

VIENTO
DIRECT PROPERTY

ABN 51 095 920 648 AFSL 224663

2007/08

FINANCIAL REPORT
First Enterprise Property Syndicate

ARSN 100 371 248 ABN 17 454 196 353

CORPORATE DIRECTORY

THE MANAGER & ISSUER

Viento Property Limited
ABN 51 095 920 648 AFSL No. 224663

REGISTERED OFFICE

Level 19, Riparian Plaza 71 Eagle Street Brisbane QLD 4000

BUSINESS OFFICE

Level 3, 11 Queens Road Melbourne VIC 3004
Telephone (03) 9866 7019 Facsimile (03) 9866 7029
Toll Free 1300 55 55 05
www.vientogroup.com

INDEPENDENT COMPLAINTS RESOLUTION SERVICE

Financial Industry Complaints Service Limited
(ABN 64 068 901 904)
31 Queen Street Melbourne VIC 3000
PO Box 579 Collins Street West VIC 8007
Telephone (Toll Free) 1800 335 405 Facsimile (03) 9621 2291
E-mail fics@fics.asn.au
www.fics.asn.au

COMPLAINTS INFORMATION

Viento Property Limited is committed to fair and prompt dealings with all complaints and welcomes suggestions for service improvement.

Investors in Viento Property Limited products are entitled to make an oral or written complaint. If you wish to make a complaint, please contact:

Kevin Mumford – Complaints Officer
Viento Property Limited
Locked Bag 105 South Melbourne VIC 3205

Hand deliveries to:
Melbourne Business office.
Phone: 1300 55 55 05

If you make a complaint:

- Your complaint will be recorded in the Manager's complaints register and acknowledged in writing;
- Progress in dealing with your complaint will be monitored by the Manager's Complaints Officer;
- The Complaints Officer for Viento Property Limited, Kevin Mumford, must deal with the complaint within 60 days and then notify you in writing of any action taken or proposed to resolve the complaint and of details of the external complaints resolution procedure; and
- If you are not satisfied with the outcome, you may take your complaint to the independent complaints service listed below, without prejudice to other avenues of redress:

Financial Industry Complaints Service Limited
PO Box 579 Collins Street West VIC 8007
Phone: 1800 335 405

**FIRST ENTERPRISE PROPERTY SYNDICATE
ARSN 100 371 248**

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**FIRST ENTERPRISE PROPERTY SYNDICATE
ARSN 100 371 248**

**REVIEW OF OPERATIONS
FOR THE YEAR ENDED 30 JUNE 2008**

The First Enterprise Property Syndicate commenced on the 16th of August 2002 after the acquisition of three properties – Summerhill Village Shopping Centre in Reservoir Victoria, Oxley Mall Shopping Centre in Bowral NSW and City Centre Campbelltown in NSW. The distribution for the year ending 30 June 2008 was 10.37 cents per unit.

The Syndicate investors transferred their units on 25 March 2008 in the First Enterprise Property Syndicate to the Viento Diversified Property Fund and received Viento Diversified Property Fund units as consideration. The investors received an equivalent value of \$1.4169 per unit from their initial investment of \$1.00. In March 2008, the three assets in the syndicate were re-valued on rollover with Oxley Mall increasing in value to \$19.2m, City Centre Campbelltown increasing in value to \$14.8m, and Summerhill Village increasing in value to \$19.9m which represents an increase of 39.13% of the property values from August 2002.

This result has been achieved due to strong market conditions and positive rental growth.

Syndicate highlights for the year are as follows;

- Continued growth in the value of the properties
- Low vacancy rate underpinning the strong performance of the Syndicate
- Completed refurbishment to Coles at Oxley Mall (Bowral NSW) reaffirming their commitment to the Centre

**FIRST ENTERPRISE PROPERTY SYNDICATE
ARSN 100 371 248**

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2008**

Report by Directors of the Responsible Entity

The Directors of Viento Property Limited (ABN 51 095 920 648), the Responsible Entity of the First Enterprise Property Syndicate ("the Syndicate") present their report together with the Financial Report of the Syndicate for the year ended 30 June 2008 and the auditor's report thereon.

Responsible Entity

The responsible entity of the First Enterprise Property Syndicate is Viento Property Limited ("the Responsible Entity"), which has been the responsible entity since registration of the Syndicate on 2 May 2002.

The Directors of Viento Property Limited in office at any time during or since the end of the year are:

Name and Qualifications	Age	Experience and Special responsibilities
<p>M Kluge BAppSc, MSc (London) Appointed as Director 31 October 2007</p>	51	Managing Director of the parent company Viento Group Ltd. Has over 24 years experience in the funds management industry, including 14 years at Suncorp and the last 8 as General Manager of Investments.
<p>S A Barrett MBA, Assoc Dip Bus Mgt, DFS(FP), RE Agts Rep, MAICD Director since 4 September 2003.</p>	39	Has 15 years experience in the Investment and Finance industries. She is Head of Marketing and Distribution for the Viento Group Ltd group of companies.
<p>A Micelotta Director since 26 June 2006.</p>	43	Is a licensed real estate agent with over 15 years experience in the commercial real estate industry. He is Head of Property for the Viento Group Ltd group of companies.
<p>R C Nichevich FCA, FAICD Resigned as Director 31 October 2007.</p>	60	Extensive experience in management and chartered accounting. He is a Non-Executive Director of the parent company, Viento Group Ltd.

**FIRST ENTERPRISE PROPERTY SYNDICATE
ARSN 100 371 248**

**DIRECTORS' REPORT (cont.)
FOR THE YEAR ENDED 30 JUNE 2008**

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

The registered office of the Responsible Entity is Level 19, Riparian Plaza, 71 Eagle Street, Brisbane. The register of investors is located at the office of the Responsible Entity at Level 3, 11 Queens Road, Melbourne, Victoria.

Principal Activities

The Syndicate is a registered managed investment scheme domiciled in Australia.

