

## **ASX Release**

**20 December 2010**

## **Company Update & Appointment of Advisers**

The purpose of this announcement is to update shareholders on certain developments in relation to Viento Group Limited ("Viento").

### **Strategic Review**

In light of the potential range of opportunities that may be available to the Board to further grow the Viento business, and interest recently demonstrated by third parties in advancing discussions on these opportunities, the Board has resolved to appoint Gresham Advisory Partners to assist it in undertaking a broad ranging strategic review, with the intention of ensuring that value is maximised for all shareholders of Viento.

It is expected that the review will encompass a range of potential business and corporate strategies including business acquisitions or divestments, corporate mergers or acquisitions and/or the establishment of one or more new strategic relationships (in each case subject to shareholder approval where required).

### **Viento value proposition**

In advance of the outcomes of the Strategic Review, the Board believes it is timely to remind shareholders of some of the potential sources of value inherent in the Viento business.

As noted at the recent AGM, the core Viento property funds management business has been stabilised following the effects of the global financial crisis, and efforts are being made to dispose of non-core assets and further focus the business on this area.

The property division of Viento derives its revenue from a combination of ongoing funds management fees for the Viento Diversified Property Fund and management and transaction fees for property syndicates. Following substantial restructuring initiatives over the past two years, the Board believes that this division offers the potential for solid financial returns in coming years.

For the current financial year, in the absence of any material adverse developments in the business, asset portfolio or broader market, the Board is currently anticipating a reported profit before tax of between \$950,000 and \$2.3 million, equating to approximately \$0.02 to \$0.049 per share. The Board does not expect to pay any tax in the current financial year, due to the existence of carried forward tax losses.

Subject to the same assumptions, the Board sees no reason why the core property funds management business should not continue to perform profitably for the next two to three years, even in the absence of further growth in funds under management.

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The Board also believes that there is substantial value available to be released from the residual assets of the company, whether by means of outright disposal or other arrangements to return value to shareholders. In particular, shareholders should note that as at 30 June 2010, the net assets of the company stood at approximately \$11 million, or approximately \$0.23 per share. This takes no account of the current market value of certain assets, including the company's interest in the Constance Range joint venture, which in accordance with the accounting standards are recorded on the balance sheet at the **lower** of cost or net realisable value.

Gresham Advisory Partners' mandate extends to the consideration of means to liberate this embedded value to the benefit of all shareholders.

#### **Application to Takeovers Panel**

As noted in the announcement by the Takeovers Panel ("**Panel**") dated 14 December 2010, the Board has made an application to the Panel to declare unacceptable circumstances in relation to the acquisition of a relevant interest in Viento shares by parties including Mr Allen Caratti, Mr Michael Carter, Timebuild Pty Ltd, Delta Ace Pty Ltd, Mammoth Nominees Pty Ltd, Guccione Holdings Pty Ltd, Indian Ocean Capital (WA) Pty Ltd and Ms Tina Bazzo ("**Associated Parties**"). Among other things, Viento has applied for orders requiring the acquiring parties to make corrective disclosure and for orders requiring that portion of the shares held by the Associated Parties above 20% to be divested.

#### **Issue of Securities**

Gresham Advisory Partners is entitled to be issued 1,000,000 fully paid ordinary shares in the company in lieu of retainers. The shares will be issued in two tranches during the period of engagement. These shares are subject to a 12 month voluntary escrow period.

– Ends –

#### **About Viento Group Limited (ASX: VIE)**

Viento Group Limited is a funds management company established in 2001 specialising in unlisted direct property investments. Its wholly owned subsidiary, Viento Property Limited has approximately \$240 million in assets under management and invests in the commercial and retail property sectors, as well as residential land subdivisions.

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