



# VALUE FUND



VALUE FUND

The Fortress Caribbean Property Fund Limited SCC - Value Fund realised a profit of \$950,728 for the six months ended March 31st, 2017 compared to a profit of \$881,151 for the same period in 2016. The net asset value is \$0.75 per share compared to \$0.77 at the end of March 2016 and \$0.77 for the financial year ended September 30, 2016. The net assets are \$41.824 million compared to \$42.821 million at the end of September 2016, a decline that resulted from the \$1.947 million dividend payment made during the period.

### CWBET Building and Carter's Buildings

The CWBET Building and the Carter's Buildings were sold in December 2016 and January 2017 respectively. This resulted in proceeds of approximately \$10.2 million to the Fund. Because these transactions were agreed prior to the September 30, 2016 year-end, their respective gains and losses were already recognised in the previous period. A reduction in earnings due to the sale of these assets will be felt in future periods until the proceeds are reinvested.

### Other Commercial Properties

The earnings, excluding fair value adjustments, from the Value Fund's other commercial properties are in line with the

prior year. There has been an increase in the vacancy at Carlisle House as there has been some turnover of tenants. The CS&C joint venture's redevelopment of the Cave Shepherd Broad Street store is ongoing with increased investment by the landlord which will generate higher rents and extended lease terms which are in both the landlord's and tenant's best interests.

### Future Growth

The Fund has developed an acquisition pipeline and is currently in negotiations to acquire various income producing properties in good locations and with quality tenants. The Fund also has plans to expand the Chattel Village which has been an excellent investment over the years. The Fund will utilise the cash generated from the CWBET sale and Carter's sale along with debt to fund these transactions. Once they are successful, these acquisitions will improve the net earnings of the Fund after they are completed.

A dividend of \$0.035 per share was paid in December 2016. The share price of the Value Fund shares on the Barbados Stock Exchange (BSE) as at March 31st, 2017 was \$0.53, a discount of 30% to the net asset value.

## Value Fund Objectives

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 its available distributable profits.

*The Fund is closed end and its shares are listed on the Barbados and Trinidad & Tobago Stock Exchanges. 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 exchanges may differ significantly from the shares' NAVs.*

## Financial Highlights

As of March 31, 2017

<b>Value Fund:</b>	<b>\$41,824,174</b>
2017 YTD Earnings:	\$950,728
Dividends per share:	\$0.035
Dividend yield:	6.60%
NAV/Share:	\$0.75
Price/Share:	\$0.53
Premium/(Discount):	(30%)

### Fund Details (Bds\$)

Per Share Data	31/03/17	31/03/16
Net asset value per share	<b>\$0.75</b>	\$0.77
Number of shares	<b>55,652,768</b>	55,652,768

### EXPENSES

**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

### 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

Clarke Gittens Farmer

### INDEPENDENT AUDITORS

Ernst &amp; Young

### INDEPENDENT VALUER

Terra Caribbean

### EXCHANGE LISTINGS

Barbados Stock Exchange  
Trinidad & Tobago Stock Exchange

### DIRECTORS

Sir Geoffrey Cave, Chairman  
Sir Paul Altman  
Anthony Audain  
Sir Trevor Carmichael  
Maureen Davis  
Terry Hanton  
Algernon Leacock  
John Williams

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



**Carlisle House**

Location: Bridgetown, Barbados  
 Tenable Space: 48,426 square feet  
 Property Type: Commercial



**No. 24 Broad Street**

Location: Bridgetown, Barbados  
 Tenable Space: 14,000 square feet  
 Property Type: Commercial



**CS&C Joint Venture - 24% interest**

Location: Bridgetown, Barbados  
 Property Type: Commercial



**Chattel Village**

Location: Holetown, Barbados  
 Tenable Space: 8,000 square feet  
 Property Type: Commercial



**Sunset Mall - 24% interest**

Location: Sunset Crest, Barbados  
 Property Type: Commercial building



## Unaudited Consolidated Statement of Financial Position As At March 31, 2017

(expressed in Barbados Dollars)

