

Fortress Caribbean Property Fund Limited SCC- Development Fund
Unaudited Consolidated Statement of Financial Position
As at December 31, 2017
(expressed in Barbados dollars)

	<u>Unaudited</u> <u>December 31, 2017</u>	<u>Unaudited</u> <u>December 31, 2016</u>	<u>Audited</u> <u>September 30, 2017</u>
	\$	\$	\$
Assets			
Real estate available-for-sale	17,706,777	19,099,771	18,309,377
Investment in associated company	4,829,691	4,855,450	4,835,960
Cash & cash equivalents	543,770	283,511	51,725
Accounts receivable and prepaid expenses	369,465	325,222	447,303
Due from related parties	-	48,000	48,000
Other assets	91,426	91,426	-
Total assets	23,541,129	24,703,380	23,692,365
Liabilities			
Accounts payable and accrued expenses	371,070	347,998	479,644
Security and advanced deposits	296,330	287,225	302,929
Due to related parties	1,136,376	226,769	927,568
Total liabilities	1,803,776	861,992	1,710,141
Total assets less liabilities	21,737,353	23,841,388	21,982,224
Equity			
Share capital	28,626,291	28,726,252	28,626,291
Retained earnings	(6,888,938)	(4,884,864)	(6,644,067)
Total shareholders' funds	21,737,353	23,841,388	21,982,224
Net asset value per share	\$ 0.40	\$ 0.46	\$ 0.40

Approved by:

Director

Date: January 30th, 2018


Director

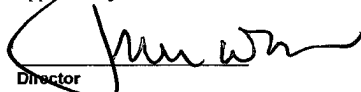
Fortress Caribbean Property Fund Limited SCC- Development Fund
Unaudited Consolidated Statement of Comprehensive Income
For the three month period October 1, 2017 - December 31, 2017
(expressed in Barbados dollars)

	<u>Unaudited</u> <u>Three month period</u> <u>October 1, 2017-</u> <u>December 31, 2017</u>	<u>Unaudited</u> <u>Three month period</u> <u>October 1, 2016-</u> <u>December 31, 2016</u>	<u>Audited</u> <u>Year ended</u> <u>September 30, 2017</u>
	\$	\$	\$
Revenue			
Interest income	1,815	-	-
Net gain on financial assets at fair value through profit or loss	-	-	(28,086)
Share of loss of investments using equity accounting	(6,269)	(8,596)	-
Total investment income	(4,454)	(8,596)	(28,086)
Expenses			
Impairment loss on real estate available for re-sale	73,600	-	1,405,394
Net carrying costs of real estate available for re-sale	40,116	119,537	257,238
Fund management fees	30,787	22,500	89,144
Investment advisor fees	30,787	22,500	89,144
Net loss on sale of real estate available for re-sale	29,924	-	(28,125)
Audit, listing and other professional fees	17,637	15,432	133,231
Interest expense	12,167	1,250	25,630
Directors and subcommittee fees	4,139	4,139	16,558
Office and administrative expenses	1,260	805	9,035
Operating expenditure	240,417	186,163	1,997,249
Total comprehensive loss for the period	(244,871)	(194,759)	(2,025,335)
Earnings per share	\$ (0.00)	\$ (0.00)	\$ (0.04)

Fortress Caribbean Property Fund Limited SCC- Development Fund
Unaudited Consolidated Statement of Financial Position
As at December 31, 2017
(expressed in Barbados dollars)

