



Fortress Caribbean Property Fund

Rights Issue Information Memorandum



Own your share of the Caribbean

www.fortressfund.com

Be A Part of The Exciting Caribbean Property Market.

Fortress Caribbean Property Fund Limited Information Memorandum

2 for 3 Rights Issue of 22,326,840 Class "A" Common
Property Fund Shares at Bds\$1.40 per Share

IMPORTANT NOTICE

Please consult your financial adviser or attorney-at-law if you do not fully understand the contents of this information memorandum or if you have any queries concerning this information memorandum.

Lead Stockbroker:



Manager to the Issue:

Fortress Fund Managers Limited

Dated: October 3rd, 2005

A copy of this document has been registered with the Registrar of Companies in Barbados in accordance with the provisions of the Companies Act Cap 308 of the laws of Barbados and has also been filed with the Securities Commission. The Fund is an authorised mutual fund licensed under the Mutual Funds Act, 2002-22. The Registrar of Companies and The Securities Commission of Barbados and the Barbados Stock Exchange Inc. take no responsibility as to the validity or the veracity of the contents of this information memorandum.

The Stock Exchange and Securities Commission in Barbados have not in any way evaluated the merits of the securities offered hereunder and any representation to the contrary is an offence.

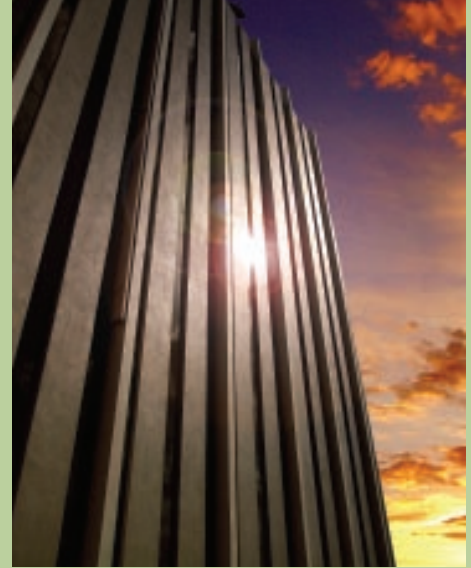
No person receiving a copy of this document in any territory may treat this document as constituting an invitation to him or her to purchase or subscribe for any shares nor should he or she in any event purchase or subscribe for any shares unless in the relevant territory such an invitation could lawfully be made to him or her without offeror's compliance with any registration or other legal requirements. Any person wishing to subscribe for shares should satisfy himself or herself that, in doing so, he or she complies with the laws of any relevant territory, and that he or she obtains any requisite governmental or other consents and observes any other applicable formalities.

No money should be paid to any financial intermediary in Barbados who is not a licensed mutual fund administrator or the agent duly appointed under Part IV of the Mutual Fund Regulations or intermediary licensed under the Securities Act, 2001-13.

Benefits to Investors

Within the equity investment environment of Barbados, the Directors believe that the Fund offers an attractive combination of benefits to investors:

- Opportunity that allows every investor, from the large financial institution to the small individual investor, to participate in the rapidly growing real estate market in the Caribbean;
- 11.4% annual compound rate of return since launch in 1999 including the effect of warrants;
- Regular flow of income in the form of annual dividends;
- Risk management through a diversified portfolio of real estate holdings;
- Taxation benefits of the Fund, which include no corporation tax on income designated for the shareholders;
- \$10,000 reduction in taxable income for individual shareholders resident in Barbados, plus a further \$7,500 deduction where such investment is made out of annual bonus;
- Professional management and investment advice from reputable professionals;
- Exchange control benefits for CARICOM shareholders.





The Offer

THE OFFER

2 for 3 Rights Issue of 22,326,840 Class "A" Common Property Fund Shares at Bds\$1.40 per Share

At a meeting of the Board of Directors of the Fortress Caribbean Property Fund Limited ("the Fund") held on June 1st, 2005, it was resolved to offer for subscription and issue 22,326,840 of the unissued Class "A" common property fund shares of the Fund, at Bds\$1.40 each, to existing shareholders in the proportion in which they hold this class of shares at the Record Date of the Offer.

Persons who are not currently shareholders in the Fund may also participate in the issue by purchasing rights via the Barbados Stock Exchange on the designated trading days noted in Section 1.2.. Non shareholders who are interested in purchasing such rights should contact their broker as soon as possible in this regard. Alternatively application can be made to Fortress Fund Managers Limited to purchase shares issued pursuant to the rights issue subject to availability of rights not taken up.

This document contains particulars given in compliance with the regulations of the Board of the Barbados Stock Exchange (BSE), the Mutual Funds Act 2002-22, the Securities Act 2001-13 and the Companies Act Cap 308, for the purpose of giving information to the public with regard to the Fund. The Directors, whose names appear below, collectively and individually, accept full responsibility for the accuracy of the information given and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, there are no facts, the omission of which would make any statement herein misleading.

This offer opens on October 3rd, 2005 at 9:00 am and expires at 5:00 pm on October 28th, 2005.

R. Geoffrey Cave- Chairman

Maureen Davis

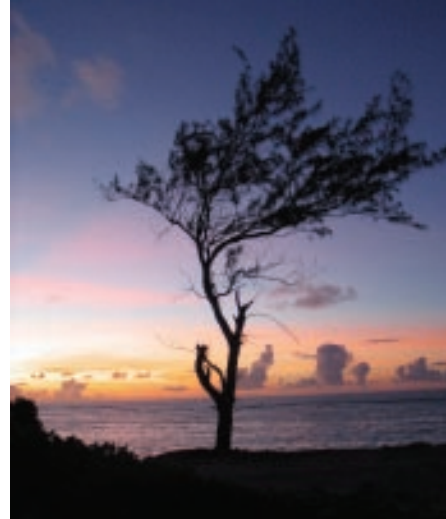
Paul Altman

Christopher de Caires

Dr. Trevor Carmichael

Terry Hanton

Contents



CONTENTS	PAGE
1. DEFINITIONS AND TIMETABLE	4
1.1. DEFINITIONS.....	4
1.2. TIMETABLE.....	4
2. SHARE CAPITAL	5
3. DIRECTORS	6
4. LETTER FROM THE CHAIRMAN	8
5. DETAILS OF THE OFFER	9
5.1. TERMS OF THE RIGHTS ISSUE	9
5.2. ACTION TO BE TAKEN – Procedure for Acceptance and Payment.....	9
5.3. ACTION TO BE TAKEN – Procedure for Sale or Renunciation of New Shares Entitlement	9
5.4. PROCEDURE FOR RIGHTS NOT TAKEN UP – “EXCESS SHARES”	10
5.5. COMMITTED PARTIES OR THEIR NOMINEES.....	10
5.6. CONFIRMATION OF ALLOTMENTS AND OVER SUBSCRIPTION REFUNDS	10
5.7. POSTING	10
5.8. LEAD STOCK BROKER AND MANAGER CONTACT INFORMATION	10
6. PROSPECTS	11
6.1. NEW INVESTMENT OPPORTUNITIES.....	11
6.1.1. The CS&C Joint Venture, Barbados.....	11
6.1.2. Cap Estate Residential Development, St. Lucia	12
6.1.3. Lime Grove Residential And Commercial Development, Barbados.....	13
6.1.4. Rockley Resort Residential Development, Barbados.....	14
6.1.5. Holders Polo Manor Development, Barbados	15
6.1.6. Tobago Plantation Development, Tobago.....	15
6.2. IMPACT OF THE NEW INVESTMENTS ON THE FUND’S PORTFOLIO	16
6.3. CARIBBEAN REAL ESTATE OUTLOOK	17
7. RISK FACTORS	17
8. FINANCIAL HISTORY	19
8.1. CURRENT REAL ESTATE PORTFOLIO.....	19
8.2. FUND PERFORMANCE	22
8.3. AUDITORS’ REPORT.....	24
8.4. STATEMENTS OF INCOME: 2000 - 2004	25
8.5. BALANCE SHEETS: 2000 - 2004	26
8.6. STATEMENTS OF CASH FLOWS: 2000 - 2004	27
8.7. PRICEWATERHOUSECOOPERS’ LETTER ON THE UNAUDITED INTERIM FINANCIAL STATEMENTS.....	28
8.8. STATEMENT OF INCOME FOR THE NINE MONTHS ENDED JUNE 30, 2005 - UNAUDITED.....	29
8.9. BALANCE SHEET AS OF JUNE 30, 2005 - UNAUDITED	30
8.10. STATEMENT OF CASH FLOWS FOR THE NINE MONTHS ENDED JUNE 30, 2005 - UNAUDITED	31



Contents cont'd

CONTENTS CONT'D

PAGE

9. FUND HISTORY AND PROFILE	32
9.1. FORTRESS CARIBBEAN PROPERTY FUND LIMITED	32
9.1.1. Type of Fund	32
9.1.2. The Fund Objective.....	32
9.1.3. Fund Manager.....	32
9.1.4. Investment Adviser	32
9.1.5. Property Manager	32
9.1.6. Investment Committee	33
9.1.7. Registrar, Secretary and Transfer Agent.....	33
9.1.8. Independent Valuers	33
9.2. INVESTMENT GUIDELINES	33
9.2.1. Investment Size and Return	33
9.3. THE INVESTMENT PROCESS.....	34
9.3.1. Investment Sourcing	34
9.3.2. Investment Evaluation	34
9.3.3. Property Management and Monitoring.....	34
9.3.4. Divestment.....	34
9.3.5. Valuation Policy	34
9.3.6. Reports and Meetings	35
9.3.7. Conflicts of Interest	35
9.4. INVESTMENT RESTRICTIONS & BORROWING POWERS	36
9.5. TRADING IN THE FUND'S SHARES.....	36
9.6. FEES & EXPENSES	37
9.6.1. The Manager.....	37
9.6.2. The Investment Adviser	37
9.6.3. The Independent Valuer	37
9.6.4. Transaction Costs	37
9.6.5. Estimated Expenses of the Rights Issue	37
9.7. DIVIDEND POLICY.....	37
9.8. TAXATION OF THE FUND	37
9.9. TAXATION OF THE SHAREHOLDERS	38
9.10. FOREIGN EXCHANGE CONTROL	38
9.11. TAX INCENTIVES.....	38
10. DIRECTORS OF THE FUND AND THEIR INTERESTS	39
11. SUBSTANTIAL INTERESTS	39
12. MATERIAL CONTRACTS	39
13. CONSENTS	39
14. FORMS FOR SHAREHOLDERS' ATTENTION	41
14.1. PROVISIONAL LETTER OF ALLOTMENT	41
14.2. FORM OF ACCEPTANCE – FORM A.....	43
14.3. INSTRUCTION TO SELL RIGHTS [FORM OF RENUNCIATION] – FORM B.....	45
14.4. APPLICATION FOR EXCESS SHARES – FORM C	47
15. CORPORATE INFORMATION	49

Definitions and Timetable



1. DEFINITIONS & TIMETABLE

1.1. DEFINITIONS

"the Company"	Fortress Caribbean Property Fund Limited
"the Fund"	Fortress Caribbean Property Fund Limited
"Fund Shares" or "Shares"	Class "A" Common Property Fund Shares
"New Shares"	New "Class A" Common Property Fund shares issued pursuant to the exercise of this rights offer
"Excess Shares"	New Shares in respect of which shareholders have not taken up their subscription rights
"the Directors"	The Directors of the Company
"the Manager"	Fortress Fund Managers Limited
"Investment Adviser"	Altman Real Estate
"Property Manager"	Property Consultancy Services Inc.
"Independent Valuer"	Terra Caribbean
"BSE"	Barbados Stock Exchange Inc. (formerly the Securities Exchange of Barbados)
"BCSDI"	Barbados Central Securities Depository Inc.
"\$", "dollars" and "cents"	The currency of Barbados
"NAV"	Net Asset Value being the net value of the assets of the Fund per share
"Central Bank"	Central Bank of Barbados

1.2. TIMETABLE

	Year 2005
Record Date for rights issue	September 30
Stock exchange dealings in subscription rights	October 11, 12, 14, 18, 19, 21
Latest time for delivery of renunciation of rights	October 21
Latest time for acceptance of rights and payment	October 28
Confirmation of allotment of New Shares	November 4
Stock exchange dealings in New Shares to commence	November 8



2. SHARE CAPITAL

The Fund is a Barbados based closed-end mutual fund company which invests primarily in real estate properties in the Caribbean. As such, the Fund represents an investment opportunity that allows everyone, from the large financial institution to the small individual investor, to participate in the rapidly growing real estate market in Barbados and the Caribbean.