	Unaudited Mar 31, 2017 \$	Unaudited Mar 31, 2016 \$	Audited Sep 30, 2016 \$
<b>Assets</b>			
Investment properties	20,050,000	38,980,000	36,700,000
Investment in associated companies	14,530,139	17,524,814	19,778,505
Loans receivable	6,500,000	-	-
Cash and cash equivalents	13,917,337	8,454,112	8,294,962
Financial assets at fair value through profit or loss	8,000	8,000	8,000
Due from related parties	777,120	225,296	189,790
Accounts receivable and prepaid expenses	463,899	419,996	553,370
<b>Total assets</b>	<b>56,246,495</b>	<b>65,612,218</b>	<b>65,524,627</b>
<b>Liabilities</b>			
Accounts payable and accrued expenses	476,388	334,247	2,304,528
Security and advanced deposits	341,743	356,929	347,052
Loans payable	10,580,000	10,580,000	10,580,000
<b>Total liabilities</b>	<b>11,398,131</b>	<b>11,271,176</b>	<b>13,231,580</b>
<b>Total assets less liabilities</b>	<b>44,848,364</b>	<b>54,341,042</b>	<b>52,293,047</b>
<b>Equity</b>			
Share capital	37,209,540	37,209,540	37,209,540
Retained earnings	4,614,634	5,723,030	5,611,752
<b>Total shareholders' funds</b>	<b>41,824,174</b>	<b>42,932,570</b>	<b>42,821,292</b>
<b>Non-controlling interests</b>	<b>3,024,190</b>	<b>11,408,472</b>	<b>9,471,755</b>
	<b>44,848,364</b>	<b>54,341,042</b>	<b>52,293,047</b>
<b>Net asset value per share</b>	<b>0.75</b>	<b>0.77</b>	<b>0.77</b>

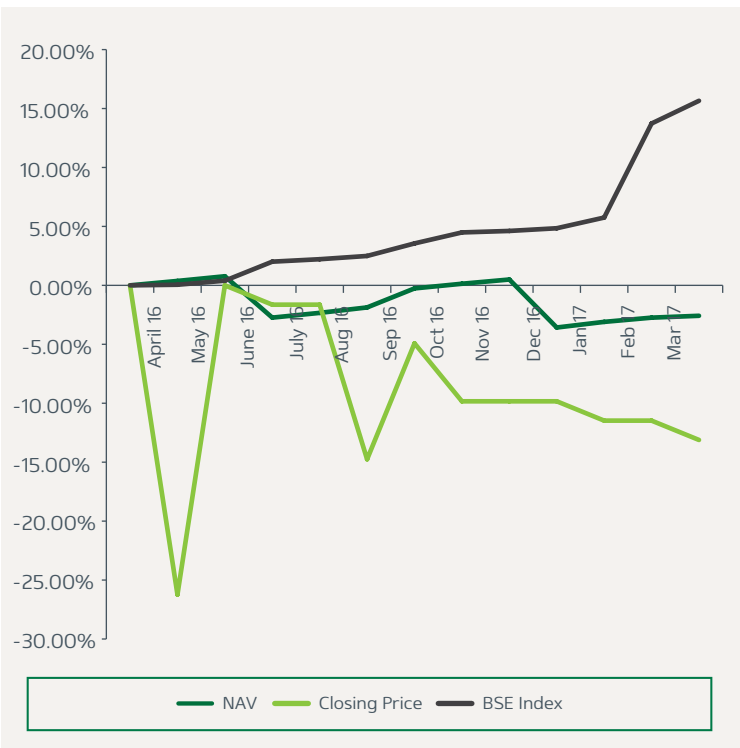
## Unaudited Consolidated Statement of Comprehensive Income For the six month period October 1, 2016 - March 31, 2017

(expressed in Barbados Dollars)

	Unaudited Six month period Oct 1, 2016 - Mar 31, 2017 \$	Unaudited Six month period Oct 1, 2015 - Mar 31, 2016 \$	Audited Year ended Sep 30, 2016 \$
<b>Revenue</b>			
Net rental income	850,326	1,329,198	1,808,312
Fair value losses on investment property	(150,000)	(6,395,000)	(8,820,171)
Lease surrender fee	-	5,925,000	5,925,000
Share of income of investments using equity accounting	847,634	825,592	3,079,283
Gain on sale of property	47,205	-	-
Interest income	12,686	11,107	33,441
Dividend income	2,750	64	64
Other income	8,820	9,960	9,960
<b>Total investment income</b>	<b>1,619,421</b>	<b>1,705,921</b>	<b>2,035,889</b>
<b>Expenses</b>			
Interest Expense	241,312	240,000	478,688
Fund management fees	158,687	164,670	324,458
Investment advisor fees	158,687	164,670	324,458
Provision for selling costs on sale of property	-	-	1,755,500
Professional fees	83,079	83,735	121,768
Impairment charge on receivable	-	-	3,086
Office and administrative expenses	9,775	10,143	18,504
Directors and subcommittee fees	14,718	14,718	29,437
<b>Operating expenditure</b>	<b>666,258</b>	<b>677,936</b>	<b>3,055,899</b>
<b>Total comprehensive income for the period</b>	<b>953,163</b>	<b>1,027,985</b>	<b>(1,020,010)</b>
<b>Attributable to:</b>			
Cellular property fund shareholders	950,728	881,151	769,873
Non-controlling interests	2,435	146,834	(1,789,883)
<b>Total comprehensive income for the period</b>	<b>953,163</b>	<b>1,027,985</b>	<b>(1,020,010)</b>
<b>Earnings per share</b>	<b>\$0.02</b>	<b>\$0.02</b>	<b>\$0.01</b>

