OPUS
CAPITAL GROUP

2013
Annual Report

Opus Income & Capital Fund No. 21

ARSN 104 391 273

About Opus Capital Limited

Opus Capital Limited (**OCL** or **Opus**) is an integrated property funds management and real estate organisation that manages approximately $215 million of Australian commercial real estate assets across four managed investment schemes.

Opus establishes and manages unlisted property trusts for predominately retail investors and holds Australian financial services license (AFSL) No. 246714, authorising it to act as the responsible entity for its various managed investment schemes.

The company was established in 2001, completing its first equity raising of $3.3 million to fund Opus Property Trust No. 5 and has since raised over $300 million across sixteen (16) funds.

About Opus Income & Capital Fund No.21

Opus Income & Capital Fund No. 21 ARSN 104 391 273 (**Opus 21** or **Fund**) is an 'open-ended' registered managed investment scheme.

The Fund has been closed for new investment and withdrawal since 2008. Opus is working towards returning the Fund to a financial position where both new investment and redemptions can be considered.

Substantial progress has been made to date with the stabilisation of the Fund's financial position. Opus is investigating the various options available to it in order to significantly reduce the levels of Fund debt.

Opus Income & Capital Fund No 21 (ARSN 104 391 273) is issued and managed by the responsible entity of the Fund, Opus Capital Limited (ACN 095 039 366; AFSL 246714. OCL has prepared this annual report (Report) with the information available to it. This information is general in nature and is provided without taking into consideration your objectives, financial situation or needs. Recipients should, before acting on such information, obtain independent financial advice as no information contained in this report constitutes investment, financial product, legal, tax or other advice. Information contained within this Report is not a recommendation and should not be considered as a solicitation, offer or invitation to buy this financial product. An investment in the Fund has risk, can fluctuate in value, is not a bank deposit, is not guaranteed and investors risk achieving lower than expected returns or losing some or all of their principal investment. Past performance is not a reliable indicator of future performance. Distributions, if any, will generally be paid monthly.

01/

Chairman's Address

Delivering on Strategy

Opus as responsible entity has had a successful but extremely challenging year. Opus considers the 2013 financial year to be the turning point in the stabilisation of the Fund. A modest net profit for the year of $872,000 has been achieved in contrast to a number of years of losses.

Many substantial outcomes have been achieved during the year, most notably the refinance of the senior debt late in June 2013. An integral step in obtaining the refinance to medium term funding (four years) was the settlement of two sale contracts for properties totaling $36.1 million by October 2012. These capital transactions substantially strengthened the Fund's balance sheet and reduced the loan to value ratio (LVR). In addition, two further properties have settled and another is anticipated to settle in early October 2013.

The Fund's capital expenditure program was also a key priority during the year. Excellent progress has been made to date and this substantial undertaking will continue during the 2014 financial year. Opus continued to carefully manage operating cash flows during the period with the primary objective of fully funding this capital expenditure program, as well as continuing distributions to unit holders.

Notwithstanding the broader market facing weakening tenant demand and leasing conditions, Opus was able to secure substantial lease recommitments and lease extensions during the year. This has extended the Fund's weighted average lease expiry (WALE) profile which is currently 3.01 years.

Sustainability

Opus has sought to substantially reduce the impact our portfolio has on the environment through the reduction of energy consumption. The property management team's dedication to this area has been rewarded with a substantial improvement in the NABERS ratings of various buildings, lifting the weighted rating for those properties from 3.1 stars to **3.8 stars**. We expect further improvement in this area over the coming year.

Corporate Governance

The Board of Opus fundamentally believes that a strong corporate governance platform will deliver superior outcomes for all stakeholders. We have continued our commitment to transparency and communication, and believe that disclosure has improved substantially through the year helping to keep you, our investors fully informed. The continued improvement in communication is a high priority for Opus for the 2014 financial year.

Outlook

The Fund's ability to execute on the completion of asset sales in the first half of the year followed by the refinance of the senior debt late in the second half of the year, has positioned the Fund well for the year ahead.

The financial uncertainty that the Fund had been experiencing during the past two years due to the continual short term senior debt positions has now been removed as a result of the senior debt refinance in June 2013. Importantly and reflective of this substantial improvement, the Independent Auditor's report for the period does not include an "emphasis of matter" regarding the Fund's ability to continue to operate as a going concern, as it had in prior periods.

We have a singular focus on completing the financial stability strategy this year, designed to substantially reduce gearing and allow for the increase of distributions to you. To achieve this, Opus as manager will continue to consider asset divestments where appropriate and will investigate the commerciality of various capital raising opportunities to be contemplated during the 2014 financial year.

Although substantial progress has been achieved to date, distributions from the Fund will remain at current levels for the foreseeable future. At the time when both the capital expenditure program is substantially advanced and gearing reduced to less than 60% LVR, then surplus cash flow will be able to be directed to increase distributions. The achievement of these two requirements is our key objective for the 2014 financial year.

On behalf of the Board, I would like to thank you for your continued support and look forward to being able to report to you on the achievements of the Fund over the coming year.

Matthew Madsen
Chairman

Opus Capital Limited

02/

FY13 Key Achievements

Sale of 45 Dacre Street, Mitchell

14 SEPTEMBER 2012

Sold for $9.089M with the net sale proceeds (NSP) used to pay down debt from $164M to $155M.

Sale of 437 St. Kilda Road, Melbourne

19 OCTOBER 2012

Sold for $27.02M with NSP used to pay down debt from $155M to $130M. The combined debt reduction of approximately $34M from the two property sales reduced LVR from 78% to 75%.

Leasing - 9-19 Lake Street, Cairns

1 NOVEMBER 2012

KPMG signs new 3 year lease for 1,393m² representing an annual income stream of $528,000 or 3% of the Fund's total passing income.

Leasing - 9-19 Lake Street, Cairns

1 DECEMBER 2012

DTMR signs new 6 year lease for 4,579m² representing an annual income stream of $1.598M or 9% of the Funds passing income.

Extension of Suncorp Debt Facility

20 DECEMBER 2012

The Fund secures a new short term debt facility until 30 June 2013, providing the Fund with the security of loan term to achieve the ultimate refinancing.

Sale of Derrimut Warehouse

15 DECEMBER 2012

Unit 5 settled for $0.51M leaving only one remaining unit (unit 4) to be sold.

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Leasing - 436 Elgar Road, Box Hill

1 JANUARY 2013

Logica signs new 5 year lease for 2,003m² representing an annual income stream of $826,000 or 4.5% of the Funds passing income.

NABERS Energy Rating - 9-19 Lake Street, Cairns

15 JANUARY 2013

Following a commitment to reinvigorate the building efficiencies, the property has been awarded a 4.5 star NABERS energy rating. A full capital works program has been developed to ensure building quality and maintain/improve the lease tenure.

Sale of final Derrimut Warehouse

8 APRIL 2013

Unit 4 contracted for sale for $0.515M which settled on 1 July 2013 finalising the Fund's exit from this property complex.

Recapitalisation - Opus Capital Limited

15 MARCH 2013

The Responsible Entity completed an entitlement offer where over $1M was raised. These proceeds substantially improved the balance sheet position of the RE, a commercial requirement of financiers considering refinancing the Opus 21 debt facility.

New GE Capital Debt Facility

20 JUNE 2013

OCL secures a new long term debt facility with GE Capital for an advance facility of $123M plus a capital expenditure facility of $5M. OCL also negotiates $3M in debt forgiveness from Suncorp representing a 7% upside to net tangible assets.

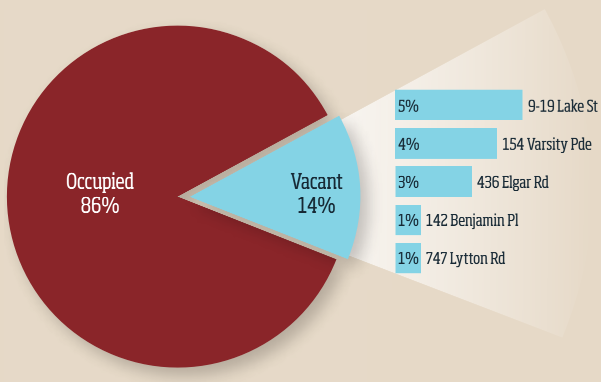
Portfolio Summary

Property	Net Lettable Area (m²)	Occupancy	WALE (years)	Current Valuation ($) June 2013	Prior Valuation ($) June 2012	Fully Let Net Income p.a. ($)	Cap Rate (%)
9-19 Lake St Cairns, QLD (inc Grafton St)	14,744	82%	3.41	42,650,000	41,950,000	4,204,000	9.00%
Bld 2, 747 Lytton Rd, Murarrie, QLD	3,617	89%	3.45	13,250,000	13,250,000	1,276,000	9.13%
142 Benjamin Pl, Lytton, QLD	5,677	64%	1.32	7,000,000	7,700,000	678,000	9.00%
12-14 The Circuit, Brisbne Airport, QLD	4,675	100%	1.42	19,000,000	19,000,000	1,886,000	9.50%
154 Varsity Pde, Varsity Lakes, QLD	4,003	52%	4.96	11,750,000	11,750,000	1,298,000	9.25%
700 Springvale Rd, Mulgrave, VIC	6,992	100%	1.84	18,800,000	19,000,000	2,110,000	9.50%
436 Elgar Rd, Box Hill, VIC	5,732	73%	3.06	16,500,000	17,000,000	1,701,000	9.00%
Bld 7, 572 Swan St, Richmond, VIC	6,465	100%	4.13	31,400,000	30,500,000	2,716,000	8.25%
PORTFOLIO	**51,905**	**86%**	**3.01**	**160,350,000**	**160,150,000**	**15,869,000**	

