

FORTRESS

CARIBBEAN PROPERTY FUND



PROSPECTUS

NEW ISSUE BY
FORTRESS CARIBBEAN PROPERTY FUND LIMITED
OF CLASS 'A' COMMON PROPERTY FUND SHARES
PRICE: BDS \$1.00 PER SHARE
MINIMUM OFFERING 10,000,000 SHARES (\$10,000,000)

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OF
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IN

FORTRESS

CARIBBEAN PROPERTY FUND LIMITED

Opening Date: July 21, 1999 Closing Date: August 20, 1999

A copy of this document has been filed with the Registrar of Companies in Barbados on July 19, 1999 in accordance with the provisions of the Companies Act Cap. 308 of the Laws of Barbados, The Mutual Funds Act 1998, and has also been filed with the Securities Exchange of Barbados. The Registrar of Companies and The Securities Exchange of Barbados take no responsibility as to the validity or the veracity of the contents of this prospectus and have neither approved nor disapproved the issue of any of the securities herein mentioned.

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Mr. Paul Altman
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DEFINITIONS

In this document, where the context permits, the expressions set out below bear the following meanings:

| | |
|---|--|
| “the Company” | Fortress Caribbean Property Fund Limited |
| “the Fund” | Fortress Caribbean Property Fund |
| “Fund shares” or “the Shares” | Class ‘A’ Common Property Fund Shares |
| “Fund shareholders” or “the Shareholders” | Holders of Class ‘A’ Common Property Fund Shares |
| “the Directors” | The Directors of the Company |
| “the Manager” | Fortress Fund Managers Ltd. |
| “Investment Advisor” | Alleyne, Aguilar & Altman Ltd. |
| “Property Manager” | Property Consultancy Services Inc. |
| “Independent Valuer” | Ernst & Young Real Estate Services Ltd. |
| “SEB” | Securities Exchange of Barbados |
| “\$”, “dollars” and “cents” | The currency of Barbados |
| “NAV” | Net Asset Value being the net value of the assets of the Fund. |
| “Warrants” | Warrants issued to initial purchasers of Class ‘A’ Shares. |

KEY INFORMATION

This summary is qualified by the detailed information appearing elsewhere in this Prospectus.

Terms of the Offer

The list of applications for Shares will be opened at 8.30 a.m. on July 21, 1999 (the "Opening Date") and will close at 4.00 p.m. on August 20, 1999 (the "Closing Date").

The minimum subscription required in order to close this offering will be 10,000,000 Shares, or \$10,000,000.

Shares are offered at an initial price of \$1.00 per Share and applications must be for a minimum of \$5,000 initially and thereafter in multiples of \$100.

Projected Financial Information

| | Initial Investment 1999 | Sept 30, 2000 | Sept 30, 2001 | Sept 30, 2002 |
|-------------------------------|-------------------------------|------------------|------------------|------------------|
| Project Net Asset Value (NAV) | 20,000,000 | 21,971,900 | 23,489,473 | 25,116,482 |
| Net Asset Value per Share* | 1.00 | 1.10 | 1.17 | 1.26 |
| Dividends per Share | N/A | - | 0.03 | 0.04 |

*Assumes no further issuance of shares, and does not consider the potential dilution effect of warrants.

Assuming that the investor qualifies for the tax incentives for investment in a mutual fund as described in the section entitled "Tax Incentives" and has a marginal rate of income tax of 40%, giving rise to an initial investment after tax cost of \$0.60 per share, and sells his/her share on the fifth anniversary of purchase for the projected net asset value of the share at that time, the compounded annual return on investment is estimated to be approximately 22%. For those investors not qualifying for the tax incentives the compounded annual return on investment is estimated to be approximately 10%.

Fortress Caribbean Property Fund Limited

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

Investment Objective

The objective of the Fund is to achieve income and capital appreciation over the long term. The Fund is authorised to invest in real estate, Caribbean listed shares or open-ended funds, foreign listed shares or open-ended funds, unlisted shares of Caribbean companies, and government securities.

Fund Manager

The Manager of the Fund is Fortress Fund Managers Ltd (FFM). FFM is a Barbados based investment management company. FFM successfully launched and manages the Fortress Caribbean Growth Fund. Fortress Caribbean Growth Fund is the first regional equity fund investing across the Caribbean and it has grown to BDS \$33 million in assets and has produced a return in excess of 70% in just over two years.

Investment Advisor

The Investment Advisor is Alleyne, Aguilar & Altman Ltd., a Barbados based Real Estate and Property Management firm with over 20 years experience in real estate sales, rentals and property management.

Property Manager

The Property Manager is Property Consultancy Services Inc., a subsidiary of Alleyne, Aguilar & Altman Ltd., which currently manages a range of commercial and residential property.

Independent Valuer

The Independent Valuer is Ernst & Young Real Estate Services Ltd. which provides a variety of services including residential and commercial property sales, rentals, valuations and investment and development consultancy.

Dealings & Settlement

Application has been made for the listing of the Fund's shares on the SEB. After the close of the Initial Public Offering, it is expected that the purchase and sale of Shares can be made through any of the locally registered brokers of the SEB.

Warrants

Initial purchasers of the Fund's shares will be issued warrants in the proportion of one warrant for every five Shares purchased. One warrant will entitle the holder to purchase one additional Fund share as at

October 01, 2001, October 01, 2002 or October 01, 2003 or on the next business day following these dates, at the initial public offering price of \$1.00. Application has been made for listing of the warrants on the SEB for trading.

Calculation & Publication Of The Net Asset Value (NAV)

The net asset value of the Fund will be calculated on September 30, 1999 and monthly thereafter, and adjusted based on appraisals made by the independent valuers every six months. The NAV will be published in the local newspapers, on the Internet at www.fortressfund.com and through the Lipper Overseas Fund Table.

Expenses

There is an initial commission of 2% for agents selling Shares in the Fund which will be borne by the Fund. Annual management fee charges are 0.75% per annum of the net assets of the Fund. Investment Advisory fees are 0.75% per annum of the net assets of the Fund. Property Management and Other fees and expenses are detailed on pages 24 and 27.

Accounting Period and Shareholder Statements

The year-end of the Fund is September 30th. Statements of the number of Shares held and the net asset value per Share will be mailed to Shareholders at six monthly intervals.

Taxation of the Fund

Income: 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.

Capital Gains: There is no capital gains tax in Barbados and, therefore, capital gains realised by the Fund will not be subject to tax.

KEY STRENGTHS

Dividends: 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.

Taxation Of Shareholders

Dividends: Any dividends paid by the Fund to individual residents in Barbados will be subject to a final withholding tax of 12.5 %. Dividends paid by the fund to a Barbadian corporation or to a non-resident shareholder are exempt from withholding taxes.

Capital Gains: There is no capital gains tax in Barbados.

Property Transfer Tax and Stamp Duty: Investors in the Fund will be exempt from property transfer tax and stamp duty in respect of transfers of their shares in the Fund.

Exchange Control

Since it is expected that the Shares of the Fund will be listed on the SEB, Caricom resident Shareholders will be permitted to purchase and sell shares of the Fund in the amount of up to US\$ 1 million per transaction without prior approval from the Central Bank.

Tax Incentives - Barbadian resident individuals

- Up to \$10,000 per annum for investments in a mutual fund may be deducted from taxable income.
- Individuals working for a company that pays a bonus but does not offer shares to its employees, can receive 75 % of their annual bonus, up to a limit of \$7,500, free of tax by converting that portion of the bonus into shares of a mutual fund.

Incentive legislation

The Fund will actively seek investments which benefit from legislated incentives such as those conferred by the Special Development Areas Act 1996. These

incentives effectively reduce both the capital costs of development and the operating costs.

KEY STRENGTHS

The Directors consider that the key strengths of the Fund are:

- All income designated as "Investor Income" will be free from income tax in the Fund.
- Ongoing professional management and investment advice.
- The ability to invest in foreign currency denominated assets outside of Barbados.

In addition, the potential benefits of an investment in the Fund include:

- Projected compounded annual return of 22%, through a combination of income and capital appreciation, for those investors eligible for tax incentive benefits as described in the section entitled "Tax Incentives". Returns may be further enhanced through the conversion of warrants.
- The ability to sell shares on the SEB.
- The right of initial subscribers for the Class A Shares to purchase additional Shares in the future at a price of \$1.00 through the conversion of Warrants.
- Risk management through diversification of the Fund's portfolio.
- No Property Transfer Tax on the sale of Shares listed on the Securities Exchange of Barbados.
- No Capital Gains Tax on the disposal of Shares.
- Individuals may claim up to \$10,000 of their initial investment in the Fund as a deduction against their assessable income for income tax purposes.
- Warrants exercised for new Shares may also qualify for tax incentives.
- Caricom residents will be permitted to sell Shares up to the value of US \$1,000,000 per transaction without prior exchange control approval from the Central Bank of Barbados.