## Movement in total assets, NAV (excluding dividends), closing share price & premium/discount

Date	Net Assets	Total Shares O/S	Net Asset Value/ Share	Closing Share Price	Premium/ Discount	BSE Local Index
31-Mar	\$42,932,570	55,652,768	\$0.77	\$0.61	-20.9%	2,478.82
30-Apr	\$43,093,027	55,652,768	\$0.77	\$0.45	-41.9%	2,480.11
31-May	\$43,263,620	55,652,768	\$0.78	\$0.61	-21.5%	2,488.60
30-Jun	\$41,757,159	55,652,768	\$0.75	\$0.60	-20.0%	2,528.63
31-Jul	\$41,930,187	55,652,768	\$0.75	\$0.60	-20.4%	2,533.78
31-Aug	\$42,128,671	55,652,768	\$0.76	\$0.52	-31.3%	2,540.63
30-Sep	\$42,821,292	55,652,768	\$0.77	\$0.58	-24.6%	2,566.98
31-Oct	\$42,991,165	55,652,768	\$0.77	\$0.55	-28.8%	2,590.09
30-Nov	\$43,145,160	55,652,768	\$0.78	\$0.55	-29.1%	2,593.23
31-Dec	\$41,396,927	55,652,768	\$0.74	\$0.55	-26.1%	2,598.89
31-Jan	\$41,602,407	55,652,768	\$0.75	\$0.54	-27.8%	2,621.36
28-Feb	\$41,756,273	55,652,768	\$0.75	\$0.54	-28.0%	2,819.18
31-Mar	\$41,824,172	55,652,768	\$0.75	\$0.53	-29.5%	2,866.91



## Investment Returns - March 31st 2017 (including dividends)

	3 months	6 months	1 year	Since inception (Oct 1st 2013)
<b>Share price</b>	-3.6%	-2.6%	-7.4%	17.3%
<b>NAV</b>	1.0%	2.2%	2.0%	3.0%

Returns longer than one year are annual compound returns.



# DEVELOPMENT FUND



DEVELOPMENT FUND

The Fortress Caribbean Property Fund Limited SCC - Development Fund realised a loss of \$332,477 for the six months ended March 31st, 2017 compared to a loss of \$320,801 over the same period in 2016. The net asset value is \$0.43 per share down from \$0.46 a year ago. The net assets are \$23.7 million compared to \$24 million for the financial year ended September 30, 2016.

### Acquisition and Sales

During the six months ended March 31st, 2017 Apes Hill Lot I-4 was sold and Apes Hill Polo Villa #18 was purchased in related transactions aimed at moving closer to realising value from the Fund's portfolio.

The Fund also agreed to sell Rockley Cane Garden and Limegrove Hillside Villa for prices close to appraised market values. It is expected that these transactions will close within a few months after undergoing the standard legal process associated with a real estate sale.

Proceeds of sales will first be used to fund expenses and obligations of the Fund and any surplus will be used to repurchase shares. Management's focus remains on realising value from sales of the Fund's properties.

The share price of the Development Fund shares on the Barbados Stock Exchange (BSE) as of March 31, 2017 was \$0.15, a 65% discount to the net asset value.