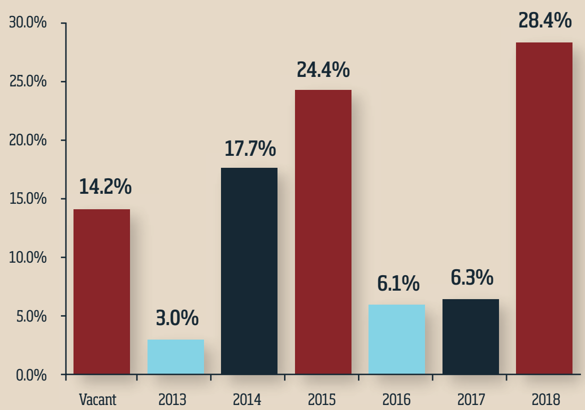
Portfolio Metrics

as at 30 June 2013

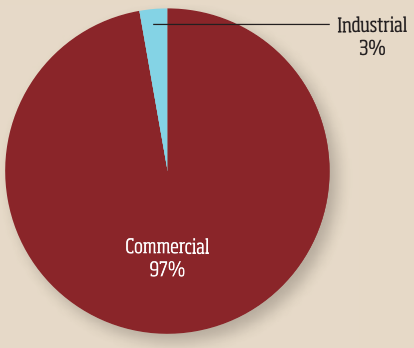
Portfolio Summary*



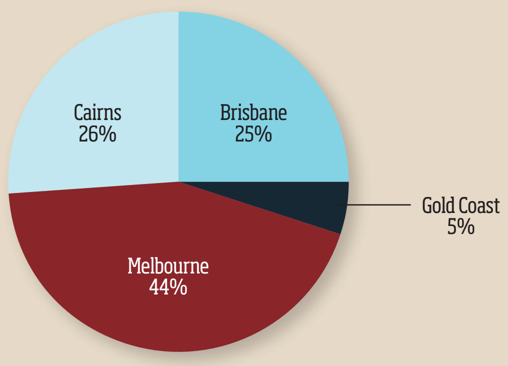
Lease Maturity Profile*



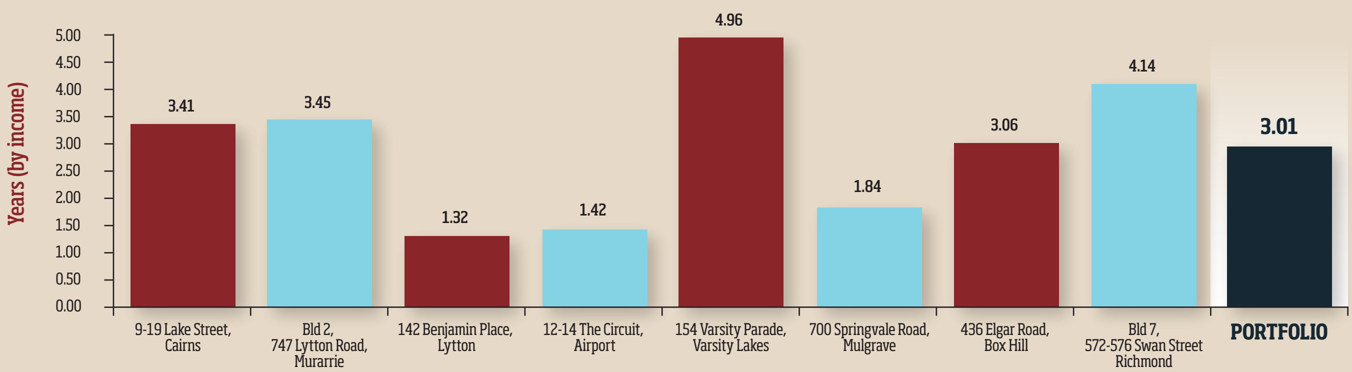
Sector Summary*



Geographic Summary*



WALE*



** All portfolio metrics are by passing income per annum.*

05/ Property Portfolio

9-19 LAKE STREET, CAIRNS

Property Details

Date Acquired	June 2006
Valuation (30 June 2013)	$42,650,000
Ownership Interest	100%
Net Lettable Area	14,744m^2
Car Spaces	266
Fully Let Income ($/pa)	$4,204,000
Occupancy	82%
WALE	3.41 years
Tenancy	Multi
NABERS Rating	4.5 Stars

Major Tenants

Tenant	Percentage of Net Passing Income	Lease Expiry
Queensland State Government (DTMR)	26%	Nov 2018
KPMG	9%	Oct 2015
National Australia Bank	6%	Nov 2017
Miller Harris Services	6%	Dec 2015

Property Description

9-15 Lake Street, Cairns is Opus Income and Capital Fund No. 21's largest property, representing 25% of the Fund's asset value. The property is the premier commercial office building in Cairns comprising a total net lettable area (NLA) of 14,747m^2 and a 4.5 star NABERS rating. The building has 15 levels of commercial office accommodation completed in 1989. The property comprises ground floor retail arcade, mezzanine commercial office accommodation, secure podium parking for 266 vehicles (levels 2, 3 and parts of 4) and 12 upper levels of commercial office accommodation.

BLD 2, 747 LYTTON ROAD, MURARRIE

Property Details

Date Acquired	May 2007
Valuation (30 June 2013)	$13,250,000
Ownership Interest	100%
Net Lettable Area	3,617m^2
Car Spaces	167
Fully Let Income ($/pa)	$1,276,000
Occupancy	89%
WALE	3.45 years
Tenancy	Multi
NABERS Rating	Pending

Major Tenants

Tenant	Percentage of Net Passing Income	Lease Expiry
Spotless	52%	Apr 2018
Sentis	18%	Jul 2014
Outsource	10%	Nov 2014

Property Description

The property is located within the 'Gateway Office Park' development, which is situated approximately 10 kilometres from the Brisbane GPO. The property comprises a modern, four level commercial office building with basement parking, constructed in 2008. The property is set within a Community Title development situated on Creek & Lytton Roads with direct access to the Gateway Motorway. The property provides basement parking for 169 vehicles, on grade parking for two vehicles and 3,617m^2 of commercial office accommodation.

142 BENJAMIN PLACE, LYTTON

Property Details

Date Acquired	September 2007
Valuation (30 June 2013)	$7,000,000
Ownership Interest	100%
Net Lettable Area	5,677m²
Car Spaces	N/A
Fully Let Income ($/pa)	$678,0009
Occupancy	64%
WALE	1.32 years
Tenancy	Multi
NABERS Rating	Not Applicable

Major Tenants

Tenant	Percentage of Net Passing Income	Lease Expiry
Visy Boxes	34%	May 2015
Tyre Marketers	31%	Mar 2014

Property Description

The property is situated within the TradeCoast established industrial suburb of Lytton, approximately 16 kilometres from the Brisbane GPO. The property is improved with a modern industrial facility which has been configured to provide three separate tenancies with each tenancy comprising high clearance clear-span warehouse accommodation, together with EFSR fire sprinkler system and an attached two level office accommodation. The property has a total NLA of 5,677m².

12-14 THE CIRCUIT, BRISBANE AIRPORT

Property Details

Date Acquired	January 2007
Valuation (30 June 2013)	$19,000,000
Ownership Interest	100%
Net Lettable Area	4,675m²
Car Spaces	51
Fully Let Income ($/pa)	$1,886,000
Occupancy	100%
WALE	1.42 years
Tenancy	Single
NABERS Rating	5 Stars

Major Tenants

Tenant	Percentage of Net Passing Income	Lease Expiry
Civil Aviation Safety Authority	100%	Nov 2014

Property Description

12-14 The Circuit, Brisbane Airport is located approximately 10 kilometres from the Brisbane GPO. The property is a modern four level commercial office building of 4,675m² with secure basement car park of 51 spaces. The property is a single tenancy, 100% occupied by Civil Aviation Safety Authority on a seven year lease expiring in November 2014.

05/ Property Portfolio

154 VARSITY PDE, VARSITY LAKES

Property Details

Date Acquired	August 2007
Valuation (30 June 2013)	$11,750,000
Ownership Interest	100%
Net Lettable Area	4,003m²
Car Spaces	92
Fully Let Income ($/pa)	$1,298,000
Occupancy	52%
WALE	4.96 years
Tenancy	Multiple

Major Tenants

Tenant	Percentage of Net Passing Income	Lease Expiry
Serco	51%	Jun 2018
Mentoring, Research & Development	1%	Jul 2017

Property Description

154 Varsity Parade, Varsity Lakes is improved with a modern, large floor plate office building constructed circa 2009. The property comprises of basement parking for 92 vehicles and three upper floors of commercial office accommodation with a total NLA of 4,003m².

700 SPRINGVALE ROAD, MULGRAVE, VIC

Property Details

Date Acquired	October 2006
Valuation (30 June 2013)	$18,800,000
Ownership Interest	100%
Net Lettable Area	6,992m²
Car Spaces	350
Fully Let Income ($/pa)	$2,110,000
Occupancy	100%
WALE	1.84 years
Tenancy	Multiple
NABERS Rating	1.5 Stars

Major Tenants

Tenant	Percentage of Net Passing Income	Lease Expiry
ANZ Bank	90%	May 2015

Property Description

700 Springvale Road, Mulgrave (Melbourne) is a five storey office building with a rear two level multi-deck car park, built in 1991. The property provides a total NLA of 6,992m² and 350 car parking bays.

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436 ELGAR ROAD, BOX HILL, VIC

Property Details

Date Acquired	September 2007
Valuation (30 June 2013)	$16,500,000
Ownership Interest	100%
Net Lettable Area	5,732m²
Car Spaces	197
Fully Let Income ($/pa)	$1,701,000
Occupancy	73%
WALE	3.06 years
Tenancy	Multiple
NABERS Rating	1.5 Stars

Major Tenants

Tenant	Percentage of Net Passing Income	Lease Expiry
Stellar Asia Pacific Pty Ltd	34%	Mar 2015
Logica Australia	36%	Dec 2017

Property Description

436 Elgar Road, Box Hill is a three level commercial office building located within the Box Hill commercial office precinct, Melbourne's largest suburban precinct which is located approximately 15km from the CBD. The property has an NLA of 5,732m² plus two levels of basement car parking accommodating 197 vehicles. The property which was completed in 1988 is known for large, open floor plates and abundant natural light.

572-576 SWAN STREET, RICHMOND, VIC

Property Details

Date Acquired	November 2007
Valuation (30 June 2013)	$31,400,000
Ownership Interest	100%
Net Lettable Area	6,465m²
Car Spaces	178
Fully Let Income ($/pa)	$2,716,000
Occupancy	100%
WALE	4.13 years
Tenancy	100%
NABERS Rating	4.5 Stars

Major Tenants

Tenant	Percentage of Net Passing Income	Lease Expiry
Golder Associates	72%	Jan 2018
Fulton Hogan	28%	Jun 2016

Property Description

572-576 Swan Street, Richmond is a modern architecturally designed six level commercial office complex built in 2009 supporting a 4 Star Green – Office Design v2 Rating. The property is located within the 'Botanica Corporate Park' and is located approximately 4 kilometres from the Melbourne CBD. The building has an NLA of 6,465m² and car parking for 178 vehicles.