	<u>Unaudited</u> <u>December 31, 2017</u>	<u>Unaudited</u> <u>December 31, 2016</u>	<u>Audited</u> <u>September 30, 2017</u>
	\$	\$	\$
Assets			
Real estate available-for-sale	17,706,777	19,099,771	18,309,377
Investment in associated company	4,829,691	4,855,450	4,835,960
Cash & cash equivalents	543,770	283,511	51,725
Accounts receivable and prepaid expenses	369,465	325,222	447,303
Due from related parties	-	48,000	48,000
Other assets	91,426	91,426	-
Total assets	23,541,129	24,703,380	23,692,365
Liabilities			
Accounts payable and accrued expenses	371,070	347,998	479,644
Security and advanced deposits	296,330	287,225	302,929
Due to related parties	1,136,376	226,769	927,568
Total liabilities	1,803,776	861,992	1,710,141
Total assets less liabilities	21,737,353	23,841,388	21,982,224
Equity			
Share capital	28,626,291	28,726,252	28,626,291
Retained earnings	(6,888,938)	(4,884,864)	(6,644,067)
Total shareholders' funds	21,737,353	23,841,388	21,982,224
Net asset value per share	\$ 0.40	\$ 0.46	\$ 0.40

Approved by:



Director

Date: January 30th, 2018

Director

Fortress Caribbean Property Fund Limited SCC- Development Fund
Unaudited Consolidated Statement of Comprehensive Income
For the three month period October 1, 2017 - December 31, 2017
(expressed in Barbados dollars)

	<u>Unaudited</u> <u>Three month period</u> <u>October 1, 2017-</u> <u>December 31, 2017</u>	<u>Unaudited</u> <u>Three month period</u> <u>October 1, 2016-</u> <u>December 31, 2016</u>	<u>Audited</u> <u>Year ended</u> <u>September 30, 2017</u>
	\$	\$	\$
Revenue			
Interest income	1,815	-	-
Net gain on financial assets at fair value through profit or loss	-	-	(28,086)
Share of loss of investments using equity accounting	(6,269)	(8,596)	-
Total investment income	(4,454)	(8,596)	(28,086)
Expenses			
Impairment loss on real estate available for re-sale	73,600	-	1,405,394
Net carrying costs of real estate available for re-sale	40,116	119,537	257,238
Fund management fees	30,787	22,500	89,144
Investment advisor fees	30,787	22,500	89,144
Net loss on sale of real estate available for re-sale	29,924	-	(28,125)
Audit, listing and other professional fees	17,637	15,432	133,231
Interest expense	12,167	1,250	25,630
Directors and subcommittee fees	4,139	4,139	16,558
Office and administrative expenses	1,260	805	9,035
Operating expenditure	240,417	186,163	1,997,249
Total comprehensive loss for the period	(244,871)	(194,759)	(2,025,335)
Earnings per share	\$ (0.00)	\$ (0.00)	\$ (0.04)

Fortress Caribbean Property Fund Limited SCC- Development Fund
Unaudited Consolidated Statement of Cashflows
For the three month period October 1, 2017 - December 31, 2017
(expressed in Barbados dollars)

	<u>Unaudited</u> <u>Three month period</u> <u>October 1, 2017-</u> <u>December 31, 2017</u> \$	<u>Unaudited</u> <u>Three month period</u> <u>October 1, 2016-</u> <u>December 31, 2016</u> \$	<u>Audited</u> <u>Year ended</u> <u>September 30, 2017</u> \$
Cash flows from operating activities			
Total comprehensive loss for the period	(214,765)	(194,759)	(2,025,335)
Adjustment for:			
Net gain on financial assets at fair value through profit or loss	-	-	-
Share of loss of investments accounted for using the equity method	6,269	8,596	28,086
Net loss on sale of real estate available for re-sale	29,924	-	(28,125)
Impairment charge for receivables	-	-	-
Impairment loss on real estate available for re-sale	73,600	-	1,405,394
Interest income	(1,815)	-	-
Interest expense	12,167	1,250	25,630
Operating loss before working capital changes	(94,620)	(184,913)	(594,350)
Net decrease in accounts receivable and prepaid expenses	77,839	139,113	17,032
Net decrease in accounts payable and accrued expenses	(121,729)	(182,874)	(70,310)
Decrease in due from related parties	48,000	-	737,778
Due to related parties	208,808	36,979	-
Increase in security deposits	(30,285)	21,963	37,667
Increase in other assets	(91,426)	(91,426)	-
Purchases/additions to real estate available for re-sale	-	-	(1,420,000)
Proceeds on sale of real estate available for re-sale	499,076	-	833,125
Cash generated from operations	495,663	(261,158)	(459,058)
Interest received	1,815	-	-
Interest paid	(5,433)	(1,250)	(6,548)
Net cash generated from / (used in) operating activities	492,045	(262,408)	(465,606)
Cash flows from financing activities			
Repurchase of shares	-	(1,800)	(30,388)
Net cash used in financing activities	-	(1,800)	(30,388)
Net increase/(decrease) in cash and cash equivalents	492,045	(264,208)	(495,994)
Cash and cash equivalents at beginning of the period	51,725	547,719	547,719
Cash and cash equivalents at end of the period	543,770	283,511	51,725

