



**VIENTO**  
PROPERTY

ABN 51 095 920 648 AFSL 224663

Insider News

Quarterly Update  
January 2010

## Welcome to the January edition of Viento *Insider News*.

The *Insider News* publication provides you with up to date information on your Viento investment.

We hope you find the latest edition informative.

## INSIDER CONTENTS

Management Outlook	3
Market Overview	3
New Appointments	3
Viento Diversified Property Fund	4
Metro Property Syndicate	6
New Enterprise Property Syndicate	7
Première Property Syndicate	9
Henley Brook Syndicate	10
Southern River Syndicate	11

11 Queens Rd, Melbourne VIC



## MANAGEMENT OUTLOOK

The current economic environment remains challenging although the indicators are showing some positive signs of improvements ahead. However, there is a concern that economic growth remains largely stimulus driven and is not yet self-sustaining. Australia has come through the global financial crisis in very good shape due largely to significant, pre-emptive and effective policy action from the Federal Government and the Reserve Bank. Even with rising interest rates, economic growth is expected to return to 'trend' by the second half of 2010, buoyed by record population growth, a lift in dwelling construction and strong mining and infrastructure investment. Unemployment forecasts originally were expected to peak above 8%, however the current forecast of 6.5% is significantly more positive.

Despite recent increases, official interest rates remain at historically low levels, but further rate hikes are likely in 2010. The Commonwealth Bank's chief economist, Michael Blythe, expects cash rates to be 5% by the end of 2010. Viento manages interest rate exposures with 1-3 year interest rate swaps.

Property has followed the broader economy to some extent, with significant falls in values as capitalisation rates have increased to reflect higher risk. There appears to be a stabilisation of values and, in some cases, increases. This is particularly evident in the smaller retail properties, where demand is currently very strong. The increase in values has been noted where an overly cautious approach to values was adopted in mid 2009. The requirement for property owners to reduce gearing has diminished the risk of any fire sales of distressed assets, which has further stabilised the market. However, considerable refinancing challenges remain ahead.

Rentals and capital values both suffered after the global financial crisis. However, Australia's labour market has proven resilient, somewhat supporting the demand for office space. Over the coming year, rentals are expected to show signs of growth and yields will tighten and trend towards historical averages. Retail spending in 2009 proved relatively resilient and with limited supply, we expect current rentals for retail properties will be maintained at least in the short term.

In this challenging environment, we have to be alert to new and developing opportunities and to capitalise upon these for the benefit of our investors. Our focus is to restore value and resume distributions in the Viento Diversified Property Fund and New Enterprise Property Syndicate. You will find further details of our progress to achieve these objectives in the relevant section of *Insider News*.

**Kevin Murphy**  
Head of Funds Management and Property  
Viento Property Limited

## MARKET OVERVIEW

### Commercial Property

#### Office Property

Office market vacancies are still rising, but are now unlikely to peak any higher than the peak in the previous cycles of 1999 and 2004. The average CBD vacancy rate is projected to peak at around 9.5% in 2010 – less than half the peak of the early 1990's recession. Rentals are expected to stabilise over 2010 while yields tighten.

#### Retail Property

The retail market has proven to be more resilient than expected. Rising interest rates and the lack of 'government stimulus' will undoubtedly have some initial impact on consumer spending. Notwithstanding this and likely subdued rental outcomes in 2010, the fundamentals driven by a stronger economy and high levels of demand should enable retail property to turn the corner in terms of growth in the next 6-12 months.

### Residential Market

Over the first 11 months of 2009, Australian home values rose by 11.3% following on from their modest 3.8% peak-to-trough falls in 2008. As interest rates normalise to around 7%-8% and the first home owners grants continue to reduce, house price growth is expected to taper back to more modest single-digit levels in 2010. A shortage of residential dwelling supply as well as high population growth should continue to support residential property prices and lot sales for 2010.

*Source: ANZ Australian Property Outlook Dec 2009, RP Data 31 Dec 2009, Property Council of Australia.*

## NEW APPOINTMENTS

We are pleased to announce that Jane Wilson was appointed Head of Marketing Communications & Client Services for Viento Group in November. Jane has primary responsibility for account relationship management of key stakeholders and managing the communication strategy for the Group and its product portfolio. She has over 15 years financial services experience in corporate communications, research and portfolio management. Prior to joining Viento, Jane consulted to Russell Investments on corporate communications projects.



# Viento Diversified Property Fund ARSN 096 494 576

## FUND UPDATE

Our focus continues to be on revitalising and restoring value to the Fund and resuming distributions. Our strategy to address this includes the following initiatives:

1. Active and competitive leasing campaigns for specific properties, to shore up and improve cash flow by reducing vacancies.
2. A continued dedicated focus to re-establish the value of each property in the Fund. We intend to implement specific improvements to the properties to extract further residual value. Some specific examples include:
  - Oxley Mall Shopping Centre, Bowral – a practical feasibility for the refurbishment and expansion of this Centre is currently being reviewed with the major tenant, Coles Supermarkets.
  - 11 & 14 Queens Road, Melbourne – feasibility studies are being produced to identify possible uplifts in value by conversion from the current Office use to Residential use.

