

Fortress Caribbean Property Fund Limited SCC- Value 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			
Investment properties	20,077,365	20,200,000	20,050,000
Investment in associated company	18,062,468	20,239,936	15,033,130
Loans receivable	6,500,000	6,500,000	6,500,000
Due from related parties	1,183,484	803,452	927,568
Accounts receivable and prepaid expenses	552,682	226,769	689,182
Financial assets at fair value through profit or loss	-	8,000	-
Cash & cash equivalents	8,500,698	8,306,359	13,534,056
Total assets	54,876,697	56,284,516	56,733,936
Liabilities			
Loans payable	10,700,000	10,700,000	10,580,000
Security and advanced deposits	244,640	341,744	289,988
Accounts payable and accrued expenses	186,451	843,395	325,054
Total liabilities	11,131,091	11,885,139	11,195,042
Total assets less liabilities	43,745,606	44,399,377	45,538,894
Equity			
Share capital	37,209,540	37,209,540	37,209,540
Retained earnings	3,680,070	4,187,387	5,273,834
Total shareholders' funds	40,889,610	41,396,927	42,483,374
Non-controlling interests	2,855,996	3,002,450	3,055,520
	43,745,606	44,399,377	45,538,894
Net asset value per share	\$ 0.73	\$ 0.74	\$ 0.76

Approved by:

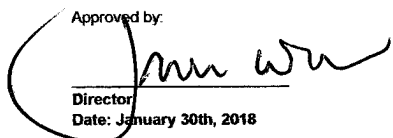
 Director
 Date: January 30th, 2018


 Director

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

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Director

Date: January 30th, 2018

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Fortress Caribbean Property Fund Limited SCC- Value 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			Total \$
	Share capital \$	Retained earnings \$	Non-controlling interests \$	
Balance- September 30, 2017	37,209,540	5,273,834	3,055,520	45,538,894
Distributions to non- controlling interests	-	-	(215,000)	(215,000)
Dividend declared (0.035 cents per share)	-	(1,947,846)	-	(1,947,846)
Income for the period	-	354,082	15,476	369,558
Balance- December 31, 2017	37,209,540	3,680,070	2,855,996	43,745,606

Fortress Caribbean Property Fund Limited SCC- Value 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			Total \$
	Share capital \$	Retained earnings \$	Non-controlling interests \$	
Balance- September 30, 2016	37,209,540	5,611,752	9,471,755	52,293,047
Distributions to non- controlling interests	-	-	(6,450,000)	(6,450,000)
Dividend declared (0.035 cents per share)	-	(1,947,846)	-	(1,947,846)
Income for the period	-	523,481	(19,305)	504,176
Balance- December 31, 2016	37,209,540	4,187,387	3,002,450	44,399,377

Fortress Caribbean Property Fund Limited SCC- Value 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			
Net rental income	349,523	349,306	1,620,687
Share of income of investments using equity accounting	325,593	461,431	1,854,625
Interest income	12,166	9,834	33,745
Fair value losses on investment property	-	-	(623,119)
Net gain on sale of investment property	-	-	47,205
Net gain on financial assets at fair value through profit or loss	-	-	15,611
Dividend income	-	-	2,750
Other income	-	-	8,820
Total investment income	687,282	820,571	2,960,324
Expenses			
Interest Expense	120,000	120,000	479,339
Fund management fees	79,805	81,000	315,701
Investment advisor fees	79,805	81,000	315,701
Professional fees	29,711	24,770	169,569
Directors and subcommittee fees	7,359	7,359	29,445
Office and administrative expenses	1,044	2,266	17,630
Impairment charge on receivable	-	-	(10,754)
Operating expenditure	317,724	316,395	1,316,631
Total comprehensive income for the period	369,558	504,176	1,643,693
Attributable to:			
Cellular property fund shareholders	354,082	523,481	1,609,928
Non-controlling interests	15,476	(19,305)	33,765
Total comprehensive income for the period	369,558	504,176	1,643,693
Earnings per share	\$ 0.01	\$ 0.01	\$ 0.03

