

Fortress Caribbean Property Fund (CPF)

All figures quoted in Barbados Dollars unless otherwise stated

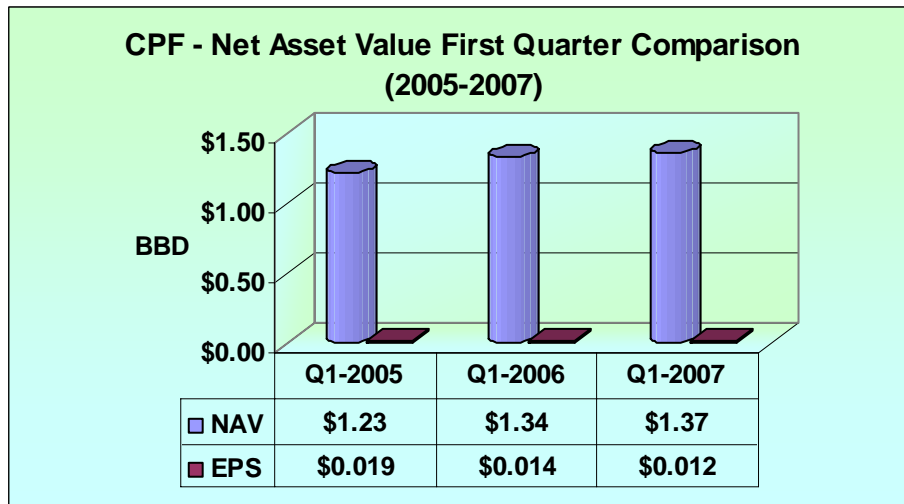
	CPF
RECOMMENDATION	HOLD
Current Price	TT\$4.76
Running EPS	\$0.10
Projected EPS	\$0.10
P/E at Projected EPS	15.87 times
Dividend Yield	3.15%
Return on Assets	2.40%
Return on Equity	3.57%

Results for the First Quarter Ended December 31, 2006

Net Asset Value

Fortress Caribbean Property Fund (CPF) reported Net Asset Value (NAV) per share of \$1.37 which was 1 cent higher than its Year End 2006 NAV of \$1.36. CPF's Earnings Per Share (EPS) fell 14.29 per cent to \$0.012 for Q1- FY 2007 compared to \$0.014 for Q1-FY 2006. **Graph 1** below shows both the NAV and EPS for CPF at the end of the first quarter over the fiscal years 2005-2007.

Graph 1

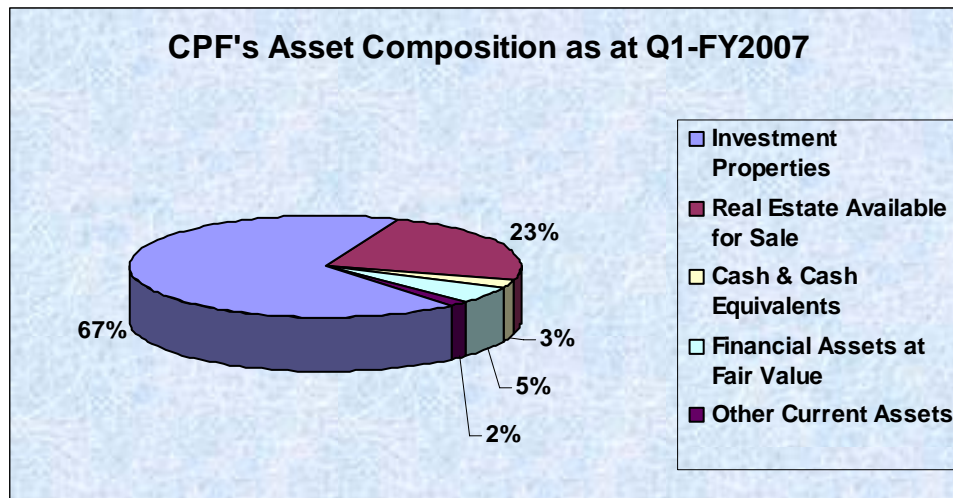




Asset Base

As at December 31, 2006 CPF's Total Assets stood at \$112.10 million, this was down by 0.86 per cent on the figure for the year ended September 30, 2006. Investment Properties continues to be the largest component of Total Assets and makes up 67 per cent (\$75.48 million) of the portfolio. While Real Estate Available for Sale represents a significant 23 per cent (\$25.64 million) of the asset base and is the second largest component of Total Assets. Cash and Cash Equivalents, Financial Assets at Fair Value and Other Current Assets make up the remaining 10 per cent of CPF's asset portfolio. (See Graph 2)

Graph 2



Financials

Total Revenue fell 3.51 per cent to \$1.738 million as its main source of income, Rental Income (Net) rose by a small margin of 3.90 per cent to \$1.674 million. Net Gain on Financial Assets fell 49.99 per cent to \$28,972 while Interest Income fell 87.49 per cent to \$16,515. Other Income showed a market increase of 9133.83 per cent to \$18,560.