## KEY DATA AS AT 31 DECEMBER 2009

<b>Fund Structure</b>	Open Ended
<b>Units on Issue</b>	80,771,219.7342
<b>Unit buy price</b>	0.5599
<b>Unit sell price</b>	0.5327
<b>Oct – Dec 2009 Distribution</b>	Currently suspended
<b>2008/2009 Cents Per Unit (CPU) Distribution</b>	2.42
<b>2008/2009 Annualised % Return</b>	2.42%*
<b>Latest Portfolio valuation (31.12.09)</b>	\$139,725,000
<b>Number of Properties</b>	11 direct property assets and an allocation in the Southern River Syndicate.
<b>Occupancy Rate</b>	79%
<b>Weighted Average Lease Expiry (WALE) by Income</b>	2.7 years

\* Annualised distribution based on the 2008/2009 distribution of 2.42 CPU and a unit price of \$1.0017 as at 1 July 2008.

## FINANCE STRUCTURE

Financial Institution	NAB	AXA	AXA	Combined
<b>Loan Amount</b>	\$40.25m	\$35.35m	\$17.76m	\$93.372m
<b>Term of loan (years)</b>	1.08	0.92	1.50	n/a
<b>Gearing Ratio<sup>1</sup></b>	72%	64%	60%	65%
<b>Loan to Value Ratio (LVR)</b>	Non Compliant	Compliant	Compliant	n/a
<b>Weighted Average Interest Rate</b>	8.20%	6.59%	6.28%	7.22%
<b>Interest Fixed</b>	76% Fixed	95% Fixed	94% Fixed	87% Fixed
<b>Interest Variable</b>	24% Variable	5% Variable	6% Variable	13% Variable
<b>Interest Cover<sup>2</sup> (Times)</b>	n/a	n/a	n/a	1.07
<b>Interest Times Cover Ratio (ITCR)</b>	Compliant	Compliant	Compliant	n/a

<sup>1</sup> The gearing ratio is calculated in accordance with ASIC's Regulatory Guide 46. The gearing ratio indicates the extent to which a scheme's assets are funded by external liabilities.

<sup>2</sup> The interest cover is calculated in accordance with ASIC's Regulatory Guide 46. The interest cover indicates a scheme's ability to meet interest payments from earnings. Note that the interest cover formula defined by ASIC is not the interest cover related formula (interest times cover ratio) adopted by our financiers

- Flushcombe Road, Blacktown – limited demand for office space in Blacktown has prompted us to consider alternatives such as a strata title conversion, which would potentially be attractive to an alternative investor/tenant.
3. Proactive approach to compliance with all financiers' banking covenants, such as the Loan to Value Ratio (LVR) and Interest Times Cover (ITC).

As advised in the October edition of *Insider News*, pressure on property values and income caused a breach of one of the Loan to Value Ratio covenants for the Fund. The agreed approach with our financier to address the breach includes repaying debt (which will reduce the available cash flow), detailed monthly reporting, selling two assets – one being Elermore Shopping Centre, which is currently under contract – and a proposal to recapitalise the Fund other than through the sale of assets to further reduce the LVR.

Our current strategy is to raise an additional \$10m of equity by issuing a Convertible Preference Unit (CPU), subject to satisfactory reviews by our financiers and independent ratings agencies. We believe this initiative is the most effective way to recapitalise the Fund – as opposed to selling assets at this point in the property cycle. Existing investors will be offered the opportunity to participate and further details of the CPU will be provided within the next two months.

If the capital raising is successful we aim to resume distributions in the first quarter of 2010/2011 financial year and with ongoing improvements, re-open the Fund thereafter.

## PROPERTY UPDATE

### 14 Queens Rd, Melbourne VIC

We are pleased to announce we are now in the final stages of agreeing terms for a new lease for a further 800 m<sup>2</sup> in the building. Although this is subject to planning and occupancy permits, we are confident that we will receive approval with a lease commencement date of 1 July 2010. The current occupancy rate is 83%.

### 11 Queens Rd, Melbourne VIC

We are pleased to announce that our occupancy rate for the property has increased to 85% from 81% in the previous quarter. This is a direct result of three new leases for 390 m<sup>2</sup> collectively. We continue to focus efforts towards leasing the remaining vacancies in the building.

### 24 Chesterfield Rd, Mirrabooka WA

Although our major tenant Centrelink has exercised its option for a further 3-year term, we

are continuing negotiations towards a new 7-year lease to strengthen the expiry profile for the property. We are currently finalising the negotiations for the new lease for Centrelink. The occupancy rate is 100%.

#### **Parkinson Shopping Centre, Brisbane QLD**

The Centre is trading well and there are no imminent lease expiries. We are currently finalising market rental negotiations for selected tenancies and are confident in achieving uplifts in rentals. The occupancy rate is 100%.

#### **Highviews Building, 81-85 Flushcombe Rd, Blacktown NSW**

The leasing activity remained protracted in the latter part of 2009, however interest from a number of government tenants was converted into a new lease with Uniting Care commencing January 2010. The new lease is for 290 m<sup>2</sup> or 3.3% of available space.