FORTRESS CARIBBEAN PROPERTY FUND

The Fortress Caribbean Property Fund is a closed-end mutual fund registered under the Mutual Funds Act of Barbados 1998. The Fund provides a practical and efficient route for individuals and institutions to invest in a diversified portfolio of real estate investments and properties in Barbados and the Caribbean.

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.

The Manager of the Fund is Fortress Fund Managers Limited, a Barbados based investment management company of which the shareholders are Cave Shepherd & Co. Ltd, Perpetual plc, Barbados Shipping & Trading Co. Ltd (BS&T), Caribbean Financial Services Corporation (CFSC), The Nation Corporation, and Mr. Roger Cave.

The Investment Advisor is Alleyne, Aguilar & Altman Ltd, a Barbados based Real Estate firm specialising in real estate sales and brokerage, property management and development and villa rentals.

THE INVESTMENT OPPORTUNITY

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.

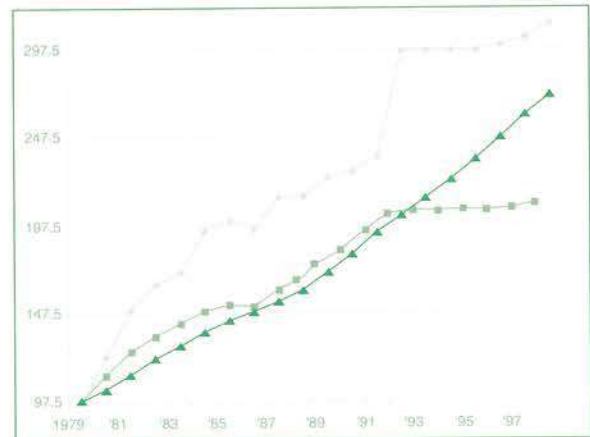
Barbadians have historically viewed real estate as a secure investment. There have been cyclical downturns in the real estate markets in the world's major economies, but Barbados does not usually experience the same levels of decline that have been characteristic in those countries.

Since real estate is a relatively low risk investment, it has traditionally attracted steady rates of return, with spectacular returns only occurring in niche markets. Recently, Barbados has encountered these kinds of returns especially in beachfront property and the master planned communities, which have sprung up on the west coast in the last five years.

The increase in property prices in Barbados over the last twenty years has been measured by the housing price index, which forms part of the retail price index and during that time increases have far exceeded inflation and the relatively "risk-free" return associated with savings rates.

In the opinion of the Investment Advisor several other Caribbean islands also offer excellent potential for growth in income and capital values of real estate holdings.

The following section outlines some of the investment opportunities that the Fund will consider:



Compiled by Property Consultancy Services Inc from Central Bank statistics (1999)



Commercial Space

Investment in commercial space is often beyond the reach of the typical investor because of the size of the investment necessary. However, this type of investment can be very attractive because, in addition to the appreciation of the value of the building, cash returns are generated over the course of the investment through rental income.

Two categories of commercial space that are particularly attractive are office space and retail space. Although retail space has the potential of attracting significantly higher rents per square foot than office space, it is also a more risky investment due to its direct link to the fluctuations in the local economy.

There are other investment opportunities in real estate which have the potential to offer higher returns than those in investments in land and commercial space. These investments, however, also carry a proportional increase in risk to the investor.

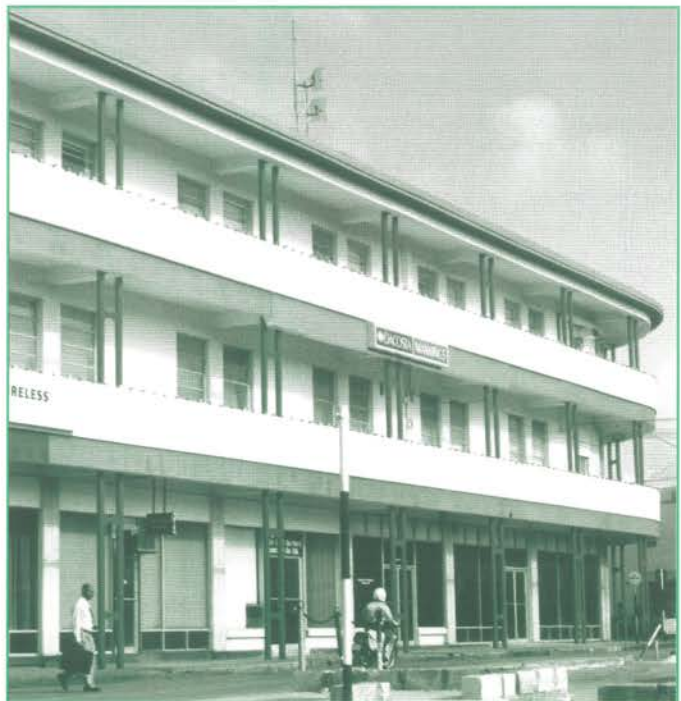
Residential

There are two types of residential investments that the Fund may consider. Investment in luxury villas and investment in smaller residential projects such as condominiums or townhouse projects similar to those found at the proposed Margate Gardens, Millenium Heights and Ridge View developments.

The luxury villa market has exhibited significant returns recently. The Investment Advisor recently compared the current sale prices of a pool of properties to the initial purchase prices over an average hold period of 3 years. It was found that the average compounded annual rate of return of capital appreciation exceeded 20%. Although this calculation did not consider property transfer tax, commissions, and other transfer costs, which would reduce the returns to the investor, neither was the potential rental income considered, which could be significant for this type of property. In the event that the Fund were to invest in this type of asset, every effort would be made to optimise rental income.

Residential projects similar to the ones proposed at Margate Gardens and the Ridge are also investments that the Fund would consider. Although these projects are privately held and cost information is not publicly available, the level of investor interest in these projects indicates that attractive returns could be made.

As with all of its investments, the Fund will evaluate each opportunity carefully and conduct the appropriate level of due diligence before proceeding with an investment with this risk profile. The diversification of the Fund's portfolio will also tend to mitigate these risks.



Land

The following table and chart show how the value of land in Barbados has performed over the years.

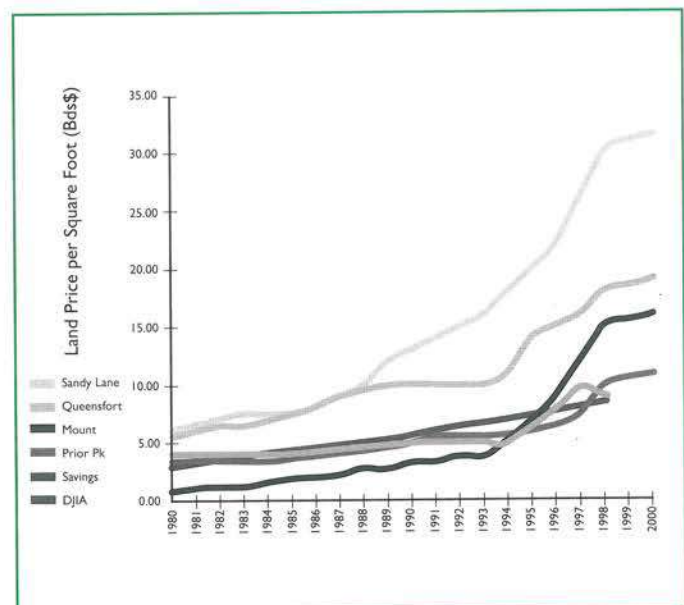
| | Queensfort | Sandy Lane | Prior Park | The Mount |
|-------------|--|------------|------------|-----------|
| Year | Approximate Price per sq. ft. (BDS\$) | | | |
| 1980 | 5.50 | 6.00 | 4.00 | 3.20 |
| 1990 | 10.00 | 13.00 | 5.00 | 5.00 |
| 1998 | 18.00 | 30.00 | 15.00 | 15.00 |
| | Compound Annual Growth | | | |
| 1990-1998 | 7.62% | 11.02% | 9.05% | 14.72% |

Source: Ernst & Young Real Estate Services Ltd.

This data indicates that the value of a square foot of land purchased at the Mount in 1990 for \$5.00 was worth \$15.00 in 1998 representing an annual compounded growth rate of 14.72%.

The following graph illustrates the historical growth in value of an investment in land in parts of Barbados relative to other investments such as investment in a savings account and stocks comprising the Dow Jones Industrial Average.

