

The Fortress Caribbean Property Fund produced net income of \$1.8 million for the six months ended March 31st 2010 compared to \$74 thousand in the corresponding period in 2009, a much improved performance.

The total net assets of the Fund increased by 3% to \$83.5 million. The Fund's net asset value per share increased from \$1.45 per share at the end March 2009 to \$1.50 at the end of March 2010.

Villas On The Green - St. Lucia

There were no further sales from Villas On The Green during the period. Following a tender process for the future sales and property management of the project, Sotheby's have been appointed to manage the project effective April 1st 2010.

We are pleased to report that during the winter there was renewed interest in the project both on sales and rentals. Advanced negotiations are ongoing for three potential new sales and similarly for two additional rentals.

While there is minimal debt on the project at a very attractive interest rate, as developers, we continue to bear the majority of the ongoing management, maintenance, landscaping, insurance and security costs. In this regard we have recently revised the list prices to very competitive levels for a limited period in an effort to move a few more of the units.

We continue to explore different options for the remaining land on the development, including the possibility of a joint venture and/or outright sale of the remaining ten acres as a residential subdivision.

Limegrove - Barbados

This development is progressing very well and the commercial life-style centre is due to be opened in December of this year. Our investment is in one of the eight residential units and this will be finished and available for sale for this coming winter season.

Commercial Properties

The Fund's commercial property investments continue to perform well. These investments include properties in the BET Building Joint

Venture, the CS&C Joint Venture, the Sunset Joint Venture, Carlisle House, No 24 Broad Street and the Chattel Village.

Last year the Fund produced a brochure listing both the Fund's residential and commercial properties with a number of local real estate agents. It has generated considerable interest from a few buyers in some of the properties but to date no sales have been concluded.

Water Hall Polo Villas & Apes Hill Golf Lot - Barbados

The Fund has just signed a new lease to rent the unit at Waterhall for a year. The Apes Hill golf course is now complete and is without a doubt one of the best developments of this type anywhere in the Caribbean. It is still early in a very long-term overall development as we expect the build-out will take several years. The important point is that the quality of the product is unquestioned and as we look to the future with improved real estate markets, this investment should prove to be a good one.

Coral Cove - Barbados

This unit is currently rented until the end of November. The site was visited during the winter by a number of potential clients but no firm offers materialised. With the recession overseas coming to an end and some sales starting to take place again in the luxury properties on the West Coast of Barbados, we remain hopeful that we will be able to sell the unit in the next year or two.

Canmore - Alberta, Canada

We continue to rent this unit on a short term basis. The property was written down by the independent valuer by a further 15% since the end of September 2009. This was partially offset by an increase in the value of the Canadian dollar against the US dollar.

Wotton

There were no further developments on this property during the period.

Lower Estate - Barbados

The revised plans for the sub-division and sale of 16 lots at lower estate which are owned by the CS&C Joint Venture are nearing completion and we expect that the selling of these lots should commence in the middle of this year. We are encouraged by the

interest being expressed by the real estate agents based on enquiries they are receiving from potential purchasers.

Rockley - Cane Garden - Barbados

Subsequent to the reporting date an agreement was reached to purchase the other 50% of the Rockley Cane Garden from our partner. There are currently no revised plans for when this development will be started.

Sales/Fair Value Gains

We are happy to report that the Fund reported net fair value gains of \$926 thousand during the last six months compared to fair value losses of \$1.08 million during the same period last year.

Financial Position & Outlook

The Fund's financial position remains very strong and the outlook over the long term is positive.

The short-term is still uncertain although conditions in the developed countries of the world have improved significantly since this time last year. The Caribbean is showing signs of stabilisation and recovery although still lagging the developed world.

It is unlikely that the local real estate markets will re-gain the sales and growth levels in the medium term that occurred at the peak of the market, as the levels of credit from commercial banks are no longer there. In addition, buyers are much more discerning and the days of selling 'off-plan' are no more. Developers will therefore need to both invest more equity to get projects going and pay-backs are likely to be longer with lower returns on capital.

That being said interest rates remain extremely low and this is forcing investors to look beyond the bank account. Solid income streams from quality commercial properties with decent yields are once again attracting investor attention.

Our focus remains to turnover our non-income producing assets and to put new capital to work in higher yielding opportunities.

At March 31st the Fund was trading at \$1.15 per share which is a 23% discount to the Net Asset Value (NAV) of \$1.50 per share.



FUND DETAILS DIRECTORS

- Mr. Geoffrey Cave - Chairman
- Mr. Paul Altman
- Mr. Anthony Audain
- Dr. Trevor Carmichael
- Mrs. Maureen Davis
- Mr. Terry Hanton
- Mr. Algernon Leacock
- Mr. John Williams

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UNAUDITED CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010

(expressed in Barbados Dollars)

	31/03/10	31/03/09
	\$	\$
ASSETS		
Cash and cash equivalents	1,562,984	3,101,819
Short term deposits	5,195,405	-
Other current assets	791,651	1,020,264
Financial asset at fair value through profit or loss	473,735	431,958
Real estate available-for-sale	34,329,625	32,956,005
Investment property	82,049,654	83,971,520
Total assets	124,403,054	121,481,566
LIABILITIES & EQUITY		
Current liabilities	5,754,031	6,822,659
Short term debt	-	6,675,794
Long term debt	20,662,838	13,159,349
Total liabilities	26,416,869	26,657,802
Total assets less liabilities	97,986,185	94,823,764
CAPITAL & RESERVES		
Share capital	66,718,500	66,718,500
Retained earnings	16,803,389	14,230,949
Total equity	83,521,889	80,949,449
Minority interest	14,464,296	13,874,315
Total equity and minority interest	97,986,185	94,823,764