06/

Annual Financial Report

Year ended 30 June 2013

Directors' Report

Matthew Madsen
Chairman

Appointed 22 September 2011

Matthew Madsen has over 15 years experience in the funds management industry, predominantly in Director roles. Experience is held across both property and mortgage funds management.

Matthew also has significant property and property finance experience and is principal of Madsen Finance, a Brisbane based property finance intermediary focused on larger construction and property investment funding typically arranging $300M of funding annually.

In addition to his role at Opus, Matthew also holds various positions with other financial services companies including Engage Private Equity Limited and as Chairman of the compliance committee for Blue Sky Private Equity Limited. Further Matthew is also Chair of the Advisory Board for residential land developer, Trask Development Corporation.

Matthew holds a Diploma in Financial Services, a Diploma in Financial Markets, is an affiliate member of the Securities Institute of Australia, a member of the Australian Institute of Company Directors.

Mark Hallett
Non-Executive Director

Appointed 31 January 2011

A qualified solicitor and Notary Public, Mark brings to Opus an impressive range of diverse industry and life experiences, coupled with extensive professional credentials across all aspects of corporate litigation and restructuring, commercial property and town planning.

Mark is the Principal and legal practice director of Hallett Legal. Mark has a great depth of skills and experience in business ownership and strategic management, having practiced in partnership before establishing his own firm in 1990. Under Mark's leadership, the Brisbane-based firm evolved into one of the largest sole practices in Australia.

Mark is highly active in managing successful property syndicates for business associates and continues to advise the industry on property investment, legal and corporate restructuring. He remains one of the state's leading lawyers in property law, litigation, insolvency, and investment management.

Rowan Ward
Non-Executive Director

Appointed 25 January 2011

Rowan has a proven track record of over 35 years in the financial services sector including Funds Management, Superannuation, Life Insurance and General Insurance. As a former senior Executive Manager with Suncorp, part of his responsibilities included Chairman of Suncorp public offer superannuation funds (assets of in excess of $2,000m), Chairman of Trustees of the Suncorp Staff Superannuation Fund (assets of in excess of $700 million), and advisor to the Suncorp Board on prudential matters governing over $2,000m of assets relating to Suncorp Life and Superannuation Limited.

As well as the position of Non Executive Director of Opus, Rowan is a Member of the Advisory Committee of the Motor Accidents Insurance Commission (Qld), Chair of the General Insurance subsidiary of Liberty Financial Pty Ltd and Investment Committee member of Club Super.

As an Actuary and through his career experiences, Rowan has developed an excellent knowledge of legal, accounting and governance responsibilities. He has a Bachelor of Science degree and is a Fellow of the Institute of Actuaries of Australia.

Director's Report

The Directors of Opus Capital Limited (**OCL**), the responsible entity (**RE**) of Opus Income & Capital Fund No. 21 (**Fund**), present their report together with the financial report of the Fund, for the year ended 30 June 2013 and the auditor's report thereon.

Information on Directors of the Responsible Entity

The Directors of Opus Capital Limited at any time during or since the end of the financial year and up to the date of this report are:

Mr Matthew Madsen, Chairman	Appointed 22 September 2011
Mr Rowan Ward, Non-Executive Director	Appointed 25 January 2011
Mr Mark Hallett, Non-Executive Director	Appointed 31 January 2011

Principal Activity

The Fund invests in commercial and industrial properties and other associated assets in accordance with the provisions of the Fund's constitution.

Review and Results of Operations

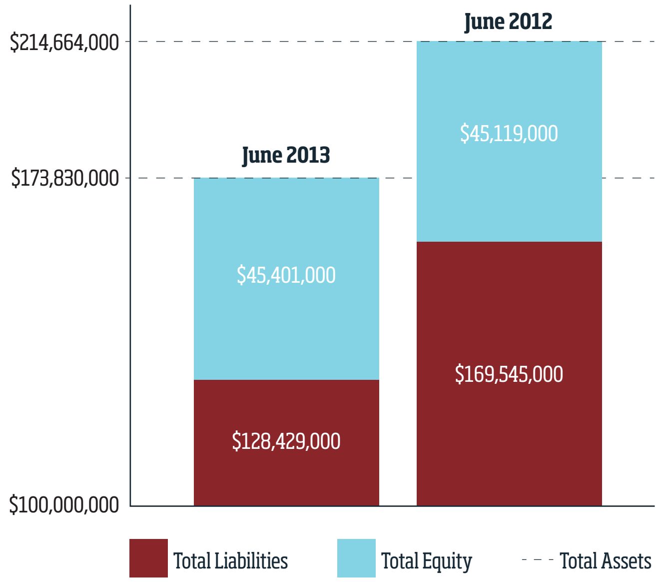
The year ended has been an important and pivotal period for the Fund. Many substantial outcomes have been achieved in the execution of the Fund's stated strategy, including:

1. Completion of two asset sales by October 2012 resulting in approximately a $34 million reduction in total debt;
2. A consequential reduction in loan to value ratio (LVR) to 75% at that time;
3. Procuring a $3 million debt forgiveness from the previous and outgoing financier in June 2013;
4. Procuring an interim senior debt facility for a medium term (four years) to refinance the outgoing Suncorp Bank facility;
5. Instigation and commencement of a substantial capital works program;
6. Retention of major tenants on lease expiry as well as the extension of existing tenant leases: and
7. Three further asset sales were contracted during the period, two of which has since settled and another anticipated to settle in October 2013.

The Fund's ability to execute on the completion of asset sales in the first half of the year followed by the refinance of the senior debt late in the second half of the year has positioned the Fund well for the year ahead.

The Fund's gross assets reduced to $174 million from $215 million in the prior year, a reduction of $41 million. Likewise liabilities reduced to $128 million from $170 million a reduction of $42 million.

Financial Position



Net Tangible Assets for the year ended are $0.2117 per unit (2012: $0.2106).

Total unitholders' equity at 30 June 2013 was $45.401 million (2012: $45.119 million), an increase to the prior year of $282k reflective largely of the $872,000 profit for the 2013 financial year and reduced by the cash distributions (return of capital) paid to Unit Holders during the year of $590,000, net of distributions reinvested of $53,000 (2012: $643,000 net of distributions reinvested of $60,000).

In accordance with Australian Accounting Standards, net profit includes a number of non-cash adjustments including fair value movements in asset and liability values. Funds from Operations[1] (**FFO**) is a global financial measure of real estate operating performance after finance costs and taxes, and is adjusted for certain non-cash items.

The RE considers FFO to be a measure that reflects the underlying performance of the Fund. The following table reconciles between profit attributable to unitholders and FFO.

1 FFO comprises net profit/loss after tax attributable to unitholders calculated in accordance with Australian Accounting Standards and adjusted for: property revaluations, impairments, amortisation of certain tenant incentives, gain/loss on sale of certain assets, and straightline rent adjustments.

Review and Results of Operations (continued)

Funds from Operations	2013 $000's	2012 $000's
Net profit for the year attributable to unitholders	872	(616)
Fair value movement in investment properties	1,197	2,633
Fair value movement in properties held for sale	492	(177)
Loss on sale of investment properties	2,458	653
Impairment of receivables	(9)	183
Incentives amortisation and rent straight-line	1,516	1,712
One-off item – Debt forgiveness	(3,000)	-
Funds From Operations (FFO)	**3,526**	**4,388**
Distribution paid and payable	643	644

Net profit of $872,000 was achieved this year, an increase of $1.488 million from the prior year (2012: $616,000 loss).

FFO of $3.526 million were generated during the period representing a decrease of $862,000 from the prior year (2012: $4.388 million). The decrease is largely attributable to the impact from the loss of property income as a result of the two investment property divestments totalling $36.1 million by October 2012.

The loss on sale and the fair value reduction of investment properties during the period is substantially mitigated by the one off income item of $3 million debt forgiveness procured by the RE from the outgoing financier at the time of refinancing the senior debt in June 2013.

The Fund generated positive operational cash flows of $2.428 million for the year (2012: $2.614 million). These funds have broadly been applied to the following:

1. Distributions;
2. Capital expenditure; and
3. Debt repayment to achieve and the costs associated with the senior debt refinance.

Property Valuations

At 30 June 2013 the Fund held 11 investment properties totalling $172,465,000 in value as reflected by independent valuation or contract price at 30 June 2013. Full independent valuations were conducted as at 30 June 2013 for all Investment Properties. (See note 9 for greater detail).

The Directors note that the total value of the portfolio has stabilised with only a minor (0.41%) reduction in overall value from 30 June 2012 to 30 June 2013 for the properties held as at both balance sheet dates.

07/

Director's Report

Review and Results of Operations (continued)

Investment Property	2013 $000's	2012 $000's
Bld 2, 747 Lytton Road, Murarrie	13,250	13,250
Land at 26-30 Grafton Street, Cairns	1,150	1,150
9-19 Lake Street, Cairns	41,500	40,800
142-150 Benjamin Place, Lytton	7,000	7,700
700 Springvale Road, Mulgrave	18,800	19,000
12-14 The Circuit, Brisbane Airport	19,000	19,000
436 Elgar Rd, Box Hill	16,500	17,000
154 Varsity Parade, Varsity Lakes	11,750	11,750
Building 7, 572-576 Swan Street, Richmond	31,400	30,500
Total Investment Property	**160,350**	**160,150**
Property Held for Sale		
140 Paramount Boulevard Derrimut (Warehouse 4)	515	530
8-10 Karp Court, Bundall	11,600	12,500
Total Property Held for Sale	**12,115**	**13,050**
Total Property	**172,465**	**173,180**

Property Disposals

During the year, the responsible entity sold the following three assets for a total of $36,619,000 before sale costs recognising a headline valuation loss on sale of $891,000 (2.38% on June 2012 valuations). This was largely attributable to the sale of Dacre Street, Canberra. The total loss on sale of investment properties for the 2013 year was $2.458 million (2012: $0.653 million) which recognises other costs the most material of which is the direct sale costs, marketing, adjustments at settlements and agent's fees.