Investment in land is the most simple form of real estate investment and is an investment that many can participate in. Notwithstanding the impressive growth trends displayed in the value of land, there are other forms of real estate investment that offer the potential for even more attractive returns which have been described above and which will all form part of the Fund's Portfolio as described in the section entitled "Investment Portfolio".



Source: Ernst & Young Real Estate Services Ltd.

REAL ESTATE AS AN ASSET CLASS

Background

The real estate market existed centuries before the securities markets but it only recently became recognised as an asset class in the investment portfolio context. Research studies show that 95% of the returns of a portfolio are determined by the asset allocation decisions between stocks, bonds, real estate, commodities etc. and only 5% by actual selection of individual securities.

Up until the mid 70's, real estate holdings made up only a small percentage (3- 4%) of total pension fund portfolios in the U.S.. The periods of high inflation during the 70's and the changes in the tax laws resulted in increased popularity for real estate investment trusts ("REITS") as both stocks and bonds suffered declines due to the high interest rates. Real estate offers important risk reduction characteristics when added to a portfolio dominated by stocks and bonds. The advent of modern portfolio theory and the new methods of evaluating assets on a risk/return basis together with their impact on the overall portfolio as a whole, increased the levels of holdings in real estate held by institutional investors.

Why Real Estate Is An Attractive Investment

A typical real estate investment (other than undeveloped or "raw" land) offers a total return which consists of both an income element and capital appreciation. A typical commercial rental property is similar in some respects to a bond investment in that the net cash flows are fixed for lease terms and are based largely on current interest rates and the capital cost of the property. The unique difference is that the income payments will usually be much higher than a bond because of the liquidity risk of the property and

the fact that rental incomes normally will increase over time. In addition to this, the value of the property is typically expected to increase in value over time. These two unique characteristics make the returns on real estate closer to those of equities by offering potential for growth, whereas bonds have a principal component that does not appreciate and a fixed coupon payment which does not change with inflation.

Impact Of Real Estate On A Portfolio Of Stocks, Bonds & Bills

The returns on real estate are not perfectly correlated with those of stocks, bonds or bills and therefore investing some percentage of a portfolio in real estate assets will have a diversification impact which should serve to lower the level of risk for any given level of return.

Adding real estate investments to a portfolio of stocks, bonds and bills can actually enhance the overall returns while reducing the risk (volatility) of the portfolio.

Real Estate Portfolios

Traditionally real estate investments were made on an ad hoc property-by-property basis with little regard to their impact on risk and return of the real estate portfolio. The same portfolio approach which is typically applied to stocks and bonds by diversifying the risk of specific investments by spreading the holdings into different companies, industries and countries also applies to real estate.

A significant amount of the individual property risk in real estate can be managed through diversification

by (a) property type and (b) geographic location. The main property types include office, retail, industrial, residential, hotel and development land. Holding a portfolio of these different types of properties in different countries significantly reduces the risk of loss from any one property.

A disciplined and professional portfolio management and performance appraisal approach will not only reduce the risk of loss but will also provide the opportunity for significantly higher returns.

Risk Factors Of Real Estate Investments

The higher returns generally associated with real estate are due to the 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 months or even years to be executed. The market in which real estate assets trade is not well established and defined, and 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 and future rental incomes and costs and future discount rates.

The mitigating factor for the above risks is time. Performance and returns from real estate investments can only be gained over long periods of time and hence this asset class is most suitable for long- term investors.

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.

Investment in Property

The investment policy, with regard to property, will be to invest in Barbados property initially. The Fund will also actively seek opportunities for investment in certain other Caribbean territories. The geographical distribution will be assessed having regard to project return, currency stability and economic conditions.

Any income realised on the investment during the first fiscal year of the Fund's operation will be

retained for reinvestment. At the end of the second fiscal year of the Fund, and annually thereafter, it is expected that the Fund will distribute 30% to 65% of its net income to Shareholders in the form of dividends. Remaining surpluses will be reinvested in assets in accordance with the Investment Guidelines.

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 any single property 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 9%.

INVESTMENT PORTFOLIO

One of the most attractive features of this Fund is that it combines a portfolio management approach from an investment management firm, with the Investment Advisor who possesses expertise and knowledge in the area of real estate and property management. The principals have put together a fund structure and model portfolio which offers the potential investor the opportunity for better returns with less risk than they might otherwise achieve themselves.

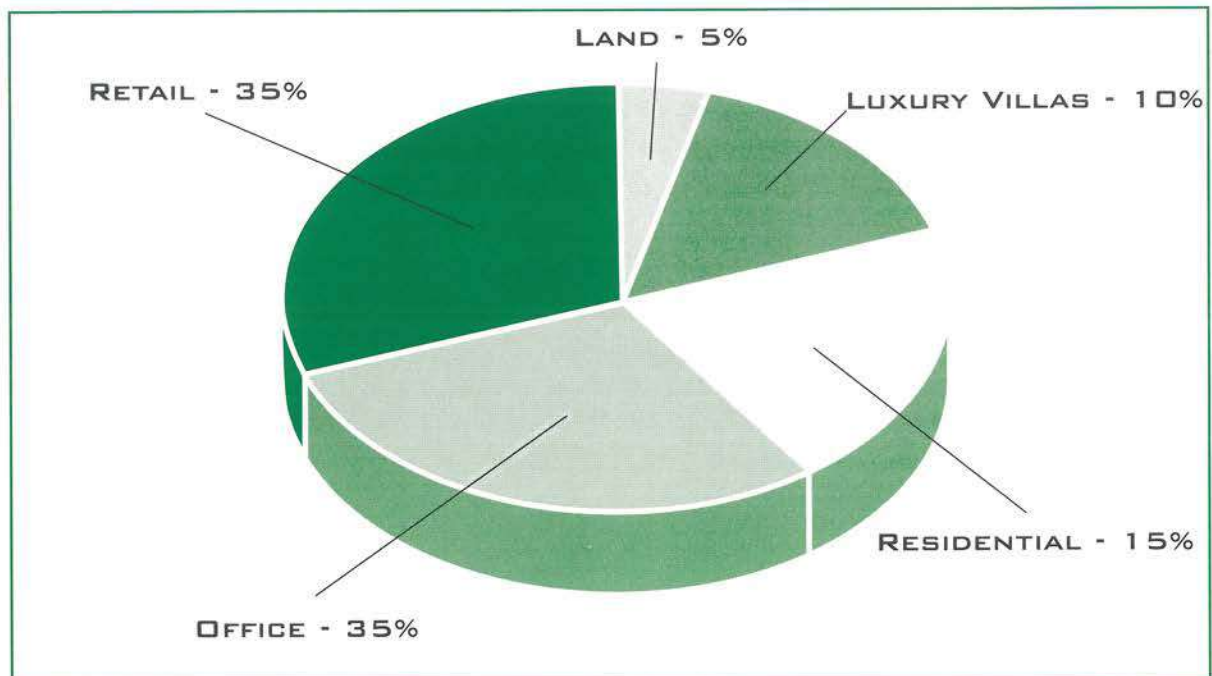
Initial Portfolio Asset Allocation

| | |
|-------------------------------|-----------|
| Real Estate | 65% - 85% |
| Caribbean Unlisted Securities | 0% - 10% |
| Foreign Securities | 5% - 25% |
| Cash & Government Securities | 5% - 25% |

Initial Real Estate Property Type Allocations

The mix of different property types and different properties within each segment will provide the Fund with a level of diversification, which should reduce the impact of loss from any one type. Each of the above property types shown in the charts below has very different risk/return characteristics. In recent years, the average annual returns for land & luxury villas have been in excess of 20%, and for residential, retail and office properties has been in excess of 12%.

It is expected that the expertise of the Investment Advisor in selecting the 'best available' properties within each category and, where necessary, through conversion of those properties into 'best uses', will offer the opportunity for attractive uplifts in value to the Fund over time.