The authorized share capital of the Fund consists of an unlimited number of Class “A” common shares and 10 Class “B” shares. The Class “A” shares have an interest in the undivided portion of the assets of the Fund, and secure an equal share in the distribution of net income and net capital gains. Class “B” shares are held by the Investment Adviser and the Fund Manager and have voting rights but no rights to receive dividends or participate in any appreciation of the Fund’s assets. The rights to these classes of shares are more fully described in Section 9.4 of this Information Memorandum.

The Fund’s shares trade on the Barbados Stock Exchange.

The constitutive documents of the Fund are available for inspection at its principal place of business, 1st Floor Carlisle House, Hincks Street, Bridgetown, Barbados.

Your Board of Directors

3. DIRECTORS

The Board of Directors of Fortress Caribbean Property Fund Limited:



Mr. Geoffrey Cave, C.B.E., B.C.H.

*Chairman
Cave Shepherd & Co. Ltd.*

Mr. Geoffrey Cave is the Chairman & Managing Director of Cave Shepherd & Co. Ltd., a public company listed on the BSE. Mr. Cave, who holds a B.Comm. from McGill University in Canada, has been the Chairman & Managing Director of Cave Shepherd for the past 30 years. Mr. Cave has had a distinguished career in business in Barbados being involved as Director and Chairman of several of the leading public companies in Barbados.

Mr. Cave received the Caribbean Master Entrepreneur of the Year Award for the year 2000. He was also awarded the Barbados Centennial Honour by the Government of Barbados in January 2003.

Mr. Paul Altman, B.C.H.

*Managing Director
Altman Real Estate*

Mr. Paul Altman has been involved in real estate for 27 years as Managing Director of Alleyne, Aguilar & Altman Ltd. (Altman Real Estate). He has been at the forefront of developments in the luxury residential market in recent years and was instrumental in the highly successful Royal Westmoreland golf residential community where he held the post of Deputy Chairman. He is a director of Sugar Hill, a tennis based residential community.

In addition to the luxury property market, Mr. Altman is involved in urban renewal programs in Speightstown, where he is Chairman of the Task Force, and in Bridgetown through his directorship with Barbados Shipping and Trading Co. Ltd. He is a past President of the Barbados National Trust.

Mr. Altman was awarded the Barbados Centennial Honour by the Government of Barbados in 2000.



Dr. Trevor A. Carmichael, Q.C., S.C.M.

*Principal
Chancery Chambers*

Dr. Trevor Carmichael was born in Barbados and was called to the United Kingdom Bar as a member of the Middle Temple in London and the Barbados Bar. He is a member of the International Bar Association, the Inter-American Bar Association and a Committee Member of the Inter-American Bar Foundation as well as an associate member of the Canadian Bar Association. He holds membership in the International Tax Planning Association and the International Fiscal Association, and he is the Barbados Country Chairman of the International Litigation Committee on Business Law of the International Bar Association, as well as a former Deputy Secretary-General of that association.

Dr. Carmichael is the Principal of Chancery Chambers, a Barbados law firm engaged primarily in international and domestic law, international tax consulting, and charities.



Mrs. Maureen Davis

*Chief Development Officer
Duty Free Caribbean Holdings Ltd. (DFCH)*

Maureen Davis has been an executive member of the management team of Duty Free Caribbean Holdings (DFCH) since 2000 and is responsible for leading the business development process and strategy formulation for regional growth and expansion. Her role includes the identification of emerging opportunities and the continuous evaluation of existing businesses and she is responsible for the negotiation, design and construction of all of the company's projects across the region.

Mrs. Davis joined Cave Shepherd & Co. Ltd. in 1983 and has extensive retail planning and design experience spanning over twenty years. She has also been involved in the planning and execution of a number of tourism developments and initiatives and played a pivotal role in the company's environmental awareness thrust.

She is a Director of Duty Free Caribbean Holdings, the Tourism Development Corporation and sits as an alternate Director of Bridgetown Cruise Terminal Inc.

Mr. Christopher de Caires, FCA, MBA

Mr. de Caires is a fellow of the Institute of Chartered Accountants of England & Wales and the Institute of Chartered Accountants of Barbados. He holds a Masters Degree in Business Administration from the Henley Management College in the United Kingdom and is a graduate of the Public Executive Program at the University of Michigan in the US.

He has over 20 years professional and management experience in Barbados, the United Kingdom, Guyana, Brazil and Puerto Rico as well as several other Caribbean islands. His experience includes professional advice and executive management in the areas of financial control, corporate services and real estate development.

Mr. de Caires has played a pivotal role in a number of organizations and has been a leader in many major project initiatives, including: total quality management implementation; corporate information systems development and creation of the corporate and consulting division for an international professional firm. He is Chairman of the Barbados Private Sector Association, the Barbados Tourism Investment Inc. and World Cup Barbados Inc. He is past president of the Institute of Chartered Accountants of Barbados and was one of the founding faculty members of the executive MBA program of the University of the West Indies. He serves as a director on several local and offshore companies.



Mr. Terry Hanton, FCA

*Managing Director
Property Consultancy Services Inc.*

Mr. Terry Hanton is a UK trained Chartered Accountant specialising in consultancy services in the real estate and hospitality sectors. From 1984 to 1996 he was Finance Director of St. James Beach Hotels Plc, a Barbados based hotel group which was traded on London and Barbados stock exchanges. Since 1998 he has been the Managing Director of Property Consultancy Services Inc., a subsidiary of Altman Real Estate.

From 1998 he has project managed the Sugar Hill resort community in Barbados.

Letter from The Chairman



4. LETTER FROM THE CHAIRMAN

To: The Class "A" shareholders of Fortress Caribbean Property Fund Limited

Dear Shareholder,

Re: 2 for 3 Class "A" Rights Issue at \$1.40 per share

At a meeting of the Board of Directors of Fortress Caribbean Property Fund Limited ("the Fund") held on June 1st, 2005, it was resolved to issue and offer for sale a Rights Issue of two (2) new Class "A" shares for every three (3) Class "A" shares held at the close of business on September 30th, 2005, with the purpose of raising approximately \$30.8 million, net of expenses.

The Rights Issue will not be underwritten. However, initial commitments have been received from a number of investors, who have agreed to purchase Shares up to a maximum of \$18 million in the event that shareholders do not take up their Rights and Excess Shares. The lead stockbroker to the Issue is **Signia Financial Group Inc.**

Reason for the Issue

The Fund is a closed end fund which is fully invested. There are a number of attractive investment opportunities presently before the Fund, and in addition the Fund is increasingly being invited to participate in investment projects (see details of individual projects in Section 6). In order to capitalize on these opportunities, the Fund requires additional capital. Below is a list of projects that have been approved in principle by your Board of Directors which are considered attractive investment opportunities:

Project	Capital Required \$million
The CS&C joint venture - Barbados	\$6.0
Cap Estate residential development – St. Lucia	\$10.0
Lime Grove residential/commercial development – Barbados	\$2.0
Rockley Resort residential development - Barbados	\$3.0
Development of Holder's Polo Manor - Barbados	\$4.0
Development of Lot #102 Tobago Plantation - Tobago	\$1.0
Surplus for funding of future projects	\$4.8
TOTAL	\$30.8

Each of the above projects has been subjected to financial analysis including the evaluation of an appropriate capital structure. Based on this, the above levels of capital are considered prudent with respect to each of the projects.

The above proposed equity investments will further diversify the Fund and enhance the prospects for both short and long term returns to shareholders.

Risk Factors

The Fund will be subject to many risk factors which may impact on its future performance. Shareholders should consider the risk factors set out in Section 7 and the other information in this document before subscribing for New Shares under the Rights Issue.

Action to be taken

A provisional allotment letter in respect of your entitlement to Fund Shares is enclosed. This contains details regarding the procedure for acceptance and payment, and for renunciation of your rights should you wish to sell all or part of your entitlement.

Directors' Intentions

The Directors intend to take up all of their entitlements to Fund Shares under this Rights Issue.

We look forward to your participation in this Rights Issue.

Yours sincerely,

Fortress Caribbean Property Fund Limited,

Mr. Geoffrey Cave – Chairman
October 3rd, 2005



Details of The Offer

5. DETAILS OF THE OFFER

5.1. TERMS OF THE RIGHTS ISSUE

The Fund is raising \$30.8 million, net of expenses, through a Rights Issue of 22,326,840 new Fund Shares at \$1.40 per share. The New Shares are being offered by way of a rights issue to existing shareholders on the following terms as set out below:

- Two (2) new shares (New Shares) for each three (3) shares held on September 30th, 2005
- Each New Share to be issued at a price of \$1.40
- The New Shares will be issued ex-dividend
- Fractional entitlements will not be allowed, and entitlements to New Shares will be rounded up or down to the nearest whole number as the case may be
- The New Shares will be issued and fully paid and will rank pari-passu in all respects with the existing issued shares

Following the closure of the Rights Issue, applications will be made to the Barbados Stock Exchange and The Trinidad and Tobago Stock Exchange for the New Shares to be listed. Subject to this listing being granted, dealing in the New Shares is expected to commence on November 8th, 2005.

5.2. ACTION TO BE TAKEN -

Procedure for Acceptance and Payment

The Provisional Allotment Letter in respect of the New Shares is provided on page 41 of this document, and indicates the holding of shares on which your entitlement has been based, as well as the aggregate number of New Shares which you have been provisionally allotted.

If you wish to take up your entitlement, whether in whole or in part, you must return the Provisional Allotment Letter and the Form of Acceptance, together with a remittance for the amount payable on acceptance, in accordance with the instructions printed thereon, to Fortress Fund Managers Limited or Signia Financial Group Inc., so as to arrive no later than **5:00pm on Friday October 28th, 2005**.

All subscription payments must be in Barbados dollars and cheques or banker's drafts should be made payable to "FCPF Rights Issue". Cheques and banker's drafts will be presented for payment upon receipt. The Directors reserve the right to make presentation of cheques to allow the Fund to obtain value for remittances at the earliest opportunity. It is a condition of the Rights Issue that cheques shall be honoured at the first presentation and the Fund may elect not to treat as valid acceptances in respect of which cheques are not so honoured.

It is the responsibility of each subscriber for New Shares to seek taxation, legal or other professional advice if necessary, and to comply with any exchange control or other legal

requirements relating to their subscription or application.

All enquiries in relation to the Provisional Allotment Letter should be addressed to Fortress Fund Managers Limited, 1st Floor Carlisle House, Hincks Street, Bridgetown, Barbados.

5.3. ACTION TO BE TAKEN - Procedure for Sale or Renunciation of New Shares Entitlement

Dealings in rights to subscribe for the New Shares - Dealings on the Barbados Stock Exchange in the rights to subscribe for the New Shares are expected to take place on October 11th, 12th, 14th, 18th, 19th, and 21st. Persons wishing to dispose of all or part of their entitlement should follow the instructions contained in the Provisional Allotment Letter.

Renunciation - A shareholder who does not wish to accept all of his or her allotment will be deemed to have renounced the portion which they do NOT wish to accept by simply not accepting his or her entitlement as evidenced on the Provisional Allotment Letter. Shareholders who do not wish their entire allotment may sell the portion which they do not wish to accept by completing and signing the Instruction to Sell Rights [Form of Renunciation], Form B, which is provided for their convenience on page 45 of this document and by delivering this form together with the Provisional Allotment Letter to their stockbroker by 9:00 am on Friday October 21st, 2005.

Details of The Offer cont'd

5.4. PROCEDURE FOR RIGHTS NOT TAKEN UP – “EXCESS SHARES”

If payment in full for an entitlement to New Shares is not received by **5:00 pm on October 28th, 2005**, in accordance with the procedure specified for acceptance and payment, then the provisional allotment will be deemed to have been declined and will lapse. In addition, if you do not accept the shares provisionally allotted to you, either in whole or in part, and do not renounce your entitlement thereto on or before 5:00 pm on October 28th, 2005 the offer will be considered as not having been accepted and will lapse. The shares related to this offer will thereupon be treated as Excess Shares as outlined below.

New Shares not taken up will be designated “Excess Shares”.

Shareholders who would like to apply for Excess Shares may do so by completing the Application for Excess Shares (Form C), which is provided on page 47 of this Information Memorandum, and forwarding this directly to Fortress Fund Managers Limited or Signia Financial Group Inc.. Excess Shares will be issued first to individual shareholders whose rights were for less than 7,143 New Shares (approximately \$10,000) in order to bring the value of their holding of New Shares up to \$10,000. Thereafter, any remaining Excess Shares will be allotted as determined by the Board of Directors of the Fund. Payment for Excess Shares should be made by a separate cheque or bank draft and made payable to “FCPF Rights Issue” to reach Fortress Fund Managers Limited or Signia Financial Group Inc. not later than **5:00 pm on Friday, October 28th, 2005**.

If subscribers cannot be procured on the basis described above, the relevant New Shares will be subscribed for by the parties from whom initial commitments have been received at the Rights Issue price of \$1.40 per share in accordance with the basis described in Section 5.5 of this Information Memorandum.