In addition, we are in ongoing discussions with a larger government tenant for circa 1,000 m<sup>2</sup> and are hopeful that this will come to fruition in the first half of 2010.

We have shifted attention to the local market to improve prospects and generated interest for smaller suites. Overall market activity appears to be improving and, coupled with our plans to upgrade the lifts and entrance foyer, we anticipate further leasing activity in 2010. The occupancy rate is 26.2%.

#### **Oxley Mall Shopping Centre, Bowral NSW**

In the lead up to Christmas, leasing activity improved with a number of casual tenancies including a Christmas hamper company and a book store. We are in negotiations with these tenants to commit to longer term agreements into 2010.

In addition, we are in final negotiations with a discount variety store for 193 m<sup>2</sup> or 26% of the current specialty space available.

There are a number of lease expiries in 2010 for existing Bowral tenants and our focus will be to retain tenants and secure income in the interim until future plans for the Centre are finalised. The occupancy rate is 85%.\*

\*Note casual tenancies excluded.

#### **Campbelltown City Centre, NSW**

Campbelltown CBD has gone through a difficult period in the last 12 months, with the financial crisis severely impacting the lower socio-demographic of the area. This has adversely affected the property market, particularly the retail sector, and the main street and larger shopping centres have a number of vacancies.

We are focusing on retaining existing tenants and assisting them throughout this difficult period. Additional income is also being sourced via casual leasing and short term leases.

Whilst there is limited office stock available in the CBD, leasing activity has been subdued. We have been in discussions with a prospective tenant to take 400 m<sup>2</sup> or 28% of current vacancy and if successful, this lease will commence in March 2010.

Improvements to the air conditioning and entrance foyers is currently being reviewed. The occupancy rate is 80%.

#### **Elmore Vale Shopping Centre, NSW**

In accordance with the Fund strategy to sell under performing assets and reduce debt, Elmore has been offered for sale. We have entered into exclusive negotiations with one party who is currently undertaking due diligence on the property. Negotiations will be finalised at the end of January and if successful, a settlement period will complete the sale by 26 February 2010. The occupancy rate is 90.7%.

#### **34-36 Chandos St, St Leonards NSW**

With this property fully occupied there is no imminent leasing activity until April 2011 when Freemans' lease expires.

We have appointed a mechanical consultant and hydraulics engineer to provide recommendations on the air conditioning and roof drainage to ensure the building is maintained and performs according to tenant expectations. The occupancy rate is 100%.

#### **Nightowl Village, Underwood QLD**

New leasing activity has been minimal. The eligibility for introducing a pharmacy use into the Centre is now questionable given the proximity of an existing chemist in Underwood. We are currently in discussions with Nightowl and BWS regarding their upcoming lease expiries in 2010 with the objective of facilitating an extension under the option period. The occupancy rate is 80%.

#### **Devonport C-Max Complex, Devonport TAS**

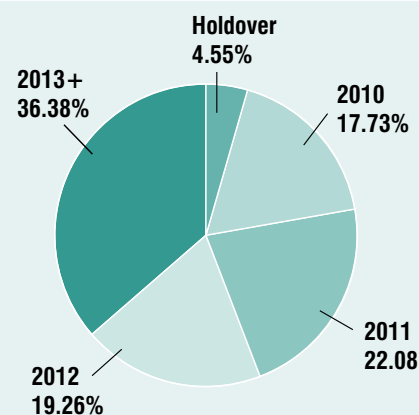
The new Pizza Hut franchise traded well in its first half year of operations.

The Cinema continues to enjoy buoyant trade with limited competition in the community. The occupancy rate is 100%.

#### **Southern River Syndicate**

The Viento Diversified Property Fund holds 1,834,000 ordinary units and 1,320,480 bonus units in the Syndicate. Please refer to the Southern River update on page 11 for further information.

## LEASE EXPIRY PROFILE BY INCOME



The overall Weighted Average Lease Expiry (WALE) for the Fund is 2.7 years, an improvement on the last quarter's figure of 2.4 years.

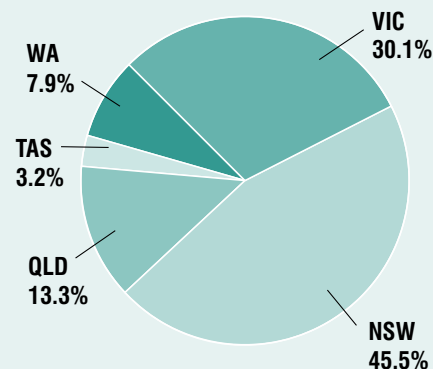
Tenants on monthly holdover have reduced from 8.12% to 4.55%; the majority are located at 11 and 14 Queens Road, Melbourne and Campbelltown City Centre. These tenants are resisting committing to long term leases due to the uncertainty surrounding business conditions because of the financial crisis. Despite difficulties, we are working hard to improve the investment value of our portfolio with long term, value add leases, which will underpin income returns now and into the future.

In 2010, the majority of expiries occur at Oxley Mall, Campbelltown City Centre and 14 Queens Road. Therefore our ongoing objective is to proactively manage the properties and encourage tenants to re-commit prior to lease expiry.