Total Expenses fell 3.31 per cent to \$756,884. This drop was as a result of a 24.82 per cent fall in Interest Expense to \$388,016. Fund Management & Adviser Fees rose 25.11 per cent while there was an Impairment loss on Real Estate of \$17,761. Audit, Listing and other Professional Fees rose 72.67 per cent to \$63,814. Office & Administrative Expenses rose 68.98 per cent to \$6,293 while Directors' Fees were up 33.33 per cent to \$4,000. Net Income was ultimately down 10.48 per cent to \$675,170.

See Tables below for Financial Data on Q1-FY2007 and FY 2006 (Table 1); and Year End 2006 and 2007 (Table 2)



West Indies Stockbrokers Ltd.
 1st Floor, Albion Plaza,
 22-24 Victoria Avenue,
 Port of Spain.
 Tel: 625-9473; Fax: 627-5002

Equity Research Team
 Sreshtha Tewari (Ext 2225)
sreshthat@wisett.com
 Gia Singh (Ext 2264)
gias@wisett.com

Table 1

Fortress Caribbean Property Fund			
First Quarter Financial Data (FY2006 and FY2007)			
	Q1	Q1	
Revenues	31-12-06	31-12-05	% Change
Net Rental Income	1,673,962	1,611,059	3.90%
Net Gain on Financial Assets	28,972	57,932	-49.99%
Interest Income	16,515	132,008	-87.49%
Other Income	18,560	201	9133.83%
Total Revenues	1,738,009	1,801,200	-3.51%
Expenses			
Interest Expense	388,016	516,100	-24.82%
Fund Management & Adviser Fees	279,000	223,000	25.11%
Impairment loss on Real Estate Available Resale	15,761	0	
Audit, listing and other professional fees	63,814	36,957	72.67%
Office & Admin Expenses	6,293	3,724	68.98%
Directors Fees	4,000	3,000	33.33%
Total Expenses	756,884	782,781	-3.31%
Net Income before minority interest	981,125	1,018,419	-3.66%
Minority Interest	-305,955	-264,173	15.82%
Net Income	675,170	754,246	-10.48%
Net Asset Value Per Share-	1.37	1.34	2.24%
Earnings Per Share	0.012	0.014	-14.29%



West Indies Stockbrokers Ltd.
 1st Floor, Albion Plaza,
 22-24 Victoria Avenue,
 Port of Spain.
 Tel: 625-9473; Fax: 627-5002

Equity Research Team
 Sreshtha Tewari (Ext 2225)
sreshthat@wisett.com
 Gia Singh (Ext 2264)
gias@wisett.com

Table 2

Fortress Caribbean Property Fund			
Year End Financial Data (FY2006 and FY2007)			
	Year End	Year End	
	BBD	BBD	
Revenues	30-09-06	30-09-05	% Change
Net Rental Income	6,488,999	5,052,207	28.44%
Fair Value Gains	2,590,356	1,823,774	42.03%
Gain on available for sale	121,691	455,251	-73.27%
Interest Income	426,710	1,618	26272.68%
Other Income	50,878	34,616	46.98%
Total Revenues	9,678,634	7,367,466	31.37%
Expenses			
Interest Expense	1,747,416	1,235,926	41.39%
Fund Management & Adviser Fees	1,113,050	622,170	78.90%
Professional & Other Fees	217,999	141,712	53.83%
Valuation Fees	15,000	33,006	-54.55%
Office & Admin Expenses	33,584	15,000	123.89%
Directors Fees	15,000	12,000	25.00%
Total Expenses	3,141,049	2,059,814	52.49%
Net Income before minority interest	6,537,585	5,307,652	23.17%
Minority Interest	-1,302,073	-1,098,664	18.51%
Net Income	5,235,512	4,208,988	24.39%
Earnings Per Share	0.10	0.13	-23.08%
Price as at September 30, 2006	\$4.90	Not Listed in T&T	
Dividends	\$0.06		
Dividend Yield	3.50%		
Dividend Payout Ratio	55.00%		
Net Asset Value Per Share-	1.36	1.28	6.25%
Market To Book Ratio	1.15		
Shares Outstanding	33,490,261	33,490,261	