5.5. COMMITTED PARTIES OR THEIR NOMINEES

The Rights Issue is not being underwritten. However, initial commitments have been received in writing from a number of local and foreign investors.

In the event that not all shareholders take up their Rights and Excess Shares, the Committed Parties or their nominees have agreed to purchase such shares at the Offer Price up to a maximum of \$18 million.

5.6. CONFIRMATION OF ALLOTMENTS AND OVER SUBSCRIPTION REFUNDS

Confirmation of allotments of New Shares together with any cheques in respect of over subscriptions for Excess Shares are expected to be dispatched by post by November 4th, 2005.

Ownership of shares will be in non-certified form and the record of title of ownership will be maintained in electronic form by the company secretary and the Barbados Central Securities Depository. Therefore, it is not the intention to issue share certificates to shareholders.

5.7. POSTING

All documents and cheques posted to or by the person entitled thereto (or their agents) will be posted at their risk.

5.8. LEAD STOCK BROKER AND MANAGER CONTACT INFORMATION

Lead Stockbroker:

Signia Financial Group Inc.
1st Floor Carlisle House,
Hincks Street,
Bridgetown,
Barbados W.I.
Tel: (246) 429 7344

For information on other brokers please visit our website at www.fortressfund.com

Manager To The Issue:

Fortress Fund Managers Limited
1st Floor Carlisle House,
Hincks Street,
Bridgetown,
Barbados W.I.
Tel (246) 431 2198

PROSPECTS

Carters

Cave Shepherd

6. PROSPECTS

6.1. NEW INVESTMENT OPPORTUNITIES

6.1.1. THE CS&C JOINT VENTURE, BARBADOS

The Fund will take a 20% interest in a real estate partnership (The CS&C Joint Venture) which will acquire land and buildings at seven locations in Barbados presently owned by Cave Shepherd & Co. Limited ("Cave Shepherd") and Carter Holdings Limited ("Carter's" – which owns the real estate occupied by Carter & Co. Ltd.). The properties include approximately 24 acres of land and 250,000 square feet of retail, office and warehouse space, and represent a diversified portfolio of real estate. The five developed sites, which include commercial buildings, will be acquired and leased back to the vendors, or their affiliates, for terms of 7 to 15 years. In summary, the properties to be purchased, and related purchase prices, are as follows:



Property purchases:	\$ 000's
Cave Shepherd building – Broad Street	\$37,700
Carter's buildings (4)	\$20,600
Carter's – undeveloped land	\$6,309
Transaction costs - estimated	\$1,141
	\$ 65,750

The cost to the Fund of a 20% interest in this partnership is \$6.0 million. It is projected that the leveraged internal rate of return on equity investment in the venture, over the first 10 years, will be approximately 13.7% for the developed sites, with potential also for significant returns on development of the undeveloped lands. The debt assumes a 12-year fixed rate loan at an effective interest rate of 6.75% per annum.

The Cave Shepherd building is the main Cave Shepherd retail centre on Broad Street, Bridgetown.

Carter's properties consist of the following:

- Carter's main retail complex in Wildey, St. Michael
- Carter's retail store and head office building in Barbarees Hill
- Carter's store on High Street, Bridgetown
- Warehouse complex in Lower Estate, St. George
- 3.5 acres of undeveloped land at Lower Estate adjoining the Lower Estate warehouse complex
- 13.5 acres of undeveloped land at Lower Estate

The CS&C JV will finance the purchase of these properties as follows:

Finance structure – \$000's	Equity	Debt	Total
Developed buildings	\$23,500	\$35,750	\$59,250
Undeveloped land	6,500	-	6,500
TOTAL	\$30,000	\$35,750	\$65,750
Debt and Equity %	45%	55%	100%

PROSPECTS

Cap Estate

6.1.2. CAP ESTATE RESIDENTIAL DEVELOPMENT, ST. LUCIA

The Fund has entered into an agreement to acquire land at Cap Estate, St. Lucia for \$5.2 million, with the objective of developing a golf course residential complex. The site, known as “Villas on the Green” is 16.86 acres of land adjoining the 7th and 8th holes of the Cap Estate golf course. It is presently undeveloped but has the potential to house 60 residential units. There will be a mixture of high density townhouses and some single family homes on the lots.

The St. Lucia government has created a very attractive package of concessions designed around the Cricket World Cup in 2007. The focus is to add room capacity quickly. Hence, this project is very timely. A summary of the projected costs, financial structure and returns is provided below:



CAP ESTATE RESIDENTIAL GOLF DEVELOPMENT	\$ 000's
TOTAL PROJECTED CAPITAL COSTS (excluding financing)	<u>\$47,478</u>
CAPITAL STRUCTURE:	
- Equity	\$10,000
- Debt	<u>\$ 7,200</u>
	\$17,200
- Funding from internal cash flow (net sales proceeds)	<u>\$30,278</u>
	<u>\$47,478</u>
Projected Internal rate of return - leveraged	40%

St. Lucia has undergone a major resurgence in vacation home investment and interest. This can be seen in projects such as Discovery at Marigot Bay and Plantation Beach, both of which have sold extremely well. New projects include two residential marinas. The missing ingredient is golf residential, which has done well in other parts of the region.

Phase I will include 20 two and three bedroom townhouses estimated to cost \$12 million. These units are projected to realize gross revenue of approximately \$20.5 million. An additional 55 units are proposed in subsequent phases to be financed out of the excess cash flow from Phase 1.



Lime Grove



6.1.3. LIME GROVE RESIDENTIAL AND COMMERCIAL DEVELOPMENT, BARBADOS

The Fund has taken a 20% interest, at a cost of \$2.0 million, in a venture involving the purchase of 435,000 square feet of land in the centre of Holetown, St James, Barbados. The project involves the development of a residential and commercial complex in the form of a mini-village with a shopping centre, homes and recreational areas. The site, known as Lime Grove, is presently undeveloped but has received planning permission for a 54 townhouse residential community and a commercial complex including retail shops, offices, a sports bar and a bank.

Below is summary of the projected costs, financial structure and returns:

LIME GROVE DEVELOPMENT	\$000's
TOTAL PROJECTED CAPITAL COSTS (excluding financing)	<u>\$37,934</u>
CAPITAL STRUCTURE:	
- Equity	\$10,000
- Debt – 6 year loan	\$12,000
	<u>\$22,000</u>
- Funding from internal cash flow (net sales proceeds)	\$15,934
	<u>\$37,934</u>
Projected Internal rate of return - leveraged	25%

It is planned that Phase I of the venture will involve construction of all of the retail and commercial facilities. Two townhouse show units will also be constructed during this phase and a sales office will be opened in one of the retail spaces. Phase II anticipates the development of the residential units in parcels, with these being released to the market through the sales office in order to ensure a well planned development with minimum cash requirements.

Holetown is a thriving residential, retail and recreational centre. This site is one of the most prestigious locations available in the area.

PROSPECTS

Rockley Resort



6.1.4. ROCKLEY RESORT RESIDENTIAL DEVELOPMENT, BARBADOS

The Fund, in partnership with Dowding Estates & Trading Company (DETCO), is in the process of acquiring the real estate holdings of Rockley Recreations Ltd. in receivership which consists of 60 one-bedroom accommodation units, known as Orange Hill, overlooking the golf course, 5 tennis courts and 2 squash courts. The Fund will hold a 50% interest in the venture. The parties plan to develop the property as follows:

- Renovate the 60 units at Orange Hill and convert them into one and two bed room condominium units
- Demolish the central facility and build 30 condominiums of approximately 1,000 sq ft each
- Sell all units as freehold property
- Sell the tennis courts to DETCO who own the golf course and clubhouse.

A summary of the projected capital costs, financial structure and returns is provided below:

ROCKLEY CONDOMINIUM COMPLEX	\$ 000's
TOTAL PROJECTED CAPITAL COSTS (excluding financing)	<u>\$18,245</u>
CAPITAL STRUCTURE:	
- Equity	\$6,000
- Debt - 2 year loan	<u>\$4,000</u>
	\$10,000
- Funding from internal cash flow (net sales proceeds)	<u>\$8,245</u>
	<u>\$18,245</u>
Projected Internal rate of return - leveraged	18%

It is assumed that the development will be conducted in phases. Phase I will involve the conversion of the 60 existing studio units. Phase II anticipates the construction of 30 new condominiums on the site currently occupied by the central facilities of the former Rockley Resort Hotel.

Holdes



6.1.5. HOLDERS POLO MANOR DEVELOPMENT, BARBADOS

This is a 3 1/2 acre site with expansive views over Holder's Polo Field, the Sandy Lane Green Monkey Golf Course and the sea. Plans have been prepared for a six bedroom house to be built and sold and an application has been submitted for Town Planning permission of this development.

The Fund is expected to realize a significant profit from this property, either from sale of the undeveloped land or on the sale of the house if this is constructed.

Tobago Plantation



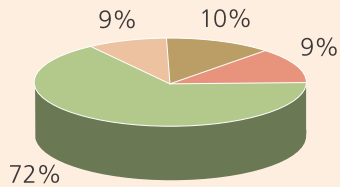
6.1.6. TOBAGO PLANTATION DEVELOPMENT, TOBAGO

The Fund intends to construct a 3 bedroom house on Lot 102 for resale or rental. The construction cost of the house is expected to be approximately \$1 million and it is proposed that the property be offered for resale.

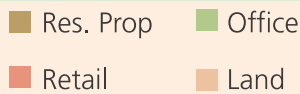
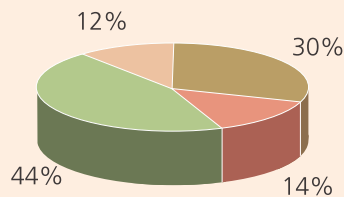
6.2. IMPACT OF THE NEW INVESTMENTS ON THE FUND'S PORTFOLIO

The fund is diversifying its assets by the investment of a significant portion of the new capital in undeveloped land which will be utilized in residential real estate projects in Barbados and other Caribbean islands.

ASSET DIST'N BY TYPE - BEFORE



ASSET DIST'N BY TYPE - AFTER



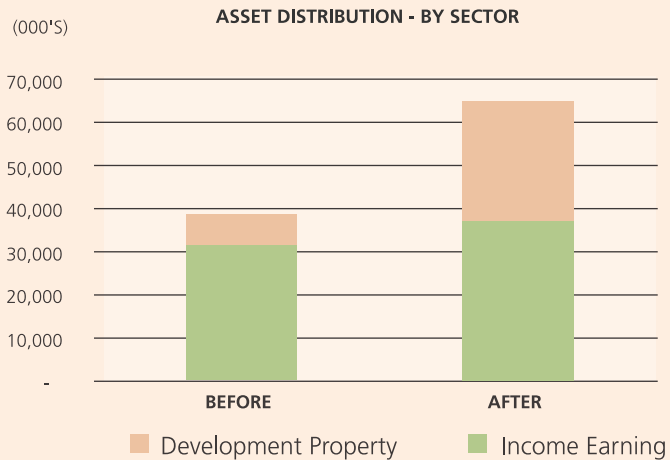
Asset distribution by type

Presently the Fund's major assets are four (4) buildings which are all rented out under long or short term leases. Additionally the Fund owns land at Lower Estate, Holders and in Tobago, which remain undeveloped, as well as newly purchased properties, Canmore and Villas on the Beach, which are available for resale.

The uses identified for the new capital include a 20% investment in the CS&C Joint Venture which will own an additional six (6) income earning buildings as well as 17 acres of land with future development potential. The remainder of the funds will be allocated to the purchase and development of lands at Cap Estate in St. Lucia, Rockley Resort, Lime Grove and Holder's in Barbados and Tobago Plantation golf development in Tobago. The Fund and its partners intend to develop all these sites for sale in the future.

Asset Distribution By Sector

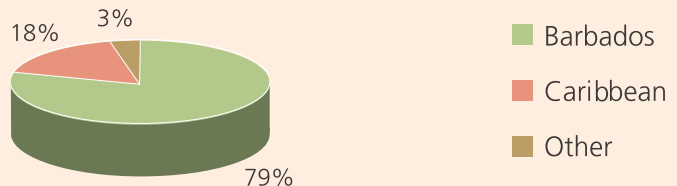
Presently the Fund is primarily invested in commercial office buildings (with some retail space) which are low yield and low risk. Increased investment in residential projects, which target the overseas second home buyer, is expected to bring higher returns to the fund in the medium term which is reflective of the increased risk inherent in such investments. The new capital will be used to fund a number of residential developments as described earlier. The CS&C project will increase the Fund's investment in retail real estate.



Asset Distribution By Location

The Fund's main assets are in Barbados (presently 93% of assets), with small investments in Tobago and Canada. The Fund intends to invest an additional \$1 million in Tobago as well as \$10 million in Cap Estate, St. Lucia. This will diversify the portfolio geographically.