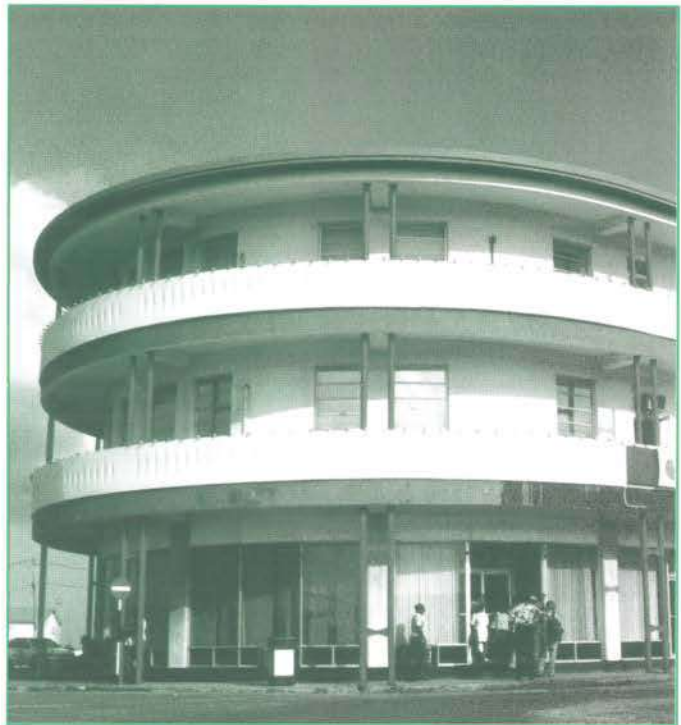


Initial Real Estate Property Type Allocations

INITIAL INVESTMENT OPPORTUNITIES

The principals have already identified an initial portfolio for the Fund, which includes properties located in some of the best sites in Barbados and have entered into option agreements to secure purchases subject to the successful launch of the Fund.

OFFICE & RETAIL



Carlisle House

Square Feet: 49,000

Price: BDS \$ 8.5 million

Occupancy: 100%

Net Income Yield: 11.18%

Carlisle House is located in the centre of Bridgetown overlooking the Careenage (now being upgraded) and the whole of Carlisle Bay. The property has a mix of retail and office space and is 100% tenanted with a projected income yield of 11.18%. The planned redevelopment of Bridgetown including the upgrading of the Careenage, the planned Pierhead project and the continued growth in cruise tourism are expected to support the appreciation in value of this site.

OFFICE & RETAIL

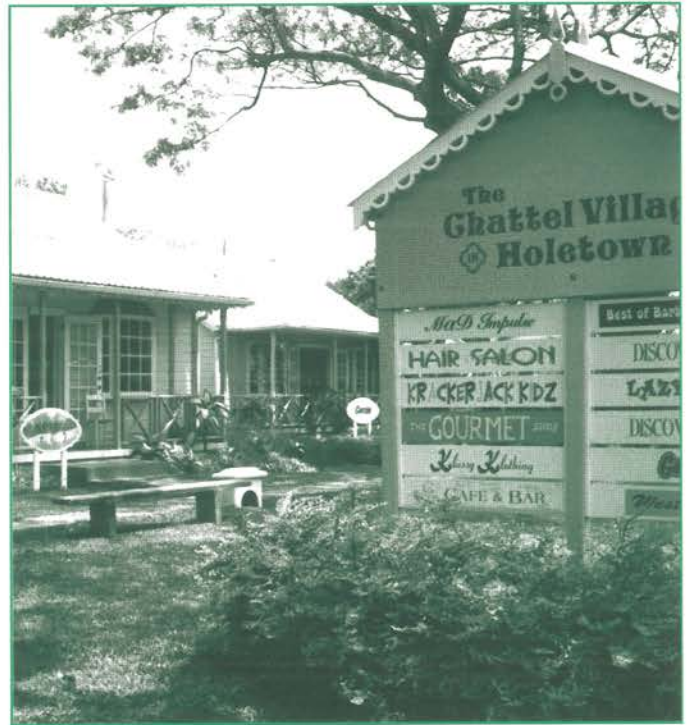


24 Broad Street

Square Feet: 14,119
Price: BDS \$ 5.5 million
Occupancy: 100%
Net Income Yield: 10.9 %

Number 24 Broad Street is located in the centre of commercial activity in Barbados. This building has recently been renovated and is now 100% tenanted at premium rental rates with a current income yield of 10.9 %.

OFFICE & RETAIL

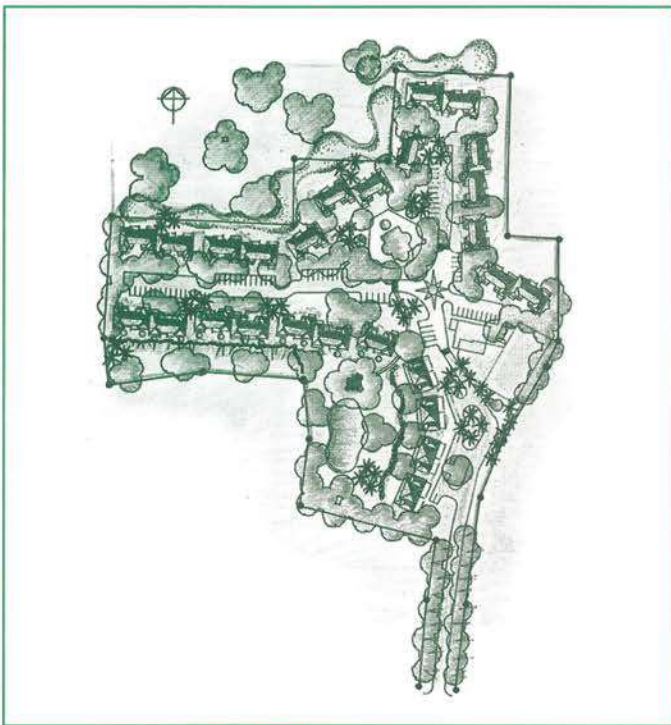


The Chattel Village

Square Feet: 6,000
Price: BDS \$1.5 million
Occupancy: 100%
Net Income Yield: 12%

The Chattel Village is retail space designed using traditional Barbadian architecture and arranged like a village. The complex is located in the hub of tourist activity on the west coast of the island. The complex currently enjoys 100% occupancy and has a current income yield of 12%.

RESIDENTIAL



Ridge View Estate

Ridge View Estate is a residential development comprised of two and three-bedroom townhouses. The development is located at Frere Pilgrim in Christ Church and caters to the middle to upper income earner.

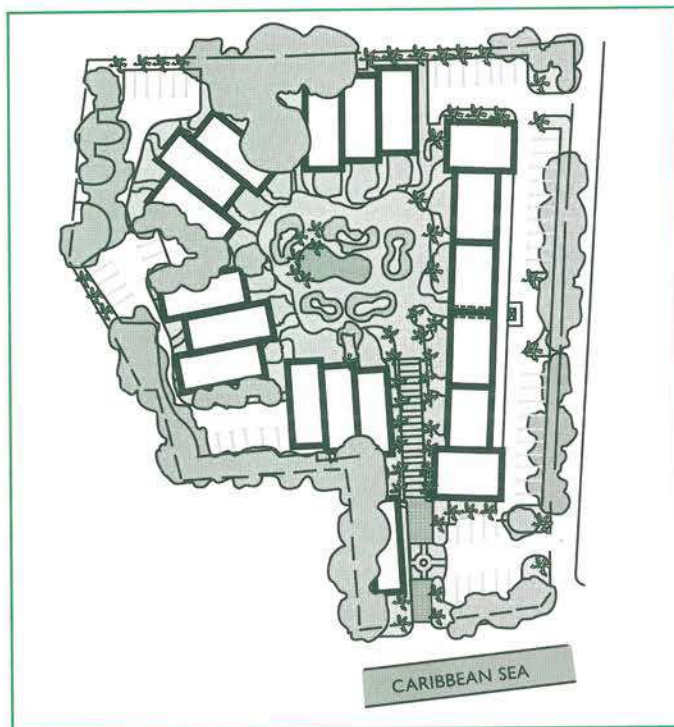
The development has a number of amenities that caters to the family including green areas, pools, walking trails, tennis courts and play areas for children.

The specifications of the unit considered for purchase by the Fund are as follows:

Bedrooms: 3
Square Feet: 1,800 sq. ft.
Price: BDS \$490,000
Projected Net Income Yield: 11%

Initially the Fund will derive yields from its investment at Ridge View through rents. However, it is also expected that there is significant potential for the capital value of the investment to appreciate over time due to factors such as proximity to the proposed Southern Golf Course.

RESIDENTIAL



Margate Gardens

Margate Gardens is a residential condominium community catering to middle to upper income earners.

It is located at Hastings, Christ Church and is within easy walking distance to beaches, shopping, restaurants and banks. The specifications of the unit considered for purchase by the Fund are as follows:

Bedrooms: 3

Square Feet: 1,970 sq ft

Price: BDS \$500,000

Projected Net Income Yield: 11%

Yields will be derived from this investment through rents initially and, in addition, it is expected that capital appreciation of the investment over time may be significant due to the central location and proximity to the sea.

