

23 May 2006

Since August 05 this Fund has produced nine consecutive gaining months with + 20.98% gained during this period - with the current trend it will exceed my target growth of 25% for the period August 05 – August 06. This exceptional performance is partly due to the micro management techniques which continue to be utilised by RIO Prestige Performance Fund.

The Funds main holding is continuing its expansion into the English market with 27% of RIO Prestige business coming from south of the border. RIO's expansion into the English market has been well planned and executed. Once RIO Prestige has built up a sufficient client base in England the company will open an English office - the target date for this is April 2007. RIO Prestige Performance Fund will be able to look forward to strong upward growth well into 2007 due to this and many other factors, such as RIO Prestige's ability to offer the very first of any new model. For example RIO was the first to offer both the Ferrari 430 spider and Porsche 997 for hire in the UK, clearly giving RIO the edge. RIO placed orders as far back as August 2005 for two new Ferrari Daytona's which are due 2007, and ensuring that they retain the "first to have" status the company is now renowned for. The Daytona has extensive waiting lists meaning that the less well prepared will have to wait till 2008/2009. The continual month on month gain seen is partly due to RIO's advanced planning - "chance favours the prepared mind" as I have always said!

Since November 2005 after carefully reviewing of the statistics, I instructed Edward Legge to dispose of all units which might not fit the status which RIO Prestige had attained. This was achieved within two months - all six of the Mini Coopers have been sold at book money or better - it's a true testament to the condition and high standards in which RIO's fleet is constantly maintained. The Minis were sold at the right time; they were still in high demand and as such commanded an excellent resale value. These were replaced by two new TVR's, the Tuscan and Sagaris - each cost more than double the new retail price of the Minis. The TVR units now represent the bottom of the range vehicles offered by RIO Prestige. Also added to the fleet in March were the Aston Martin AMV8 and Porsche Cayman S, the two latest vehicles from these two produced by each manufacture - these replacements are more in keeping with the prestige nature of the fleet. All four new units have been in great demand and have been on hire regularly since their arrival in March 06 – the AMV8 has been on hire for 24 days in the last 60. RIO takes delivery of a new Lamborghini Gallardo roadster in June 06, one of the first in the country with a new Bentley Continental Convertible on order for September delivery - RIO has advanced bookings on both vehicles. The replacements keep RIO's fleet among the youngest in the prestige hire market offering RIO yet another competitive edge in a fast moving business. During my trip to the UK RIO Prestige took delivery of the Koenigsegg, the world's most powerful car and the fastest production car on earth "Guinness book of records 2005", this meant that RIO Prestige was in the news again, as national press covered this unique vehicle's arrival - "You can't buy advertising like this" - and RIO Prestige is getting it on a regular basis.

RIO Prestige has now set and raised the standard in the Prestige car hire market in launching the RPM Club. This opens the door to the unobtainable status of the Pagani Zonda and Koenigsegg, RIO Prestige is the only self-drive hire company in the world to offer these exotic vehicles for hire. Most importantly the RPM Club is owned and operated by RIO Prestige Performance UK Ltd, which will begin to see an increase in revenue from membership sales. RIO Prestige has already commenced its marketing of RPM membership in the UK, which has met with an extremely positive response.

William Gray
Executive Chairman