ASSET DIST'N BY COUNTRY - AFTER





Caribbean Real Estate Outlook / Risk Factors

6.3. CARIBBEAN REAL ESTATE OUTLOOK

The Caribbean is on the crest of a wave of real estate development and is attracting significant interest from major international players who before now, considered the region too risky. While the outlook is different on a sectoral and territorial basis, in general the residential development boom spans the whole region. In previous years, high-end residential expansion was limited to the Bahamas, Barbados, the Cayman Islands, Puerto Rico and the Dominican Republic.

Nevertheless, in the last two years almost every island has experienced a surge of new developments and several islands that had experienced a slowdown such as St. Lucia, Grenada, Tobago and Antigua are now experiencing a resurgence. We are particularly excited about St. Lucia because the infrastructure is strong, the building industry is well developed and the airlift for potential non-national purchasers is very good. However, we are less enthusiastic about Tobago because of its weak airlift.

The North American vacation home market is in an unprecedented boom and it has begun to have a significant economic impact on such islands as the Turks & Caicos, Anguilla and St. Barts which, although small, are within easy reach of North America.

To a great extent the commercial sector within the Caribbean remains static with the noticeable exception of Trinidad and Puerto Rico. The growth of the office sector driven by the offshore financial services boom of the

late 80's and early 90's has dried up and as a result many islands are experiencing reduced office construction. However, high-end retail development is occurring in many of the islands and new airport or seaport retail centres are in construction.

Industrial and warehouse booms are really only taking place in islands undergoing major industrial growth for example, Trinidad and Puerto Rico. Finally, the hotel sector is showing signs of growth in capacity and it is notable that there is for the first time in many years signs of equity investment by the chain hotels.

Thus, the outlook for the Caribbean appears attractive with a particular emphasis on high-end residential communities, and the expectation of increased profits for the region as a result of the Cricket World Cup in 2007 is significant.

7. RISK FACTORS

Risk Factors of Real Estate Investments

The higher returns generally associated with real estate are due to inherent risks in the investment itself. The primary risk is that of reduced liquidity due to the size of the transactions where a transaction can take several months or even years to be executed. The market in which real estate assets trade is not well established and defined, there are often few participants and limited information. In addition, the valuation of properties is often subjective where appraisals are based on several assumptions including estimates of replacement costs, similar market values, future rental incomes and costs and future interest rates.

The mitigating factor for the above risks is time. Performance and returns from real estate investments are typically realized over long periods of time and hence this asset class is most suitable to long-term investors.

Investment in real estate properties in the Caribbean is also exposed generally to the risk of natural disasters, most notably hurricanes. To mitigate against such risk the Fund seeks to diversify its portfolio geographically and to ensure that appropriate insurance is in place. Although at present the Fund is primarily invested in Barbados properties, the new investment proposals will improve the diversification of the portfolio as noted in Section 6.2..

Risk Factors cont'd

Purchase And Leaseback

The Fund engages in the purchase and leaseback of properties. In such transactions, the Fund is exposed mainly to tenancy risk and interest rate risk.

Tenancy risk relates to risk that the tenant to whom the property is rented fails to pay future lease payments primarily because they may not be able to afford these. This may be due to factors such as a deterioration in economic conditions, increased competition, out-dated product lines or mismanagement. The Fund's sale and leaseback transactions are limited to what it considers high quality tenants, and to properties in attractive locations with good prospects for alternative rental.

Since sale and leaseback transactions are typically levered by debt financing, these are also exposed to increases in interest rates which increase debt service costs. The Fund manages this risk by securing fixed interest rate financing wherever this is considered financially feasible.

Construction and development properties

The Fund has invested in a number of properties which it proposes to develop and then either sell or lease. The major risks involved in such properties are that development costs may be significantly more than budgeted, the sale or rental of units are not realized in the timeframe or at the prices and rates forecasted, and that relevant foreign exchange rates change substantially affecting either construction costs or sales or both.

The Fund uses experienced property managers to manage the development of these projects and attempts to develop these properties when market conditions appear favourable. However, sales and foreign exchange risks are otherwise difficult to mitigate against and are inherent in this type of investment which is the reason that high margins and returns are built into such investment.

Rental Properties

The Fund invests in properties which it rents to third party tenants, typically for periods of between three to ten years. Such investments are primarily exposed to tenancy risk, deteriorating economic conditions and interest rate risk.

The Fund seeks to manage such risks by identifying quality tenants, diversifying its tenant base by industry, and obtaining fixed interest rate financing.

Share Price

The Fund's shares trade on the Barbados Stock Exchange (BSE) and approval has recently been granted to list on the TTSE. The BSE and the TTSE are emerging stock markets and may have greater levels of risk and volatility than more established markets. The average transaction sizes are small and the market is typically less liquid than larger more established markets.

Currency fluctuations, exchange controls, tax and other regulations currently applicable or which may be introduced in the future may affect the value and marketability of the Fund's



investments and income derived therefrom. Financial supervision and regulation is currently at a less developed stage in the Caribbean than other more developed capital markets.

The price at which shares trade may be higher or lower, than the subscription price.

The capital and appraised values of the investments held can go down as well as up, as interest rates and other economic conditions change. This will be reflected in the quoted share price of the Fund's shares which may fluctuate up or down as a result.

Forward-looking statements in this Information Memorandum are not guarantees of the Fund's future performance.

This Information Memorandum makes reference to actual rates of return experienced by the Fund's investments, as well as forecasted returns on future proposed investments. There can be no guarantee that such rates of return will continue, or be realized in the future. Accordingly, the performance of the Fund is not ensured nor is the performance guaranteed by the Fund, its Manager or any other authority. Investments made in the Fund are at the sole risk of the investor.

PORTFOLIO

8. FINANCIAL HISTORY

8.1. CURRENT REAL ESTATE PORTFOLIO

THE CWBET BUILDING JOINT VENTURE

Location - St. Michael, Barbados

Cost - \$28.1 million (2001)

Tenantable space - 84,838 sq ft



The Fund set up a partnership in 2001 to buy this building. The Partners are:

Fortress Caribbean Property Fund	57%
National Insurance Board	33%
Sagicor	10%

The building is leased back to Cable & Wireless on a triple net fifteen (15) year lease with rents incrementing at 5% per annum. The return on the investment in fiscal 2004 was 27%. The property was valued at \$34.7 million as at March 31st, 2005.

CARLISLE HOUSE

Location - Bridgetown, Barbados

Cost - \$8.6 million (1999)

Tenantable space - 45,056 sq ft



Carlisle House is a commercial building in Bridgetown offering retail and office space. The property has been significantly renovated and upgraded since acquisition by the Fund and the independent valuers have valued the property at \$9.5 million as of March 31st, 2005.

A pedestrian plaza was completed in June 2005. The cost of the works is approximately \$1.2 million. This has beautified the property and already resulted in a number of new tenancies. This building has a replacement cost of \$16 million and the Directors are of the view that this property offers great potential for a capital uplift when fully tenanted.

NO 24 BROAD STREET

Location – Bridgetown, Barbados

Cost - \$5.5 million (1999)

Tenantable space – 12,000 sq ft



No 24 Broad Street is an office and retail building located in the heart of Bridgetown. During 2004 a new five year net lease was signed with Duty Free Caribbean, who sublets the ground floor to Colombian Emeralds International. The lease payments are incremented at 3% per annum.

The property was valued at \$6,950,000 as at March 31st, 2005.

PORTFOLIO

CHATEL VILLAGE

Location: Holetown, Barbados
Cost - \$1.55 million (1999)
Tenantable space - 8,000 sq ft



The Chattel Village consists of a number of detached chattel houses which are rented as retail units. The property is situated on a prime site in Holetown which is leased until 2016, and the valuers have placed a value of \$1,620,000 on the property as at March 31st, 2005.

The property remains fully tenanted, and enjoys a net rental yield of 11.3%.

LOT 102 TOBAGO PLANTATION

Location – Tobago
Cost - \$644 thousand



This 27,000 square foot lot is located on the third hole of the golf course on the Tobago Plantation master- planned community. The development totals 750 acres, including a 200 room Hilton Hotel and an eighteen-hole golf course. When complete it will have 300 homes.

Lot 102 is one of the best sites on the development and has been valued at \$800,000 as at March 31st, 2005.

As noted above, the development of this site into a luxury detached home is one the investment opportunities currently being pursued by the Fund.

LOWER ESTATE LAND

Location – St. Michael, Barbados
Cost - \$ 732 thousand

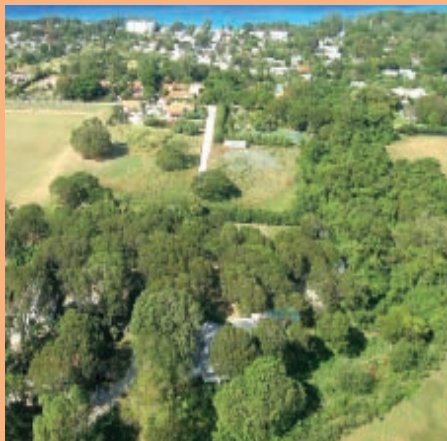


This prime industrial 45,000 square foot site is located close to Highway 2. The Directors do not presently have plans to develop the site.

The property was valued for \$750,000 at March 31st, 2005.

HOLDERS POLO MANOR

**Location - Holders Hill,
St. James, Barbados
Cost - \$1.8 million (2002)
Size - 158,000 sq ft**



The 3 acre Holders site has been earmarked for a 7,000 square foot house that will be built and offered for sale. The development of this site into a luxury home is one the investment opportunities currently being pursued by the Fund.

The land was valued at \$2.2 million as at March 31st, 2005.

VILLAS ON THE BEACH - UNIT #305

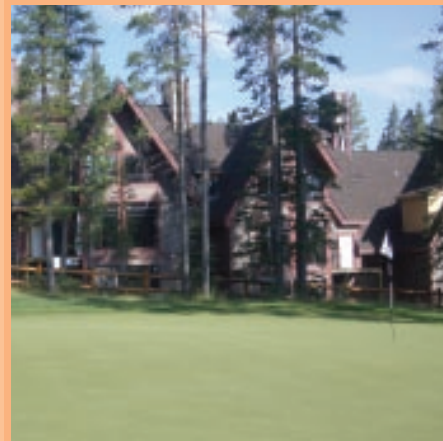
**Location - Holetown, Barbados
Cost - \$1.8 million (2004)
Tenantable space - 1,600 sq ft**



Villas On The Beach is an eighteen unit luxury condominium complex. The Fund has acquired a unit in this development which was completed in April 2005. It is expected that this unit will have significant resale potential from as early as Winter 2006.

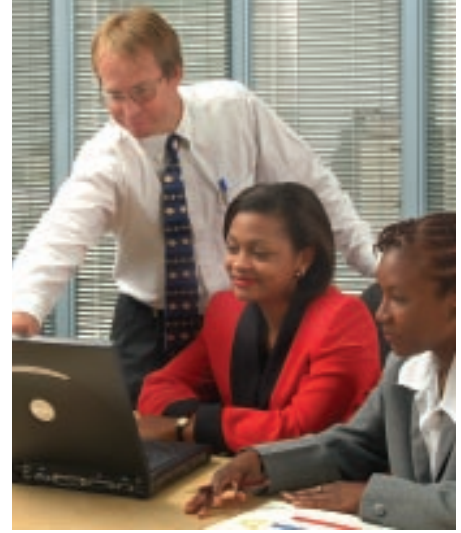
CANMORE VILLAS - UNIT #5

**Location - Canmore,
Alberta, Canada
Cost - Cad\$762 thousand (2004)
Tenantable space - 2,436 sq ft**



The Fund has purchased a two-bedroom condominium on the Three Sisters Golf Course in Canmore, Alberta Canada. Three Sisters is one of the last remaining development sites close to Banff National Park in the Canadian Rockies. The unit purchased sits behind one of the greens of the golf course. Since the investment took place the development has been endorsed by a leading Canadian property developer.