FUND STRUCTURE AND MANAGEMENT

Board of Directors

The Founding Shareholders of the Fund have selected an initial Board of Directors who offer a range of business and professional skills, particularly with respect to real estate investment and management, and who possess numerous contacts in the real estate industry. These initial Directors will hold office until the first Annual General Meeting of the Fund and are eligible for re-election at that time. The Articles of

Incorporation provide that the Board of Directors of the Fund will be comprised of a minimum of three (3) Directors and a maximum of nine (9) Directors. Set out below are the name, residence, office and principal occupation of each of the Directors of the Fund:

| Name and Residence | Position with the Fund | Principal Occupation |
|--|------------------------|---|
| 1. Mr. Geoffrey Cave (1) "Windermere" Brittons Hill St. Michael | Chairman and Director | Business Executive |
| 2. Mr. Paul Altman "Mallows" Sandy Lane St. James | Director | Real Estate Broker |
| 3. Dr. Trevor Carmichael, Q.C. (1) Staple Grove House St. Davids Christ Church | Director | Attorney-at-Law |
| 4. Mrs. Maureen Davis Walkers Plantation St. George | Director | Business Executive |
| 5. Mr. Stephen Emtage (1) "Three Acres" Navy Gardens Christ Church | Director | Investment Manager |
| 6. Mr. Terry Hanton, ACA "Sanctuary" Upper Halcyon Heights St. James | Director | Chartered Accountant & Real Estate Analyst |

(1) Member of the Investment Committee

The following is a brief biographical description, including principal occupation for the last five years, of each of the directors and officers of the Fund:

Mr. Geoffrey Cave
Chairman
Cave Shepherd & Co. Ltd.

Mr. Geoffrey Cave is the Chairman & Managing Director of Cave Shepherd & Co Ltd a public company listed on the Securities Exchange of Barbados (SEB). Mr. Cave, who holds a B.Comm. from McGill University in Canada, has been the Chairman & Managing Director of Cave Shepherd for the past 24 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. Paul Altman
Managing Director
Alleyne, Aguilar & Altman Ltd.

Mr. Paul Altman has been involved in real estate for 25 years as Managing Director of Alleyne Aguilar & Altman Ltd. 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 immediate past President of the Barbados National Trust.

Dr. Trevor A. Carmichael, Q.C.
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 to 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 the 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
Senior Manager
Cave Shepherd & Co. Ltd.

Mrs. Davis is a senior member of the management team of Cave Shepherd where she has worked for the past 16 years. Mrs. Davis is responsible for the conception, planning, design, negotiation and completion of all of the company's stores and departments. Mrs. Davis has been instrumental in developing the above services for a number of very successful projects including - the Bridgetown Cruise Terminal, Colombian Emeralds International, Total Sport and the recent renovation of the Sunset Crest Mall. Mrs. Davis has been the driving force behind Cave Shepherd's activities in raising awareness of environmental issues.

Mr. Stephen Emtage
Senior Vice President & Deputy CEO
Life of Barbados Ltd.

Mr. Stephen Emtage is a Graduate of the Universities of London, Oxford, and Sussex. He joined Life of Barbados in 1987 after serving as the Director of Finance and Planning in the Ministry of Finance and Planning in Barbados from 1973 to 1987. In May 1998 he was appointed Senior Vice President and Deputy Chief Executive Officer of Life of Barbados.

Mr. Terry Hanton, ACA
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 exchanges. He is currently the Managing Director of Property Consultancy Services Inc., a subsidiary of Alleyne Aguilar and Altman Ltd.

Fund Manager

The Manager of the Fund is Fortress Fund Managers Ltd. (FFM). FFM is a Barbados based investment management company. FFM successfully launched and manages the Fortress Caribbean Growth Fund. The Caribbean Growth Fund is the first regional equity fund investing across the Caribbean and it has grown to BDS \$33 million in assets and has produced a return of 70% in just over two years.

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, The Nation Corporation, Caribbean Financial Services Corporation and Perpetual plc, one of the leading fund management companies in the U.K.

Roger Cave is the Investment Manager and a Director of FFM, being one of the founding shareholders. Mr. Cave is a Canadian qualified Chartered Accountant (CA) who also holds a Bachelor of Business Administration (BBA) from Bishop's University in Quebec and is a level three candidate of the Chartered Financial Analyst (CFA) program sponsored by the Association of Investment Management & Research (AIMR) 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 with Cave Shepherd.

Investment Advisor

The Investment Advisor is Alleyne, Aguilar & Altman (AA&A) a Barbados based Real Estate firm. AA&A has been one of the leading real estate firms in Barbados for the past 20 years and is the exclusive affiliate of Christie's Great Estates, based in the U.S.A. The firm offers a full range of estate agency services including:

- Real estate sales and rentals
- Short term rental programs and central

reservations

- Villa management
- Commercial property management
- Owner accounting
- Consultancy services

The company employs thirty staff. Properties managed by Alleyne Aguilar & Altman include in excess of 60 luxury west coast villas, Settlers Beach Hotel and the Chelston Park and Enfield House office buildings.

Property Manager

The Property Manager is Property Consultancy Services Inc., a subsidiary of Alleyne, Aguilar & Altman which offers a range of business services to the firm's clients. These include:

- Hotel consultancy
- Business and property valuations
- Real estate development and conceptualisation
- Project management
- Property Management

The developments which are being project managed by the firm include, the Sugar Hill master planned community in St. James. This is the brainchild of David Lloyd, the British tennis player and sportsclub entrepreneur. Speightstown Mall and other commercial buildings are properties which the firm manages.

Investment Committee

The Investment Committee has been established by the Board. At present, the members of the Investment Committee are Mr. Geoffrey Cave, Mr.

Steve Emtage and Dr. Trevor Carmichael. 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 by the Board. The Investment Committee will also have oversight responsibility for monitoring existing investments and recommending investment policies and procedures to the Board for approval.

Registrar, Secretary & Transfer Agent

Fortress Fund Managers Ltd (FFM) will act as Registrar, Secretary & Transfer Agent. Share certificates will not be issued to Shareholders. Ownership of the Shares will be in non-certificated form. Initially the record of title of ownership will be in the form of an allotment letter and subsequently will be maintained in electronic form in the Central Securities Depository (CSD) of the Securities Exchange of Barbados.

Independent Valuers

Ernst & Young Real Estate Services Ltd. will perform 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 Securities Exchange of Barbados. The valuations will be done semi-annually and the NAV will be quoted by the SEB.

Fees & Expenses

The Manager

The Manager will be paid a fee that is equivalent to

0.75% of the total net assets of the Fund per annum. The fee will be 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 will be paid monthly and adjusted retroactively at the semi-annual valuation date to take into account any significant changes in the total net assets.

The Investment Advisor

The Investment Advisor will be paid a fee that is equivalent to 0.75% of the total net assets of the Fund per annum. The fee will be 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 will be paid monthly and adjusted retroactively at the semi-annual valuation date to take into account any significant changes in the total net assets.

The Independent Valuer

The Independent Valuer will be 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.

Transaction Costs

The sale by the Fund of securities, which are not listed on the Securities Exchange of Barbados, and the sale of real property by the Fund will be subject to property transfer tax. The rate of property transfer tax in Barbados for companies which are controlled by Barbadian residents is 5% of the value of the

consideration which exceeds \$50,000 and \$25,000 on the sale of shares and land respectively.

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 Advisor, Alleyne, Aguilar & Altman, 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, as outlined in the Legal Profession Act CAP 370A S.I. 1997 No. 55 (Attorney-at-Law remuneration for Non-Contentious Business Rules 1997).

Other Expenses

The Fund will bear the cost of other expenses of the Fund which will include Directors fees, annual listing fees, reporting to Shareholders and professional, audit and legal fees. These fees are not expected to exceed \$80,000 per annum.

Conflicts of Interest

When the Manager or Investment Advisor 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 Advisor will be required to enter into various non-disclosure, confidentiality and non-competition agreements to preserve the confidentiality and commercial potential of prospective investments.

- The Manager and Investment Advisor may not during the term of the Management Agreement and the Investment Advisor 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 Advisor have approved such appointment as manager or advisor.
- The Fund may not invest in assets owned, invested in, advised or managed by the Manager or Investment Advisor or any subsidiaries or affiliates of the Manager or Investment Advisor until these interests have been disclosed to the Board of the Fund.
- The Manager and Investment Advisor will ensure that the Fund has the opportunity to participate in investment opportunities which are consistent with the Investment Guidelines and which become known to them during the term of the Management Agreement and the Investment Advisor Agreement.
- Where a Board member, the Manager or the Investment Advisor 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 Advisor 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 the involvement is sufficient 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.

Reports and Meetings:

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

THE INVESTMENT PROCESS

Investment Sourcing

The Board of Directors of the Fund, the Fund Manager and the Investment Adviser will leverage their extensive network of contacts in the real estate industry to identify potential investment opportunities. In addition, the Fund will develop 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.