Property Sold	Date Settled	Sold during FY13 $000's	June 2012 Valuation $000's
437 St Kilda Road, Melbourne	10 October 2012	27,020	27,000
45 Dacre Street, Mitchell, Canberra	14 September 2012	9,089	10,000
140 Paramount Boulevard Derrimut (Warehouse 5)	14 December 2012	510	510
		36,619	37,510

Net sale proceeds from these sales were applied to debt reduction. In addition the following properties were subject to contracts of sale at year end.

Review and Results of Operations (continued)

Property	Date Settled Due to Settle	June 2013 Sale Price $000's	June 2012 Valuation $000's
140 Paramount Boulevard Derrimut (Warehouse 4)	1 July 2013	515	530
Karp Court, Bundall	11 October 2013	11,600	12,500
		12,115	13,030

Full net sale proceeds were received by the Fund from the settlement of the Derrimut Unit (Warehouse 4) and retained as cash on hand to be applied to capital expenditure. Full net sale proceeds from 8-10 Karp Court, Bundall are intended to be applied to debt reduction upon the anticipated settlement of the property.

Capital Management

On 20 June 2013 a new senior debt facility of $128 million was settled with GE Capital Real Estate (**GE**) for a term of four (4) years. At settlement GE provided an advance of $123 million (before costs). The balance of $5 million of the facility provides the Fund with substantial funding towards the continuing capital expenditure program required on the portfolio consistent with the Fund's stated strategy. However the Fund is required to contribute 27% of all capital expenditure and the senior lender 73%.

The senior debt facility requires that the debt level be reduced to not more than $121 million by 20 June 2015 and not more than $112 million by June 2016. The application of funds from the anticipated sale of 8-10 Karp Court, Bundall satisfies the first debt reduction covenant.

The term of the facility and the dates for future debt reduction will allow OCL appropriate time to continue to execute on all of the key components of the Fund's asset improvement strategy. In particular it will allow for the substantial completion of the immediate capital works program without the need to accelerate asset sales prematurely solely to meet debt covenants.

In order to achieve settlement a $2.1 million tier of junior debt was also required to be contributed. This debt is fully subordinated to the senior lender, GE, and also has a term of four (4) years. This debt was provided by associates of the manager, OCL (further detail is provided in note 15).

Composition of Total Debt at June 2013

	GE Advance	GE – Capital Expenditure	OCL Associates	Opus Magnum Fund	Summary
Facility Limit	$123M	$5M	$2.1M	$1.748M	$131.848M
Drawn Debt	$123M	Nil	$2.1M	$1.748M	$126.848M
Interest	Fixed & Variable	Variable	Fixed	Fixed	
Maturity	June 2017	June 2017	June 2017	Dec 2017	

Review and Results of Operations (continued)

Senior Debt Comparison 2013 & 2012

	June 2013	June 2012
Facility Limit	$128M	$164.5M
Drawn Debt	$123M	$164.1M
Interest	72% Fixed 28% Variable	100% Variable
Maturity	June 2017	October 2012
LVR Actual	71%	78%
LVR Covenant	73%	75%
ICR Actual	1.48 times	1.13 times
ICR Covenant	1.35 times	1.50 times

The Fund has reduced its total debt through both the $3 million debt forgiveness procured by the RE for the Fund and debt repayments from net sale proceeds of property asset sales totaling approximately $36 million reducing its total debt to approximately $127 million.

Capital Expenditure

In line with the Fund's stated strategy a comprehensive capital expenditure program was instigated during the period. It is anticipated that the material proportion of these works will be completed by June 2014.

The RE had identified and budgeted for approximately $3.6 million of capital expenditure to be commenced during the period. At the date of this report approximately $1.2 million has been completed. The balance $2.4 million and a further $1 million in capital expenditure is anticipated to be completed by June 2014.

The capital expenditure program addresses material issues such as replacement of ageing or obsolete plant and equipment, the 'make good' of vacant areas to enable them to be presented appropriately for leasing, and the general maintenance and improvement of the properties required of any commercial owner.

Without these works being completed the ability to retain tenants or attract new tenants to current vacant space is severely limited.

This capital expenditure is a necessary and prudent reinvestment into the properties and, in turn, in their ability to maintain and improve the generation of income into the future. The capital expenditure has been particularly focused on the following:

a. Maintaining and improving the standard of the portfolio's essential services, tenant lettable areas and general appearance and positioning in order to increase desirability to both current occupiers and possible future tenants;

b. Specific tenant initiated works to both base building and tenant lettable areas as a result of current lease renewals; and

c. An improvement of building functionality particularly in relation to the reduction of energy consumption to ensure that both operational cost savings are achieved and that the portfolio maintains and improves its position against ever increasing environmental industry benchmarks to ensure continued future tenant demand to occupy.

Significant Changes in the State of Affairs

In December 2012, the Fund's previous financier, Suncorp Bank, granted a short term debt facility extension to 30 June 2013. A new senior debt facility of $128 million was executed with GE Capital Real Estate for a term of four (4) years. At settlement GE provided an advance of $123 million. The balance $5 million of the facility provides Opus 21 with substantial funding towards the continuing capital expenditure program required on the portfolio consistent with the Fund's stated strategy.

The total debt to be repaid to the previous financier, Suncorp Bank was approximately $127 million. This was a reduced repayment amount as a result of the RE negotiating a $3 million debt forgiveness. Accordingly the proceeds of the new senior debt facility of $123 million were complimented with both a junior debt facility of $2.1 million as well as the Fund applying approximately $2 million of cash to achieve the necessary refinance.

The refinancing of the Fund's debt represents a major outcome for the Fund and members.

Additionally the substantial outcome achieved for unit holders through the $3 million debt forgiveness resulted in an increase in unit holder NTA of 1.4 cents per unit or an increase of approximately 7 per cent.

After Balance Date Events

The Fund's property located at 8-10 Karp Court is subject to a conditional contract of sale for $11.6 million. The purchaser has until 27 September 2013 to go unconditional or alternatively to terminate the contract.

There are no significant matters or circumstances that have arisen since the end of the financial period that have significantly affected or may significantly affect the operations of the Fund, the results of those operations or the state of affairs of the Fund, in future financial years.

Future Developments, Prospects and Business Strategies

The Manager established and continues to execute its financial stability strategy for the Fund. The strategy was implemented in the first quarter of 2012 and incorporated both operational and capital milestones. The first four of the six capital goals have been achieved. These were the Fund's key priorities for the past year and included:

1. A meaningful reduction in total debt (approximately $40 million) and a reduction in gearing to less than 75%;
2. Securing a short term extension from the previous Senior Lender to allow for:
   a. The securing of interim senior debt from GE Capital that is reflective of the Funds high gearing; and
   b. The implementation of the capital expenditure program.

The remaining two goals include:

1. A reduction of loan to valuation ratio from 75% to 55%-60%; and
2. Procuring a long term senior debt facility reflective of the Fund's improved capital position at that time.

The intended outcome from the completion of the financial stability strategy is to provide for an increase in distributions as well as to give consideration to opening the Fund for new subscriptions and to provide for redemptions.

Although substantial progress has been achieved during the period, distributions from the Fund will remain at current levels for the foreseeable future. Once the capital expenditure program is substantially completed and the gearing reduced to less than 60% LVR, both of which are targeted to be achieved during the 2014 financial year then surplus cash flow will be able to be directed to an increase in distributions.

The Funds priorities for the 2014 financial year are to:

1. Continue the capital expenditure program;
2. Improve portfolio occupancy & weighted average lease expiry; and
3. Reduce gearing to a level of not greater than 60%.

The completion of those priorities may allow the Fund to increase distributions to unit holders in the future. To achieve the necessary reduction in LVR to not greater than 60% either one or a combination of the following is required:

1. An approximate increase in property valuations of $35 million (approximately 22% on current value);
2. Continued asset sales at prices equal to current valuation (accounting for costs) totalling approximately $60 million; and
3. Contribution of new equity through capital raising of approximately $21 million.

To achieve this, the Manger will continue to consider asset divestments where appropriate and will investigate the commerciality of various capital raising opportunities.

Director's Report

Environmental Issues

The Fund's operations were not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the Directors believe that the Fund has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Fund.

Options

No options over interests in the trust were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Fees Paid To And Interests Held in the Fund by the Responsible Entity or its Associates

Fees paid to the responsible entity and its associates or Directors out of Fund property during the year are disclosed in note 15 of the financial statements.

The number of interests in the Fund held by the responsible entity or its associates as at the end of the financial year are disclosed in note 15 of the financial statements.

Interests in the Fund

Opus Income & Capital Fund No. 21 offers an active distribution reinvestment plan (**DRP**) where members are able to allocate their monthly income distribution entitlement to acquire additional Fund units.

Throughout the 2013 financial year, the DRP facility allocated 425,272 units in the Fund from income distributions of $53,000. At 30 June 2013, the resulting number of units on issue in the Opus Income & Capital Fund No. 21 was 214,489,721. The movement in units on issue in the Fund during the year is disclosed in note 13 of the financial statements.

The value of the Fund's assets and liabilities is disclosed on the Statement of financial position and derived using the basis set out in note 2 of the financial statements.

Distributions Paid or Recommended

Distributions payable throughout the 2013 financial year totalled $643,000 (2012: $644,000) which also includes an amount of $53,000 reinvested in the fund through the distribution reinvestment plan (2012: $60,000).

Rounding

The Fund is of a kind referred to in Class order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

Indemnification and Insurance of Directors, Officers and Auditor

Since commencement, the Fund has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an officer of the responsible entity or an auditor of the Fund.

The RE has paid insurance premiums in respect of their officers for liability and legal expenses for the year ended 30 June 2013. Such insurance contracts insure against certain liability (subject to specified exclusions) for persons who are or have been Directors or executive officers of the RE.

Details of the nature of the liabilities covered or the amount of the premium paid has not been included as such disclosure is prohibited under the terms of the contract.

The Fund has not indemnified its auditor.

Proceedings on Behalf of the Fund

Other than as disclosed in Note 20, no person has applied for leave of Court to bring proceedings on behalf of the Fund or intervene in any proceedings to which the Fund is a party for the purposes of taking responsibility on behalf of the Fund for all or any part of those proceedings. The Fund was not a party to any such proceedings during the year.