The Syndicate owns the Oxley Mall Shopping Centre in Bowral, NSW, the City Centre building in Campbelltown, NSW and the Summerhill Village Shopping Centre in Reservoir, VIC. The investors in the Syndicate receive distributions quarterly from the income earned from the three properties.

The Syndicate investors transferred their units on 25 March 2008 in the First Enterprise Property Syndicate to the Viento Diversified Property Fund and received Viento Diversified Property Fund units as consideration. The investors received an equivalent value of \$1.4169 per unit from their initial investment of \$1.00.

The Syndicate has no employees.

Operating Results

The profit from continuing operations of the Syndicate for the year ended 30 June 2008 was \$6,869,358 (2007: \$3,167,237). This includes unrealised gains on investment properties of \$7,506,004 (2007: \$1,698,387).

Distributions paid or payable in respect of the financial year were:

	2008		2007	
	\$	Cents per unit	\$	Cents per unit
Interim distributions paid	1,347,500	8.09	1,290,375	7.75
Final distribution payable	<u>380,000</u>	<u>2.28</u>	<u>416,250</u>	<u>2.50</u>
	<u><u>1,727,500</u></u>	10.37	<u><u>1,706,625</u></u>	10.25

Review and Results of Operations

The review of operations for the year ended 30 June 2008 is discussed in the Review of Operations contained on page 2 of this report.

Significant Changes in State of Affairs

The Syndicate investors transferred their units on 25 March 2008 in the First Enterprise Property Syndicate to the Viento Diversified Property Fund and received Viento Diversified Property Fund units as consideration. The investors received an equivalent value of \$1.4169 per unit from their initial investment of \$1.00.

**FIRST ENTERPRISE PROPERTY SYNDICATE
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**DIRECTORS' REPORT (cont.)
FOR THE YEAR ENDED 30 JUNE 2008**

Performance

	2008 %	2007 %
Growth return	N/A*	N/A*
Distribution return	10.78	10.65
Total return	10.78	10.65
The relevant benchmark	N/A	N/A

Returns have been calculated after fees and assuming reinvestment of distributions, in accordance with IFSA Standard 6.0 Product Performance – calculation and presentation of returns.

* *The Responsible Entity does not quote unit price*

Units on Issue

The movement of the units on issue of the Syndicate for the year was as follows:

	2008	2007
	No. of units	No. of units
Units on issue as at 30 June	16,650,000	16,650,000
	\$	\$
Value of the Syndicate's net assets attributable to unitholders – liability as at 30 June	26,357,213	21,215,355
Net tangible asset backing per unit	1.58	1.27

The basis for the valuation of the Syndicate's assets is disclosed in Note 1 to the financial statements.

Interests of the Responsible Entity and Associates

Interests of the Responsible Entity and its associates have been disclosed in Note 15 to the financial statements.

Fees Paid to the Responsible Entity

The following fees were paid or payable to Viento Property Limited (Responsible Entity) and Viento Group Limited (Parent Company) out of syndicate property during the financial year.

	2008	2007
	\$	\$
Viento Property Limited		
Manager's and compliance fees paid or payable	252,193	336,328
Exit fees	1,022,870	-
Incentive fees	1,278,588	-
Reimbursable expenses paid or payable	4,332	9,482
	<hr/> 2,557,983	<hr/> 345,810

**FIRST ENTERPRISE PROPERTY SYNDICATE
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**DIRECTORS' REPORT (Cont.)
FOR THE YEAR ENDED 30 JUNE 2008**

Fees paid to the Responsible Entity (cont.)

	2008	2007
	\$	\$
Viento Group Limited		
Accounting and registry fees	32,902	45,000
	<hr/> 2,590,885	<hr/> 390,810

Derivatives and Other Financial Instruments

The Syndicate's investments and trading activities expose it to changes in interest rate variations as well as credit and liquidity risk. Viento Property Ltd has approved policies and procedures in each of these areas to manage these exposures.

State of Affairs

The First Enterprise Property Syndicate was created by a deed dated 26 April 2002 ('the Constitution').

The Syndicate was formed to purchase the Oxley Mall Shopping Centre in Bowral, NSW, the City Centre building in Campbelltown, NSW and the Summerhill Village Shopping Centre in Reservoir, VIC. The funding for the Syndicate consisted of 16,650,000 \$1.00 units. The Syndicate commenced operations on 24 August 2002, the day after the properties were purchased.

The Syndicate had total assets with a book value of \$54,837,965 at 30 June 2008 (2007: \$47,316,545). The basis of valuation of the Syndicate's principal asset, investment property is detailed in note 1 (a) to the financial statements.

In the opinion of the Responsible Entity, other than the matters stated above there were no significant changes in the state of affairs of the Syndicate that occurred during the financial year under review.

Proceedings on Behalf of a Company

No person has applied for leave of Court to bring proceedings on behalf of the Responsible Entity or intervene in any proceedings to which the Responsible Entity is a party for the purpose of taking responsibility on behalf of the Responsible Entity for all or any part of those proceedings.

Events Subsequent to Balance Date

In the period since balance date the portfolio has been reviewed resulting in two properties being identified for possible disposal. They have since been marketed for sale. The properties are Summerhill Village Shopping Centre, Reservoir, VIC and Oxley Mall, Bowral, NSW.

As at the date of this report, the Responsible Entity had concluded a formal tender process for Summerhill Village Shopping Centre, and on 22 September 2008 resolved to accept a binding offer of \$17,650,000 for the property. If the property is sold, a loss on disposal of an estimated \$2.7 million will be reflected in the financial statements for the year ended 30 June 2009.

Other than the matters stated above, there are no matters or circumstances that have arisen since the end of the financial year which have significantly affected or may significantly affect the operations of the Syndicate, the results of those operations or the state of affairs of the Syndicate in subsequent financial years.

**FIRST ENTERPRISE PROPERTY SYNDICATE
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**DIRECTORS' REPORT (cont.)
FOR THE YEAR ENDED 30 JUNE 2008**

Environmental Issues

The Syndicate's operations are not regulated by any significant environmental regulation under a law of the Commonwealth, State or Territory legislation.