Investment Evaluation

The Investment Adviser will be responsible for evaluating all investment opportunities that fall within the Investment Guidelines of the Fund. The Investment Adviser will work 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 will conduct a detailed appraisal on each investment it recommends to the Fund. These appraisals will 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 will work with the Fund Manager to recommend the most appropriate structure and the terms and conditions of the investment that would best protect the interests of the Fund.

Property Management and Monitoring

The Property Manager will be responsible for

monitoring the real estate investments of the Fund pursuant to the Property Management Agreement. The Property Manager will manage all aspects of the ongoing operation of the Fund's real estate assets and their responsibilities will 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.

The property management fees will be on contract basis for each individual property and the costs will be borne out of the revenues of the individual properties. The property management fees will be at a competitive rate as determined by the Fund Manager and approved by the Board of Directors.

Divestment

Exit strategies will be considered and be provided for in the structure of the initial investments. The Fund will seek to optimise returns to investors by divesting itself from assets at peak value or when other opportunities arise as market conditions dictate.

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.

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 SEB and any other market on which the Shares are traded.

Whilst the Fund is closed-ended, the primary purpose of regular valuations is to monitor the performance of the Investment Adviser, provide information to the market, and calculate *ad valorem* fees and expenses.

The Articles of incorporation of the Company empower the Directors to value unlisted assets and adjust the prices of quoted securities in circumstances where they believe latest quoted prices do not fairly reflect the prices at which securities can be traded.

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 offer an indication of the value.

(a) Income Approach: Present value of its net operating income plus the present value of the residual value of the assets using an appropriate 'Going Out' capitalisation rate, plus the intrinsic value of any non income generating assets.

(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) Market Value 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.

The Independent Valuer will issue a report semi-annually containing the appraised fair market values for all the real estate assets held by the Fund at the date of the report.

FINANCIAL PROJECTIONS

Projected Portfolio Growth

| | Target Percentage of Portfolio | Assumed Appreciation per Annum | Initial Investment 1999 | Estimated Value at Sept 30,2000 | Estimated Value at Sept 30,2001 | Estimated Value at Sept 30,2002 |
|-------------------------------|--------------------------------------|--------------------------------------|-------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Property | 70% | 5% | 14,000,000 | 15,394,330 | 16,470,066 | 17,621,164 |
| Foreign listed securities | 10% | 6% | 2,000,000 | 2,219,190 | 2,396,058 | 2,586,621 |
| Caribbean listed securities | 10% | 4% | 2,000,000 | 2,179,190 | 2,310,075 | 2,449,277 |
| Caribbean unlisted securities | 5% | 8% | 1,000,000 | 1,129,595 | 1,241,821 | 1,364,566 |
| Cash & Government securities | 5% | 0% | 1,000,000 | 1,049,595 | 1,071,454 | 1,094,853 |
| Total Portfolio Value | | | 20,000,000 | 21,971,900 | 23,489,473 | 25,116,482 |

Assets values are expected to grow as a result of capital appreciation, at the rates shown above, and re-investment of income generated from those assets according to the portfolio percentages shown above.

Projected Revenues & Expenses

| Revenues | Cash Yield | For Year Ending Sept 30, 2000 | For Year Ending Sept 30, 2001 | For Year Ending Sept 30, 2002 |
|---|-------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Net Rental Income from Property* | 9.0% | 1,260,000 | 1,385,490 | 1,482,306 |
| Dividends from Foreign listed securities | 2.0% | 40,000 | 44,384 | 47,921 |
| Dividends from Caribbean listed securities | 3.0% | 60,000 | 65,376 | 69,302 |
| Dividends from Caribbean unlisted securities | 2.0% | 20,000 | 22,592 | 24,836 |
| Interest on Cash & Government securities | 5.0% | 50,000 | 52,480 | 53,573 |
| Total Investment Revenue | | 1,430,000 | 1,570,321 | 1,677,938 |
| Operating Expenses | | | | |
| Fund manager | 0.75% of Avg. NAV | 157,000 | 172,479 | 184,392 |
| Investment adviser | 0.75% of Avg. NAV | 157,000 | 172,479 | 184,392 |
| Valuation fees | 0.20% of Property | 28,000 | 30,789 | 32,940 |
| Amortisation of Initial Expenses | 0.20% of Avg. NAV | 42,000 | 46,141 | 49,328 |
| Directors Fees | | 12,000 | 12,000 | 12,000 |
| Audit fees | | 15,000 | 15,450 | 15,914 |
| Legal and professional | | 10,000 | 10,300 | 10,609 |
| Annual report costs | | 15,000 | 15,450 | 15,914 |
| Listing fees | 0.01% of Avg. NAV | 2,100 | 2,307 | 2,466 |
| Total Operating Expenses | | 438,100 | 477,396 | 507,955 |
| Funds Available for Reinvestment or Dividend | | 991,900 | 1,092,925 | 1,169,983 |
| Dividend (60% of Net Income) | | - | 655,755 | 701,990 |
| Funds to be Reinvested | | 991,900 | 437,170 | 467,993 |

*Net Rental Income after deduction of normal operating expenses such as wages, land taxes, insurance, repairs and maintenance, and other associated costs.

Projected Shareholder Returns

| | Initial Investment 1999 | Sept 30, 2000 | Sept 30, 2001 | Sept 30, 2002 |
|----------------------------------|-------------------------|---------------|---------------|---------------|
| Projected Net Asset Value (NAV)* | 20,000,000 | 21,971,900 | 23,489,473 | 25,116,482 |
| Net Asset Value per Share | 1.00 | 1.10 | 1.17 | 1.26 |
| Dividends per Share | N/A | - | 0.03 | 0.04 |

*Assumes no further issuance of shares, and does not consider the potential dilution effect of warrants.

Assuming that the investor qualifies for the tax incentives for investment in a mutual fund as described in the section entitled "Tax Incentives" and has a marginal rate of income tax of 40%, giving rise to an initial investment after tax cost of \$0.60 per share, and sells their share on the fifth anniversary of purchase for the projected net asset value of the share at that time, the compounded annual return on investment is estimated to be approximately 22%. For those investors not qualifying for the tax incentives the compounded annual return on investment is estimated to be approximately 10%.

ASSUMPTIONS USED IN FINANCIAL PROJECTIONS

ACCOUNTING POLICIES

ASSUMPTIONS USED IN FINANCIAL PROJECTIONS

Since the projections are based on assumptions regarding future events, actual results will vary from the information presented even if the hypotheses occur and the variations may be material.

The projected Net Asset Value of the Fund is calculated by estimating the cash and capital appreciation returns on each asset class in the Fund's target portfolio. The combined returns on these assets accrue annually to form the Fund's projected asset value. By subtracting the estimated expenses of the Fund from the projected asset value, the Net Asset Value of the Fund is determined. The Net Asset Value per Share of the Fund is then determined by dividing the Net Asset Value of the Fund by the number of Class A Shares outstanding.

It is expected that the exercise of warrants will have a dilutive effect on the NAV per share of the Fund, which will impact on those shareholders purchasing shares or warrants in the secondary market. The projections do not consider this effect because it is not possible to determine the timing or quantity of warrants to be exercised and their related impact.

It is assumed that real estate will constitute approximately 70% of the Fund's assets. The expected cash yield on real estate will be generated primarily through rents of commercial and residential properties. Based on current and historical rental rates and the prices of properties that the Fund has already negotiated, and will negotiate in the future, the expected cash yield on residential and commercial space is estimated to be 10%. Due to the nature of the real estate portfolio, with a small percentage of investments (i.e. land) not generating a cash yield, it

is expected that the overall average cash yield on real estate investments will be approximately 9%.

The estimated yields on other securities in which it is expected that the Fund will invest are based on current and historical rates.

The Net Asset Value of the Fund will also be influenced by changes to the capital value of the real estate which will constitute the majority of the Fund's assets. As outlined in the section entitled "Investment Opportunity" in this Prospectus, historical data indicates that the rate of capital appreciation of real estate is different, and wide-ranging, depending on such factors as: type (residential, commercial, land, etc.), location and class (luxury, mid-range, etc.). This notwithstanding, to be conservative, the projected Net Asset Value of the Fund assumes a 5% capital appreciation of its real estate, which is at the lower end of the range and is the rate of capital appreciation associated with undeveloped land.

The projected ongoing fees and expenses of the Fund are estimates by the Fund Manager which are based on current contracts with professional service providers and current levels of other costs. Fees and expenses are expected to increase with inflation which has been estimated at 3% per annum.