Auditor's Independence Declaration

The Auditor's Independence Declaration forms part of the Director's Report and can be found on page 19.

This report is signed in accordance with a resolution of the Board of Directors of Opus Capital Limited, the responsible entity of Opus Income & Capital Fund No. 21.

Mr Matthew Madsen
Director

Dated at Brisbane on 18 September 2013

Auditors Independence Declaration

Under Section 307C of the Corporations Act 2001

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DECLARATION OF INDEPENDENCE BY P A GALLAGHER TO THE DIRECTORS OF OPUS CAPITAL LIMITED AS RESPONSIBLE ENTITY OF OPUS INCOME & CAPITAL FUND NO.21.

As lead auditor of Opus Income & Capital Fund No.21 for the year ended 30 June 2013, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

P A Gallagher
Director

BDO Audit Pty Ltd

Brisbane, 18 September 2013

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms.

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2013

	Note	2013 $000's	2012 $000's
Revenue	4	21,025	24,556
Property expenses	5	(6,831)	(7,110)
Trust level expenses	5	(1,833)	(1,771)
Finance costs	5	(9,258)	(11,519)
Leasing fees and incentive amortisation	5	(1,093)	(1,480)
Fair value movement in assets held for sale	7	(492)	177
Fair value movement in investment property	9	(1,197)	(2,633)
Loss on sale of investment properties		(2,458)	(653)
Impairment of receivables		9	(183)
Debt forgiveness		3,000	-
Profit/(loss) for the year		872	(616)
Other comprehensive income		-	-
Other comprehensive income for the year		-	-
Total comprehensive income attributable to:			
Owners of Opus Income & Capital Fund No. 21		872	(616)

The Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Notes to the Financial Statements.

Statement of Financial Position

As at 30 June 2013

	Note	2013 $000's	2012 $000's
CURRENT ASSETS			
Cash and cash equivalents	18	1,324	3,298
Trade and other receivables	6	518	676
Assets classified as held for sale	7	11,638	38,040
TOTAL CURRENT ASSETS		13,480	42,014
NON-CURRENT ASSETS			
Investment properties	9	156,664	168,310
Trade and other receivables	6	1,143	1,282
Leasing fees and incentives	8	2,543	3,058
TOTAL NON-CURRENT ASSETS		160,350	172,650
TOTAL ASSETS		173,830	214,664
CURRENT LIABILITIES			
Trade and other payables	10	2,307	2,448
Interest bearing loans and borrowings	11	277	166,648
Provision for distributions	12	52	54
TOTAL CURRENT LIABILITIES		2,636	169,150
NON-CURRENT LIABILITIES			
Tenant security deposits		317	395
Interest bearing loans and borrowings	11	125,476	-
TOTAL NON-CURRENT LIABILITIES		125,793	395
TOTAL LIABILITIES		128,429	169,545
NET ASSETS		45,401	45,119
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS			
Unitholders funds	13	138,713	139,303
Retained earnings		(93,312)	(94,184)
TOTAL EQUITY		45,401	45,119

The Statement of Financial Position should be read in conjunction with the Notes to the Financial Statements.

Statement of Changes in Equity

For the year ended 30 June 2013

	Unitholders Funds $000's	Retained Earnings $000's	Total $000's
Balance at 1 July 2011	139,887	(93,568)	46,319
Comprehensive income			
Profit/(loss) for the year	-	(616)	(616)
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	(616)	(616)
Transactions with owners in their capacity as owners			
Distributions reinvested	60	-	60
Return of unit capital	(644)	-	(644)
Balance at 30 June 2012	139,303	(94,184)	45,119
Balance at 1 July 2012	139,303	(94,184)	45,119
Comprehensive income			
Profit/(loss) for the year	-	872	872
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	872	872
Transactions with owners in their capacity as owners			
Distributions reinvested	53	-	53
Distributions paid or provided for	(643)	-	(643)
Balance at 30 June 2013	138,713	(93,312)	45,401

The Statement of Changes in Equity should be read in conjunction with the Notes to the Financial Statements.

Statement of Cash Flows

For the year ended 30 June 2013

	Note	2013 $000's	2012 $000's
CASH FLOWS FROM OPERATING ACTIVITIES			
Rent and outgoings received		23,584	27,148
Cash payments in the course of operations		(10,657)	(11,512)
Interest received		84	94
Finance costs		(9,332)	(11,519)
GST received/(paid)		(1,251)	(1,597)
Net cash provided by/(used in) operating activities	18	2,428	2,614
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for investment property improvements		(410)	(2,097)
Payments for leasing fees		(547)	(622)
Payments for costs associated with sale of investment property		(904)	(488)
Proceeds from the sale of investment properties		35,956	18,515
Net cash provided by/(used in) investing activities		34,095	15,308
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds of borrowings		123,000	-
Proceeds of borrowing from Associates		2,100	-
Repayment of borrowings		(161,609)	(18,256)
Return of capital		(592)	(586)
Payments for borrowing and establishment costs		(1,396)	
Net cash (used in)/provided by financing activities		(38,497)	(18,842)
Net increase/(decrease) in cash held		(1,974)	(920)
Cash at the beginning of the financial year		3,298	4,218
Cash at the end of the financial year	18	1,324	3,298

The Statement of Cash Flows should be read in conjunction with the Notes to the Financial Statements.

Notes to the Financial Statements

For the year ended 30 June 2013

Note 1 General Information

Introduction

Opus Income & Capital Fund No. 21 for the year ended 30 June 2013 is a property trust incorporated and domiciled in Australia. The Fund is a for-profit entity for the purpose of preparation of these financial statements.

Operations and principal activities

The Fund invests in commercial and industrial properties and other associated assets in accordance with the provisions of the Fund's constitution.

Currency

The financial report is presented in Australian dollars. The Fund is of a kind referred to in Class order 98/100, issued by the Australian Securities and Investments Commission, relating to the ''rounding off'' of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

Registered office

The registered office of Opus Income & Capital Fund No. 21 is situated at Level 20, 444 Queen Street, Brisbane Qld 4000.

Authorisation of financial report

The financial report was authorised for issue on 18th of September 2013 by the Directors.

Note 2 Summary of Significant Accounting Policies

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the Corporations Act 2001.

Compliance with IFRS

The financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available for sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

Accounting policies

a. Income Tax

Under current income tax legislation, the Fund is not liable to taxation as the taxable income is distributed in full to unitholders.

b. Revenue & Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Lease income from operating leases is recognised in income on a straight line basis over the lease term. Rental revenue not received at reporting date is reflected in the statement of financial position as a receivable or if paid in advance, as rent in advance (unearned income). Lease incentives granted are considered an integral part of the total revenue and are recognised as a reduction in rental income over the term of the lease, on a straight line basis. Contingent rents based on the future amount of a factor that changes other than with the passage of time, including turnover rents and CPI linked rental increases, are only recognised when contractually due.

Outgoings recovered are recognised when invoiced and represent the portion of property expenses that are recoverable from the tenants.

Interest revenue is recognised using the effective interest rate method which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

c. Expenses

Property expenses

Property expenses consist of rates, taxes and other property outgoings in relation to the investment property.

Responsible entity's remuneration

Refer to note 15 for details of the responsible entity's remuneration.

Custodian's remuneration

The Custodian received remuneration of $89,655 (2012: $80,654) for its services during the year.

OPUS CAPITAL GROUP

Note 2 Summary of Significant Accounting Policies (continued)

d. Investment Property

All investment property is measured at fair value.

The fair value of investment property is determined by reference to an independent valuation performed by an external expert, or using an internal Director's valuation model. The valuation is supported by market evidence, with key factors being current and forecast rental demand, property age, location and grade, and other such differentiating factors.

In the Statement of financial position the value of the investment property excludes the accrued operating lease income and instead recognises it as a separate receivable.

A gain or loss arising from a change in fair value of investment property is included in profit or loss for the year in which it arises.

e. Financial Instruments

Initial Recognition & Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Fund commits itself to either the purchase or the sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified at fair value through profit or loss, in which case transaction costs are expensed to profit or loss immediately.

Classification & Subsequent Measurement

Finance instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Loans & Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Collectability of loans and receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue) are considered indicators that the receivable may be impaired.

Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

f. Impairment of Non-Financial Assets

At each reporting date, the Fund reviews the carrying values of its tangible and intangible assets to determine whether there is any 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 asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income. Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Fund estimates the recoverable amount of the cash-generating unit to which the asset belongs.

g. Cash & Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the Statement of Financial Position.

h. Finance costs

Finance costs include interest, amortisation of discounts or premiums relating to borrowings and amortisation of ancillary costs incurred in connection with arrangements of borrowings.

Interest payments in respect of financial instruments classified as liabilities are included in finance costs.

Loan establishment costs are offset against financial liabilities under the effective interest method and amortised over the term of the facility to which they relate.

i. Goods & 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. 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 in the Statement of Financial Position are shown inclusive of GST.

Cash flows are presented in the Cash Flow Statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Note 2 Summary of Significant Accounting Policies (continued)

j. Lease Incentives

Lease incentives are capitalised and amortised over the life of the lease.

Rent abatements are recognised over the life of the rent abatement period.

Initial direct leasing costs incurred in negotiating and arranging operating leases are recognised as an asset in the statement of financial position and are amortised as an expense on a straight line basis over the lease term.

The value of capitalised lease incentives is deducted from the fair value of investment property as described in the investment property accounting policy.

k. Comparative Figures

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

l. Leases

The Fund leases its investment property under agreements where the trust retains substantially all the risks and benefits associated with the investment property. Accordingly such arrangements are classified as operating leases and amounts received under such agreements are accounted for in accordance with the trust's accounting policy for revenue.

m. Distributions to Unitholders

Provision is made for the amount of any distribution declared, being appropriately authorised and no longer at the discretion of the responsible entity, on or before the end of the financial year but not distributed as at balance date.

n. Unitholders Funds

Ordinary units are classified as unitholders funds. Incremental costs directly attributable to the issue of new units are shown in equity as a deduction from the proceeds received.

o. Significant Accounting Estimates, Judgements and Assumptions

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies.

