

The Australian Securities & Investments Commission (ASIC) issued the Regulatory Guide 46 (RG 46) in September 2008. The Guide sets out eight disclosure principles which responsible entities must address for unlisted property schemes with retail investors. The aim of the Guide is to provide improved disclosure to retail investors.

Viento Property Limited is the Responsible Entity (RE) of the New Enterprise Property Syndicate. The New Enterprise Property Syndicate is a close ended unlisted property syndicate which was due for completion in June 2010. On 28 May 2010 a majority vote of unit holders extended the Syndicate completion date by two years to June 2012.

This document presents the eight disclosure principles in relation to the Syndicate. It should be read in conjunction with the scheme's Product Disclosure Statement (PDS), annual financial statements and quarterly update reports. This Guide will be updated for any material changes, or at least every six months, and a copy is available on the Viento website at www.vientogroup.com.

Disclosure Principle 1: Gearing Ratio

The gearing ratio indicates the extent to which a scheme's assets are funded by external liabilities. The gearing ratio can assist investors to assess the potential risk to the Fund as a result of its borrowings. Gearing ratios can be impacted by interest rate and property value movements.

The gearing ratio is calculated using the following formula:

$$\text{Gearing ratio} = \frac{\text{Total interest bearing liabilities}}{\text{Total assets}}$$

The gearing ratio for the New Enterprise Property Syndicate as at 30 September 2011 was 6.82% and is within banking covenants.

Note: The above gearing ratio formula is defined by ASIC and is not the gearing related ratio (loan to value ratio) formula adopted by our financiers. The Syndicate gearing ratio is within banking covenants.

Disclosure Principle 2: Interest Cover

The interest cover indicates a scheme's ability to meet interest payments from earnings. A property scheme's interest cover is a key indicator of its financial health. The higher the interest cover, the lower the risk of the scheme's ability to meet its interest payments. For example, interest cover of 1.5 means that there is \$1.50 of earnings to service every \$1.00 of interest on debt.

The interest cover is calculated using the following formula:

$$\text{Interest Cover} = \frac{\text{EBITDA*} - \text{unrealised gains} + \text{unrealised losses}}{\text{Interest Expense}}$$

* EBITDA (earnings before interest, tax, depreciation and amortisation)

The interest cover for the New Enterprise Property Syndicate as at 30 September 2011 was 1.34 and is within banking covenants.

Note: The above interest cover formula is defined by ASIC and is not the interest cover related formula (interest times cover) adopted by our financiers. The Syndicate interest cover ratio is within banking covenants.

Disclosure Principle 3: Scheme Borrowing

This principle provides information on a scheme's borrowing maturity and credit facility expiry, and any associated risks or loan breaches. A scheme's borrowings are secured against its assets and repayment of borrowings from secured creditors will rank ahead of unsecured creditors and equity investors in the scheme. Relatively short term borrowings are a risk factor if they are used to fund assets intended to be held long term. Refinancing could result in less favourable terms or the inability to refinance may result in the need to sell an asset on a forced sale basis with the risk that it may realise a capital loss.

New Enterprise Property Syndicate	
Lender	AXA
Loan Amount	\$1,207,030
Maturity Date	30 June 2011
Interest Rate	100% Variable
Loan covenant breaches	No breaches to report

Disclosure Principle 4: Portfolio Diversification

This principle addresses the scheme's investment practices and portfolio risk. Generally, the more diversified a portfolio is, the lower the risk than an adverse event affecting one property or one lease will put the overall portfolio at risk.

The New Enterprise Property Syndicate was established as a six year fixed term property investment and originally comprised two shopping centres located at Mundaring, WA and Bridgewater, TAS, and a commercial office building at Artarmon, NSW.

The Artarmon property is 43% vacant and Viento is currently repositioning the property with an active marketing campaign to release the space. The Syndicate occupancy rate is 57% with a Weighted Average Lease Expiry (WALE) by income of 8.9 years.

In 2011 the shopping centres at Mundaring, WA, and Bridgewater, TAS were sold. The proceeds of sale were paid to AXA to reduce the loan amount to \$1,207,030. These asset sales form part of the staged sell-down strategy for the fixed term Syndicate.

The Syndicate term was extended by a majority vote of unitholders for two years to allow for capital works and improvements at the two remaining properties. The improvements include a feasibility study for an expansion with a major tenant, physical improvements at the Bridgewater shopping centre and concentrated leasing work on the balance of the vacant office space at Artarmon. These properties will be sold within the next two years as part of a staged sell-down for the fixed term Syndicate, with the aim of further maximising total returns to investors in the Syndicate.

The latest Viento *Insider News* quarterly report provides investors with updates on the diversification of all Viento managed investments and is available on the Viento website at www.vientogroup.com.

Disclosure Principle 5: Valuation Policy

This principle provides investors with details of the valuation policy and current valuations for each scheme. The value of property assets can be volatile, and a significant fall in valuations will mean an increase in gearing ratio and may impact loan covenants.

All direct property assets are independently valued prior to acquisition, and every two years following acquisition or more frequently if required, to assess the value of each property in the portfolio. All independent valuations are carried out by certified and practicing valuers who are registered with the appropriate professional bodies.