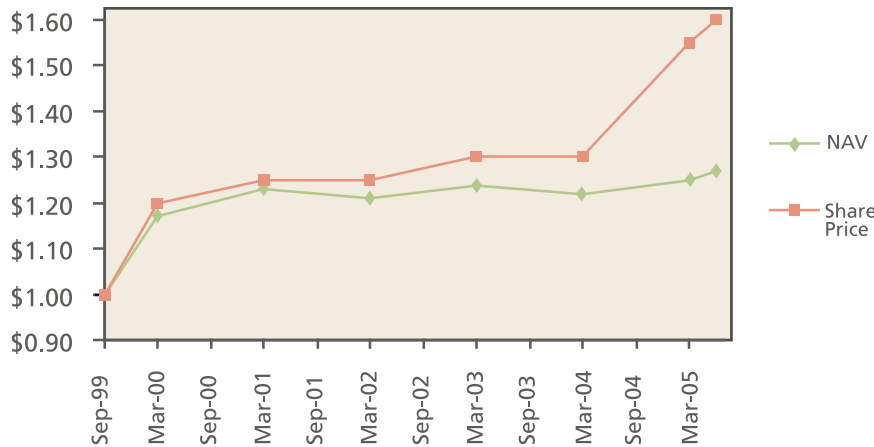
Fund Performance



8.2. FUND PERFORMANCE

Fortress Caribbean Property Fund - Performance Summary

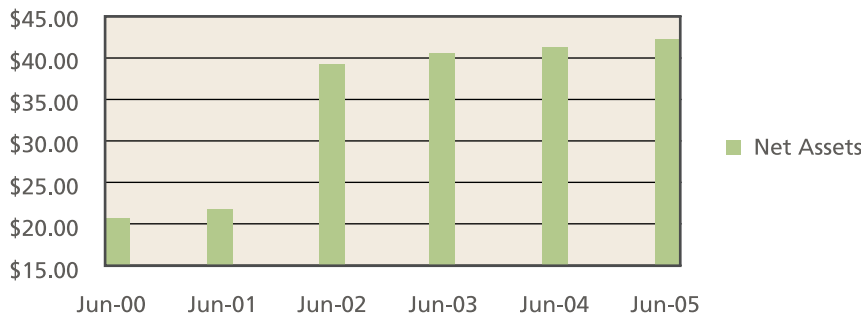
**Fortress Caribbean Property Fund
NAV vs. Share Price**



The Fortress Caribbean Property Fund was launched in August 1999 at \$1.00 per share. The Fund raised \$17.7 million in the initial share issue. The original shareholders received warrants for one share for each five shares purchased which allowed the shareholder to purchase new shares at \$1.00 per share at specific exercise dates up to October 1st, 2003.

In October 2001, the Fund issued an additional 12.5 million shares at \$1.20 per share which raised an additional \$15 million in new capital for the Fund. As at June 30th 2005, the Fund had shareholders' funds of \$42.4 million with 33,490,261 shares in issue, resulting in a net asset value per share at June 30th 2005 of \$1.27. Since inception the Fund has paid a total of \$5.8 million in dividends or \$0.05 per share for each year from 2001 to 2004.

**Fortress Caribbean Property Fund
Growth In Net Assets (\$ millions)**



The Fund now has a diversified portfolio of nine property investments and an asset value of \$66.1 million. The property portfolio includes an attractive mix of commercial and residential real estate inclusive of office and retail in prime locations in Barbados, Tobago and Canada. Most of the properties are fully tenanted with medium to long-term leases to Grade 'A' tenants. The portfolio also includes two land sites and three residential units targeted at the luxury vacation market, which are at various stages of development. The Fund has paid deposits and signed commitments for three new opportunities in Barbados and St. Lucia.



Fund Performance cont'd

Fund Performance from Inception to June 30th 2005

Inclusive of dividends and warrants, the growth in the net assets of the Fund after all fees and expenses, is equal to an internal rate of return of 7.3% since inception. This performance is well above the return which would have been achieved from savings accounts but is below the target return of the Fund. The major contributor to the lower than expected performance has been Carlisle House which is the largest asset in the Fund and which has had high vacancy rates, due in part to delays in completing the plaza. The Fund has been negatively affected by both the reduced

rental income from Carlisle House and also a significant reduction in the appraised value of the property which has impacted the net asset value of the Fund.

At September 16th 2005, the Fund's shares were trading for \$1.60 per share on the BSE which represents a significant premium over the net asset value (NAV) per share of \$1.27. As a result, the actual return earned by shareholders who purchased shares in the Fund at inception and exercised their warrants is estimated to be 11.4% to September 16th 2005 as indicated below:

Performance of the Share Price - Inclusive Of Dividends & Warrants							
Internal Rate of return (IRR) on investment in Fund shares	1999	2000	2001	Cash Flow per share			
				2002	2003	2004	2005
Purchase of five shares at \$1.00 per share	(\$5.00)						
Purchase price of 1 warrant for every five shares			(\$1.00)				
Dividends received @ \$0.05 per share		\$0.00	\$0.25	\$0.30	\$0.30	\$0.30	
Market value of shares at September 16th 2005 @ \$1.60 per share							\$9.60
Net cash flow for every five shares purchased at inception	(\$5.00)	\$0.00	(\$0.75)	\$0.30	\$0.30	\$0.30	\$9.60
Internal rate of Return (IRR) since inception	11.4%						

July 25, 2005

Auditors' Report

To the Directors of Fortress Caribbean Property Fund Limited

We have audited the consolidated financial statements of Fortress Caribbean Property Fund Limited for the years ended September 30, 2000, 2001, 2002, 2003 and 2004 from which the accompanying summarized balance sheets and statements income and cash flows were derived, in accordance with International Standards on Auditing. We expressed unqualified opinions in the auditors' reports issued in connection with our audits of the financial statements from which the summarized balance sheets and statements of income and cash flows were derived.

In our opinion, the accompanying summarized balance sheets and statements of income and cash flows are consistent, in all material respects, with the financial statements from which they were derived.

For a better understanding of the company's financial position and the results of its operations for the above periods and of the scope of our audits, the summarized balance sheets and statements of income and cash flows should be read in conjunction with the financial statements from which the summarized balance sheets and statements of income and cash flows were derived and our audit reports thereon.



Chartered Accountants



8.4. STATEMENTS OF INCOME: 2000 - 2004

Fortress Caribbean Property Fund Limited

Consolidated Statement of Income - Audited

For the years ended September 30th, 2000, 2001, 2002, 2003 and 2004 (expressed in Barbados dollars)

	2004	2003	2002	2001	(Note 1) 2000
	\$000's	\$000's	\$000's	\$000's	\$000's
Revenue					
Net rental income	\$ 4,832	\$ 4,561	\$ 3,974	\$ 1,217	\$ 1,851
Fair value gains/(losses)	324	(1,356)	3,454	51	-
Interest income	-	16	543	186	117
Net gain (loss) on available-for-sale securities	611	446	198	(9)	119
Other income	51	125	21	10	-
Dividend income	11	9	8	6	17
	5,829	3,801	8,198	1,461	2,104
Expenses					
Interest expense	1,377	1,480	1,566	25	-
Fund management fees	301	304	289	161	158
Investment adviser fees	301	304	289	161	158
Write off of deferred expenses	-	-	-	156	39
Audit, listing and other professional fees	126	107	95	85	64
Directors' fees	12	12	12	12	13
Office and administrative expenses	46	55	22	12	81
	2,163	2,262	2,273	612	513
Net income before minority interest	3,666	1,539	5,925	849	1,591
Minority interest	(978)	(836)	(3,301)	-	-
Net income for the year	2,688	703	2,624	849	1,591
Shareholder funds - beginning of year	38,495	38,975	21,288	21,426	-
Issue of shares	929	445	16,669	-	17,700
Surplus (deficit) on revaluation of investment properties	-	-	-	(102)	2,135
Dividends	(1,675)	(1,628)	(1,606)	(885)	-
Shareholder funds – end of year	\$ 40,437	\$ 38,495	\$ 38,975	\$ 21,288	\$ 21,426
Earnings per share					
- basic and diluted	\$ 0.08	\$ 0.02	\$ 0.08	\$ 0.05	\$ 0.09

Note 1 – for the period from May 7, 1999, the date of incorporation, to September 30, 2000

8.5. BALANCE SHEETS: 2000 – 2004

Fortress Caribbean Property Fund Limited Consolidated Balance Sheet - Audited

As of September 30th, 2000, 2001, 2002, 2003 and 2004 (expressed in Barbados dollars)

	2004	2003	2002	2001	2000
	\$000's	\$000's	\$000's	\$000's	\$000's
ASSETS					
Investment properties	\$ 58,218	\$ 56,155	\$ 57,110	\$ 21,010	\$ 18,893
Investment in available-for-sale securities	7,016	7,735	7,950	1,637	1,511
Accounts receivable and prepaid expenses	114	79	359	205	299
Cash and bank balances	1,006	2,162	2,177	2,267	996
Total assets	66,354	66,131	67,596	25,119	21,699
LIABILITIES					
Security deposits	158	137	127	115	121
Accounts payable and accrued expenses	535	972	1,909	849	152
Loan payable	14,750	16,100	17,250	400	-
Proposed dividend	1,675	1,628	1,606	885	-
Advance subscription for shares	-	758	128	1,582	-
Total liabilities	17,118	19,595	21,020	3,831	273
Total assets less total liabilities	\$ 49,236	\$ 46,536	\$ 46,576	\$ 21,288	\$ 21,426
CAPITAL AND RESERVES					
Share capital	\$ 35,742	\$ 34,814	\$ 34,369	\$ 17,700	\$ 17,700
Fair value reserve	-	-	-	2,034	2,135
Retained earnings	4,695	3,681	4,606	1,554	1,591
Total shareholders' funds	40,437	38,495	38,975	21,288	21,426
MINORITY INTEREST	8,799	8,041	7,601	-	-
	\$ 49,236	\$ 46,536	\$ 46,576	\$ 21,288	\$ 21,426
Net asset value per share	\$ 1.21	\$ 1.18	\$ 1.21	\$ 1.20	\$ 1.21

8.6. STATEMENTS OF CASH FLOWS: 2000 - 2004

Fortress Caribbean Property Fund Limited

Statement of Consolidated Cash Flows - Audited

For the years ended September 30th, 2000, 2001, 2002, 2003 and 2004 (expressed in Barbados dollars)

	2004 \$'000's	2003 \$'000's	2002 \$'000's	2001 \$'000's	(Note 1) 2000 \$'000's
Cash flows from operating activities					
Net income before minority interest	\$ 3,666	\$ 1,539	\$ 5,925	\$ 849	\$ 1,591
Adjustment for:					
Interest income	-	(16)	(543)	(186)	(117)
Dividend income	(11)	(9)	(8)	(6)	(17)
Amortisation of premium on fixed income security	-	-	7	5	-
Write off of deferred expenses	-	-	-	156	38
Gain on sale of investment property	-	-	-	(51)	-
Fair value (gains) losses	(324)	1,356	(3,454)	-	-
Net (gain) loss on available-for-sale securities	(611)	(446)	(198)	9	(119)
Operating profit before working capital changes	2,720	2,424	1,729	776	1,376
Net (increase) decrease in accounts receivable and prepaid expenses	(35)	280	(208)	(23)	(150)
Net increase in deferred expenses	-	-	-	(7)	(187)
Net increase (decrease) in accounts payable and accrued liabilities	(438)	(936)	1,060	698	152
Net increase in security deposits	21	9	12	(6)	121
Cash generated from operations	2,268	1,777	2,593	1,438	1,312
Interest received	-	16	598	153	117
Dividend received	11	9	8	5	17
Net cash generated from operating activities	2,279	1,802	3,199	1,596	1,446
Cash flow from investing activities					
Purchase / additions to investment properties	(1,739)	(401)	(32,645)	(2,731)	(16,757)
Proceeds on sale of investment properties	-	-	-	563	-
Purchase of available-for-sale securities	(32)	(690)	(25,198)	(150)	(1,977)
Proceeds on sale of available-for-sale securities	1,362	1,351	19,075	11	584
Net cash (used in) from investing activities	(409)	260	(38,768)	(2,307)	(18,150)
Cash flow from financing activities					
Issue of shares	929	444	16,669	-	17,700
(Decrease) increase in advance subscriptions for shares	(758)	630	(1,455)	1,582	-
Minority investment in subsidiary	-	-	4,300	-	-
Distributions to minority investors	(219)	(395)	-	-	-
Dividends paid	(1,628)	(1,606)	(885)	-	-
Proceeds from loan	-	-	21,500	400	-
Repayment of loans	(1,350)	(1,150)	(4,650)	-	-
Net cash (used in) from financing activities	(3,026)	(2,077)	35,479	1,982	17,700
Net increase (decrease) in cash and cash equivalents	(1,156)	(15)	(90)	1,271	996
Cash and cash equivalents at beginning of year	2,162	2,177	2,267	996	-
Cash and cash equivalents at end of year	\$ 1,006	\$ 2,162	\$ 2,177	\$ 2,267	\$ 996

Note 1 – for the period from May 7, 1999, the date of incorporation, to September 30th, 2000

July 25, 2005

The Shareholders
Fortress Caribbean Property Fund Limited
Hincks Street
Bridgetown
Barbados

Dear Sir/Madam,

Unaudited Interim Financial Statements for the Nine Months ended June 30, 2004 and 2005

Be advised that management has compiled the attached interim balance sheet, income statement and cash flow statement for the nine months ended June 30, 2004 and 2005, as presented on pages 29, 30 and 31, respectively. These financial statements are the responsibility of the company's management.