ACCOUNTING POLICIES

Financial Statements will be prepared in conformity with generally accepted accounting principles using policies set by the International Accounting Standards Committee subject to the following:

The properties will be accounted for as investment properties as stated in International Accounting Standard 25 and will be classified as long-term investments.

INVESTMENT RESTRICTIONS & BORROWING POWERS

DESCRIPTION OF SHARE CAPITAL OF THE FUND

Definition of An Investment Property

An investment property is an investment in land or buildings that are not occupied substantially for use by, or in the operations of, the investing enterprise or another enterprise in the same group as the investing enterprise.

Cost of The Investments

The cost of an investment includes acquisition charges such as brokerage, legal and other fees, duties and bank fees.

Carrying Amount of Investments

Marketable equity securities will be carried at market value determined on a portfolio basis.

Investment properties will be classified as long term investments and they will be independently revalued every six months. The changes in their market value are considered to be more significant than their depreciation. Fair market values will be recognised in the carrying amount and any charges in the carrying amounts will be credited to owners equity as a revaluation of surplus.

To the extent that a decrease in carrying amount offsets a previous increase, for the same investment that has been credited to revaluation surplus and not subsequently reversed or utilized, it will be charged against that revaluation surplus. In all other cases, a decrease in the carrying amount will be recorded as an expense. An increase on revaluation directly related to a previous decrease in carrying amount for the same investment that was recognised as an expense, will be credited to income, to the extent that it offsets the previously recorded decrease.

On disposal, the difference between net disposal proceeds and the carrying amount will be recognized as income or expense.

Borrowing costs, including interest and bank charges, related to construction and renovation of properties will be capitalised. Initial costs will be amortised at 0.2% of the total net assets per annum.

INVESTMENT RESTRICTIONS & BORROWING POWERS

The Directors of the Fund have approved the following investment restrictions and borrowing powers, which may be varied from time to time by the Directors.

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

WARRANTS

Class A Shares

Liquidity:

Although it is expected that holders of Class A Shares will be able to trade their shares on the Securities Exchange of Barbados (the “SEB”), 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;
- 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 receive notice of and attend all meetings of shareholders of the Fund and 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.

WARRANTS

The Company will issue one Warrant for every five (5) Shares purchased on the initial issue of Class ‘A’ Shares. Each Warrant will entitle the holder thereof to purchase one Class ‘A’ Share at a subscription price of \$1.00 per share on the exercise date.

INITIAL COMMITMENTS

INVESTMENT BY FORTRESS CARIBBEAN GROWTH FUND

DIVIDEND POLICY

TAXATION OF THE FUND

Warrants may be exercised as at October 1, 2001, October 1, 2002 or October 1, 2003 or on the next business day following these dates. The Company shall, on receiving notice of exercise and the subscription price, issue one Class 'A' Share of the Company for each warrant.

Warrants are fully transferable and it is the intention of the Company to apply for the Warrants to be listed and traded on the SEB.

The Company shall not, except with the consent of a majority of the holders of Warrants, in any way modify the rights attaching to the Class A Shares to the prejudice of the holders of Warrants.

The Warrants shall expire and all rights to purchase Class 'A' Shares thereunder cease and become null and void after October 1, 2003 or on the next business day thereafter.

INITIAL COMMITMENTS

Initial commitments have been received from local and foreign institutions, corporations and individuals to purchase 10,500,000 shares for \$10,500,000.

INVESTMENT BY FORTRESS CARIBBEAN GROWTH FUND

In accordance with its aim of seeking good investment returns through a diversified portfolio of investments, Fortress Caribbean Growth Fund may invest up to 10% of its net assets in the Fund. Any such investment will be limited to 15% of the shares and warrants of the Fund. In the event that Fortress Caribbean Growth Fund holds shares in the Fund, the rate of management fees it receives from the Fund

will be offset against the rate of management fees charged to Fortress Caribbean Growth Fund to eliminate double charging of management fees by Fortress Fund Managers Limited.

DIVIDEND POLICY

The Board of Directors of the Company may declare, from time to time, such cash dividends, out of monies legally available for dividends, as it may consider advisable. It is expected that the Fund will declare its first dividend at the end of its second fiscal year, September 30, 2001. It is expected that the Fund will distribute 30% to 65% of the earnings available to Shareholders in the form of dividends. The remaining surplus will be reinvested in assets in accordance with the Investment Guidelines of the Fund.

TAXATION OF THE FUND

The Fund is authorised to carry on business under the Mutual Funds Act, 1998 of 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).

TAXATION OF THE SHAREHOLDERS

FOREIGN EXCHANGE CONTROL

TAX INCENTIVES

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 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, 1998, an investor in the Fund will be exempt from Property Transfer Tax and Stamp Duty in respect of transfers of their Shares in the fund.

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.

Since it is anticipated that the shares of the Fund will be listed on the SEB, Caricom resident shareholders will be permitted to purchase and sell Shares of the Fund up to US\$ 1 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 BDS\$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.

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 a number of tax incentives for individuals to invest in mutual funds and new shares of public companies.

Investments In A Mutual Fund - Up to \$ 10,000 /annum

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

Annual Bonus - 75 % of annual bonus up to \$ 7,500 per annum

Barbadian resident individuals who are employed by a public company can take shares in lieu of bonus and the amount can be claimed as a deduction for tax purposes up to 75 % of the bonus up to a maximum of \$7,500 per annum. If the individual works for a company that pays a bonus but does not offer shares to its employees, the individual can claim the same

DEALING IN THE FUND'S SHARES EXPENSES AND NET PROCEEDS OF THE OFFERING USE OF PROCEEDS

deduction by converting the bonus into shares of a mutual fund or government bonds.

Restrictions On The Tax Incentives

In the initial offer period, the Fund will qualify for the 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-ended mutual fund and the shares issued will be freely traded in the secondary market as a listed security on the SEB. Therefore a person purchasing shares through the SEB 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 share 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.

DEALING IN THE FUND'S SHARES

Fortress Caribbean Property Fund is a closed-ended mutual fund. An application has been made to list the Class A Shares on the SEB. Investors wishing to liquidate their investment, in whole or in part, can sell their shares through a broker on the SEB. Shares cannot be redeemed at the offices of the Manager as is the case with an open-ended mutual fund. Similarly, an investor wishing to make an additional investment in the Fund's shares should place an order through a broker on the SEB. There can be no guarantee that on any given trading day, there will be buyers or sellers for the Fund's shares.

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 one year is 15% of the outstanding shares. The benefits of purchasing shares for cancellation will accrue to the Fund.

EXPENSES AND NET PROCEEDS OF THE OFFERING

The Fund will bear its initial expenses which will be amortised at the rate of 0.2% of its total net assets per annum not to exceed five years from the date of launch. The initial expenses which the Fund will bear include incorporation costs, preparation and the printing of the prospectus, listing fees, professional, audit and legal expenses and are estimated to be \$120,000. In addition the costs of brokerage and introductory commissions, which will be borne by the Fund, are not expected to exceed 1% of funds raised as a result of this offering.

USE OF PROCEEDS

The proceeds of this offering, after payment of any sales commissions and related initial expenses will be invested by the Fund in appropriate real estate investments in accordance with the objective of achieving income and long-term capital appreciation for the Fund's shareholders. Pending investment in appropriate properties, the Fund's capital will be invested in liquid investments. Any capital gains, interest and other investment income earned on such investments will accrue to the benefit of the Fund.

RISK FACTORS

MATERIAL CONTRACTS

RISK FACTORS

Real estate investments tend to have a greater level of risk than other types of asset classes such as stocks and bonds. Several of the investment properties held may represent large value transactions for which there may be a limited potential market of buyers and sellers. Transactions involving real estate properties can take several months to complete resulting in a significant liquidity risk.

The properties purchased will be valued by an independent valuer largely based on forward looking assumptions using historical and current market data and conditions for inflation, interest rates, building costs, vacancy rates, demographic trends, income levels and growth, regulatory and town planning approvals etc. While these ongoing assumptions will be made periodically using the most up to date and accurate data combined with independent professional judgement, it is likely that future events will be different from those expected and therefore appraised values could vary from the actual realisable values for such properties.

The Fund's shares will be listed and the net asset value quoted on the SEB. The SEB is an emerging stock market and may have a greater level of risk and volatility than more established stock 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 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 NAV of the Fund shares.

Fortress Caribbean Property Fund Limited is a closed-end Fund and as such investors may only purchase new or additional shares through subsequent share offers or on the open market on the SEB. Similarly investors may only sell shares on the open market on the SEB. When selling Fund shares, there can be no guarantee that there will be willing buyers or that the offered prices will reflect the NAV of the Fund.