UNAUDITED CONSOLIDATED STATEMENT OF INCOME FOR THE SIX MONTH PERIOD ENDING MARCH 31, 2010

(expressed in Barbados Dollars)

	Unaudited Six Months To 31/03/10	Unaudited Six Months To 31/03/09
	\$	\$
REVENUES		
Net rental income	3,667,596	3,661,041
Fair value gains/(losses)	926,444	(1,084,522)
Net gain on sale of property	-	633,437
Gain/(loss) on financial assets at fair value through profit or loss	77,200	(78,584)
Interest income	111,504	34,480
Other income	207	1,414
Total Revenue	4,782,951	3,167,266
EXPENSES		
Interest expense	892,926	989,912
Fund management & advisor fees	613,826	609,406
Net carrying costs on real estate available for re-sale	276,863	504,288
Professional & other fees	234,372	166,539
Office & admin expenses	12,330	18,463
Directors fees	8,000	6,000
Total expenses	2,038,317	2,294,608
Net Income before minority interest	2,744,634	872,658
Minority interest	(883,887)	(798,871)
Net income	1,860,747	73,787
Net Asset Value Per Share - 31/03	\$1.50	\$1.45
Earnings Per Share - Basic	\$0.033	\$0.001

Certain of the comparative figures have been adjusted to conform with the current year disclosures

FUND DETAILS (Bds\$)

	31/03/10	31/03/09
PER SHARE DATA		
Original Share offer price - 20/08/1999	\$1.00	\$1.00
Secondary share offer price - 15/10/2001	\$1.20	\$1.20
Rights issue share offer price-10/03/ 2005	\$1.40	\$1.40
Net asset value per share	\$1.50	\$1.45
Number of shares	55,817,101	55,817,101

EXPENSES

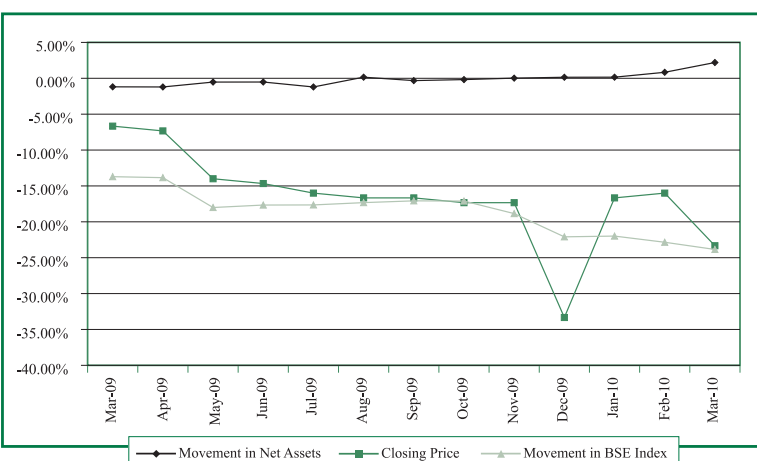
Fund Manager	0.75% per annum of the net assets of the Fund
Investment Manager	0.75% per annum of the net assets of the Fund
Exchange Listings	Barbados Stock Exchange and Trinidad & Tobago Stock Exchange
Manager	Fortress Fund Managers Ltd.
Investment Advisor	Altman Real Estate Ltd.
Property Manager	Property Consultancy Services Inc.
Independent Valuer	Terra Caribbean

MOVEMENT IN TOTAL ASSETS, NAV (excluding dividends), CLOSING SHARE PRICE & PREMIUM/DISCOUNT

Date	Net Assets	Net Asset Value/Share	Closing share price	Premium/Discount	BSE Index
31-Jan	81,238,716	\$1.46	\$1.50	3.06%	3,639.04
28-Feb	81,581,676	\$1.46	\$1.40	-4.21%	3,614.71
31-Mar	80,949,449	\$1.45	\$1.40	-3.47%	3,545.32
30-Apr	81,146,889	\$1.45	\$1.39	-4.14%	3,539.70
31-May	81,349,208	\$1.46	\$1.29	-11.64%	3,368.79
30-Jun	81,499,272	\$1.46	\$1.28	-12.34%	3,382.91
31-Jul	81,688,305	\$1.45	\$1.26	-13.10%	3,383.56
31-Aug	82,102,312	\$1.47	\$1.25	-14.97%	3,396.75
30-Sep	81,661,141	\$1.46	\$1.25	-14.56%	3,406.93
31-Oct	81,777,334	\$1.47	\$1.24	-15.36%	3,405.72
30-Nov	81,942,086	\$1.47	\$1.24	-15.53%	3,333.96
31-Dec	82,042,727	\$1.47	\$1.00	-31.97%	3,200.87
31-Jan	82,217,317	\$1.47	\$1.25	-14.97%	3,205.23
28-Feb	82,398,995	\$1.48	\$1.26	-14.86%	3,169.85
31-Mar	83,521,889	\$1.50	\$1.15	-23.33%	3,128.66

2009

2010



INVESTMENT RETURNS (including dividends)

	3 months	6 months	1 year	3 years	5 years	Since inception
Share price	-8.0%	-8.0%	-17.9%	-4.5%	-2.3%	4.4%
NAV	2.0%	2.5%	3.4%	3.9%	6.7%	6.3%

Returns longer than 1 year are annualised