Indemnities and Insurance Premiums for Officers or Auditor

During or since the end of the financial year no insurance premiums have been paid out of the Syndicate's assets in relation to insurance cover for the Responsible Entity, its officers and employees, the Compliance Committee or auditors of the Syndicate.

Under the Constitution the Responsible Entity, including its directors and officers, is entitled to be indemnified out of the Syndicate's assets for any loss, damage, expense or other liability, incurred by it in properly performing or exercising any of its powers, duties or rights in relation to the Syndicate. This right of indemnity does not apply to the extent any loss, damage or costs are attributable to a breach of trust where the Responsible Entity failed to show the degree of care and diligence required of a trustee.

The Parent of the Responsible Entity has paid premiums in respect of a contract insuring persons who are or have been a director or secretary of the Responsible Entity and includes any other person who is concerned, or takes part, in the management of the Responsible Entity. The liabilities include costs and expenses that may be incurred in defending civil proceedings that may be brought against the officers in their capacity as officers of the Responsible Entity or a related body corporate. The insurance contract prohibits the disclosure of the amount of the premium and the nature of the liability insured.

The Responsible Entity has agreed to indemnify all directors and officers against all liabilities to another person (other than the Responsible Entity or a related body corporate) that may arise from their position, except where the liability arises out of conduct involving a lack of good faith.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2008 has been received and can be found on page 29 of the Financial Report.

Signed in accordance with a resolution of the Board of Directors of Viento Property Limited.



M. Kluge
Director
Viento Property Limited

Dated this 23rd day of September 2008
Brisbane, Queensland

**FIRST ENTERPRISE PROPERTY SYNDICATE
ARSN 100 371 248**

**INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008**

	Notes	2008 \$	2007 \$
<i>Investment Income</i>			
Rental income		5,462,385	5,535,564
Interest		13,998	19,022
Changes in fair value of investment property	4	<u>7,506,004</u>	<u>1,698,387</u>
<i>Total Investment Income</i>		12,982,387	7,252,973
<i>Expenses</i>			
Direct property expenses		(1,984,044)	(1,759,083)
Administration expenses	2	(2,657,328)	(426,810)
Borrowings costs	2	<u>(1,471,657)</u>	<u>(1,899,843)</u>
<i>Total Expenses</i>		<u>(6,113,029)</u>	<u>(4,085,736)</u>
		<hr/>	<hr/>
<i>Profit from Continuing Operations</i>		<u>6,869,358</u>	<u>3,167,237</u>
<i>Finance Costs</i>			
Distribution to unitholders	8	(1,727,500)	(1,706,625)
		<hr/>	<hr/>
<i>Total Finance Costs</i>		<u>(1,727,500)</u>	<u>(1,706,625)</u>
Changes in net assets attributable to unitholders - liability		<u>(5,141,858)</u>	<u>(1,460,612)</u>
<i>Net Profit</i>		<u><u>-</u></u>	<u><u>-</u></u>

The accompanying notes form part of these financial statements.

**FIRST ENTERPRISE PROPERTY SYNDICATE
ARSN 100 371 248**

**BALANCE SHEET
AS AT 30 JUNE 2008**

	Notes	2008 \$	2007 \$
<i>Current Assets</i>			
Cash and cash equivalents	10(a)	399,482	279,866
Trade and other receivables	3	<u>518,714</u>	<u>572,361</u>
<i>Total Current Assets</i>		<u>918,196</u>	<u>852,227</u>
<i>Non-Current Assets</i>			
Trade and other receivables	3	19,769	164,318
Investment property	4	<u>53,900,000</u>	<u>46,300,000</u>
<i>Total Non-Current Assets</i>		<u>53,919,769</u>	<u>46,464,318</u>
<i>Total Assets</i>		<u>54,837,965</u>	<u>47,316,545</u>
<i>Current Liabilities</i>			
Trade and other payables	5	796,502	1,123,140
Short-term borrowings	6	<u>4,467</u>	<u>27,610</u>
<i>Total Current Liabilities</i>		<u>800,969</u>	<u>1,150,750</u>
<i>Non-Current Liabilities</i>			
Long-term borrowings	6	<u>27,679,783</u>	<u>24,950,440</u>
<i>Total Non-current Liabilities</i>		<u>27,679,783</u>	<u>24,950,440</u>
<i>Total Liabilities Excluding Net Assets Attributable to Unitholders</i>		<u>28,480,752</u>	<u>26,101,190</u>
Net assets attributable to unitholders – liability	7	<u>26,357,213</u>	<u>21,215,355</u>
<i>Net Assets</i>		<u><u>-</u></u>	<u><u>-</u></u>

The accompanying notes form part of these financial statements.

**FIRST ENTERPRISE PROPERTY SYNDICATE
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**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS –
LIABILITY
FOR THE YEAR ENDED 30 JUNE 2008**

	Notes	2008 \$	2007 \$
<i>Total Net Assets Attributable to Unitholders - Liability at the Beginning of the Year</i>		21,215,355	19,754,743
Change in net assets attributable to unitholders - liability		<u>5,141,858</u>	<u>1,460,612</u>
<i>Total Net Assets Attributable to Unitholders - Liability at the End of the Year</i>	7	<u>26,357,213</u>	<u>21,215,355</u>

The accompanying notes form part of these financial statements.

