

RIO Prestige Performance Fund gained 2.16% during November; the main asset holding continues to be predominantly in its namesake RIO Prestige Performance UK Ltd.

I have recently returned from an exhausting one month business trip to the UK, part of which involved assisting with two motor shows (<http://www.mphshow.co.uk/>). These events spanned a two week period with eight days spent actually exhibiting RIO Prestige Performance UK Ltd services. The space taken by RIO has doubled in size since they first exhibited at the MPH shows back in 2005. In fact RIO has become one of the main attractions of the MPH event according to the organizers, who provided the extra space at the same cost of the smaller space taken in previous years. This is because we always have the most exotic and often the rarest cars on our stand. RIO has been approached to attend Salon privy, the most exclusive and best motor show in London. We have accepted (<http://www.salonprivelondon.com/>).

RIO Prestige Performance UK Ltd continues to grab media attention. I found myself again in talks regarding using our vehicles for TV coverage this time with the BBC resulting in the filming of RIO's hyper cars in and around London during November. The outcome for RIO is a major TV Series which shows a group of individuals promoting and offering hyper cars for hire in London. The Series is scheduled for release nationwide in March 2008. Since RIO is now focusing on the London market having already secured the main market share across the nation from all of Scotland, through the north of England to Birmingham, this opportunity fits ideally into the marketing plan, and will coincide with a major push by RIO Prestige into London. Revenues are then expected to continually increase through 2008. RIO Prestige Performance Fund's main asset holding continues to be RIO Prestige Performance UK Ltd and hence, as Fund manager, it is essential that I keep my hand on the pulse of this growing company.

London is unquestionably a major market for the super car hire market, and essential that RIO enters and establishes itself in a major way. The market, however, is very competitive and it has thus been important to ensure that RIO had a sound base across UK first, before tackling London. At this time, about 10% of RIO's business emanates from London. After careful assessment of the best and fastest way to enter the market, the opportunity arose to approach a competitor with a stronghold in the London market, with an excellent fleet of vehicles, although without the exclusive arrangements with top suppliers that RIO has negotiated. Suffice to say that merger/acquisition (M&A) negotiations are now well advanced; when complete it will place RIO as the prime company throughout UK in this prestigious super car market, with secured growth for the years ahead. The M&A will give RIO a depot in the South of England, will make a significant improvement to sales over the normally quiet months of January to March elsewhere in Britain, a downturn not noticeable in the London area, an excellent launching point for delivery into Europe, and savings in management and administration overheads.

I look forward to updating you in the weeks ahead as this exciting development matures. In the meantime I attach for your perusal in the following table, the changes that have been taking place in the way that clients have been hiring vehicles. The huge increase in internet hires and the improvement in referral figures are particularly interesting.

Below is the percentage breakdown of leads, as one can see there has been a large increase in referrals and internet. The referral increase will be due to Service levels and increase in customer base.

Internet leads have increased due to the amount of people who are now internet aware, as you can see from the attached file over 32m people are online in the UK. The most popular online activity is e-mail with the second most popular now is sourcing info on activities and interests. There has also been a reduction on print leads, this may be due to the amount of e-magazines and internet forums available, people are now looking to the web to help decide on purchases rather than calling companies straight from print media, people would rather research companies and look at their internet presence before making an enquiry. The decline in show revenue for September can be put down to the weather at Goodwood 07 compared to Goodwood 06, with the decline in TV being affected by the internet as well, customers may see the TV ad but are now going on line to investigate first.

	SEPT 2006	SEPT 2007
INTERNET	49%	76%
TV	6.30%	2.20%
MAGAZINE	15%	1.20%
SHOWS	10.30%	7.60%
REFERRAL	6.70%	12.80%

William Gray