net Asset Value.

The Development Fund continued to incur carrying costs in its portfolio of properties that are being held for sale, joint venture and/or development. In addition, the Fund's properties declined in value during the year, causing impairment losses in the accounts of \$2.47 million. During the year there was some progress made on asset sales, especially at Villas on the Green in St Lucia. Some of the sale proceeds were used to cover operating costs, and some were used to repurchase shares at a substantial discount to Net Asset Value in the open market for the benefit of shareholders. The Fund has adequate cash resources to cover its expenses and operating costs in coming years. It does not expect to pay dividends in the coming years, and will return capital to shareholders via further share buybacks in the open market.

On the regional front, the Trinidad & Tobago Security & Exchange Commission (TTSEC) has approved the re-listing of the shares of the both the Value Fund and the Development Fund on the Trinidad & Tobago Stock Exchange. We are hopeful that this, and other developments, will over time increase the liquidity and price performance of the shares.

A complete commentary and full financial statements for the year ended September 30, 2014 are contained in the Fund's Annual Report, which is available at [www.fortressfund.com](http://www.fortressfund.com).

### Fund Objectives

#### VALUE FUND:

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 its available distributable profits.

#### DEVELOPMENT FUND:

Realise value in the medium term on its portfolio of development properties in the Caribbean, and return capital to shareholders. It is not expected that the Fund will pay a regular dividend.

*The Fund is closed end and its shares are listed on the Barbados Stock Exchange. Net Asset Values (NAV) for each class of share are updated and published monthly at [www.fortressfund.com](http://www.fortressfund.com). The trading prices on the stock exchange may differ significantly from the shares' NAVs.*

### Financial Highlights

As of September 30, 2014

#### Value Fund

Net Assets	\$44,692,507
Net Asset Value per share	\$0.80
Share trading price	\$0.55
Discount to NAV	37%
2014 Earnings/(Loss)	\$1,869,120
Dividends per share	\$0.035

#### Development Fund

Net Assets	\$26,873,670
Net Asset Value per share	\$0.49
Share trading price	\$0.22
Discount to NAV	55%
2014 Earnings/(Loss)	(\$3,552,341)
Dividends per share	nil

#### EXPENSES

##### Value Fund

###### Manager:

0.75% per annum of the net assets of the Fund

###### Investment Advisor:

0.75% per annum of the net assets of the Fund

##### Development Fund

###### Manager:

0.375% per annum of the net assets of the Fund

###### Investment Advisor:

0.375% per annum of the net assets of the Fund

#### MANAGER & ADMINISTRATOR

Fortress Fund Managers Limited

#### INVESTMENT ADVISOR & PROPERTY MANAGER

Altman Real Estate  
Property Consultancy Services Inc

#### BANKER

CIBC First Caribbean International Bank®

#### ATTORNEY-AT-LAW

Sir Henry deB. Forde, K.A., Q.C.

#### INDEPENDENT AUDITORS

PricewaterhouseCoopers SRL

#### INDEPENDENT VALUER

Terra Caribbean

#### DIRECTORS

Geoffrey Cave, Chairman  
Paul Altman  
C. Anthony Audain  
Senator Sir Trevor Carmichael  
Maureen Davis  
Terry Hanton  
H.C. Algernon Leacock  
John M.B. Williams

Please see [www.fortressfund.com](http://www.fortressfund.com) for further important information



## DEVELOPMENT FUND SHARES



### Holder's Site

Location - St. James, Barbados  
Size - 158,000 square feet  
Property Type - Residential  
Fair Market Value - \$1.47 million



### Lion Castle Lot 21

Location - Lion Castle, Barbados  
Size - 45,865 square feet  
Property Type - Undeveloped Residential Land  
Fair Market Value - \$828,000



### Apes Hill Land

Location - Apes Hill, Barbados  
Size - 20,800 square feet  
Property Type - Undeveloped Residential Land  
Fair Market Value - \$874,000



### Apes Hill Polo Villa

Location - Waterhall, Barbados  
Size (Floor) - 2,686 square feet  
Property Type - Residential Unit  
Fair Market Value - \$1.32 million



### Villas on the Green

Location - Cap Estate, St. Lucia  
Property Type - Residential Development  
Carrying Value - \$7.7 million (buildings & lands)



### Wotton Lands

Location - Wotton, Barbados  
Property Type - Undeveloped Commercial Lands  
Carrying Value - \$5.52 million



### Rockley Cane Garden

Location - Rockley, Barbados  
Property Type - Undeveloped Lands  
Carrying Value - \$1.84 million



### Rockley Central Area

Location - Rockley, Barbados  
Property Type - Undeveloped Lands  
Carrying Value - \$2.07 million  
(entire joint venture, remaining lands)



### Lower Estate Lands

Location - Lower Estate, Barbados  
Property Type - Undeveloped Commercial Lands  
Carrying Value - \$8.3 million (entire joint venture)



### Lime Grove Hillside Villa

Location - Lime Grove, Barbados  
Size (Floor) - 3,433 square feet  
Property Type - Residential Unit  
Carrying Value - \$1.2 million



### Canouan Land

Location - Canouan Island, The Grenadines  
Property Type - Undeveloped Residential Lands  
Carrying Value - \$8.6 million (entire site)



## VALUE FUND SHARES



### The CWBET Building

Location - Wildey, Barbados  
Tenantable Space - 84,838 square feet  
Property Type - Commercial  
Fair Market Value - \$32.0 million



### Carter's Buildings, Cave Shepherd Building

Location - Various, Barbados  
Property Type - Commercial  
Fair Market Value - \$60.6 million (entire joint venture)



### Carlisle House

Location - Bridgetown, Barbados  
Tenantable Space - 48,426 square feet  
Property Type - Commercial  
Fair Market Value - \$11.0 million



### No. 24 Broad Street

Location - Bridgetown, Barbados  
Tenantable Space - 14,000 square feet  
Property Type - Commercial  
Fair Market Value - \$8.5 million



### Chattel Village

Location - Holetown, Barbados  
Tenantable Space - 8,000 square feet  
Property Type - Commercial  
Fair Market Value - \$1.27 million



### Sunset Mall

Location - Sunset Crest, Barbados  
Property Type - Commercial Building  
Fair Market Value - \$9.8 million (entire joint venture)

All prices listed in Barbados Dollars

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