**FIRST ENTERPRISE PROPERTY SYNDICATE
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**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008**

	Notes	2008 \$	2007 \$
<i>Cash Flows from Operating Activities</i>			
Rental receipts		5,096,174	6,625,708
Payments to suppliers		(4,368,078)	(3,092,073)
Interest received		13,998	19,022
Borrowings costs		<u>(1,445,240)</u>	<u>(1,850,266)</u>
<i>Net Cash Provided by Operating Activities</i>	10(b)	<u>(703,146)</u>	<u>1,702,391</u>
<i>Cash Flows from Investing Activities</i>			
Payment of capitalised expenses for investment properties		<u>(93,996)</u>	<u>(201,613)</u>
<i>Net cash used in Investing Activities</i>		<u>(93,996)</u>	<u>(201,613)</u>
<i>Cash Flows from Financing Activities</i>			
Proceeds from borrowings		2,679,783	-
Finance costs – distribution to unitholders		<u>(1,763,025)</u>	<u>(1,685,814)</u>
<i>Net Cash used in Financing Activities</i>		<u>916,758</u>	<u>(1,685,814)</u>
Net (decrease)/increase in cash and cash equivalents		119,616	(185,036)
Cash and cash equivalents at the beginning of the year		<u>279,866</u>	<u>464,902</u>
<i>Cash and Cash Equivalents at the End of the Year</i>	10(a)	<u><u>399,482</u></u>	<u><u>279,866</u></u>

The accompanying notes form part of these financial statements.

**FIRST ENTERPRISE PROPERTY SYNDICATE
ARSN 100 371 248**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

1 Statement of Significant Accounting Policies

The Syndicate is a registered Managed Investment Scheme under the Corporations Act 2001. The Financial Report of the Syndicate is for the year ended 30 June 2008. The Financial Report was authorised for issue by the Directors of the Responsible Entity on 7 September 2008.

Basis of Preparation

The First Enterprise Property Syndicate is a registered managed investment scheme established and domiciled in Australia.

The Financial Report is a general purpose financial report prepared in accordance with Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Statement of Compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the financial report, comprising of the financial statements and notes thereto, complies with International Financial Reporting Standards.

Accounting Policies

The following is a summary of the significant accounting policies adopted by the Syndicate in the preparation of the Financial Report.

(a) Investment Property

Investment property is carried at fair value, determined by the directors or independent valuation. Changes in fair value are recorded in the income statement. Refer to Note 4 Investment Property for further details on fair value determination.

An independent valuation is carried out on each property at least every 2 years.

Investment property is not depreciated.

**FIRST ENTERPRISE PROPERTY SYNDICATE
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

1 Statement of Significant Accounting Policies (cont.)

(b) Revenue and Expenses

Revenue

Lease income from operating leases, where substantially all the risks and benefits remain with the lessor, are recognised on a straight line basis over the term of the lease. Lease income includes gross rental revenue and recoverable outgoings.

Interest income is recognised in the income statement using the effective interest rate method.

Distribution and dividend income is recognised when the right to receive a distribution or dividend has been established.

Other income is recognised on an accruals basis, which is when the Syndicate becomes entitled to receive it.

All revenue is stated net of the amount of goods and services tax (GST).

Expenses

Expenses are brought to account on an accrual basis.

Borrowing Costs

Borrowing costs include interest and bank charges, which are expensed as incurred, and impairment of borrowing costs.

Loan establishment costs are initially capitalised by being offset against the loan amount and then impaired over the life of the loan or five years, whichever is the lesser.

(c) Goods and Services Tax ('GST')

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office ('ATO'). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the ATO are classified as operating cash flows.

**FIRST ENTERPRISE PROPERTY SYNDICATE
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

1 Statement of Significant Accounting Policies (cont.)

(d) Financial Instruments

Financial instruments are initially measured at cost on transaction date, which includes transactions costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below:

Financial liabilities and equity

Financial liabilities and equity instruments issued by the Syndicate are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Issued units

As the Syndicate has a fixed termination date a contractual obligation exists for the Syndicate to deliver cash or another financial asset to the unitholders. AASB 132: Financial Instruments: Presentation therefore requires the issued units and retained profits to be classified as a financial liability, titled net assets attributable to unitholders. Accordingly the Syndicate has no equity and the distributions paid and payable to unitholders are classified as a finance cost in the income statement, while distributions payable are classified as a payable in the balance sheet.

Bank borrowings

Interest-bearing bank loans and overdrafts are recognised at fair value, net of transaction costs.

(e) Impairment of Assets

At each reporting date, the Responsible Entity reviews the carrying values of its assets to determine whether there is an indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the carrying value over its recoverable amount is expensed to the income statement.

(f) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(g) Finance Costs

Finance costs – distribution to unitholders, represents amounts distributed to unitholders based upon their unitholding during the financial year and are recognised when a distribution is declared by the Syndicate.

Finance costs (excluding distributions to unitholders), are recognised using the effective interest rate applicable to the respective financial liability.

**FIRST ENTERPRISE PROPERTY SYNDICATE
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

1 Statement of Significant Accounting Policies (cont.)

(h) Distributions and Taxation

Under current income tax legislation the Syndicate is not subject to income tax as its taxable income (including assessable realised capital gains) is distributed in full to the unitholders.

The Syndicate fully distributes its taxable income in accordance with the Syndicate constitution and applicable taxation legislation, to the unitholders who are presently entitled to the income under the constitution. Realised capital losses are not distributed to unitholders but are retained in the Syndicate to be offset against any future realised capital gains.

(i) Transfers to/from Unitholders' Funds

Non-distributable income, which may comprise unrealised changes in the fair value of financial assets, net capital losses, tax-deferred income, accrued income not yet assessable and non-deductible expenses are transferred to unitholders' funds.

These items are transferred from the unitholders' funds to be included in the determination of distributable income in the period for which they are assessable for taxation purposes.

(j) Management Expenses

The Responsible Entity is entitled to management fees incurred in the administration of the Syndicate. The annual management fee is 0.6% per annum of the gross assets of the Syndicate and 2.5% of the net income, and is payable quarterly in arrears.

The Responsible Entity may defer up to 40% of the annual fee, if needed, to support income returns to the investors.

(k) Accounting Estimates and Judgments

Critical accounting estimates and judgments

The Directors of the Responsible Entity evaluate estimates and judgments incorporated in the financial report based on the historical knowledge and the best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Syndicate and Responsible Entity.