## ASSET ALLOCATION BY VALUE

<b>Direct Property</b>	99.46%
<b>Cash</b>	0.54%

## GEOGRAPHIC DIVERSIFICATION BY VALUE



# Metro Property Syndicate ARSN 104 394 658

## KEY DATA AS AT 31 DECEMBER 2009

<b>Start Date</b>	October 2003
<b>End Date</b>	October 2011
<b>Units on Issue</b>	7,650,000
<b>Net Tangible Asset (NTA) 31.12.09</b>	0.78
<b>Oct – Dec 2009 Distribution</b>	29 January 2010
<b>2008/2009 Cents Per Unit (CPU) Distribution</b>	4.00
<b>2008/2009 Annualised % Return</b>	4.00%*
<b>Portfolio Purchase Price</b>	\$14,725,000**
<b>Latest portfolio valuation (31.12.09)</b>	\$16,100,000
<b>Number of Properties</b>	2
<b>Occupancy Rate</b>	99.6%
<b>Weighted Average Lease Expiry (WALE) by Income</b>	4.09 years

\* Annualised distribution based on the 2008/2009 distribution of 4.00 CPU and a unit price of \$1.00. \*\* Excluding acquisition costs

## FINANCE STRUCTURE

<b>Financial Institution</b>	National Australia Bank
<b>Loan Amount</b>	\$10,460,000
<b>Term of Loan</b>	Expires 30 June 2012
<b>Gearing Ratio<sup>1</sup></b>	62 %
<b>Loan to Value Ratio (LVR)</b>	Compliant
<b>Current Interest Rate</b>	6.89%
<b>Interest</b>	100% Variable
<b>Interest Cover<sup>2</sup></b>	1.78
<b>Interest Times Cover Ratio (ITCR)</b>	Compliant

<sup>1</sup> The gearing ratio is calculated in accordance with ASIC's Regulatory Guide 46. The gearing ratio indicates the extent to which a scheme's assets are funded by external liabilities.

<sup>2</sup> The interest cover is calculated in accordance with ASIC's Regulatory Guide 46. The interest cover indicates a scheme's ability to meet interest payments from earnings. Note that the interest cover formula defined by ASIC is not the interest cover related formula (interest times cover ratio) adopted by our financiers.

## SYNDICATE UPDATE

At the Unitholder meeting held on 22 October 2009, Unitholders unanimously voted (97% of the votes) in favour of extending the Syndicate for a further two years. The resolution included the ability for the Manager to dispose of a property or properties over the term, if the opportunity arises and if it is in the best interest of the Unitholders.

Both shopping centres continue to perform in line with expectations and we continue to monitor the market for any potential opportunities for these assets.

Distributions continue to be paid quarterly at the rate of 3.0% pa.

## PROPERTY UPDATE

### South Grafton Shopping Centre, NSW

Our managing agents are currently aiming to find a tenant for the recent vacancy. To date enquiries have been limited, due to most retailers being focused on making sales over the Christmas period. The campaign will be reinvigorated in the first quarter of 2010.

Coles continues to trade well and we are looking to improve the presentation of the Centre with painting and new gardens to maintain the appeal for customers and prospective tenants alike. The occupancy rate is 99.08%.

### Paralowie Shopping Centre, Salisbury SA

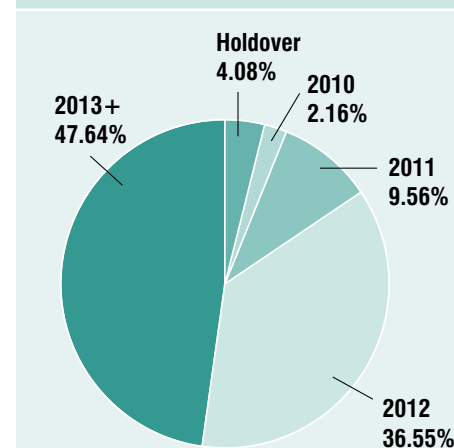
There have been no lease expiries in the last quarter. Civic Video has received approval for the sale of the business, which will involve a new 5-year lease at agreed market rental. This will further extend the WALE and underpin income prospects with a new operator in the business. ATM licences are also being negotiated to extend the lease terms.

In conjunction with Coles, we are working towards improving the presentation of the Centre including painting, lighting and gardening. This should minimise vandalism and lessen potential security issues. The occupancy rate is 100%.

## GEOGRAPHIC DIVERSIFICATION BY VALUE

<b>NSW</b>	40.4%
<b>SA</b>	59.6%

## LEASE EXPIRY PROFILE BY INCOME



The overall Weighted Average Lease Expiry for Metro Property Syndicate is 4.09 years. With no recent lease expiries, the WALE has diminished since last quarter (4.18).

As seen above, there are minimal expiries in 2010. In 2012, the major tenant Coles Supermarket is due for renewal/extension. There are 3 x 5 year options available within the Coles Paralowie lease. Bi-Lo South Grafton does not expire until 2017 (reflected in 2013+ lease expiry table above).