The Directors of the responsible entity evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on historical experiences and the best available current information on current trends and economic data, obtained both externally and within the Fund. These estimates and judgements made assume a reasonable expectation of future events but actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision effects only that period or in the period and future periods if the revision affects both current and future periods. There were no key adjustments during the year which required estimates and/or judgements with the exception of the following:

<u>Key judgements – contingent liability</u>

Refer to Note 20 for further details regarding the contingent liability. There is currently insufficient information to allow for provision for costs relating to any potential liability on this matter. Therefore the directors have determined that no provision will be recorded as at 30 June 2013.

<u>Key assumptions – investment property valuation</u>

The Fund makes key assumptions in determining the fair value of its investment property portfolio as at balance date. The assumptions thought to bear the most significant impact on the adopted fair value of each of the fund's investment properties are disclosed in Note 7 and Note 9, together with the carrying amount of each investment property asset measured at fair value.

p. Adoption of New Accounting Standards and Interpretations

New and amended standards and interpretations that are mandatory for the first time for the financial year beginning 1 July 2012 have been adopted. The adoption of these standards and interpretations did not have any material impact on the current or any prior period and is not likely to materially affect future periods. However, the adoption of the amendments to AASB 101 Presentation of Financial Statements, effective for annual periods beginning on or after 1 July 2012, has resulted in the renaming of the 'statement of comprehensive income' to the 'statement of profit or loss and other comprehensive income' and also requires items of other comprehensive income to be grouped into those that are not permitted to be reclassified to profit or loss in a future period, and those that may be reclassified if certain conditions are met.

Note 2 Summary of Significant Accounting Policies (continued)

q. New and Amended Accounting Standards and Interpretations Not Yet Adopted

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Fund.

Management anticipates that all of the relevant pronouncements will be adopted in the Fund's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Fund's financial statements is provided below.

Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Fund's financial statements.

AASB 9 Financial Instruments (effective from 1 January 2015)

The AASB aims to replace AASB 139 Financial Instruments: Recognition and Measurement in its entirety. The replacement standard (AASB 9) is being issued in phases. To date, the chapters dealing with recognition, classification, measurement and derecognition of financial assets and liabilities have been issued. These chapters are effective for annual periods beginning 1 January 2015. Further chapters dealing with impairment methodology and hedge accounting are still being developed.

Management have yet to assess the impact that this amendment is likely to have on the financial statements of the Fund. However, they do not expect to implement the amendments until all chapters of AASB 9 have been published and they can comprehensively assess the impact of all changes.

Consolidation Standards

A package of consolidation standards that are effective for annual periods beginning or after 1 January 2013. Information on these new standards is presented below. The Fund's management have yet to assess the impact of these new and revised standards on the Fund's consolidated financial statements.

AASB 10 Consolidated Financial Statements (AASB 10)

AASB 10 supersedes AASB 127 Consolidated and Separate Financial Statements (AASB 127) and Interpretation 112 Consolidation – Special Purpose Entities. It revised the definition of control together with accompanying guidance to identify an interest in a subsidiary. However, the requirements and mechanics of consolidation and the accounting for any non-controlling interests and changes in control remain the same.

AASB 11 Joint Arrangements (AASB 11)

AASB 11 supersedes AASB 131 Interests in Joint Ventures (AASB 131). It aligns more closely the accounting by the investors with their rights and obligations relating to the joint arrangement. In addition, AASB 131's option of using proportionate consolidation for joint ventures has been eliminated. AASB 11 now requires the use of the equity accounting method, which is currently used for investments in associates.

AASB 12 Disclosure of Interests in Other Entities (AASB 12)

AASB 12 integrates and makes consistent the disclosure requirements for various types of investments, including unconsolidated structured entities. It introduces new disclosure requirements about the risks to which an entity is exposed from its involvement with structured entities.

Consequential amendments to AASB 127 and AASB 128 Investments in Associates and Joint Ventures (AASB 128)

AASB 127 now only deals with separate financial statements. AASB 128 brings investments in joint ventures into its scope. However, AASB 128's equity accounting methodology remains unchanged.

AASB 13 Fair Value Measurement (AASB 13)

AASB 13 does not affect which items are required to be fair-valued, but clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It is applicable for annual periods beginning on or after 1 January 2013. The Group's management have yet to assess the impact of this new standard.

r. Going Concern

During both the current and prior financial years the fund breached both the LVR and minimum interest coverage covenants, and as at 30 June 2013 these breaches had been rectified through the refinancing of the funds debt (refer note 11). The first capital repayment of this debt is not repayable until December 2014.

A number of the financial ratios of the fund have therefore improved with the debt being classified as non-current at the end of the reporting period. As at 30 June 2013, the Fund has a working capital surplus of $10.844 million (2012: deficit of $127.136 million). The deficit arose in the prior year primarily due to the Suncorp debt facility expiration prior to 30 June 2012 amounting to $164.9 million, which is classified as current as required under Australian Accounting Standards. The Fund has total equity of $45.401 million as at 30 June 2012 (2012: $45.119 million), profit of $872,000 (2012: loss $616,000), operating cash inflows of $3.169 million (2012: $2.614 million). Due to these financial ratios improving the directors are of the opinion that the going concern indicators that existed in the prior year have been rectified and no longer exist.

Notes to the Financial Statements

For the year ended 30 June 2013

Note 3 Distributions

	2013 $000's	2012 $000's
Distributions paid or provided for by the Fund from unit capital		
Half year ended December 0.14 cents per unit (2012: 0.13 cents)	297	269
Half year ended June 0.14 cents per unit (2012: 0.17 cents)	293	375
	590	644

Note 4 Revenue

Rental income and outgoings recovered – investment property	20,941	24,462
Interest revenue	84	94
	21,025	24,556

Note 5 Expenses

Property expenses		
Recoverable expenses	5,705	5,920
Direct expenses	882	825
Non-recoverable expenses	244	365
	6,831	7,110
Trust level expenses		
Responsible entity management fee	1,006	1,208
Trust administration expenses	827	563
	1,833	1,771
Finance costs		
Interest expense	8,537	11,512
Borrowing costs (outgoing financier)	584	-
Other finance fees and expenses	137	7
	9,258	11,519
Leasing fees and incentive amortisation		
Leasing fees amortised	334	510
Leasing incentives amortised	759	970
	1,093	1,480

Note 6 Trade and Other Receivables

	2013 $000's	2012 $000's
Current		
Rent and outgoings receivable	396	833
Prepayments	160	119
Sundry receivables	253	93
Provision for impairment	(291)	(369)
	518	676

During the year additional amounts were provided against trade debtors identified as doubtful in the prior year, with approximately $4,000 of additional bad debts written off directly.

Non-Current		
Rent and outgoings receivable	1,143	1,282

Note 7 Non-Current Assets Classified as Held for Sale

Investment properties held for sale	11,638	38,040

During the year the RE decided to sell the properties below. The RE actively marketed the properties to potential buyers during the period.

Valuation Basis at 30 June 2013 Property	Valuation Basis	Capitalisation Rate	Net Market Income $000's	Adjustments	Valuation $000's
Unit 4, 140 Paramount Boulevard, Derrimut	Contract price				515
8-10 Karp Court, Bundall	Contract price				11,600
					12,115

Note 7 Non-Current Assets Classified as Held for Sale (continued)

Valuation Basis at 30 June 2012 Property	Valuation Basis	Capitalisation Rate	Net Market Income $000's	Adjustments	Valuation $000's
437 St Kilda Road, Melbourne	Independent	7.90%	2,338	(2,634)	27,000
45 Dacre Street, Mitchell, Canberra	Independent	8.50%	944	(1,143)	10,000
Unit 4, 140 Paramount Boulevard, Derrimut	Independent	7.25%	41	(34)	530
Unit 5, 140 Paramount Boulevard, Derrimut	Independent	7.40%	40	(33)	510
					38,040

Movements and Reconciliation	2013 $000's	2012 $000's
Balance at beginning of year	38,040	72,040
Transfers from investment property	11,600	37,000
Transfers to investment property	-	(52,300)
Less estimated selling costs	(365)	-
Capital additions	(112)	-
Movements in fair value	(15)	177
Disposals	(37,510)	(18,877)
Balance at end of year	11,638	38,040

Note 8 Leasing Fees and Incentives

	2013 $000's	2012 $000's
Leasing fees		
Leasing fees	2,587	2,318
Accumulated amortisation	(1,953)	(1,708)
	634	610
Leasing incentives		
Leasing incentives	4,236	4,448
Accumulated amortisation	(2,327)	(2,000)
	1,909	2,448
Total Other Assets	2,543	3,058

Note 9 Investment Properties

	2013 $000's	2012 $000's
Investment properties	156,664	168,310

Movements during the period

	2013 $000's	2012 $000's
Balance at beginning of year	168,310	153,579
Movements in fair value	(1,197)	(2,633)
Capital additions	1,151	2,097
Transfers from non-current assets held for sale	-	51,997
Transfers to non-current assets held for sale	(11,600)	(36,730)
Balance at end of year	156,664	168,310

Reconciliation to investment property valuations

	2013 $000's	2012 $000's
Valuations at end of year	160,350	172,650
Less rent receivable	(1,143)	(1,282)
Less leasing fees and lease incentives	(2,543)	(3,058)
Balance at end of year	156,664	168,310

The basis of the valuation of investment properties is fair value being the amounts for which the properties could have been exchanged between willing parties in an arm's length transaction, based on current prices in an active market. The 30 June 2013 valuations were based on independent assessments made by qualified and suitably experienced certified practicing external valuers as set out above in accordance with the methodology as set out in Note 2, using a capitalisation approach as the primary valuation method. The specific key assumptions and variables adopted in the valuations are set out below.