Fortress Caribbean Property Fund Limited SCC- Development Fund
Unaudited Consolidated Statement of Changes in Equity
For the three month period October 1, 2017 - December 31, 2017
(expressed in Barbados dollars)

	Attributable to Fund shareholders		
	Share capital	Retained earnings	Total
	\$	\$	\$
Balance- September 30, 2016	28,731,519	(4,693,572)	24,037,947
Loss for the period	-	(2,025,335)	(2,025,335)
Repurchase of shares	(105,228)	74,840	(30,388)
Balance- September 30, 2017	28,626,291	(6,644,067)	21,982,224
Loss for the period	-	(244,871)	(244,871)
Balance- December 31, 2017	28,626,291	(6,888,938)	21,737,353

Fortress Caribbean Property Fund Limited SCC- Development Fund
Unaudited Consolidated Statement of Changes in Equity
For the three month period October 1, 2016- December 31, 2016
(expressed in Barbados dollars)

	Attributable to Fund shareholders		
	Share capital	Retained earnings	Total
	\$	\$	\$
Balance- September 30, 2015	28,731,519	(3,498,562)	25,232,957
Loss for the period	-	(1,195,010)	(1,195,010)
Balance- September 30, 2016	28,731,519	(4,693,572)	24,037,947
Loss for the period	-	(194,759)	(194,759)
Repurchase of shares	(5,267)	3,467	(1,800)
Balance- December 31, 2016	28,726,252	(4,884,864)	23,841,388

Fortress Caribbean Property Fund Limited SCC – Development Fund

Directors' Statement – Quarter Ended December 31st, 2017

The Fortress Caribbean Property Fund SCC – Development Fund (the Fund) recorded a loss attributed to the Cellular Property Fund shareholders of \$244,871 for the first quarter ended December 31st, 2017 compared to a loss of \$194,759 for the quarter ended December 31st, 2016, an increase of 26%.

The Fund's expenses for the quarter increased from \$186,163 to \$240,417 due primarily to an impairment loss of \$73,600 which relates to Villas on the Green (VOTG) in St. Lucia.

The sale of the Rockley Cane Garden property which was agreed in mid-2017 has still not closed. It is expected that this sale for BBD \$ 1.9 million will close in the current quarter. Subsequent to the end of the quarter, an agreement was reached for the sale of a unit at VOTG for US \$250,000. The proceeds from these sales will put the Fund in a strong position to restart the repurchase of its shares on the Barbados Stock Exchange.

The net asset value (NAV) of the Fund was \$21,737,353 equating to \$0.40 per share at December 31st, 2017 down from \$21,982,224, \$0.40 per share at the end of September 2017. The shares of the Development Fund closed at \$0.15 on the Barbados Stock Exchange at the end of December 2017 a discount of 63% to NAV.

In January 2018, the owners of the voting shares of the Fund concluded an agreement with Epley Fund Managers (Barbados) Ltd to assume management and control of the Fund. This agreement is subject to regulatory and other approvals and is due to close on or before April 30th, 2018.