



MANAGER COMMENT

In the third quarter of 2018, RIO Property Group produced a further consecutive gain of 2.06%, outperforming its benchmark over this quarter and for the year to date. This outperformance was achieved by identifying increased risk in the UK property market, and then taking the appropriate steps to avoid the downturn which my team had helped identify. Since this investment product is now closed we can reveal the gain recorded for 2018 was 7.44% against a sectoral benchmark of 2.21% over the same period.

With the successful conclusion of this investment we look back over the five year term of the product; the obvious glaring fact is that the RIO Property Group remained one of the least volatile unleveraged UK property sector investments on the market over that period. This is quite an achievement as there are many so called experts in this field both managing and advising on the UK Property sector. RIO outperformed them all. Even better perhaps, is that for those invested, the return generated has been more than satisfactory, the total return being 69.43% since launch.

RIO Property Group has recorded impressive numbers, with an unsurpassed nineteen consecutive quarterly gains without a loss recorded.

INVESTMENT OBJECTIVE

The investment objective is to provide capital appreciation from a combination of renovation and development projects. The projects are UK based and predominantly in prime city locations. RIO has secured a select parcel of commercial properties that will immediately benefit from a change of use from commercial to residential. Importantly all properties within the portfolio are owned outright, there are no mortgage or leases utilised to purchase land or buildings and the redevelopment cost are also financed in cash terms.

The exposure to these residential property developments may be bolstered by additional investment in an actively managed portfolio of commercial properties; these assets are freehold and are producing a secure attractive income stream. All holdings have a long term lease in position, each with excellent covenant strength.

Project 1 - Our first project started during October 2013 and works were completed as expected in February 2014. The change of use from a commercial property to city centre freehold residential flats was profitable as forecast.

Project 2 - Completed during August 2015. The work on this city centre renovation of a high street listed building produced a more than reasonable gain for RIO Property Group.

Project 3 - A city centre residential development of freehold housing. The site as expected gained both planning permission and appropriate building warrants, and with all works done this project is was completed in late 2017.

Project 4 - A plot of land which has received approval from the planning department and the appropriate building warrant issued. This new residential housing development had unavoidable labour related delays; however, this has been dealt with and was able to get back on target. All works were completed in the summer of 2018 with the proceeds from this due in October 2018.

MARKET WATCH

Annual house price growth was stable in September at 2%.

Indeed, annual house price growth has been confined to a fairly narrow range of 2-3% over the past 12 months, suggesting little change in the balance between demand and supply in the market.

Looking ahead, much will depend on how broader economic conditions evolve, especially in the labour market, but also with respect to interest rates. Overall, we continue to expect house prices to rise by around 1% over the course of 2018.

Source: Nationwide

IMPORTANT INFORMATION

This document is not an offer of investment. Subscriptions for shares can only be made on the basis of the current prospectus and The RIO Club operates strictly on a referral only basis.

Past performance is not a guide to future performance and there can be no assurance that the investment objective(s) will be met. The value of investments and the income from them can fall as well as rise and is not guaranteed. Investors may not get back the full amount invested.

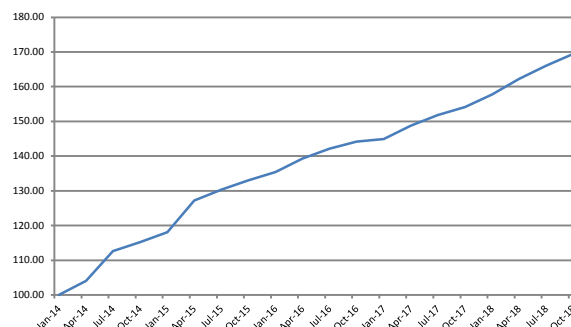
For further information please refer to the terms and conditions.

www.rioclubreporting.com

INFORMATION

NAV	£169.43
Investment Manager	William Gray
Launch Date	October 2013
Currency	UK Sterling
Minimum Investment	25,000
Term	5 Year Fixed
Initial Charge	2.00%
Annual Management Fee	0.00%
Administration Fee	0.00%

PERFORMANCE



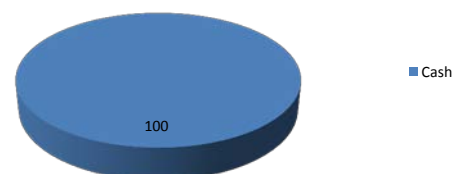
PERFORMANCE COMPARISON

	UK PROPERTY	RIO PROPERTY
3 Month	0.71	2.06
6 Month	2.04	4.43
1 Year	2.09	9.89
2 Years	4.73	17.54
3 Years	10.41	27.38
YTD	2.21	7.44
Since Launch	23.88	69.43

QUARTERLY PERFORMANCE

	2014	2015	2016	2017	2018
Q1	4.01	7.71	2.84	2.65	2.89
Q2	8.29	2.52	2.11	2.06	2.32
Q3	2.32	2.04	1.38	1.57	2.06
Q4	2.44	1.82	0.54	2.29	

ASSET ALLOCATION



UK AVERAGE HOUSE PRICES