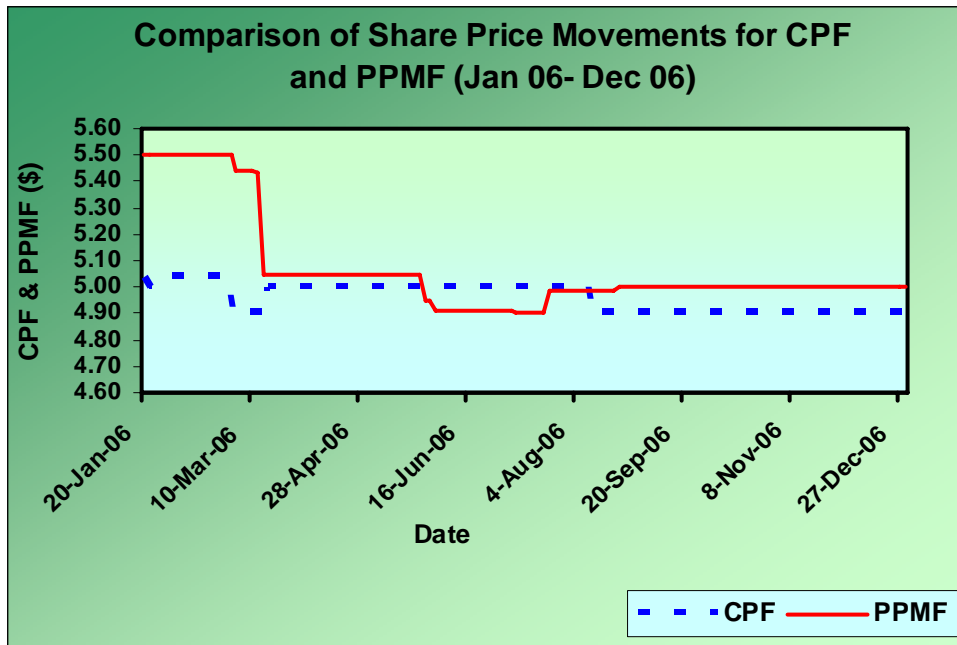
West Indies Stockbrokers Ltd.
1st Floor, Albion Plaza,
22-24 Victoria Avenue,
Port of Spain.
Tel: 625-9473; Fax: 627-5002

Equity Research Team
Sreshtha Tewari (Ext 2225)
sreshthat@wisett.com
Gia Singh (Ext 2264)
gias@wisett.com

Share Price

On January 20, 2006 the shares of CPF listed and closed at a price of \$5.04. Since then, the shares have traded mostly flat and have now reached its lowest price of \$4.83. **Graph 3** below shows the movement in price of CPF in comparison to the Praetorian Property Mutual Fund (PPMF), which is the only other property based mutual fund listed on the local exchange. As can be seen from the graph, both PPMF and CPF have traded flat over the period August 2006 to December 2006.

Graph 3



Recommendation

At the current price of TT\$4.76, CPF is trading at a price/earnings ratio of approximately 16 times earnings based on a Forecasted EPS of TT\$0.30 (BB\$0.10). While this multiple is high for this share, we await to see if there is any positive impact on the fund by the Cricket World Cup carded to take place in March. As such, we currently recommend a HOLD on this share.

This document is based on information obtained from sources, which we believe to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, West Indies Stockbrokers Limited. Expressions of opinion herein are subject to change without notice. This document is not, and should not be construed as, an offer or the solicitation of an offer to buy or sell securities. West Indies Stockbrokers Limited and or their officers, directors, and employees may own or have positions in any of the securities mentioned herein, and may from time to time add or dispose of any such securities. This document is for the information of clients only and is not for publication in the Press or elsewhere without the permission of West Indies Stockbrokers Limited. WISE is a subsidiary of RBTT Financial Holdings Limited

West Indies Stockbrokers Limited, 1st Floor Albion Plaza, 22-24 Victoria Avenue, Port of Spain, Trinidad (868) 623-4861 Fax (868)-627-5002 e-mail: info@wisett.com Member of the Trinidad and Tobago Stock Exchange Ltd.