Mundaring Village Shopping Centre, Perth WA



## New Enterprise Property Syndicate ARSN 107 008 739

## SYNDICATE UPDATE

After considerable efforts, we are pleased to report Viento has agreed terms and executed a lease with a large multi-national tenant, URS Australia, to occupy 56% of the vacant space at the Artarmon building, with a lease commencement date of 1 July 2010. This will provide a much-needed stimulus to the cash flow of the Syndicate. The additional cash flow will initially be allocated against the additional costs incurred (leasing incentives, landlord's improvements, agency and legal fees) in leasing this space. With the building now being occupied, we anticipate that the opportunities to lease the remaining vacant space will be substantially improved.

Cove Hill Shopping Centre and Mundaring Shopping Centre remain fully leased and continue to perform in line with our expectations. We have identified some further potential opportunities at Cove Hill and have carried out some preliminary research that is initially promising.

Whilst the new lease at Artarmon is very positive for the Syndicate (and will improve capital values and income), the additional income will be utilised initially to offset the associated leasing costs. Therefore the distributions will remain suspended for 2010, however with further leasing success in Artarmon we would hope to be in a position to recommence distributions the following year.

This Syndicate commenced in June 2004 and is due to expire in June 2010. Viento is currently reviewing all the options for the end of the Syndicate term and will be providing a recommendation to Unitholders over the next two months.

### KEY DATA AS AT 31 DECEMBER 2009

<b>Start Date</b>	June 2004
<b>End Date</b>	June 2010
<b>Units on Issue</b>	22,650,000
<b>Net Tangible Asset (NTA) 31.12.09</b>	0.93
<b>Oct – Dec 2009 Distribution</b>	Currently suspended
<b>2008/2009 Cents Per Unit (CPU) Distribution</b>	1.38
<b>2008/2009 Annualised % Return</b>	1.38%*
<b>Portfolio Purchase Price</b>	\$48,105,000**
<b>Latest portfolio valuation (31.12.09)</b>	\$50,800,000
<b>Number of Properties</b>	3
<b>Occupancy Rate</b>	64.9% - Mundaring and Cove Hill fully leased, Artarmon vacant until July 2010
<b>Weighted Average Lease Expiry (WALE) by income</b>	6.55 years

\* Annualised distribution based on the 2008/2009 distribution of 1.38 CPU and a unit price of \$1.00. \*\* Excluding acquisition costs

### FINANCE STRUCTURE

<b>Financial Institution</b>	AXA
<b>Loan Amount</b>	\$31,300,000
<b>Term of Loan</b>	Expires 1 June 2010
<b>Gearing Ratio<sup>1</sup></b>	59%
<b>Loan to Value Ratio (LVR)</b>	Compliant
<b>Current Interest Rate</b>	4.35%
<b>Interest</b>	100% Fixed
<b>Interest Cover<sup>2</sup></b>	1.64
<b>Interest Times Cover Ratio (ITCR)</b>	Compliant

<sup>1</sup> The gearing ratio is calculated in accordance with ASIC's Regulatory Guide 46. The gearing ratio indicates the extent to which a scheme's assets are funded by external liabilities.

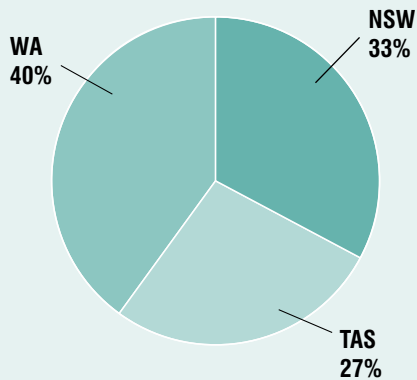
<sup>2</sup> The interest cover is calculated in accordance with ASIC's Regulatory Guide 46. The interest cover indicates a scheme's ability to meet interest payments from earnings. Note that the interest cover formula defined by ASIC is not the interest cover related formula (interest times cover ratio) adopted by our financiers.

Cove Hill Shopping Centre, Bridgewater TAS

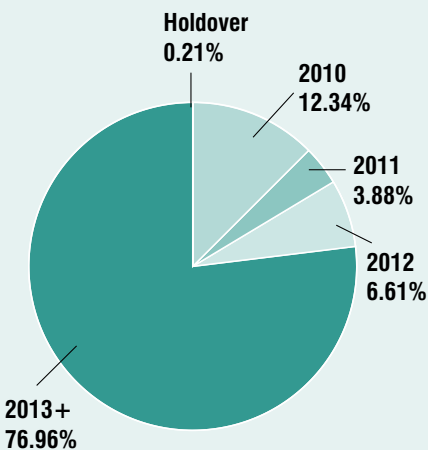


Viento is currently reviewing all the options for the end of the Syndicate term and will be providing a recommendation to Unitholders over the next two months.