Fortress Caribbean Property Fund Limited SCC- Value 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 income for the period	369,558	504,176	1,643,693
Adjustment for:			
Fair value losses on investment property	(325,593)	-	623,119
Share of gain of investments accounted for using the equity method	-	(461,431)	(1,854,625)
Net gain on sale of investment property	-	-	(47,205)
Net gain on financial assets at fair value through profit or loss	-	-	(15,611)
Impairment charge for receivables	-	(24,708)	(10,754)
Dividend income	-	-	(2,750)
Interest income	-	(9,834)	(33,745)
Interest expense	120,000	120,000	479,339
Operating income before working capital changes	163,965	128,203	781,461
Net increase in accounts receivable and prepaid expenses	136,500	351,309	(125,058)
Net increase in loans receivable	-	(6,500,000)	(6,500,000)
Net increase/(decrease) in accounts payable and accrued expenses	(138,603)	(1,461,133)	(1,979,474)
Net increase/(decrease) in due to/from related parties	(255,916)	(613,662)	(737,778)
Increase/(decrease) in security deposits	(45,348)	(5,308)	(57,064)
Proceeds on sale of financial assets at fair value through profit and loss	-	-	23,611
Proceeds from sale on investment property	-	16,500,000	16,547,205
Purchases/additions to investment property	(27,365)	-	(473,119)
Cash (used in)/generated from operations	(166,767)	8,399,409	7,479,784
Dividends received	-	-	2,750
Interest received	-	9,834	33,745
Interest paid	-	-	(479,339)
Net cash (used in)/generated from operating activities	(166,767)	8,409,243	7,036,940
Cash flows from investing activities			
Investment in associated companies	(3,051,745)	-	-
Distributions from associated companies	348,000	-	6,600,000
Net cash (used in)/ generated from financing activities	(2,703,745)	-	6,600,000
Cash flows from financing activities			
Distributions to non-controlling interests	(215,000)	(6,450,000)	(6,450,000)
Dividends paid	(1,947,846)	(1,947,846)	(1,947,846)
Net cash used in financing activities	(2,162,846)	(8,397,846)	(8,397,846)
Net (decrease)/increase in cash and cash equivalents	(5,033,358)	11,397	5,239,094
Cash and cash equivalents at beginning of the period	13,534,056	8,294,962	8,294,962
Cash and cash equivalents at end of the period	8,500,698	8,306,359	13,534,056

Fortress Caribbean Property Fund Limited SCC – Value Fund

Directors' Statement – Quarter Ended December 31st, 2017

The Fortress Caribbean Property Fund SCC – Value Fund (the Fund) recorded a profit attributed to the Cellular Property Fund shareholders of \$354,082 for the first quarter ended December 31st, 2017 compared to a profit of \$523,481 for the quarter ended December 31st, 2016, a decline of 32%.

The total income declined by 16% to \$687,282 due to the absence of the rental income from the Carters properties which were owned by the CS&C Joint Venture in the prior year but were sold in January 2017. The Fund's expenses remain flat from the same quarter in 2016.

After the quarter end, the Fund acquired a 30% interest in Emerald City Trust which purchased the Emerald City Complex at Six Roads in Barbados on a sale and leaseback basis. The Fund will participate in the income from this Trust from January 2018. The Fund's other commercial properties continue to perform in line with expectations and are all fully tenanted except for Carlisle House which continues to struggle with high vacancy.

The net asset value (NAV) of the Fund was \$ 40,889,610 equating to \$0.73 per share at December 31st, 2017 down from \$42,483,374, \$0.76 per share at the end of September 2017. This was due primarily to the payment of a dividend of \$1,947,846, \$0.035 / share in December of 2017. The shares of the Value Fund closed at \$0.50 on the Barbados Stock Exchange at the end of December 2017 a discount of 32% to NAV. In January 2018, the owners of the voting shares of the Fund concluded an agreement with Eppley 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.