.(l) Comparative Figures

Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

**FIRST ENTERPRISE PROPERTY SYNDICATE
ARSN 100 371 248**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

	2008	2007
	\$	\$
2 Investment Expenses		
Administration Expenses		
Custodian fees	17,000	17,000
Managers fees	240,495	320,328
Exit / Completion fees	1,022,870	-
Incentive fees	1,278,588	-
Compliance fees	11,698	16,000
Other administration expenses	86,677	73,482
	<u>2,657,328</u>	<u>426,810</u>
Borrowing Costs		
Other persons	1,422,096	1,811,741
Impairment of loan establishment costs	49,561	88,102
	<u>1,471,657</u>	<u>1,899,843</u>
3 Trade and Other Receivables		
Current		
Rental debtors	57,317	46,612
Prepayments	149,026	203,177
Accrued income	17,327	20,673
Security deposits	101,687	112,085
GST refund	145,593	-
Capitalised lease fees and incentives	18,046	90,058
Other debtors	29,718	99,756
	<u>518,714</u>	<u>572,361</u>
Non-Current		
Capitalised lease fees and incentives	19,769	164,318
	<u>19,769</u>	<u>164,318</u>
Past due but not impaired		
As of 30 June 2008 the fund had past due but not impaired trade receivables. These relate to a number of customers for whom there is no recent history of default. The aging analysis of these trade receivables is as follows:		
Up to 3 months	57,317	46,612
3 to 6 months	-	-
	<u>57,317</u>	<u>46,612</u>

**FIRST ENTERPRISE PROPERTY SYNDICATE
ARSN 100 371 248**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

4 Investment Property

	Opening balance 1 July	Capital Expenditure	Source of valuation / appraisal	Valuation / Appraisal	Revaluation amount	Fair value 30 June
2008						
Oxley Mall, Bowral, NSW	17,200,000	30,450	Viento Property Ltd	19,200,000	1,969,550	19,200,000
City Centre, Campbelltown, NSW	12,200,000	55,301	Viento Property Ltd	14,800,000	2,544,699	14,800,000
Summerhill Village, Reservoir, VIC	16,900,000	8,245	Viento Property Ltd	19,900,000	2,991,755	19,900,000
	<u>46,300,000</u>				<u>7,506,004</u>	<u>53,900,000</u>

	Opening balance 1 July \$	Capital Expenditure \$	Source of valuation / appraisal	Valuation / Appraisal \$	Revaluation amount \$	Fair value 30 June \$
2007						
Oxley Mall, Bowral, NSW	17,000,000	33,723	M3 Property	17,200,000	166,277	17,200,000
City Centre, Campbelltown, NSW	11,900,000	140,733	Knight Frank	12,200,000	159,267	12,200,000
Summerhill Village, Reservoir, VIC	15,500,000	27,157	M3 Property	16,900,000	1,372,843	16,900,000
	<u>44,400,000</u>				<u>1,698,387</u>	<u>46,300,000</u>

Valuation basis:

The basis of the valuation of investment properties is fair value, being the amounts for which the properties could be exchanged between willing parties in an arm's length transaction. The determination of fair value was based on the present values of net future cash flows and the capitalisation of future rental income and, where available, market data for comparable properties. The independent valuations (as indicated above), which conform to Australian Valuation Standards, were based on assessments made by an independent valuer who is a member of the Australian Property Institute. The Directors appraisals have been prepared by executive directors' of the Responsible Entity. Both the independent valuers and directors of the Responsible Entity have recent experience in the relevant location and category of the investment properties being valued. Oxley Mall was externally valued at \$18,800,000 in Dec 07, Summerhill was externally valued at \$18,700,000 in Dec 07 and Campbelltown was externally valued at 14,600,000 in Dec 07.

**FIRST ENTERPRISE PROPERTY SYNDICATE
ARSN 100 371 248**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

	2008	2007
	\$	\$
5 Trade and Other Payables		
Current		
Accounts payable	62,392	130,087
Other creditors and accruals	199,044	159,848
Unearned income	49,136	201,012
Distributions payable	380,725	416,250
Security deposits	105,205	122,338
GST payable	-	93,605
	<u>796,502</u>	<u>1,123,140</u>

6 Interest Bearing Liabilities

Current

Short-term borrowings

Unsecured loans - other (i)	4,467	27,610
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Non Current

Long-term borrowings

Secured loan (ii)	-	25,000,000
Less: borrowings costs	-	(49,560)
Unsecured : Intercompany Loan	27,679,783	-
	<u>27,679,783</u>	<u>24,950,440</u>

- (i) The loan is through AON Funding Solutions (2007: Pacific Premium Funding) which finances the payment of the Syndicate's insurance premiums to enable it to pay the premium monthly. The rate of 4.5% (2007: 6.58%) was fixed at the inception of the facility.
- (ii) The interest only, non-recourse commercial bank bill with Commonwealth Bank of Australia Limited. The loan is secured by a first registered mortgage over the investment properties and a fixed and floating charge over the assets and income of the Syndicate. The bank bill interest rates are variable. In 2008, the borrowings were transferred and consolidated in the property fund due to the rollover.

7 Unit Holders' Funds

Movements in unit holders' funds during the year were as follows:

Opening balance	21,215,355	19,754,743
Profit from continuing operations	6,869,358	3,167,237
Distributions	(1,727,500)	(1,706,625)
	<u>26,357,213</u>	<u>21,215,355</u>

**FIRST ENTERPRISE PROPERTY SYNDICATE
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

7 Unit Holders' Funds (cont)

There were no movements in units on issue in the Syndicate.

	2008 No. of units	2007 No. of units
16,650,000 units issued on 15 August 2002 at \$1.00 each	<u>16,650,000</u>	<u>16,650,000</u>

All units in the Syndicate are of the same class and carry equal rights. Each unit confers upon the holder of that unit an undivided interest in the assets of the Syndicate in the proportion that the unit bears to the total number of units on issue. A unit does not entitle the holder to any particular asset or any particular part of the assets of the Syndicate.