### GEOGRAPHIC DIVERSIFICATION BY VALUE



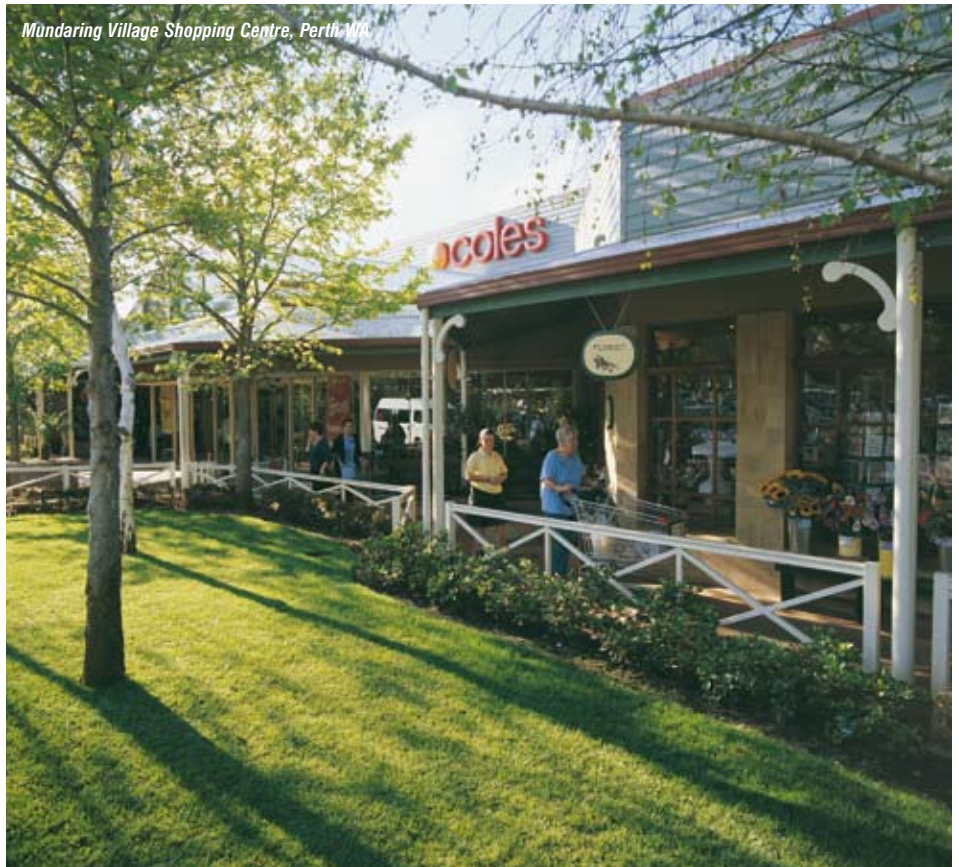
### LEASE EXPIRY PROFILE BY INCOME



The Weighted Average Lease Expiry for the Syndicate is 6.55 years. This is attributable to long-term leases to Coles supermarket at both Mundaring and Cove Hill Shopping Centres.

We have some expiries in the 2010 calendar year and are working towards renewals with these tenants.

The new 10-year lease to URS at Artarmon will considerably strengthen the WALE for the Syndicate, when it comes into effect on 1 July 2010.



### PROPERTY UPDATE

#### 407 Pacific Highway, Artarmon NSW

As mentioned, we are pleased to report that we have now agreed terms and signed a lease with URS Australia to take occupancy of 3,430 m<sup>2</sup> or 56% of the building. The lease will commence from 1 July 2010 and involves building upgrade works including refurbishment of office floors, upgrade of bathroom and kitchen facilities, new elevator interiors, small gymnasium and external works to paving and paint detailing.

We are currently in the process of engaging a project manager and contractor to carry out the landlord works, to ensure the landlord's obligations under the lease are met.

In relation to the balance of the building, we have received enquiries from a large construction group and corporate requirement from a fast food franchisor; these expressions of interest are being followed up by our leasing agents.

The property is currently vacant.

#### Mundaring Shopping Centre, Perth WA

The major tenant Coles continues to trade above percentage rent threshold, providing additional levels of income to the Syndicate. The property presents extremely well and feedback from tenants and customers alike is positive.

The occupancy rate is 100%.

#### Cove Hill Shopping Centre, Bridgewater TAS

The major tenant Coles continues to perform well.

Following a recent re-tendering exercise, we have achieved significant savings in our cleaning, gardening and security contracts at the Centre, providing increased levels of net income to the Syndicate. Further improvements relating to the appearance of the Centre are currently being undertaken.

The occupancy rate is 100%.

Millennium Cinema & Entertainment Complex, Fremantle WA



## Première Property Syndicate ARSN 102 949 486

### KEY DATA AS AT 31 DECEMBER 2009

<b>Start Date</b>	May 2003
<b>End Date</b>	May 2011
<b>Units on Issue</b>	10,150,000
<b>Net Tangible Asset (NTA) 31.12.09</b>	0.66
<b>Oct – Dec 2009 Distribution</b>	29 January 2010
<b>2008/2009 Cents Per Unit (CPU) Distribution</b>	5.00
<b>2008/2009 Annualised % Return</b>	5%*
<b>Portfolio Purchase Price</b>	\$19,000,000**
<b>Latest portfolio valuation (31.12.09)</b>	\$18,500,000
<b>Number of Properties</b>	2
<b>Occupancy Rate</b>	100%
<b>Weighted Average Lease Expiry (WALE) by income</b>	7.3 years

\* Annualised distribution based on the 2008/2009 distribution of 5.00 CPU and a unit price of \$1.00. \*\* Excluding acquisition costs