PricewaterhouseCoopers has not audited, reviewed or otherwise attempted to verify the accuracy or completeness the balance sheet, income statement and cash flow statement and accordingly express no assurance thereon.

Yours truly,



Brian Robinson
Partner
Advisory Services



8.8. STATEMENT OF INCOME FOR THE NINE MONTHS ENDED JUNE 30, 2005 - UNAUDITED

Fortress Caribbean Property Fund Limited

Consolidated Statement of Income

For the nine months ended June 30th, 2005 (expressed in Barbados dollars)

Unaudited	June 30 2005	June 30 2004
	\$000's	\$000's
Revenue		
Net rental income	\$ 3,728	\$ 3,610
Net gain on available-for-sale securities	469	512
Other income	35	42
	<u>4,232</u>	<u>4,164</u>
Expenses		
Interest expense	927	1,042
Fund management fees	220	220
Investment adviser fees	220	220
Audit, listing and other professional fees	110	91
Directors' fees	9	9
Office and administrative expenses	38	44
	<u>1,524</u>	<u>1,626</u>
Net income before minority interest	2,708	2,538
Minority interest	(734)	(630)
	<u>1,974</u>	<u>1,908</u>
Net income for the period	1,974	1,908
Issue of shares	-	929
Shareholder Funds – beginning of period	40,437	38,495
Shareholder Funds – end of period	\$ 42,411	\$ 41,332
Earnings per share		
- basic and diluted	\$ 0.06	\$ 0.06



8.9. BALANCE SHEET AS AT JUNE 30, 2005 - UNAUDITED
Fortress Caribbean Property Fund Limited
Consolidated Balance Sheet
As of June 30, 2005 (expressed in Barbados dollars)

Unaudited	June 30 2005 \$000's	June 30 2004 \$000's
ASSETS		
Investment properties	\$ 61,369	\$ 57,084
Investment in available-for-sale securities	3,085	7,027
Accounts receivable and prepaid expenses	294	226
Cash and bank balances	1,316	1,420
Total assets	66,064	65,757
LIABILITIES		
Accounts payable and accrued expenses	2,613	2,359
Loan payable	11,700	13,550
Total liabilities	14,313	15,909
Total assets less total liabilities	\$ 51,751	\$ 49,848
CAPITAL AND RESERVES		
Share capital	\$ 35,742	\$ 35,742
Retained earnings	6,669	5,590
Total shareholders' funds	42,411	41,332
MINORITY INTEREST	9,340	8,516
	\$ 51,751	\$ 49,848
Net asset value per share	\$ 1.27	\$ 1.23



8.10. STATEMENT OF CASH FLOWS FOR THE NINE MONTHS ENDED JUNE 30, 2005 - UNAUDITED

Fortress Caribbean Property Fund Limited

Statement of Consolidated Cash Flows

For the nine months ended June 30, 2005 (expressed in Barbados dollars)

Unaudited	June 30 2005 \$000's	June 30 2004 \$000's
Cash flows from operating activities		
Net income before minority interest	\$ 2,708	\$ 2,538
Adjustment for:		
Gain on sale of investment property	(469)	(512)
Operating profit before working capital changes	2,239	2,026
Net (increase) decrease in accounts receivable and prepaid expenses	(180)	(146)
Net increase (decrease) in accounts payable and accrued liabilities	70	(300)
Net cash generated from operating activities	2,129	1,580
Cash flow from investing activities		
Purchase / additions to investment properties	(3,150)	(929)
Proceeds on sale of available-for-sale securities	4,400	1,219
Net cash (used in) from investing activities	1,250	290
Cash flow from financing activities		
Issue of shares	-	929
(Decrease) increase in advance subscriptions for shares	-	(758)
Distributions to minority investors	(194)	(155)
Dividends paid	(1,675)	(1,628)
Repayment of loans	(1,200)	(1,000)
Net cash (used in) from financing activities	(3,069)	(2,612)
Net increase (decrease) in cash and cash equivalents	310	(742)
Cash and cash equivalents at beginning of period	1,006	2,162
Cash and cash equivalents at end of period	\$ 1,316	\$ 1,420

Fund History and Profile



9. FUND HISTORY AND PROFILE

9.1. FORTRESS CARIBBEAN PROPERTY FUND LIMITED

9.1.1. Type of Fund

The Fund is a Barbados based closed-end mutual fund company which provides an avenue for portfolio investment in real estate properties and other securities primarily in the Caribbean.

A closed-end Mutual Fund is an investment company that issues a fixed number of shares which it does not generally redeem (buy back) on an ongoing basis. Shares of closed-end Mutual Funds are traded in securities markets through brokers at prices determined by supply and demand. As a result the share price can differ from the Net Asset Value (NAV).

The Fund's shares are listed on the Barbados Stock Exchange and commenced trading in October 1999. The purchase and sale of Shares can be made through any brokers who are registered with the Barbados Stock Exchange. Approval has recently been granted to cross list the Fund's shares on the TTSE.

9.1.2. The Fund Objective

The objective of the Fund is to achieve long-term total return through a diversified portfolio of real estate, shares in other property companies or funds and Government Securities predominantly in the Caribbean. The return will be made up of capital appreciation of the underlying assets plus rental income, dividends and interest.

9.1.3. Fund Manager

The Manager of the Fund is Fortress Fund Managers Limited ("FFM"), a Barbados based investment management company which has successfully launched and manages the following mutual funds:

- Fortress Caribbean Growth Fund
- Fortress Caribbean Property Fund Limited
- Fortress Caribbean High Interest Fund Limited
- Fortress Caribbean Pension Fund Limited

Total funds under management now exceed \$290 million. FFM is a licensed Fund administrator under the Mutual Funds Act of Barbados. The company is backed by a number of leading companies with solid reputations, and a wealth of experience in business in the Caribbean and internationally. The shareholders include Barbados Shipping & Trading Co. Ltd., Cave Shepherd & Co. Limited and The Nation Corporation.

Roger Cave is the Investment Manager and a Director of FFM, being one of the founding shareholders and holds the designation of Chartered Financial Analyst (CFA). The CFA is a program sponsored by the CFA Institute in the U.S.A. Before joining Fortress, Mr. Cave gained four years of professional accounting experience with Coopers & Lybrand in Toronto and Price Waterhouse in Barbados and he has also worked with the Commonwealth Development Corporation and Cave Shepherd. He is a Director of the Barbados Stock Exchange.

9.1.4. Investment Adviser

The Investment Adviser is AA Altman Real Estate (Altman Real Estate), a Barbados based Real Estate and Property Management firm with over 20 years experience in real estate sales, rentals and management.

Altman Real Estate has specialised in conceptualising major residential developments such Royal Westmoreland and Sugar Hill in Barbados. Their subsidiary company, Property Consultancy Services Inc., carries out investment analysis, feasibility studies, business valuations and business plans based on widely accepted investment models. Their recommendation on an investment is only given after careful consideration of financial returns, market research, project risk and an assessment of the competency of the project's sponsors.

9.1.5. Property Manager

The property manager is Property Consultancy Services Inc.. In addition to the services mentioned above, the company offers project management services as well as commercial and residential asset management. The company's employees' disciplines include quantity surveying, project management and property management along with a full range of accounting and financial services.

The services provided include recordkeeping, the hiring as well as management of onsite security, janitorial and housekeeping staff. The company also carries out the management of condominium associations and homeowner associations. Its clients include Sugar Hill, Schooner Bay, Chelston Park, Speightstown Mall and over 120 residential properties.

Altman Real Estate and Property Consultancy Services Inc. together employ over 40 persons.



9.1.6. Investment Committee

The Investment Committee has been established by the Board. At present, the members of this committee are Mr. Geoffrey Cave, Dr. Trevor Carmichael and Mr. Christopher de Caires. A quorum for meetings of the Investment Committee is a majority of its members. The Investment Committee is responsible for reviewing all investment recommendations made by the Manager and, where appropriate, recommending their approval to the Board. The Investment Committee also has oversight responsibility for monitoring existing investments and recommending investment policies and procedures to the Board for approval.

9.1.7. Registrar, Secretary and Transfer Agent

Fortress Fund Managers Limited acts as Registrar, Secretary and Transfer Agent. Share certificates will not be issued to shareholders. Ownership of the shares will be in non-certificated form and maintained in electronic form in the Barbados Central Securities Depository INC. (BCSDI), a subsidiary of the BSE.

9.1.8. Independent Valuers

Terra Caribbean performs semi-annual independent valuations of the properties in accordance with the procedures set by the Fund's Board of Directors and subject to the approval of the BSE.

9.2. INVESTMENT GUIDELINES

The investment of the Fund will be directed towards properties, which provide sound income returns and/or potential for medium or long-term capital appreciation. These may include land, office and retail space, luxury villas, or smaller residential developments.

The Fund will invest in mature properties and development projects having regard to the unique characteristics, which make them sound investments. The Fund may also partner with developers by investing in listed and unlisted securities of property development funds or companies, which are considered to have significant capital growth potential.

The Fund may balance its exposure to fluctuations in property values by also investing in marketable securities such as equities and government bonds, both locally and internationally.

Foreign currency received by subscription will, in whole or in part, be invested in such securities traded on international markets. Wherever the Directors consider that the long-term returns on such investments exceed those attributable to property, the Fund may also invest substantially in them.

9.2.1. Investment Size and Return

The Fund will not normally invest in property with a value of less than \$500,000 as the cost of managing small investments reduces the yield to be earned from them. In order to ensure portfolio diversification, the Fund will also not normally invest in individual properties with a value in excess of 40% of the value of the Fund's assets.

The Fund will seek to participate in projects that demonstrate a return commensurate with investment risk. Although the Fund will consider a range of investments, each with a different expected return, the Fund will not invest in projects with a projected internal rate of return of less than 10%.

Fund History and Profile cont'd



9.3. THE INVESTMENT PROCESS

9.3.1. Investment Sourcing

The Board of Directors of the Fund, the Fund Manager, and the Investment Adviser leverage their extensive network of contacts in the real estate industry to identify potential investment opportunities. In addition, the Fund develops working relationships with intermediaries, such as real estate agents, bankers, accountants, and lawyers, as well as the business community in Barbados and the Caribbean in order to create a referral base from which investment opportunities will be generated.

9.3.2. Investment Evaluation

The Investment Adviser is responsible for evaluating all investment opportunities that fall within the Investment Guidelines of the Fund. The Investment Adviser works with the Fund Manager to prepare investment recommendations on each potential opportunity to be presented to the Fund's Investment Committee for approval.

The Investment Adviser conducts a detailed appraisal on each investment it recommends to the Fund. These appraisals include technical and market evaluation, country risk assessment, evaluation of potential partners or principals, financial analysis, legal due diligence, and assessment of environmental issues.

The Investment Adviser works with the Fund Manager to recommend the most appropriate structure and terms and conditions of the investment that would best protect the interests of the Fund.

9.3.3. Property Management & Monitoring

The Property Manager is responsible for monitoring the real estate investments of the Fund pursuant to the Property Management Agreement. The Property Manager manages all aspects of the ongoing operation of the Fund's real estate assets and their responsibilities include: the collection of rents and other income; payment of expenses relating to normal operating expenses; leasing of space as it becomes available for rent including advertising where necessary; hiring, supervising, and administration of payroll for onsite personnel; co-ordination of all necessary maintenance; and, preparation of annual budgets and reporting of the financial performance of the properties on a monthly basis including a summary of operations, a record of income, a record of disbursements, and a narrative report of operations including budget variances and their causes.

In the event that a property that is acquired by the Fund has an existing relationship with a Property Manager, the manager will be retained to provide the services as outlined above provided that the Property Manager can demonstrate to the Fund's satisfaction that it has the experience and expertise to provide these services in an efficient and effective manner.

Property management fees are on a contract basis for each individual property and the costs are borne out of the revenues of the individual properties. The fees are based on square footage, and range from \$1.50 to \$2.50 per square foot for retail and office space, and from

\$0.80 to \$1.00 per square foot for warehouse space. Fees for residential properties are negotiated on an individual property basis.

The monthly fee paid for property management services for the Fortress portfolio is presently \$8,458. Such fees are determined by the Fund Manager and approved by the Board of Directors.

9.3.4. Divestment

The Investment Adviser will be responsible for evaluating all divestment opportunities and will present to the Board detailed recommendations on such opportunities taking into consideration market conditions, economic returns, and future potential of the asset.

9.3.5. Valuation Policy

The assets of the Fund will be valued semi-annually, or more frequently if the Directors decide the circumstances warrant it. The net asset value (NAV) per share will be calculated monthly and reported by the BSE and any other market on which the shares are traded. Whilst the Fund is closed-ended, the primary purposes of regular valuations are to monitor the performance of the Investment Adviser, provide information to the market, and calculate ad valorem fees and expenses.