8 Distributions

	2008		2007	
	\$	Cents per unit	\$	Cents per unit
Interim distributions paid:				
September	416,250	2.50	457,875	2.75
December	416,250	2.50	416,250	2.50
March	280,000	1.67	416,250	2.50
Final distribution payable	<u>615,000</u>	<u>3.70</u>	<u>416,250</u>	<u>2.50</u>
	<u>1,727,500</u>	10.37	<u>1,706,625</u>	10.25

9 Commitments and Contingent Liabilities

There were no commitments for capital expenditure or any contingent liabilities at 30 June 2008.

**FIRST ENTERPRISE PROPERTY SYNDICATE
ARSN 100 371 248**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

10 Notes to the Statement of Cash Flows

a) Cash at Bank

Cash at the end of the financial year as shown in the statement of cash flows is comprised of:

	2008	2007
	\$	\$
Cash on hand	<u>399,482</u>	<u>279,866</u>

b) Reconciliation of Net Profit to Net Cash Flows from Operations

Profit from continuing operations	6,869,358	3,167,237
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Non-Cash Flows in Profit from Continuing Operations

Impairment of loan establishment costs	49,561	88,102
Impairment lease incentives	288,657	83,162
Changes in Fair Value of Investment Property	(7,506,004)	(1,698,387)

Changes in Assets and Liabilities:

Decrease/(increase) in receivables	21,516	218,386
Decrease/(increase) in prepaid expenses	54,151	(69,223)
Decrease/(increase) in other assets	(20,538)	(228,213)
Increase/(Decrease) in trade creditors	(67,695)	127,288
Increase/(Decrease) in other creditors and accruals	<u>(392,152)</u>	<u>14,039</u>

Cash Flows from Operations

	<u>(703,146)</u>	<u>1,702,391</u>
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c) Loan Facilities

Loan facilities	-	25,000,000
Amount utilised	-	(25,000,000)

Unused Loan Facilities

	<u>-</u>	<u>-</u>
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Refer to Note 6 for further details on the loan facilities.

**FIRST ENTERPRISE PROPERTY SYNDICATE
ARSN 100 371 248**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

11 Financial Instruments and Risks Management

Financial instruments of the Syndicate comprise of investments in financial assets for the purpose of generating a return on the investment made by the unitholders, in addition to derivatives, cash and cash equivalents, net assets attributed to unitholders, and other financial instruments such as trade debtors and creditors, which arrive directly from operations. The Syndicate's investments are classified as at fair value through profit and loss.

The Syndicate is exposed to interest rate risk, credit risk and liquidity risk arising from financial instruments it holds. The syndicate overall risks management program seek to minimize potential adverse effect on the distributable earnings of the fund and are managed through a process of ongoing identification, measurement and monitoring. The Syndicate uses derivatives financial instruments to hedge interest risk exposure.

The risk management policies adopted by the Syndicate to manage these risks are discussed as follows:

a) Interest Rate Risk

The Syndicate's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Weighted Average Effective Interest Rate %pa	Floating Interest Rate \$	Fixed interest maturing in or repriced at			Non- Interest Bearing \$	Total \$
			Within Year \$	1 to 5 Years \$	Over 5 Years \$		
2008							
Financial Assets:							
Cash	6.9%	399,482	-	-	-	-	399,482
Receivables		-	-	-	-	392,890	392,890
		<u>399,482</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>392,890</u>	<u>792,372</u>
Financial Liabilities:							
Payables		-	-	-	-	(650,909)	(650,909)
Short term borrowings	4.5%	-	(4,467)	-	-	-	(4,467)
Long term borrowings		-	-	-	-	(27,679,783)	(27,679,783)
		<u>-</u>	<u>(4,467)</u>	<u>-</u>	<u>-</u>	<u>(28,330,692)</u>	<u>(28,335,159)</u>
Net financial assets/(liabilities)		<u>399,482</u>	<u>(4,467)</u>	<u>-</u>	<u>-</u>	<u>(27,937,802)</u>	<u>27,542,787</u>
2007							
Financial Assets:							
Cash	4.50%	279,866	-	-	-	-	279,866
Receivables	-	-	-	-	-	736,679	736,679
		<u>279,866</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>736,679</u>	<u>1,016,545</u>
Financial Liabilities:							
Payables	-	-	-	-	-	(1,123,140)	(1,123,140)
Short term borrowings	6.58%	-	(27,610)	-	-	-	(27,610)
Long term borrowings	6.40%	-	-	(25,000,000)	-	-	(25,000,000)
		<u>-</u>	<u>(27,610)</u>	<u>(25,000,000)</u>	<u>-</u>	<u>(1,123,140)</u>	<u>(26,150,750)</u>
Net financial assets /(liabilities)		<u>279,866</u>	<u>(27,610)</u>	<u>(25,000,000)</u>	<u>-</u>	<u>(386,461)</u>	<u>(25,134,205)</u>

**FIRST ENTERPRISE PROPERTY SYNDICATE
ARSN 100 371 248**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

11 Financial Instruments (cont.)

b) Credit Risk

Credit risk arises from the potential failure of counterparties to meet their obligations under the financial contracts. The fund is exposed to credit risks on its cash balance, receivables and financial assets.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts of those assets, as disclosed in the balance sheet and notes to the financial statements.

Concentrations of credit risk are minimised primarily by:

- Ensuring counterparties, together with the respective credit limits, are approved, and
- Ensuring review on prospective tenants, and
- Ensuring that transactions are undertaken with a large number of counterparties in different locations.
- Cash and cash equivalents are held with high credit quality financial institutions.

As such, the Syndicate does not have a concentration of credit risk that arises from an exposure to a single counterparty. Furthermore, the Syndicate does not have a material exposure to a group of counterparties, which are expected to be affected similarly by changes in economic or other conditions.

c) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. The instruments entered into by the Syndicate were selected to ensure sufficient funds would be available to meet the ongoing cash requirement of the fund.

d) Sensitivity Analysis:

The syndicate has no secured loan at balance date. Therefore the syndicate has low interest rate risk.

e) Trade and other payable are expected to be paid as follows:

	2008	2007
	\$	\$
Less than 6 months	796,502	1,123,140
6 months to 1 year	-	-
1 year to 5 years	-	-
Over 5 years	-	-
	<hr/>	<hr/>
	796,502	1,123,140

12 Capital Management

The directors control the capital of the fund in order to maintain a good debt-to-equity ratio and to ensure that the fund can fund its operations and continue as a going concern.