### FINANCE STRUCTURE

<b>Financial Institution</b>	National Australia Bank
<b>Loan Amount</b>	\$11,823,000
<b>Term of Loan</b>	Expires 31 December 2011
<b>Gearing Ratio<sup>1</sup></b>	62%
<b>Loan to Value Ratio (LVR)</b>	Compliant
<b>Current Interest Rate</b>	6.27%
<b>Interest</b>	76% Fixed 24% Variable
<b>Interest Cover<sup>2</sup></b>	1.94
<b>Interest Times Cover Ratio (ITCR)</b>	Compliant

<sup>1</sup> The gearing ratio is calculated in accordance with ASIC's Regulatory Guide 46. The gearing ratio indicates the extent to which a scheme's assets are funded by external liabilities.

<sup>2</sup> The interest cover is calculated in accordance with ASIC's Regulatory Guide 46. The interest cover indicates a scheme's ability to meet interest payments from earnings. Note that the interest cover formula defined by ASIC is not the interest cover related formula (interest times cover ratio) adopted by our financiers.

### SYNDICATE UPDATE

Rockingham Cinema Complex and Millennium Cinema Complex continue to perform in line with expectations and remain fully leased.

Regarding the ongoing dispute between the previous cinema operator at Rockingham, we have received advice from the forensic accountants appointed by Viento. An offer has been tendered, which is currently being considered. All factors will be taken into account, including the cost of benefits of further legal action versus an improved outcome. We hope this matter will be concluded successfully within the next 2-3 months.

Distributions continue to be paid quarterly at the rate of 5.0% pa.

### PROPERTY UPDATE

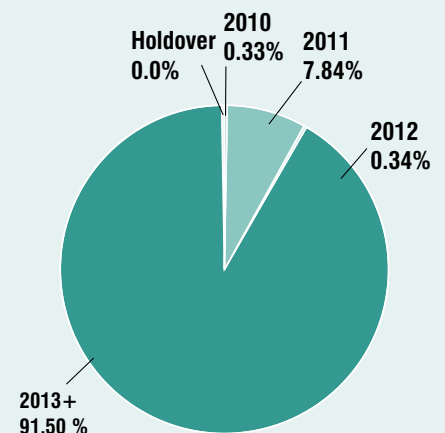
#### Millennium Cinema & Entertainment Complex, Fremantle WA

Our major tenant Hoyts Cinemas continues to trade well. We have two imminent tenant expiries in the next 12 months and are in positive negotiations for renewing leases with each of the tenants. The occupancy rate is 100%.

#### Rockingham Cinema Complex, WA

In recent discussions, Hoyts has indicated it is performing well despite the new competition, Ace Cinemas, opening at Rockingham Shopping Centre. We will continue to liaise with Hoyts and monitor performance closely over the next 6-12 months. The occupancy rate is 100%.

### LEASE EXPIRY PROFILE BY INCOME



The Weighted Average Lease Expiry for the Syndicate is 7.3 years. This is attributable to long-term leases to Hoyts at both Millennium and Rockingham Cinema Complexes. The Syndicate has no threat of vacancy for the 2009/2010 financial year.

# Henley Brook Syndicate ARSN 114 592 040

## SYNDICATE UPDATE

Subdivision approval has been received on the early release of 111 lots. These lots include some larger lots, which will be further subdivided. We are now completing the engineering and water management plans as required by the approval conditions.

Viento is currently applying for development financing. Our budgets show that the required funds will fall within commercial banking covenants. Pre-sales of lots will commence soon.

Marketing for the lots has commenced, with a new estate name to be chosen shortly. Brochures and information materials are being designed in preparation for the pre-sales campaign.

The demand for land in the Swan Valley area is still strong. Indications from two projects in the area suggest that stage one releases have sold out in short timeframes (three months).

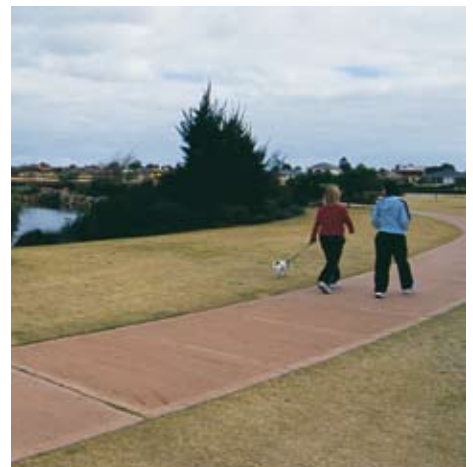
Distributions to investors will be generally in proportion with number of lots settled per year, subject to the terms of financing facility.

Updates on presales and marketing campaigns will be available to investors in the next edition of Viento *Insider News*.