Notes to the Financial Statements

For the year ended 30 June 2013

Note 9 Investment Properties (continued)

Investment property valuations details

30 June 2013

Property	Valuation Basis	Capitalisation Rate	Net Market Income $000's	Adjustments $000's	Valuation $000's
Bld 2, 747 Lytton Road, Murarrie	Independent	9.13%	1,276	(828)	13,250
Land at 26-30 Grafton Street, Cairns	Independent	n/a	n/a	n/a	1,150
9-19 Lake Street, Cairns	Independent	9.00%	4,204	(4,533)	41,500
142-150 Benjamin Place, Lytton	Independent	9.00%	678	(548)	7,000
700 Springvale Road, Mulgrave	Independent	9.50%	2,110	(3,944)	18,800
12-14 The Circuit, Brisbane Airport	Independent	9.50%	1,886	76	19,000
436 Elgar Rd, Box Hill	Independent	9.00%	1,701	(2,589)	16,500
154 Varsity Parade, Varsity Lakes	Independent	9.25%	1,298	(1,923)	11,750
Bld 7, 572-576 Swan Street, Richmond	Independent	8.25%	2,716	(865)	31,400
					160,350

30 June 2012

Property	Valuation Basis	Capitalisation Rate	Net Market Income $000's	Adjustments $000's	Valuation $000's
Bld 2, 747 Lytton Road, Murarrie	Independent	9.25%	1,278	(571)	13,250
Land at 26-30 Grafton Street, Cairns	Independent	n/a	n/a	n/a	1,150
9-19 Lake Street, Cairns	Independent	9.00%	4,206	(5,917)	40,800
142-150 Benjamin Place, Lytton	Independent	8.60%	675	(158)	7,700
8-10 Karp Court, Bundall	Independent	10.00%	1,792	(5,483)	12,500
700 Springvale Road, Mulgrave	Independent	10.00%	1,973	(792)	19,000
12-14 The Circuit, Brisbane Airport	Independent	9.90%	1,886	(43)	19,000
436 Elgar Rd, Box Hill	Independent	8.65%	1,659	(2,171)	17,000
154 Varsity Parade, Varsity Lakes	Independent	9.25%	1,277	(1,982)	11,750
Bld 7, 572-576 Swan Street, Richmond	Independent	8.50%	2,641	(560)	30,500
					172,650

Note 10 Trade and Other Payables

	2013 $000's	2012 $000's
Current		
Trade and other payables	2,044	1,428
Revenue in advance	263	1,020
	2,307	2,448

Note 11 Interest Bearing Loans and Borrowings

	2013 $000's	2012 $000's
Current		
Bank loan accrued interest	277	-
Bank loans	-	164,900
Loan from Opus Magnum Fund	-	1,748
	277	166,648

	2013 $000's	2012 $000's
Non-Current		
Bank loans (secured)	121,614	-
Loan from Associates – M3 SIT Pty Ltd (secured)	1,862	-
Loan from Associates – Madsen Nominees (secured)	252	-
Loan from Opus Magnum Fund (unsecured)	1,748	-
	125,476	-

Bank Loan

The bank loan is secured by: (a) a first registered mortgage from The Trust Company (Australia) Limited over the applicable property; and (b) a first registered fixed and floating charge from Opus Capital Limited (limited to the assets of the Fund) in favour of the bank.

In December 2012 the facility was subject to a short term extension until 30 June 2013. In June 2013, the responsible entity secured financing with GE Capital and upon refinancing repaid the outstanding liability with Suncorp Bank.

Under the facility agreement with GE that was operable at 30 June 2013, the following covenants exist:

- Loan to value ratio had to remain under 73% from the date of signing for the first 18 months, under 68% for the period of 18 months to 36 months and under 63% from 36 months until the termination of the agreement.
- Minimum cash on cash return (a ratio of annualised net operating income to the secured money outstanding) to be 10%.
- Minimum debt service coverage figure had to not be less than 1.35 times the Fund's interest expenses until 3 years subsequent to signing and 1.5 times subsequent to the 3 years.

Notes to the Financial Statements

For the year ended 30 June 2013

Note 11 Interest Bearing Loans and Borrowings (continued)

The bank loan has a facility limit of $128,000,000 (2012: $164,468,470). At 30 June 2013 the Fund has drawn $123,000,000 (2012: $164,139,143) which is within the facility limit. As at the 30 June 2013 $88,560,000 was a fixed interest rate facility and the balance $34,440,000 was a variable rate facility.

During the year the fund breached both the LVR and minimum interest coverage covenants, of the previous facility. This has been rectified as at 30 June 2013 through the refinancing of this debt.

Loan from Associates - M3 SIT Pty Ltd and Madsen Nominees

The loan from associates is secured by: (a) a second registered mortgage from The Trust Company (Australia) Limited over the applicable property; and (b) a general security agreement from OCL as RE of the Fund (limited to the assets of the Fund) in favour of the lenders.

The parties have lent a total sum of $2.1 million for a term of four years. Interest accrues and is capitalised at a simple interest rate of 25% per annum. There is an option, at the discretion of the lender, for the debt to be repaid with discounted units in the Fund.

The weighted average cost of interest for the $125.1 million drawn at settlement was 7.78% (2012: 5.637%).

Loan from Opus Magnum Fund

The Fund as borrower to the Opus Magnum Fund, made interests payments throughout the year ended 30 June 2013. As part of the Fund's refinancing to GE, the Opus Magnum Fund consented to the execution of a deed of variation between it and the Fund.

The varied terms to the loan agreement include the maturity of loan to be a fixed term of four (4) years and six (6) months, a stepped up interest rate after two (2) years from 13% to 17.5%, interest to be accrued and capitalised, and no principal repayments during term.

The loan from Opus Magnum Fund currently bears an interest rate of 13.00% (2012: 13.00%). The loan is fully drawn at balance date and there are no unused facilities available (2012: Nil).

Note 12 Provision for Distributions

	2013 $000's	2012 $000's
Provision for distribution	52	54

Movements in provisions

Opening balance at beginning of year	54	55
Distributions provided for	643	644
Distributions paid	(645)	(645)
Balance at end of year	52	54

Note 13 Unitholders Funds

	2013 $000's	2012 $000's
214,489,721 units (2012: 214,276,079)	138,713	139,303

	2013 Number	2012 Number	2013 $000's	2012 $000's
Movements during the year				
Balance at beginning of year	214,276,079	214,064,449	139,303	139,887
Applications	-	-	-	-
Distributions paid	-	-	(643)	(644)
Distributions reinvested	213,642	211,570	53	60
Issue costs	-	-	-	-
Balance at end of year	214,489,721	214,276,079	138,713	139,303

Units

Each unitholder has one vote for each unit that they have in the Fund. Unitholders have the right to receive distributions as declared and in the event of the Fund winding up to participate in the net proceeds from the sale of the assets in proportion to the number of units held.

Capital Risk Management

The Fund's objective when managing capital (taken to be unitholders' funds and retained earnings) is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for unitholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Fund may adjust the amount of distributions paid to unitholders, return capital to unitholders, issue new units or sell assets to reduce debt. Consistent with others in the industry, the Fund monitors capital on the basis of a Loan to Valuation Ratio (LVR). LVR is calculated as net debt divided by gross property values.

The LVR at 30 June 2013 and 30 June 2012 was as follows:

	2013 $000's	2012 $000's
Borrowings	125,753	166,648
Less:		
Cash and cash equivalents	(1,324)	(3,298)
Net debt	124,429	163,350
Gross value of investment property	172,465	210,690
Gearing Ratio*	72%	78%

** Differs from bank LVR due to the inclusion of "total net debt" as opposed to bank debt.*

Note 14 Financial Risk Management

The Fund's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Fund's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Fund. The Fund uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate risk and maturity analysis for liquidity risk.

The Directors of the responsible entity have overall responsibility for the determination of the Fund's risk management objectives and policies. The overall objective of the Directors of the responsible entity is to set policies that seek to reduce risk as far as possible without unduly affecting the Fund's competitiveness and flexibility. Further details regarding these policies are set out below:

(a) Credit Risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Fund incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to the Fund. The objective of managing credit risk is to limit the exposure of the Fund to such risk.

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 impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Fund also holds security deposits of $317k recognised as a liability in the statement of financial position, and also has bank guarantees in the Fund's favour of $2.475m not recorded in the statement of financial position, which may be drawn upon in the event of default. A portion of these amounts are pledged as security for recognised trade and other receivables.

Credit risk is reviewed regularly by the Directors of the responsible entity.

The credit quality of cash and cash equivalents is considered strong.

Maximum exposure to credit risk

	2013 $000's	2012 $000's
Cash and cash equivalents	1,324	3,298
Trade and other receivables (net of impairment)	1,661	2,057
	2,985	5,355

Ageing of receivables

Not past due	1,658	2,054
Past due 0-90 days	-	1
Past due >90 days	3	2
Impaired	-	369
	1,661	2,426

Note 14 Financial Risk Management (continued)

(b) Liquidity risk

Liquidity risk is the risk that the Fund may encounter difficulties raising funds to meet financial obligations as they fall due. Liquidity risk is reviewed regularly by the Directors of the responsible entity. The objective of the responsible entity in managing liquidity risk is to ensure the Fund will be able to meet its commitments as and when they fall due.

The Fund manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash resources are maintained. The Fund has a $5 million facility available from the senior lender to assist with funding capital expenditure. The senior lender will contribute not more than 73% of these costs and the Fund must meet the balance 27%.

The table below reflects the contractual maturity of fixed and floating rate financial liabilities. Cash flows for financial liabilities without fixed amount or timing are based on the conditions existing at 30 June 2013. The amounts disclosed represent undiscounted cash flows.

The remaining contractual maturities of the financial liabilities are:

	2013 $000's	2012 $000's
Less than one year		
Trade and other payables	2,307	2,448
Bank loan accrued interest	277	-
Bank loans	-	164,900
Loan from Opus Magnum Fund	-	1,748
	2,584	169,096
Between one and five years		
Trade and other payables	317	395
Bank loans	121,614	-
Loan from M3 SIT Pty Ltd	1,862	-
Loan from Madsen Nominees	252	-
Loan from Opus Magnum Fund	1,748	-
	125,793	395

(c) Market Risk

Market risk arises from the use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

Note 14 Financial Risk Management (continued)

(d) Interest rate risk

Interest rate risk is managed by constant monitoring of interest rates. Exposure to interest rate risk is measured via sensitivity analysis. The Fund's objective in managing interest rate risk is to mitigate the impact of significant fluctuations in variable interest charges on the Fund's balance sheet and cash flows.

Interest rates over the 12 month period were analysed and a sensitivity determined to show the effect on profit and equity if the interest rates at reporting date had been 100 basis points higher or lower, with all other variables held constant. This level of sensitivity was considered reasonable given the current level of both short-term and long-term Australian interest rates. The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance date, namely variable rate cash holdings and borrowings.