### Development Fund Objectives

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 March 31, 2017

<b>Development Fund:</b>	<b>\$23,703,670</b>
2017 YTD Earnings/(Loss):	(\$332,477)
Dividends per share:	nil
NAV/Share:	\$0.43
Price/Share:	\$0.15
Premium/(Discount):	(65%)

### Fund Details (Bds\$)

Per Share Data	31/03/17	31/03/16
Net asset value per share	\$0.43	\$0.46
Number of shares	54,539,676	54,549,676



### EXPENSES

**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

Clarke Gittens Farmer

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### INDEPENDENT VALUER

Terra Caribbean

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### DIRECTORS

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Sir Paul Altman  
Anthony Audain  
Sir Trevor Carmichael  
Maureen Davis  
Terry Hanton  
Algernon Leacock  
John Williams

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**Holder's Site**

Location: St. James, Barbados  
 Size: 158,000 square feet  
 Property Type: Residential



**Lion Castle Lot 21**

Location: Lion Castle, Barbados  
 Size: 45,865 square feet  
 Property Type: Undeveloped residential lands



**Apes Hill Polo Villa #3**

Location: Waterhall, Barbados  
 Size: 2,686 square feet (floor area)  
 7,500 square feet (land area)  
 Property Type: Residential unit



**Lower Estate Lands**

Location: Lower Estate, Barbados  
 Size: 539,310 square feet  
 Property Type: Commercial subdivision - 14 lots



**Rockley Cane Garden**

Location: Rockley, Barbados  
 Size: 151,781 square feet (gross)  
 Property Type: Undeveloped lands



**Apes Hill Polo Villa #18**

Location: Waterhall, Barbados  
 Size: 2,686 square feet (floor area)  
 7,500 square feet (land area)  
 Property Type: Residential unit



**Villas on the Green**

Location: Cap Estate, St. Lucia  
 Size: 18 acres  
 Property Type: Residential Development



**Lime Grove Hillside Villa**

Location: Lime Grove, Barbados  
 Size: 3,433 square feet (floor area)  
 Property Type: Residential unit



**Wotton Lands**

Location: Wotton, Barbados  
 Size: 6.2 acres  
 Property Type: Undeveloped commercial lands



**Canouan Land**

Location: Canouan Island, St. Vincent  
 Size: 3.92 acres  
 Property Type: Undeveloped residential lands



**Rockley Central Area**

Location: Rockley, Barbados  
 Property Type: Undeveloped lands

## Unaudited Consolidated Statement of Financial Position As At March 31, 2017

(expressed in Barbados Dollars)

	Unaudited Mar 31, 2017 \$	Unaudited Mar 31, 2016 \$	Audited Sep 30, 2016 \$
<b>Assets</b>			
Real estate available-for-sale	19,714,771	20,168,175	19,099,771
Investment in associated companies	4,848,953	4,877,040	4,864,046
Cash and cash equivalents	156,412	1,367,119	547,719
Accounts receivable and prepaid expenses	350,333	428,079	464,335
Due from related parties	-	186,942	48,000
Other assets	91,426	-	-
<b>Total assets</b>	<b>25,161,895</b>	<b>27,027,355</b>	<b>25,023,871</b>
<b>Liabilities</b>			
Accounts payable and accrued expenses	390,250	453,157	530,872
Security and advanced deposits	290,855	1,160,567	265,262
Due to related parties	777,120	290,364	189,790
Loans payable	-	211,111	-
<b>Total liabilities</b>	<b>1,458,225</b>	<b>2,115,199</b>	<b>985,924</b>
<b>Total assets less liabilities</b>	<b>23,703,670</b>	<b>24,912,156</b>	<b>24,037,947</b>
<b>Equity</b>			
Share capital	28,726,252	28,731,519	28,731,519
Retained earnings	(5,022,582)	(3,819,363)	(4,693,572)
<b>Total shareholders' funds</b>	<b>23,703,670</b>	<b>24,912,156</b>	<b>24,037,947</b>
<b>Net asset value per share</b>	<b>0.43</b>	<b>0.46</b>	<b>0.44</b>

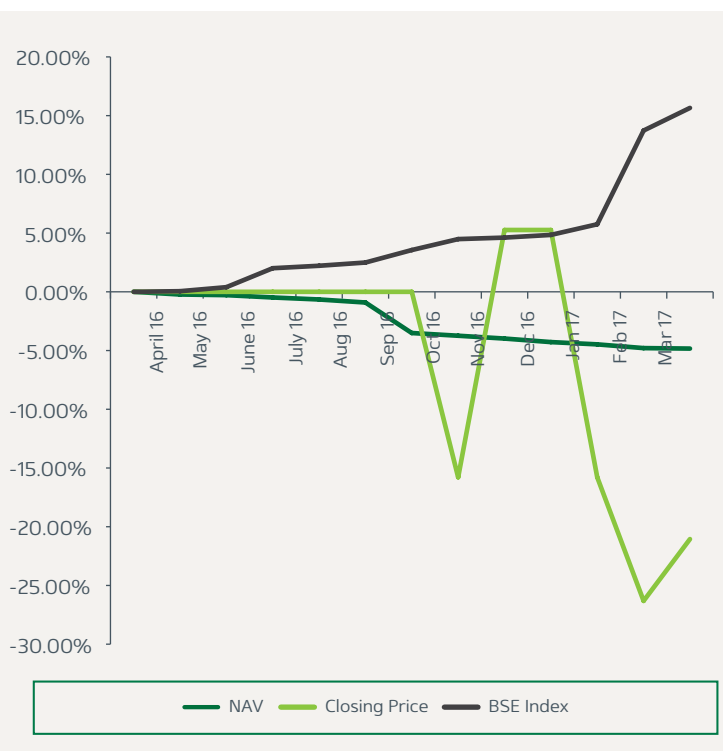
## Unaudited Consolidated Statement of Comprehensive Income For the six month period October 1, 2016 - March 31, 2017