This Prospectus makes reference to actual rates of return experienced in various forms of real estate investment in Barbados in recent years. There can be no guarantee that such rates of return will continue into the future. Accordingly, the performance of the Fund is not ensured nor is the performance guaranteed by Fortress or any other authority. Investments made in the Fund are at the sole risk of the investor.

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) Independent Valuer Agreement

**PURCHASERS' STATUTORY RIGHTS
CONSENTS
TERMS & CONDITIONS OF THE OFFERING**

d) the Property Management Agreement; and

e) Purchase Option Agreements

Copies of the foregoing contracts may be inspected during regular business hours at the principal place of business of the Fund at 10-14 Broad Street, Bridgetown, Barbados from the opening date of the Share issue until the closing date.

PURCHASERS' STATUTORY RIGHTS

Purchasers of the Shares are entitled to certain statutory rights pursuant to the Barbados Companies Act, CAP. 308. Under the Act, Subsection 304(1), a shareholder may bring against a company that has allotted shares under a prospectus, an action for the rescission of all allotments and the repayment to the shareholders of the whole or part of the issue price that has been paid in respect of the shares or debentures, if:

- (a) the prospectus contained a material statement, promise or forecast that was false, deceptive or misleading; or
- (b) the prospectus did not contain a statement, report or account required under the Act to be contained in it.

No action may be brought under this section more than two (2) years after the first issue of the prospectus under which shares were allotted.

CONSENTS

Messrs. PricewaterhouseCoopers have given and have not withdrawn their written consent in connection with the inclusion in the Prospectus of the information they provided in the form and context in which it is included.

Messrs. Alleyne Aguilar & Altman Ltd., Property Consultancy Services Inc., Fortress Fund Managers Limited, Ernst & Young and Ernst & Young Real Estate Services Ltd. have given and have not withdrawn their written consent for the use of their firms' names in the Prospectus in the form and context in which they have been included.

Copies of these consents have been lodged with the Registrar of Companies as required pursuant to subsection (2) of section 407 of the Companies Act.

TERMS & CONDITIONS OF THE OFFERING

The list of applications for Shares will be opened at 8.30 a.m. on July 21, 1999 (the "Opening Date") and will close at 4.00 p.m. on August 20, 1999 (the "Closing Date").

The minimum subscription required in order to close this offering will be \$10,000,000. No allotment of Shares may be made unless the minimum subscription has been subscribed and the sum payable on application for the Shares has been received by the Company pursuant to subsection (2) of section 302 of the Companies Act. In the event that the minimum subscription has not been subscribed, all monies received from applicants will be repaid without interest within 10 days of the Closing Date.

CONDITIONS OF ALLOTMENT

The full purchase price is payable on application. Applications will be received at Fortress Fund Managers Limited, Top Floor Cave Shepherd, 10-14 Broad Street, Bridgetown, and must be accompanied by the full purchase price of the Shares for which application is made. Cheques may be in Barbados or US dollars and should be made payable to "Fortress Property Fund Limited - Shares" and may be presented for payment upon receipt. Application for Shares made in US currency will be treated on the basis of \$1US = \$2 BDS and Shares will be allocated on this basis.

Applications will be considered at the sole discretion of the Transfer Agent on behalf of the Fund and must be for a minimum of \$5,000 Barbados dollars or \$2,500 US dollars and thereafter in multiples of \$100 Barbados dollars or \$50 US dollars and will be irrevocable. No allotment will be made for any amount less than BDS\$5,000 or US\$2,500. In the case of a partial allotment, the surplus will be refunded.

On the establishment of the CSD ownership of Shares will be in non-certificated form and the record of title of ownership will be maintained in electronic form by the Company Secretary and the Central Securities Depository of the Securities Exchange of Barbados. Therefore Share certificates will not be issued to Shareholders.

Copies of the Prospectus and Application Forms may be obtained from Fortress Fund Managers Limited, Top Floor Cave Shepherd, 10-14 Broad Street, Bridgetown; Alleyne Aguilar & Altman Ltd, Derricks, St. James; Ernst & Young, Bush Hill, Bay Street, St. Michael and any branch of Barclays Bank plc.

Persons who are not residents of Barbados and companies which are owned or controlled by such persons are eligible to apply for and hold Shares. Copies of the Material Contracts referred to above will be available for inspection during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of Fortress Fund Managers Limited, Top Floor Cave Shepherd, 10-14 Broad Street, Bridgetown, from the opening date of this Share issue.

CONDITIONS OF ALLOTMENT

The basis for allotment will be announced within three days following the Closing Date.

The Transfer Agent is authorised to issue a letter of confirmation for the number of Shares for which the Application is accepted and/or a cheque for any money returnable by post at the Applicant's risk to the address of the person named (or the first-named person) on the Application Form and to ensure that the Applicant's name (and the names of any other joint applicants) are placed on the register of Shareholders of the Company in respect of such Shares to which the Applicants are entitled.

Letters of Allotment are not transferable or assignable.

APPLICATION FORM

APPLICATION FOR THE PURCHASE OF CLASS A SHARES
IN FORTRESS CARIBBEAN PROPERTY FUND LIMITED AT \$1.00 PER SHARE.

To: Fortress Caribbean Property Fund Limited

I/We hereby apply to purchase the stated number of Class A Shares in this Box in Fortress Caribbean Property Fund Limited, at price of BDS \$1.00 per share as per the terms and conditions set out in a Prospectus dated the 19th day of July 1999.

Shares: 1

I/We attach a cheque or banker's draft for the amount in this box.

BDS \$: 2

USD \$:

Date:

Signature:

3

FILL IN this Box where there is one application, PLEASE USE BLOCK CAPITALS.

Mr / Mrs / Ms / Miss / or title / Christian / Forename(s) (in full):

4

Surname / Corporation Name:

NIS Number / Company Number:

Address (in full):

Telephone Number:

Are you a resident in Barbados? Yes No

Fill in this Box only when there is more than one applicant. The first or sole applicant should complete Box 4. Insert in Box 5 only the name and address of the other joint applications, each of whose signatures is required in Box 5.

Mr / Mrs / Ms / Miss / or title / Christian /
Forename(s) (in full):

5

Mr / Mrs / Ms / Miss / or title / Christian /
Forename(s) (in full):

Surname / Corporation Name:

Surname / Corporation Name:

Residential Address (in full):

Residential Address (in full):

Signature:

Signature:

Are you a resident in Barbados? Yes No

Are you a resident in Barbados? Yes No

If application is made
through a broker affix
broker's stamp here:

Fortress Mutual Fund Ltd.

Please refer to the Instructions on other side of this Page for completing Form

APPLICATION INSTRUCTIONS

TERMS AND CONDITIONS OF APPLICATION

ADDITIONAL INFORMATION

THIS APPLICATION IS TO BE COMPLETED IN ACCORDANCE WITH THE FOLLOWING INSTRUCTIONS

1. Each Application must be for a minimum of 5,000 shares (BD\$5,000 or US\$2,500) and multiples of 100 shares in excess thereof. Each Application must be completed in full.
2. In the case of an application under a power of attorney, a certified copy of the relevant power of attorney must accompany the application.
3. Payment in respect of the total purchase money due should be attached to the application form.
4. Payment should be made by cheque or banker's draft made payable to "Fortress Caribbean Property Fund Limited-Shares".

TERMS AND CONDITIONS OF APPLICATION

5. Kindly refer to the Prospectus for a full statement of the terms and conditions of application and allotment.

ADDITIONAL INFORMATION FOR YOUR GUIDANCE

6. In the case of joint applications, all communications will be addressed and refunds made payable to the applicant whose name appears first on this form.
7. Illegible or incomplete application forms or failure to submit the proper remittance as required shall be cause for rejection in whole or in part of this application within the discretion of the Company.

8. Your cheque or bankers' draft and completed application form should be returned to the selling agent or broker from whom this application form was obtained. Any applications received after the time and date of Closing shall not be entitled for consideration.

9. A separate cheque or banker's draft must accompany each application form. Your cheque or banker's draft may be presented for payment on receipt. No receipt will be issued for the payment on application but a confirmation of the number of shares allotted will be forwarded within thirty (30) days in respect of the number of shares for which the application is accepted.


10. A refund for any moneys refundable will be issued, no later than ten (10) days after the Closing Date.

This prospectus is dated 19th July 1999

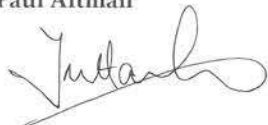
Signed by or on behalf of the Directors



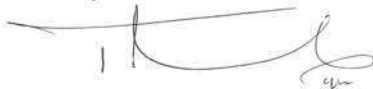
Geoffrey Cave



Paul Altman



Terry Hanton



Dr. Trevor Carmichael



Steve Emtage



Maureen Davis

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