The fund's debt and capital includes financial liabilities, supported by financial assets.

The bank requires the syndicate to maintain a loan to security value ratio of 65%.

The directors manage the fund's capital by assessing the fund's financial risks and adjusting its capital structure in response to changes in these risks and in the market. This includes the management of debt levels.

**FIRST ENTERPRISE PROPERTY SYNDICATE
ARSN 100 371 248**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

12 Capital Management (cont)

There have been no changes in the strategy adopted by management to control the capital of the fund since the prior year. The strategy is to maintain the funds gearing ratio between 30-70%.

The gearing ratios for the year ended 30 June 2008 and 30 June 2007 are as follows:

	Notes	2008	2007
		\$	\$
Total borrowings	6	27,679,783	24,950,440
Less cash and cash equivalents	10(a)	<u>(399,482)</u>	<u>(279,866)</u>
Net Debt		27,280,301	24,670,574
Net assets attributable to unit holders	7	<u>26,357,213</u>	<u>21,215,355</u>
Total capital		<u>53,637,514</u>	<u>45,885,929</u>
Gearing ratio		51%	54%

13 Operating Leases

Minimum future lease payments receivable under non-cancellable leases are as follows:

	Within Year	1 to 5	Over 5 Years	Total
	\$	Years	\$	\$
		\$		
2008				
Oxley Mall, Bowral, NSW	1,421,188	3,880,211	45,289	5,346,688
City Centre, Campbelltown, NSW	1,302,902	1,989,930	-	3,292,832
Summerhill Village, Reservoir, VIC	1,936,484	5,709,831	1,221,064	8,867,379
	<u>4,660,574</u>	<u>11,579,972</u>	<u>1,266,353</u>	<u>17,506,899</u>
2007				
Oxley Mall, Bowral, NSW	1,573,650	3,922,256	-	5,495,906
City Centre, Campbelltown, NSW	1,111,106	2,100,268	-	3,211,374
Summerhill Village, Reservoir, VIC	1,841,948	5,739,478	2,613,530	10,194,956
	<u>4,526,704</u>	<u>11,762,002</u>	<u>2,613,530</u>	<u>18,902,236</u>

Leases are negotiated on a tenant by tenant basis reflective of commercial terms and prevailing market conditions at the time of the negotiations. The Responsible Entity utilises a standard lease document and follows a prescribed process in relation to the preparation and execution of same.

14 Segment Information

The Syndicate operates solely in the business of property investment within Australia.

**FIRST ENTERPRISE PROPERTY SYNDICATE
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

	2008	2007
	\$	\$
15 Auditor's Remuneration		
<i>Remuneration of the auditor of the Syndicate for:</i>		
- Audit and review of the financial reports	6,000	10,300
- Compliance plan audit	3,300	3,200
	<u>9,300</u>	<u>13,500</u>

16 Related Party Disclosures

The Responsible Entity of the First Enterprise Property Syndicate 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 Stock Exchange (Code: VIE).

a) Remuneration of Directors and Key Management Personnel

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

The Directors and Executives of the Responsible Entity are KMP of that entity and their names are:

Mr M Kluge	Director (appointed 31 October 2007)
Mr R C Nichevich	Director (resigned 31 October 2007)
Ms S Barrett	Director
Mr T Micelotta	Director

The Responsible Entity is entitled to a management fee which is calculated as a proportion of gross asset value and a proportion of net profit.

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

Since the end of the financial year, no Director or KMP of the Responsible 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 Syndicate 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 Syndicate. These transactions are subject to the same terms and conditions as those entered into by other Syndicate investors.

**FIRST ENTERPRISE PROPERTY SYNDICATE
ARSN 100 371 248**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

16 Related Party Disclosures (cont.)

Apart from those details disclosed in this note, no Director or KMP has entered into a contract for services with the Responsible Entity since the end of the previous financial year and there were no contracts involving Directors or KMP subsisting at year end.

b) Responsible Entity's fees and other transactions

	2008	2007
	\$	\$
Viento Property Limited		
Manager's and compliance fees paid or payable	252,193	336,328
Exit fees	1,022,870	-
Incentive fees	1,278,588	-
Reimbursable expenses paid or payable	4,332	9,482
	2,557,983	345,810
Viento Group Limited		
Accounting and registry fees	32,902	45,000
	2,590,885	390,810

c) Related Party Transactions

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

Units in the Syndicate held by Related Parties

Details of holdings in the Syndicate by Related Parties are set out below. No other related parties held units in the Syndicate during the year.

30 June 2008

Entity	Relationship	Unit holding	Interest held	Units acquired	Units disposed	Distribution paid / payable
		\$	%			\$
Viento Diversified Property Fund	Same Responsible Entity	16,650,000	100	16,650,000	-	380,725
		16,650,000		16,650,000	-	380,725

**FIRST ENTERPRISE PROPERTY SYNDICATE
ARSN 100 371 248**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

16 Related Party Disclosures (cont.)

c) Related Party Transactions (cont.)

30 June 2007

Entity	Relationship	Unit holding \$	Interest held %	Units Issued	Units redeemed	Distribution paid / payable \$
Mr O S Lennie	Director of Responsible Entity	143,000	0.86	-	-	14,657
Mr C J Carey	Secretary of Responsible Entity	15,000	0.09	-	-	1,538
		158,000		-	-	16,195

17 Accounting Standards

The following Australian Accounting Standards have been issued or amended and are applicable to the fund but are not yet effective and have not been adopted in the preparation of the financial statements at reporting date.