Between independent valuations, the Board of Viento Property Limited will prepare internal valuations. These internal valuations are tested and supported using commercially available software developed for property valuation estimates. These valuations are made on a six monthly basis and approved by the Board of Viento Property Limited.

If the Board becomes aware of reasons to suspect that the carrying value of a real property could differ materially (i.e. up or down by 10% or more) from the most recent external valuation, a new, independent valuation is to be sought.

Property	Valuation as at 30 June 2011	Valuer	Cap rate
407 Pacific Highway, Artarmon NSW	\$16,700,000	Directors	8.75%

Disclosure Principle 6: Related Party Transactions

This principle provides investors with information on the responsible entities approach to related party transactions. A conflict of interests may arise when a scheme invests in, make loans or provide guarantees to related parties.

Viento Property Limited may from time to time enter into transactions with related parties. Any decision to appoint a related party will be made on the basis that:

- The decision to appoint a related party is in the best interests of the unit holders;
- The agreement is entered into on an arms length basis and approved by the board of Viento Property Limited;
- Any remuneration paid to the related party from the scheme is within prevailing market rates; and
- The arrangements are documented and signed off by the Board of Viento Property Limited.

The Responsible Entity of the unlisted property scheme in this document is Viento Property Limited (ABN 51 095 920 648). Viento Property Limited is a wholly owned subsidiary of Viento Group Limited (ABN 000 714 054), an Australian public company listed on the Australian Securities Exchange (Code: VIE).

The scheme does not employ personnel in their own right. However, an incorporated Responsible Entity is required to manage the activities of the scheme. The directors and executives of the Responsible Entity and the Parent Entity are the Key Management Personnel (KMP).

The Responsible Entity is entitled to a management fee which is calculated as a proportion of net profit and/or a proportion of gross asset value. See the table below for a more detailed description.

No compensation is paid directly by the schemes to directors or to any of the KMPs of the Responsible Entity.

No Director or KMP of the Responsible Entity or Parent Entity has received or become entitled to any benefit because of a contract made by the Responsible Entity with a Director or KMP, or with a firm of which the Director or KMP is a member, or with an Entity in which the Director or KMP has a substantial interest.

Loans to Directors and Key Management Personnel of the Responsible Entity

The scheme has not made, guaranteed or secured, directly or indirectly, any loans to the Directors and KMP or their personally-related entities at any time during the reporting period.

Other Transactions with Directors and Key Management Personnel of the Responsible Entity

From time to time Directors and KMP or their personally-related entities, may buy or sell units in the scheme. These transactions are subject to the same terms and conditions as those entered into by other scheme investors.

Detail of Related Party Transactions

All transactions with related parties are conducted on normal commercial terms and conditions.

RE fees and other transactions	
Management Fee	0.45% of Gross Assets + 2.5% of Net Income
Compliance Fee	Fixed \$27,200 p.a.
Accounting Fee	Fixed \$27,200 p.a.
Registry Fee	Fixed \$22,000 p.a.
Reimbursable expenses paid	Costs paid by the RE on behalf of the syndicate, subsequently recovered. These relate to printing, postage and other directly allocable costs.

Units in the Syndicate held by Related Parties			
ENTITY	RELATIONSHIP	UNIT HOLDING	INTEREST HELD (%)
Mr R C Nichevich	Director of Responsible Entity	50,000	0.22

Disclosure Principle 7: Distribution Practices

This principle provides investors with information on the schemes distribution practices and will assist investors in assessing the sources of distributions and be informed of the sustainability of distributions from sources other than realised income.

The scheme PDS refers to distributions as the amount earned by investors, after interest and all fees and expenses have been paid, and may include some return of capital.

In September 2008, the board of Viento Property Limited reviewed its distribution policy and adopted the practice of paying distributions out of net income only. Since September 2008 all distribution payments have been paid from the net income of the scheme, and have not been supplemented by drawing on unrealised capital gains or debt drawdowns.

Disclosure Principle 8: Withdrawal Arrangements

This principle provides investors with information regarding their withdrawal rights in each scheme. Unlisted property schemes often have limited or no withdrawal rights which means they can be difficult to exit.

The New Enterprise Property Syndicate is an illiquid fixed term investment with no withdrawal arrangements.

Further Information

For a copy of the Product Disclosure Statement, please contact our Client Services team.

Email: info@vientogroup.com

Phone: 1300 555 505 (Australia) or +61 3 9866 7019

Address: Level 3, 11 Queens Road Melbourne VIC 3004 | Locked Bag 105, South Melbourne VIC 3205

Financial statements and quarterly updates are available on the Viento website www.vientogroup.com.

Updated: 30 September 2011

IMPORTANT INFORMATION AND DISCLAIMER: The information provided in this investment update has been carefully prepared and reviewed and the RE has based its assumptions on information available to it at the time. Neither the RE nor any company related to the RE guarantees the performance or success of each Managed Investment, the total distribution or the repayment of Investors' capital. Advisors and Investors should appreciate that factors which affect results may be outside the control of the RE. 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 scheme before you make an investment decision on holding or acquiring units. Nothing in the information contained in this update is intended to induce you to acquire or dispose of your units in a scheme.