The fair market value of the real estate assets will be determined by the independent valuer. Fair market value is defined as:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus.



Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their best interest;
3. a reasonable time is allowed for exposure on the open market;
4. payment is made in terms of cash or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions by anyone associated with the sale.

In determining the fair market value the independent valuer will consider the following three methods of valuation. Each of the methods offers an indication of the value.

(a) Income Approach: Analysis of a property's capacity to generate future benefits and the use of income capitalization to provide an indication of current value. In the direct capitalization approach, a single year's income is converted to a value using a capitalization rate. In yield capitalization future cash flows are estimated and discounted to a present value using an appropriate discount rate.

(b) Replacement Cost Approach: Based on the existing construction, labour & other costs, the amount needed to replace the property if built at the valuation date.

(c) Sales Comparison Approach: Based on the going market rates for similar properties using actual recent transaction prices.

The independent valuer may engage the services of a professional quantity surveyor in order to assist with the replacement cost approach.

9.3.6. Reports & Meetings

Unaudited reports are mailed to all shareholders on a semi-annual basis. Audited financial statements are sent to all Shareholders within 90 days of the Fund's financial year-end.

9.3.7. Conflicts of Interest

When the Manager or Investment Adviser proposes an investment or when the Fund reviews a proposal, there is potential for conflict of interest to arise. The Fund proposes to deal with such potential conflicts as follows:

- All Directors of the Fund and the Manager and Adviser have entered into various non-disclosure, confidentiality and non-competition agreements to preserve the confidentiality and commercial potential of prospective investments.

- The Manager and Investment Adviser may not during the term of the Management Agreement and the Investment Adviser Agreement manage or provide advice in relation to other fund(s) or investment companies, the principal objectives of which are to invest in real estate assets in Barbados and the Caribbean, and which significantly compete directly with the Fund in business, geographical coverage or in any other way unless either at least 75 per cent of the Fund's capital is invested or committed for investment in real estate assets or the Board of the Fund comprising Directors independent of the Manager or Investment Adviser have approved such appointment.

- The Fund may not invest in assets owned, advised or managed by the Manager or Investment Adviser or any subsidiaries or affiliates of the Manager or Investment Adviser until these interests have been disclosed to the Board of the Fund.

- The Manager and Investment Adviser will ensure that the Fund has the opportunity to participate in investment opportunities which are consistent with the Investment Guidelines and which are known to them during the terms of the Management Agreement and the Adviser Agreement.

- Where a Board member, the Manager or the Investment Adviser has any involvement in a proposed investment or in a related competing business, such as is likely to affect their judgement of the proposal, the involvement will be declared to the Board of Directors. The Board will decide by simple majority whether the involvement is sufficient to preclude the party concerned from further involvement in the investment decision. The disclosure and further considerations will be recorded in the minutes of the relevant meeting.

- Where the Investment Adviser is representing a third party vendor to the Fund, the involvement will be declared to the Board of Directors. The Board will decide by simple majority whether to preclude the Investment Adviser concerned from further involvement in the investment decision. The disclosure and further considerations will be recorded in the minutes of the relevant meeting.

Fund History and Profile cont'd



9.4. INVESTMENT RESTRICTIONS & BORROWING POWERS

The Directors of the Fund have approved the following investment restrictions and borrowing powers. These may be varied from time to time by the Directors, once notice of any impending changes has been given to shareholders.

- Borrowings will be restricted to 40% of the appraised value of the Fund's assets.
- The Fund will not make loans.
- The Fund will not lend its portfolio assets.
- The Fund will not invest in mortgages or other debt instruments secured by real estate.
- The Fund will be empowered to invest in real estate, listed and unlisted shares of companies whose primary business relates to the development, ownership, management or rental of properties.
- Liquid investments will be in the form of Government & commercial debt, bank deposits and shares of open-ended mutual funds.

Description of Share Capital of the Fund

The authorised capital of the Fund consists of an unlimited number of Class "A" Common Property Fund Shares and 10 Class "B" Shares. The Fund currently has 33,490,261 Class "A" shares and 10 Class "B" shares in issue.

The following is a summary of the material provisions attaching to the shares of the Fund.

Class "A" Shares

Liquidity:

Holders of Class "A" Shares can trade their shares on the BSE. Class "A" Shares are not redeemable by the Fund, and accordingly investors have no guarantee of liquidity with respect to their investment in the Fund. The Fund has no obligation to make a market for its shares.

Dividends:

Holders of Class "A" Shares are entitled to receive dividends at the discretion of the Board.

Voting Rights:

Holders of Class "A" Shares are entitled to receive notice of and attend all meetings of shareholders of the Company but not to vote at any such meeting except on the following matters:

- i. the liquidation of the Fund; or
- ii. the winding up of the Company or
- iii. the reconstruction of the Company, and/or the amalgamation of the Company and/or the Fund with any other company or mutual fund.

Fractional Shares:

A holder of a fractional Share is entitled to receive dividends in respect of such fractional share to the extent of such fraction.

Dissolution:

Upon liquidation, dissolution or winding up of the Company or other distribution of the assets of the Company for the purpose of winding up its affairs, the holders of the Class "A" Shares shall be entitled to receive after payment of all liabilities of the Company and the then stated capital of Class "B" Shares, any remaining assets of the Company to be divided amongst the Class "A" Shares.

Class "B" Shares (Held by the Manager and Investment Adviser)

Issue:

The Class "B" Shares may be issued only to the Manager and Investment Adviser.

Dividends:

Holders of Class "B" Shares are not entitled to receive dividends.

Voting Rights:

Holders of Class "B" Shares are entitled to the right to receive notice of and attend all meetings of shareholders of the Fund; the right to vote at any such meeting. Each Class "B" share entitles the holder to one vote per share.

Fractional Shares:

A holder of a fractional Class "B" Share is entitled to exercise voting rights in respect of such fractional share to the extent of such fraction.

Dissolution:

On the liquidation or dissolution of the Fund, or other distribution of the assets of the Fund for the purpose of winding up its affairs, the holders of Class "B" shares will be entitled, after payment of all liabilities of the Fund, to receive the stated capital of their shares.

9.5. TRADING IN THE FUND'S SHARES

Fortress Caribbean Property Fund is a closed end fund. Investors wishing to liquidate their investment in whole or in part, can sell their shares through a broker on the BSE. Shares cannot be redeemed at the offices of the Manager as is the case with an open end fund. Similarly an investor wishing to make an additional investment in the Fund's shares should place an order through a broker on the BSE. There can be no guarantee that on any trading day there will be buyers and sellers for the Fund's shares.



Fund History and Profile cont'd

As supply and demand for the Fund's shares will fluctuate with market conditions, it is likely that the Fund's shares will trade at a premium or discount to the net asset value of the Fund. If shares trade at a premium for a consistent period of time, additional tranches may be issued. If shares trade regularly at a significant discount, consideration will be given to the Manager buying back shares, either for onward sale or cancellation with the aim of enhancing shareholders' value. The maximum amount of shares that the Fund is allowed to buy back in a year's time is 15% of the outstanding shares. Any such buyback will be subject to the conditions outlined in Section 4 of the Companies Amendment Act 2001-30. The benefits of purchasing shares for cancellation will accrue to the Fund.

9.6. FEES & EXPENSES

9.6.1. The Manager

The Manager is paid a fee of 0.75% of the total net assets of the Fund per annum. The fee is calculated on the total net assets of the Fund based on the semi-annual valuation and monthly adjustments that take into account revenues and expenses of the Fund. The fee is paid monthly and adjusted retroactively at the semi-annual valuation date to take into account any significant changes in the total net assets.

9.6.2. The Investment Adviser

The Investment Adviser is paid a fee that is equivalent to 0.75% of the total net assets of the Fund per annum. The fee is calculated on the total net assets of the Fund based on the semi-annual valuation and monthly adjustments that take into account revenues and expenses of the Fund. The fee is paid monthly and adjusted retroactively at the semi-annual valuation date to take into account any significant changes in the total net assets.

9.6.3. The Independent Valuer

The Independent Valuer is paid a fee that is calculated on the appraised values of the specific properties being valued. The fee for all new properties added to the Fund will be 0.2% of the appraised value. Subsequently each property will be valued twice per year and the fee shall be 0.035% of the appraised value of the property. Any property that undergoes substantial redevelopment may be subject to a full valuation fee of 0.2% but this shall depend on the extent of the redevelopment.

9.6.4. Transaction Costs

When the Fund sells real estate it will pay a sales commission to real estate agents who introduce a purchaser. Where a purchaser is introduced by the Investment Adviser, Altman Real Estate, the commission will be at a rate of 3% of the value of the transaction. Where the purchaser is introduced by another agent, the rate of commission will be negotiated up to a maximum of 5%.

Divestment of the Fund's assets will attract stamp duty of 1% and legal fees based on a sliding scale, the maximum rate being 2.0% declining to 1.0%, as outlined in the Legal Profession Act CAP 370A S.I. 1997 no. 55 (Attorney-at-Law remuneration for non-contentious business rules 1997).

9.6.5. Estimated Expenses of the Rights Issue

The expenses of the Rights Issue will be borne by the Fund and are not expected to exceed 1.5% of the value of the shares provisionally allocated.

9.7. DIVIDEND POLICY

The Board of Directors of Fortress Property Fund Limited may declare, from time to time, such cash dividends, out of monies legally available for dividends, as it may consider advisable. It is the policy of the fund to distribute 30% to 65% of its net income to shareholders.

9.8. TAXATION OF THE FUND

The Fund is licensed as an authorised mutual fund under the Mutual Funds Act 2002-22 in Barbados. Consequently, the Fund will not be subject to corporation tax on the income or profits derived from its investments provided it designates all of such income or profits arising in an income year to be the income of the shareholders. In addition there is presently no Capital Gains Tax in Barbados and, therefore, capital gains realised by the Fund will not be subject to tax.

The Fund will be exempt from tax in respect of dividends received from investments in companies located in countries within the Caribbean Community (CARICOM) which have ratified the CARICOM Double Taxation Agreement (i.e. Antigua, Belize, Dominica, Grenada, Guyana, Jamaica, St. Kitts and Nevis, St. Lucia, St. Vincent and Trinidad and Tobago).

Fund History and Profile cont'd



9.9. TAXATION OF THE SHAREHOLDERS

Dividends

The investors in the Fund will not be subject to tax in Barbados on the income arising from the Fund which is designated by the Fund to be the income of the investors and which is not actually distributed to them. Any dividends paid by the Fund to individual residents in Barbados will be subject to a final withholding tax of 12.5 %. Under the Income Tax (Amendment) (No.3) Act 1998, dividends paid by the Fund to a Barbadian corporation, or to a non-resident Caricom shareholder are exempt from withholding taxes.

Capital Gains

There is presently no capital gains tax in Barbados. Therefore, investors will not be subject to tax in Barbados on capital gains derived on realisation of their investment in the fund.

Property Transfer Tax and Stamp Duty

Under the Mutual Funds Act 2002-22, an investor in the fund will be exempt from Property Transfer Tax and Stamp Duty, as defined in the Property Transfer Tax Act CAP 84A and the Stamp Duty Act CAP 91, in respect of the acquisition and transfers of their shares in the fund.

9.10. FOREIGN EXCHANGE CONTROL

Barbados has a regime of exchange control regulations administered by the Central Bank. These regulations require that residents convert foreign currency receipts to Barbados dollars and purchase their foreign currency requirements for goods and services from the commercial banks who have delegated

authority to sell foreign exchange on behalf of the Central Bank. Since 1975, Barbados has maintained a fixed exchange rate of BDS\$ 2.00 to US\$1.00.

As the shares of the Fund are listed on the BSE, CARICOM resident shareholders will be permitted to purchase and sell shares of the Fund up to US\$ 1.5 million per transaction without prior approval from the Central Bank.

As an Authorised Mutual Fund, the Fund will be able to make investments in assets outside of Barbados denominated in foreign currency. The Fund can apply to the Central Bank for permission to invest up to a maximum of \$250,000 per quarter outside of the Caribbean. In addition, the Fund can also invest an amount equal to all foreign currency raised through the issuance of shares in assets outside of Barbados denominated in foreign currency.

9.11. TAX INCENTIVES

In an effort to stimulate the capital markets in Barbados and increase the levels of local domestic savings, the Minister of Finance has implemented tax incentives for individuals to invest in mutual funds and new shares of public companies.

