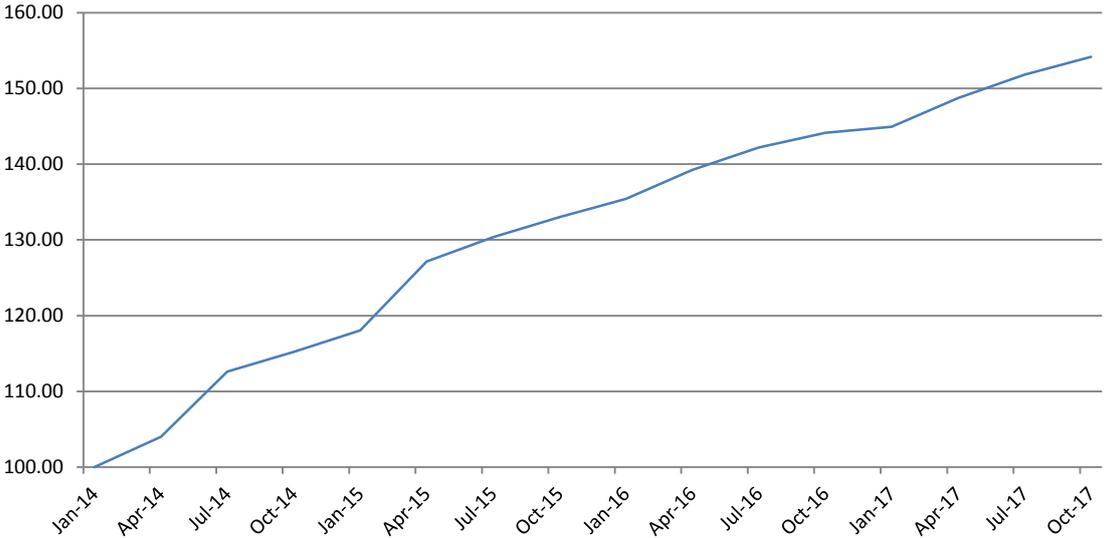




RIO Property Group Limited has added another 1.57% in gains during the third quarter. To date the return generated to members invested in this product has been 54.18%. The investment has recorded fifteen straight consecutive gaining quarters, with no losses since its launch in October 2013, naturally this is to the satisfaction of all invested!



As the end of the four year run is approached, the overall picture is very encouraging, and I would be surprised if the last quarter is not more than reasonable. Hence, I anticipate an excellent close to 2017.

Given that 2017 has been an excellent year for this investment, I am very pleased to say that the opportunity we identified in the UK property market back in October 2013 has been fruitful, RIO Property is yet another successful investment product launched and managed by RIO. I state this with some confidence, since RIO Property Group is one of the top performing ungeared property investments in its sector. Noting this, it should not be unexpected that RIO Property has also outperformed the sector benchmark (The UK average house price rise) return by 24.52%.

Looking back, RIO's third property project pushed the second quarter to a more than reasonable gain. The additional work put in by my UK team and myself assured that the third quarter profits were also bolstered, the additional profit came by the receipt of a final settlement figure for dilapidation works, achieved through our negotiation with tenants during August whom had requested an early exit from their lease. The tenant in question being a prominent High Street Bank, which I had served with the usual schedule of works and, I am pleased to report, that this was promptly settled by the exiting party with only a little persuasion.

Furthermore and perhaps even better is the fact that we have a potential new tenant, the Scottish government is interested in leasing this property, since the building is now under refit in preparation for new occupation.

Property market UK and Brexit

I do not expect Brexit negotiations to bring the region's prices down. In fact, I predict prices to rise. Brexit will dominate the press, but it will not affect the land cycle. Simply, sentiment should not be allowed to cloud judgement and one should see past the media facade!

UK Property Market Facts

House prices in the UK edged higher again in September. The latest survey released by the Royal Institution of Chartered Surveyors showed a house price balance of 6.0%. That was unchanged from the August reading, and it beat expectations for a gain of 4.0%.

By region, prices in south eastern England have continued to plummet as foreseen, while they advanced again in the rest of the country. That said, the number of sales fell at the fastest rate since July 2016 and I have altered the RIO Property Group' strategy to fit coming market conditions.

William Gray
The RIO Club