At 30 June 2013, if interest rates had moved, as illustrated in the table below, with all other variables held constant, profit and equity would have been affected as follows:

	Profit Higher/(Lower)		Equity Higher/(Lower)	
Judgments of reasonably possible movements:	**2013 $000's**	**2012 $000's**	**2013 $000's**	**2012 $000's**
+1.00% (100 basis points)	(1,244)	(1,634)	(1,244)	(1,634)
-1.00% (100 basis points)	1,244	1,634	1,244	1,634

(e) Net Fair Values

The net fair values of financial assets and liabilities approximate their carrying value. No financial assets or liabilities are readily traded on organised markets in standardised form.

The aggregate net fair values and carrying amounts of financial assets and liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

Note 15 Related Parties and Key Management Personnel

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Responsible entity

The responsible entity of the Fund is Opus Capital Limited.

Key management personnel

The Directors of Opus Capital Limited at any time during or since the end of the financial year are:

Mr Matthew Madsen, Chairman	Appointed 22 September 2011
Mr Rowan Ward, Non-Executive Director	Appointed 25 January 2011
Mr Mark Hallett, Non-Executive Director	Appointed 31 January 2011

Key management personnel compensation

No compensation is paid directly by the Fund to Directors or any employees of the responsible entity.

OPUS CAPITAL GROUP

Note 15 Related Parties and Key Management Personnel (continued)

Key Management Personnel unitholdings (number of units)

2013	Opening Balance	Additions	Disposals	Closing Balance
Directors of Opus Capital Limited				
Mr Matthew Madsen	-	-	-	-
Mr Rowan Ward	-	-	-	-
Mr Mark Hallett	-	-	-	-
Responsible entity				
Opus Capital Limited	48,800	-	-	48,800

2012	Opening Balance	Additions	Disposals	Closing Balance
Directors of Opus Capital Limited				
Mr Matthew Madsen	-	-	-	-
Mr Rowan Ward	-	-	-	-
Mr Mark Hallett	-	-	-	-
Mr Maurice Kluge[1]	-	-	-	-
Mr Stephen Gosling[2]	-	-	-	-
Responsible entity				
Opus Capital Limited	-	48,800	-	48,800

1 *Resigned 22 September 2011.*

2 *Resigned 9 September 2011.*

Transactions with Related Parties

Responsible entity's fees and other transactions

Under the Fund constitution, the responsible entity is entitled to receive the following fees:

- Management fee amounting to 7% of the net rent received. Net rent is attained after deducting from the gross rent received, the cost of all rates, land tax, repairs and maintenance, insurance related to the property and all other expenses in respect of the property only and is calculated before the deduction of interest;
- Capital works fee amounting to 5% of the total capital costs incurred in relation to the investment properties.

Note 15 Related Parties and Key Management Personnel (continued)

The transactions during the year and amounts payable at year end between the Fund and the responsible entity were as follows:

	2013 $	2012 $
Responsible entity's fees		
Management fee	1,006,368	1,208,230
Capital works fees	51,886	118,297
	1,058,254	1,326,527
Loan from responsible entity		
Opening balance	48,000	-
Drawdown	-	48,000
Repayment	(48,000)	-
Closing balance	-	48,000

Other transactions with the responsible entity		
Distributions paid on units held in the Fund by the responsible entity	140	23
Administration costs reimbursed in accordance with the Fund Constitution	184,075	118,281
Recovery of accounting expenses	152,978	97,184
Amounts receivable/(payable) to the responsible entity at reporting date	(182,774)	(483,562)

Other related parties

During the year, Integra Asset Management Pty Ltd, Integra Facilities Management Pty Ltd and Opus Capital Services Pty Ltd were engaged to undertake property/facilities management for the properties owned by the Fund and other services on behalf of the RE. These entities are subsidiaries of the responsible entity. All transactions were of a commercial nature on an arm's length basis. The fees paid for those services and administration costs reimbursed during the year were as follows:

Integra Asset Management Pty Ltd	1,056,665	1,258,671
Integra Facilities Management Pty Ltd	105,122	125,289
Opus Capital Services Pty Ltd	141,499	60,692
	1,303,286	1,444,652

Amounts receivable/(payable) to these entities at reporting date:

Integra Asset Management Pty Ltd	7,742	(9,186)
Integra Facilities Management Pty Ltd	1,397	(3,851)
Opus Capital Services Pty Ltd	35,311	(7,994)
	44,450	(21,031)

Note 15 Related Parties and Key Management Personnel (continued)

During the year ended 30 June 2013, the Fund paid a total of $284,063 (2012: $34,915) in legal fees to Hallett Legal Pty Ltd, a related entity of Mark Hallett who is a director of the responsible entity. A total of $24,397 (2012: $6,619) was outstanding at year end. These expenses were incurred on normal commercial terms.

During the year ended 30 June 2013, the Fund paid a total of $580,000 (2012: $0) in fees to Madsen Finance Pty Ltd, a related entity of Matthew Madsen who is a director of the responsible entity. A total of $0 (2012: $0) was outstanding at year end. These expenses were incurred on normal commercial terms.

Loans with Related Parties

	2013 $	2012 $
Loan to Opus Capital Growth Fund No. 1		
Opening balance	-	19,665,690
Loan written off as a bad debt	-	(22,403,304)
Interest charged	-	2,737,614
Closing balance	-	-

The loan to Opus Capital Growth Fund No. 1 has been fully written off as a bad debt (refer to note 6).

	2013 $	2012 $
Loan from Opus Magnum Fund		
Opening balance	1,747,650	1,747,650
Loan repayments made	(227,194)	(240,447)
Interest charged	227,194	240,447
Closing balance	1,747,650	1,747,650
Loan from Associates*		
Loan advances	2,100,000	-
Loan repayments made	-	-
Interest charged	14,384	-
Closing balance	2,114,384	-

**Associates are M3SIT Pty Ltd and Madsen Nominees (refer to note 11).*

Notes to the Financial Statements

For the year ended 30 June 2013

Note 16 Auditors' Remuneration

	2013 $000's	2012 $000's
Remuneration of the auditor for:		
Audit and review of the financial report	38,052	26,500
Other services	**8,985**	**9,500**
	47,037	**36,000**

Note 17 Commitments

	2013 $000's	2012 $000's
Future minimum lease payments receivable:		
Within one year	14,460	15,082
One year to five years	29,204	23,752
Later than five years	701	3,304
	44,365	42,138

Lease receivables have not been included in the Statement of financial position as under AASB 117 'Leases', lease income from operating leases is only recognised on a straight-line basis over the lease term. The lease receivables above include only currently signed leases and do not include options which exist over current leases as these may not be exercised.

Note 18 Cash Flow Information

	2013 $000's	2012 $000's
Reconciliation of cash flow from operations with profit/(loss)		
Profit/(loss)	872	(616)
Non-cash items in profit/(loss)		
Change in fair value of investment property	1,197	2,633
Change in fair value of assets held for sale	492	(177)
Amortisation of borrowing costs	11	-
Impairment of receivables	-	183
Loss on sale of investment property	2,458	653
Debt forgiveness	(3,000)	-
Movements in assets and liabilities		
Trade and other receivables	298	446
Lease incentives and fees	1,062	1,243
Revenue in advance	(760)	(746)
Trade and other payables	(202)	(1,005)
Cash flow from operations	2,428	2,614

Reconciliation to cash at the end of the year		
Cash at bank	1,324	3,298

As disclosed in Note 19 below, it is anticipated that the Public Trustee will exercise its lien over cash assets of the scheme up to the extent of the claim made against the trust by the Public Trustee as described in Note 20. The amount of cash subject to the lien is not disclosed for reasons as described in Note 20.

Note 19 Events After Statement of Financial Position Date

The Fund's property located at 8-10 Karp Court is subject to a conditional contract of sale for $11.6 million. The purchaser has until 27 September 2013 to go unconditional or to terminate the contract.

There have been no other events since 30 June 2013 that impact upon the financial report as at 30 June 2013.

Note 20 Contingent Liabilities

Opus Capital Limited, as responsible entity of the scheme and a number of other related schemes (**Schemes**), received invoices from the Public Trustee of Queensland (**Public Trustee**), as custodian for the Schemes, for costs invoiced to the Public Trustee for legal services procured from Clayton Utz and one other law firm on behalf of the Schemes. Opus on behalf of the Schemes disputes the liability of the Schemes to pay the majority of these costs and, if there was a liability to pay, the quantum of such costs.

An Application for Cost Assessment was filed and served by the RE in February 2013. This is concurrently being heard by the Court as a matter of liability, and was before the Court on 8 May 2013, with supplementary submissions heard on 27 August 2013. The RE anticipates judgement on the matter in the next several months.

Once this judgement is to hand the RE will form a view on the appropriate action in relation to the invoices. Accordingly at this time, the RE continues to not accept liability for the amount claimed by The Public Trustee on behalf of the Schemes to this point, and no amounts are disclosed within this note as such disclosure may unreasonably prejudice the scheme in this matter. It is duly noted that a contingent liability exists as at 30 June 2013 in respect of this matter.

There are no other contingent assets or contingent liabilities as at 30 June 2013.

14/

Director's Declaration

In the opinion of the directors of Opus Capital Limited, the responsible entity of Opus Income & Capital Fund No. 21:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes thereto give a true and fair view of the Fund's financial position as at 30 June 2013 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors of Opus Capital Limited, the responsible entity of Opus Income & Capital Fund No. 21 made pursuant to section 295(5) of the Corporations Act 2001.

Mr Matthew Madsen
Director

Dated at Brisbane on 18 September 2013

Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT

To the unitholders of Opus Income & Capital Fund No. 21

Report on the Financial Report

We have audited the accompanying financial report of Opus Income & Capital Fund No. 21, which comprises the statement of financial position as at 30 June 2013, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the responsible entity for the scheme.

Directors' Responsibility for the Financial Report

The directors of Opus Capital Limited as Responsible Entity of Opus Income & Capital Fund No. 21 are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 judgement, 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 of the responsible entity, 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.

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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, which has been given to the directors of the responsible entity, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Opus Income & Capital Fund No. 21 is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the registered scheme's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies *with International Financial Reporting Standards* as disclosed in Note 2.

BDO Audit Pty Ltd

P A Gallagher

Director

Brisbane, 18 September 2013

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