Investment in a Mutual Fund – Up to \$10,000

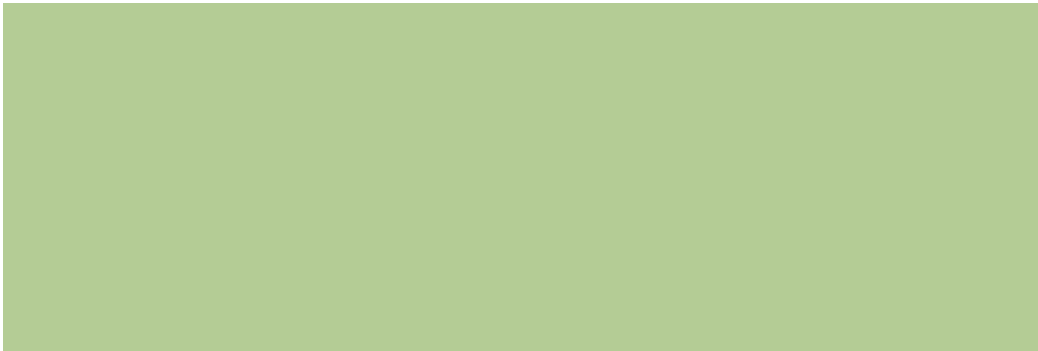
Barbadian resident individuals are permitted to claim up to \$10,000 per annum for investment in shares of mutual funds or new shares of a public company. Disposal of these shares within five years will result in the recapture of the tax relief given.

Restrictions on the Tax Incentives

Investment in shares pursuant to this Rights Issue will qualify for these tax incentives as either a mutual fund or as new shares in a public company. However, once the issue has been closed, the Fund will be operated as a closed-end mutual fund and the shares issues will be freely traded on the BSE. Therefore a person purchasing shares through the BSE will not be entitled to tax incentives on those shares.

Depending on the demand for the Fund's shares, it is expected that periodically, the Directors of the Fund will make subsequent offers of new shares available in order to increase the equity and asset base of the Fund. These subsequent offers will be issues of new shares of the Fund and these will qualify as new shares of a public company and therefore will be eligible for the incentives listed above.

The above information is provided with the understanding that the Fund is not engaged in rendering tax or other professional services or advice. The comments provided herein are not intended to constitute, nor should they be relied upon, to replace specific professional advice.



10. DIRECTORS OF THE FUND AND THEIR INTERESTS

Directors' interest (all beneficial)

Name	No. of Class "A" Shares held
Mr. Paul Altman, B.C.H.	308,333
Dr. Trevor Carmichael, Q.C., S.C.M.	26,333
Mr. Geoffrey Cave, C.B.E., B.C.H.	12,000
Mrs. Maureen Davis	20,333
Mr. Christopher de Caires, FCA, MBA	Nil
Mr. Terry Hanton, FCA	Nil

11. SUBSTANTIAL INTERESTS

Interest of persons other than Directors holding more than 5% of the issued shares

The Barbados Shipping & Trading Co. Limited	3,000,000
The Bank of N.T. Butterfield & Sons Ltd.	1,666,700

12. MATERIAL CONTRACTS

The Fund has entered into the following contracts which are material to investors prior to the date of this offering:

- a) The Management Agreement
- b) The Investment Adviser Agreement
- c) The Independent Valuer Agreement
- d) The Property Management Agreement

Copies of the foregoing will be available for inspection during regular business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the principal place of business of the Fund at 1st Floor Carlisle House, Hincks Street, Bridgetown, Barbados from the opening date of the Rights Issue, until the closing date.

13. CONSENTS

The following have given and have not withdrawn their written consent in connection with the inclusion in this Rights Issue Information Memorandum of the information they provided in the form and context in which it is included:

- Altman Real Estate
- Fortress Fund Managers Limited
- Juris Chambers
- PricewaterhouseCoopers
- Property Consultancy Services Inc.
- Terra Caribbean
- Signia Financial Group Inc.
- Cave Shepherd & Co. Ltd.
- FirstCaribbean International Bank (Barbados) Limited
- Fortress Caribbean Growth Fund
- Fortress Caribbean Pension Fund Limited
- Carter Holdings Limited
- Carter & Co. Ltd.

Copies of these consents have been lodged with the Registrar of Companies as required pursuant to subsection (2) of section 292 of the Companies Act.



14. FORMS FOR SHAREHOLDERS' ATTENTION

14.1. PROVISIONAL LETTER OF ALLOTMENT

FORTRESS CARIBBEAN PROPERTY FUND LIMITED

**Rights Issue of 22,326,840 Class "A"
Common Property Fund shares [New Shares]
At an Issue Price of Bds\$ 1.40 per share
To Shareholders of Record as at September 30th, 2005**

October 3rd, 2005

Dear Shareholder

This letter is pursuant to the resolution of the Board of Directors of Fortress Caribbean Property Fund Limited passed on June 1st, 2005 with respect to the issue and offer for sale of a Rights Issue of two (2) new Class "A" common shares for every three (3) shares held by shareholders at the close of business on September 30th, 2005 at an issue price of Bds\$1.40 per share, payable in full on acceptance.

As a consequence thereof, you have been provisionally allotted the number of new shares indicated on the reverse of this Provisional Letter of Allotment.

The terms of the Rights Issue, material information relating thereto and the procedures for acceptance, sale and renunciation, whether in whole or in part, and Application for Excess Shares are contained in Section 5 of this Information Memorandum of which this letter is an integral part.


For convenience, you should note that you may accept all, none or part of your allotment. If you decide to accept only part of your allotment, you will be deemed to have renounced your right to the part which you do not wish to take up.

New shares will be issued ex-dividend.

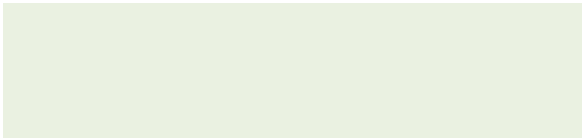
The form of receipt contained on the reverse of this Provisional Letter of Allotment will be completed by Fortress Fund Managers Limited or on its behalf Signia Financial Group Inc. and returned to the person lodging it.

By Order of the Board,

Fortress Caribbean Property Fund Limited



Fortress Fund Managers Limited
COMPANY SECRETARY



Acknowledgement of Receipt (Tick [✓] box, where applicable).

Receipt is hereby acknowledged of the following:

Form of Acceptance (Form A)

Number of shares accepted@ Bds\$1.40/share = Remittance Bds\$.....
(Eg. 1000 @ Bds\$1.40/share = Remittance Bds\$1400.00)

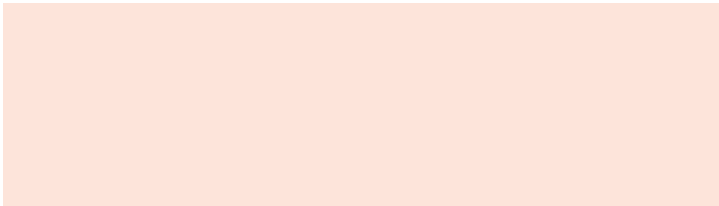
Application for Excess Shares (Form C)

Number of shares applied for.....@ Bds\$1.40/share = Remittance Bds\$.....

.....
For and on behalf of
Fortress Fund Managers Limited
Manager to the Issue

14.2. Form Of Acceptance – Form A

FORTRESS CARIBBEAN PROPERTY FUND LIMITED



* NOTE: If you wish to accept less shares than the number provisionally allotted to you, please enter the number you wish to accept

**Rights Issue of 22,326,840 Class "A"
Common Property Fund shares
At an Issue Price of Bds\$ 1.40 per share
To Shareholders of Record as at September 30th, 2005**

To be lodged on or before 5:00 pm October 28th, 2005

To: the Directors of Fortress Caribbean Property Fund Limited (the Fund)

Having paid to the Fund the sum of Bds\$ being Bds\$1.40 per share on acceptance of Class "A" common property fund shares in the Fund, I / we hereby request that the above number of shares be allotted to me / us and I / we agree to accept the said shares upon the terms and conditions of the Information Memorandum dated October 3rd, 2005 and subject to the Articles of Incorporation and By-laws of Fortress Caribbean Property Fund Limited.

Signature: Signature:

Name: Name:

B'dos I.D. # B'dos I.D. #:

Address: Address:

.....

Date: Date:

Cheques are to be made payable to "FCPF Rights Issue"

FOR OFFICIAL USE ONLY

AGENCY

	NO. OF SHARES ACCEPTED	<input type="text"/>
<input type="text"/>		<input type="text"/>

14.3. Instruction To Sell Rights [Form Of Renunciation] – Form B

FORTRESS CARIBBEAN PROPERTY FUND LIMITED

**Rights Issue of 22,326,840 Class "A"
Common Property Fund shares
At an Issue Price of Bds\$ 1.40 per share**

To be lodged with your broker on or before 9:00 am on October 21st, 2005.

NB – Insert your total allotment/entitlement to shares pursuant to this rights issue under (X) below; Insert the number of shares which you do NOT wish to purchase pursuant to this rights issue, and which you therefore wish to sell, under (Y) below

To: _____

[Name of your stockbroker]

Pursuant to the above mentioned rights issue, I / we are entitled to (X) Class "A" common property fund shares in accordance with the Provisional Letter of Allotment attached.

However, I / we have renounced my/our right to an allotment of (Y) Class "A" common property fund shares and hereby request that you sell on my / our behalf the rights to the said (Y)..... shares on the Floor of the Barbados Stock Exchange.

(Name(s) and address(es) of the transferee(s) to be printed in BLOCK LETTERS provided hereunder).

Signature: Signature:

Name: Name:

Address: Address:

.....

.....

Date: Date:

14.4. Application For Excess Shares – Form C

FORTRESS CARIBBEAN PROPERTY FUND LIMITED

This form is to be used ONLY by Class "A" common shareholders **registered in the books of the Fund at the close of business on September 30th, 2005, who desire to apply for any shares that may remain available after providing for acceptance under Provisional Allotment Letters.**

AVAILABLE UNTIL 5:00 pm on OCTOBER 28th, 2005 AFTER WHICH NO APPLICATION CAN BE ENTERTAINED

To: the Directors of Fortress Caribbean Property Fund Limited (the Fund)

I / we am / are not a citizen(s) of Barbados and was / were a registered shareholder(s) of Fortress Caribbean Property Fund Limited on September 30th, 2005.

I / we hereby offer to purchase Class "A" common property fund shares offered for sale to existing shareholders of the Fortress Caribbean Property Fund Limited at a price of Bds\$1.40 per share in accordance with their letter of allotment and I / we hereby undertake to agree to accept the same or any less number of such shares that may be sold to me / us. I / we understand that allotment of any such shares will be at the sole discretion of the Fund.

I / we hereby authorize you to send a refund cheque for any surplus application by post at my / our risk to the address first written below and to enter my / our name(s) in the Register of Shareholders of Fortress Caribbean Property Fund Limited as the holder(s) of the number of shares hereby sold to me / us.

Signature: Signature:

Name: Name:

B'dos I.D. #: B'dos I.D. #:

Address: Address:

Date: Date:

Note: This application should be forwarded with a separate remittance to Fortress Fund Managers Limited or Signia Financial Group Inc., to reach them not later than 5:00 pm on October 28th, 2005. Cheques are to be made payable to **"FCPF Rights Issue"**

Amount of remittance: Bds\$

Corporate Information

15. CORPORATE INFORMATION

DIRECTORS

Mr. Geoffrey Cave, C.B.E., B.C.H.
Mr. Paul Altman, B.C.H.
Dr. Trevor A. Carmichael, Q.C., S.C.M.
Mrs. Maureen Davis
Mr. Christopher de Caires, FCA, MBA
Mr. Terry Hanton, FCA

FUND MANAGER, SECRETARY, REGISTRAR & TRANSFER AGENT

Fortress Fund Managers Limited
1st Floor Carlisle House
Hincks Street
Bridgetown
Barbados

REGISTERED OFFICE

1st Floor Carlisle House
Hincks Street
Bridgetown
Barbados

BANKER

FirstCaribbean International Bank
(Barbados) Limited
Broad Street
Bridgetown
Barbados

INDEPENDENT VALUER

Terra Caribbean
Ernst & Young Building
Worthing
Christ Church
Barbados

ATTORNEYS-AT-LAW

Sir Henry Forde, K.A., Q.C.
Juris Chambers
Fidelity House
Wildey Business Park
St. Michael
Barbados

Mr. Garth Patterson
LEX Caribbean
Worthing
Christ Church
Barbados

INVESTMENT ADVISER

Altman Real Estate
Derricks
St. James
Barbados

PROPERTY MANAGER

Property Consultancy Services Inc.
Derricks
St. James
Barbados

INDEPENDENT AUDITORS

PricewaterhouseCoopers
The Financial Services Centre
Bishop's Court Hill
St. Michael
Barbados



Fortress Fund Managers Limited

1st Floor Carlisle House, Hincks Street, Bridgetown, Barbados W.I.

Tel (246) 431 2198 Fax (246) 431 0514

www.fortressfund.com