AASB 2007-3 Amendments to Australian Accounting Standards makes amendments to AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*, AASB 6 *Exploration for and Evaluation of Mineral*, AASB 102 *Inventories*, AASB 107 *Cash Flow Statements*, AASB 119 *Employee Benefits*, AASB 127 *Consolidated and Separate Financial Statements*, AASB 134 *Interim Financial Reporting*, AASB 136 *Impairment of Assets*, AASB 1023 *General Insurance Contracts* and AASB 1038 *Life Insurance Contracts*.

AASB 2007-3 is applicable for annual reporting periods beginning on or after 1 January 2009, and relates to disclosure requirements of AASB114 *Segment Reporting* due to the issuing of AASB 8: *Operating Segments*. These amendments will involve changes to segment reporting. However, there will be no direct impact on the financial report as the fund does not fall within the scope of AASB 8.

AASB 8 *Operating Segments* makes amendments to AASB 114 *Segment Reporting*. AASB 2008 is applicable for annual reporting periods beginning on or after 1 January 2009. These amendments will involve changes to segment reporting. However, there will be no direct impact on the financial report as the fund does not fall within the scope of AASB 8.

AASB 2007-6 Amendments to Australian Accounting Standards makes amendments to AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards*, AASB 101 *Presentation of Financial Statements*, AASB 107 *Cash Flow Statements*, AASB 111 *Construction Contracts*, AASB 116 *Preproperty Plant and Equipment*, AASB 138 *Intangible Assets*. AASB 2007-6 is applicable for annual reporting periods beginning on or after 1 January 2009. This amendment will require the capitalisation of all borrowing costs directly to the acquisition, construction or production of a qualifying asset. However, there will be no direct impact to the amounts included in the fund as it already capitalises borrowing costs related to qualifying assets.

The revised AASB 123 *Borrowing Costs* has removed the option to expense all borrowing costs. This amendment will require the capitalisation of all borrowing costs directly to the acquisition, construction or production of a qualifying asset. However, there will be no direct impact to the amounts included in the fund as it already capitalises borrowing costs related to qualifying assets.

**FIRST ENTERPRISE PROPERTY SYNDICATE
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

17 Accounting Standards (cont)

AASB 2007-8 Amendments to Australian Accounting Standards makes amendments to AASB 101 *Presentation of Financial Statements* and is applicable for annual reporting periods beginning on or after 1 January 2009. This amendment requires the presentation of a statement of comprehensive income.

The revised AASB 101 *Presentation of Financial Statements* is applicable for annual reporting periods beginning on or after 1 January 2009. This amendment requires the presentation of a statement of comprehensive income.

18 Subsequent Events

In the period since balance date the portfolio has been reviewed resulting in two properties being identified for possible disposal. They have since been marketed for sale. The properties are Summerhill Village Shopping Centre, Reservoir, VIC and Oxley Mall, Bowral, NSW.

As at the date of this report, the Responsible Entity had concluded a formal tender process for Summerhill Village Shopping Centre, and on 22 September 2008 resolved to accept a binding offer of \$17,650,000 for the property. If the property is sold, a loss on disposal of an estimated \$2.7 million will be reflected in the financial statements for the year ended 30 June 2009.

Other than the matters stated above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Responsible Entity, to affect significantly the operations of the Syndicate, the results of those operations, or the state of affairs of the Syndicate in future financial years.

**FIRST ENTERPRISE PROPERTY SYNDICATE
ARSN 100 371 248**

DIRECTORS' DECLARATION

FIRST ENTERPRISE PROPERTY SYNDICATE

The directors of Viento Property Limited, the Responsible Entity of the First Enterprise Property Syndicate, declare that:

1. The financial statements and notes, as set out on pages 8 to 27 are in accordance with the *Corporations Act 2001*, and:
 - (a) comply with Australian Accounting Standards and the *Corporations Regulations 2001*; and
 - (b) give a true and fair view of the Syndicate's financial position as at 30 June 2008 and of its performance for the period ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the Syndicate will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors of the Responsible Entity.



M Kluge
Director

Dated this 23rd day of September 2008
Brisbane, Queensland

AUDITOR'S INDEPENDENCE DECLARATION

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of First Enterprise Property Syndicate for the year ended 30 June 2008, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

WHK HORWATH PERTH AUDIT PARTNERSHIP



SEAN MCGURK
Principal

Perth, WA

Dated this 23rd day of September 2008

INDEPENDENT AUDIT REPORT TO THE UNIT HOLDERS OF FIRST ENTERPRISE PROPERTY SYNDICATE

We have audited the accompanying financial report of the First Enterprise Property Syndicate (the Syndicate), which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The Directors of the Responsible Entity, Viento Property Ltd, (the Directors) are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of Viento Property Ltd as the Responsible Entity for the First Enterprise Property Syndicate are in the same terms as this auditor's report.

Auditor's Opinion

In our opinion, the financial report of the First Enterprise Property Syndicate is in accordance with the Corporations Act 2001 including:

- a) i. giving a true and fair view of the Syndicate's financial position as at 30 June 2008 and of their performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Regulations 2001.
- b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

WHK HORWATH PERTH AUDIT PARTNERSHIP



SEAN MCGURK
Principal

Perth, WA

Dated this 23rd day of September 2008

Total Financial Solutions

Member Horwath International

WHK Horwath Perth Audit Partnership ABN 96 844 819 235
Level 6, 256 St Georges Terrace Perth WA 6000 Australia
GPO Box P1213 Perth WA 6844 Australia
Telephone +61 8 9481 1448 Facsimile +61 8 9481 0152
Email perth@whkhorwath.com.au www.whkhorwath.com.au
A WHK Group firm

VIENTO

DIRECT PROPERTY

ABN 51 095 920 648 AFSL 224663

CONTACT

Tel (AUS)	1300 555 505
Tel (NZ)	0800 VIENTO
Fax	+ 61 3 9866 7029
E-mail	property@vientogroup.com
Web	www.vientogroup.com
Post	Locked Bag 105 South Melbourne VIC 3205
Deliveries	Level 3, 11 Queens Road Melbourne VIC 3004