## KEY DATA AS AT 31 DECEMBER 2009

<b>Start Date</b>	December 2005
<b>End Date</b>	Estimated 2013
<b>Units on Issue</b>	11,000,000
<b>Purchase Price</b>	\$12,500,000*
<b>Latest valuation (31.12.08)</b>	\$20,772,727 GST excl.**
<b>Distributions</b>	Distributions will be paid progressively over the life of the Syndicate, generally in proportion with the number of lots settled per year, upon commencement of selling.
<b>Net Tangible Asset (NTA)</b>	1.27

\* Excluding acquisition costs. \*\* December 2009 Valuation to be published in the next edition of Viento *Insider News*



## FINANCE STRUCTURE

<b>Financial Institution</b>	National Australia Bank
<b>Loan Amount<sup>1</sup></b>	\$8,376,000
<b>Loan Term</b>	Expires 28 February 2010
<b>Gearing Ratio<sup>2</sup></b>	40%
<b>Loan to Value Ratio (LVR)</b>	Compliant
<b>Current Interest Rate</b>	7.07%
<b>Interest</b>	100% Variable

<sup>1</sup> Loan facility limit is \$8.5m

<sup>2</sup> The gearing ratio is calculated in accordance with ASIC's Regulatory Guide 46. The gearing ratio indicates the extent to which a scheme's assets are funded by external liabilities.



# Southern River Syndicate ARSN 117 661 971

## SYNDICATE UPDATE

We are pleased to announce subdivision approval was granted in December for the Southern River Syndicate.

Further to this success we have also received development financing approval for both the first and second stages of release. Negotiations for approval resulted in adequate terms and interest rates with the LVR limited to a maximum of 65% including capital value.

The estate has been named 'Riverbank at Southern River'. This reflects the close proximity of the subdivision to the Southern River, a tributary of the Swan River in Perth.

Pre-sales for Riverbank commenced in December and to date we have secured 22 lots.

Adhering to a condition of financing, Viento will commence development of the land once pre-sales have achieved a target of 30 lots. We anticipate this target will be reached and development is expected to commence in February.

Marketing for the lots continues to be well received. We have been fortunate in being able to sell nine lots to four building companies for a display centre to showcase nine house designs.

Based on the current information available, distributions to investors will be paid generally in proportion with lots settled and terms of financing acquired.

Brochures and information on land for sale is available to investors by contacting our office on 1300 555 505.

## KEY DATA AS AT 31 DECEMBER 2009

<b>Start Date</b>	August 2006
<b>End Date</b>	Estimated 2013
<b>Units on Issue</b>	10,000,000 (Southern River Syndicate) 3,000,000 (Southern River Supplementary) 7,200,000 (Southern River Bonus)
<b>Purchase Price</b>	\$14,337,000*
<b>Latest valuation (30.8.09)</b>	\$22,299,477 GST excl.
<b>Distributions</b>	Distributions will be paid progressively over the life of the Syndicate, generally in proportion with the number of lots settled per year, upon commencement of selling.
<b>Net Tangible Asset (NTA)</b>	Ordinary Units: 1.12 Bonus Units: 0.30

\* Excluding acquisition costs.

## FINANCE STRUCTURE

<b>Financial Institution</b>	National Australia Bank
<b>Loan Amount<sup>1</sup></b>	\$9,800,000
<b>Loan Term</b>	Expires 28 February 2010
<b>Gearing Ratio<sup>2</sup></b>	44%
<b>Loan to Value Ratio (LVR)</b>	Compliant
<b>Current Interest Rate</b>	7.07%
<b>Interest</b>	100% Variable

<sup>1</sup> Current loan facility limit is \$9.8m. Conditional approval has been received from National Australia Bank for a new loan facility with a limit of \$18m to facilitate the development, with a new expiry of 31 July 2011.

<sup>2</sup> The gearing ratio is calculated in accordance with ASIC's Regulatory Guide 46. The gearing ratio indicates the extent to which a scheme's assets are funded by external liabilities.



*The estate has been named 'Riverbank at Southern River'. This reflects the close proximity of the subdivision to the Southern River, a tributary of the Swan River in Perth.*



# VIENTO

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## PROPERTY

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ABN 51 095 920 648 AFSL 224663

The Responsible Entity for all Viento Managed Investment Schemes contained in this document is Viento Property Limited  
ABN 51 095 920 648 AFSL 224663.

## VIENTO GROUP CONTACTS

For further information on your investment please contact our Adviser and Investor Relations Team on

**1300 555 505**

or email [adviser@vientogroup.com](mailto:adviser@vientogroup.com) or [investor@vientogroup.com](mailto:investor@vientogroup.com)

**[www.vientogroup.com](http://www.vientogroup.com)**

Level 3, 11 Queens Road Melbourne VIC 3004

Locked Bag 105 South Melbourne VIC 3205

**IMPORTANT INFORMATION:** The information provided in this investment update has been carefully prepared and reviewed and is based on various assumptions available to the Manager at the time. Neither the Manager nor any company related to the Manager guarantees the performance or success of each Managed Investment, the total distribution or the repayment of Investors' subscription or any capital. Advisers and Investors should appreciate that factors which affect results may be outside the control of the Manager or may not be capable of being foreseen or accurately predicted. This report has been prepared for general information only. It does not take into account your current or future financial circumstances. You should consider these matters and read the Product Disclosure Statement (PDS) for each Managed Investment before you make an investment decision on holding or acquiring units in the Scheme. Nothing in the information contained in this update is intended to induce you to acquire or dispose of your units in the Managed Investment.