(expressed in Barbados Dollars)

	Unaudited Six month period Oct 1, 2016 - Mar 31, 2017 \$	Unaudited Six month period Oct 1, 2015 - Mar 31, 2016 \$	Audited Year ended Sep 30, 2016 \$
<b>Revenue</b>			
Net gain/(loss) on sale of real estate available for re-sale	28,125	-	(73,572)
Net gain on financial assets at fair value through profit or loss	-	-	(29,861)
Interest income	-	3,872	5,324
Other income	-	-	6,315
<b>Total investment income</b>	<b>28,125</b>	<b>3,872</b>	<b>(91,794)</b>
<b>Expenses</b>			
Impairment loss on real estate available for re-sale	-	-	481,444
Net carrying costs of real estate available for re-sale	176,841	150,117	323,251
Fund management fees	44,926	47,232	103,964
Investment advisor fees	44,926	47,232	103,964
Audit, listing and other professional fees	61,214	48,423	116,705
Share of loss of investments using equity accounting	15,093	16,867	-
Interest expense	4,630	2,222	7,037
Impairment charge on receivable	-	-	(59,657)
Office and administrative expenses	4,693	4,300	9,950
Directors and subcommittee fees	8,279	8,280	16,558
<b>Operating expenditure</b>	<b>360,602</b>	<b>324,673</b>	<b>1,103,216</b>
<b>Total comprehensive loss for the period</b>	<b>(332,477)</b>	<b>(320,801)</b>	<b>(1,195,010)</b>
<b>Earnings per share</b>	<b>(0.01)</b>	<b>(0.01)</b>	<b>(0.02)</b>

## Movement in total assets, NAV (excluding dividends), closing share price & premium/discount

Date	Net Assets	Total Shares O/S	Net Asset Value/Share	Closing Share Price	Premium/Discount	BSE Local Index
31-Mar	\$24,912,156	54,549,676	\$0.46	\$0.19	-58.40%	2,478.82
30-Apr	\$24,855,142	54,549,676	\$0.46	\$0.19	-58.30%	2,480.11
31-May	\$24,841,625	54,549,676	\$0.46	\$0.19	-58.28%	2,488.60
30-Jun	\$24,792,053	54,549,676	\$0.45	\$0.19	-58.19%	2,528.63
31-Jul	\$24,749,548	54,549,676	\$0.45	\$0.19	-58.12%	2,533.78
31-Aug	\$24,685,275	54,549,676	\$0.45	\$0.19	-58.01%	2,540.63
30-Sep	\$24,037,947	54,549,676	\$0.44	\$0.19	-56.88%	2,566.98
31-Oct	\$23,976,215	54,539,676	\$0.44	\$0.16	-63.60%	2,590.09
30-Nov	\$23,916,331	54,539,676	\$0.44	\$0.20	-54.39%	2,593.23
31-Dec	\$23,841,388	54,539,676	\$0.44	\$0.20	-54.25%	2,598.89
31-Jan	\$23,793,066	54,539,676	\$0.44	\$0.16	-63.32%	2,621.36
28-Feb	\$23,713,893	54,539,676	\$0.43	\$0.14	-67.80%	2,819.18
31-Mar	\$23,703,670	54,539,676	\$0.43	\$0.15	-65.49%	2,866.91



## Investment Returns - March 31st 2017 (including dividends)

	3 months	6 months	1 year	Since inception (Oct 1st 2013)
<b>Share price</b>	-25.0%	-21.1%	-21.1%	-15.5%
<b>NAV</b>	-0.6%	-1.4%	-4.8%	-6.5%

Returns longer than one year are annual compound returns.