



Opus Income & Capital Fund No. 21

ARSN: 104 391 273

Interim Report for the half year ended 31 December 2014

Opus Income & Capital Fund No. 21 ARSN 104 391 273

Interim Report - 31 December 2014

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These interim financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2014 and any public announcements made by Opus Income & Capital Fund No. 21 during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

These financial statements of Opus Income & Capital Fund No. 21 are as an individual entity. The financial statements are presented in the Australian currency.

Opus Income & Capital Fund No. 21 is a property Fund, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Opus Income & Capital Fund No. 21
Level 21
12 Creek Street
BRISBANE QLD 4000

The financial statements were authorised for issue by the directors on 5 March 2015. The directors have the power to amend and reissue the financial statements.

Directors' Report

The directors of Opus Capital Limited, the responsible entity of Opus Income & Capital Fund No. 21 (**Fund**), present their report together with the financial statements of the Fund, for the half year ended 31 December 2014.

Information on Directors of the Responsible Entity

The directors of Opus Capital Limited during the whole of the half year and up to the date of this report:

Mr Matthew Madsen, Chairman	Appointed 22 September 2011
Mr Mark Hallett, Non-executive director	Appointed 31 January 2011
Mr Rowan Ward, Non-executive director	Appointed 25 January 2011, Resigned 21 October 2014
Mr Leylan Neep, Executive director	Appointed 31 July 2014

Review and Results of Operations

Total unitholders' equity at 31 December 2014 was \$33.914 million (30 June 2014: \$34.376 million), a decrease of the prior period of \$0.462 million reflective largely of the distributions paid to unit holders during the period. Net tangible assets for the half year ended are \$0.1579 per unit (30 June 2014: \$0.1601).

A net loss of \$0.160 million was generated this half year, an increase of \$7.550 million from the prior half year's loss (2013: \$7.710 million loss).

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 Operations¹ (**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 responsible entity 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.

	31 December 2014 \$000's	31 December 2013 \$000's
Net profit/(loss) for the half year attributable to unitholders	(160)	(7,710)
Fair value movement in investment properties	520	7,837
Loss on sale of investment properties	678	51
Impairment of receivables	16	19
Incentives amortisation and rent straight-line	(134)	269
Funds From Operations (FFO)	920	466
Distribution paid and payable	326	324

FFO of \$0.920 million were generated during the period representing an increase of \$0.454 million from the prior year (2013: \$0.466 million). The increase in FFO is a result of increased occupancies during the period.

The Fund generated operational cash flows of \$0.851 million for the half year (2013: \$1.619 million).

State of Affairs

The responsible entity continued the comprehensive capital improvements program instigated in the 2013 financial year investing a further \$1.5 million for the half year inclusive of tenant incentives, part of which secured a new ten (10) year lease from 1 December 2014 to international accounting practice BDO for over 1,400m² of space in Cairns Corporate Tower. The capital improvement 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.

The sale of 700 Springvale Road, Mulgrave settled on 18 December 2014 for \$14.350m before sale costs. The net sale proceeds were applied to debt reduction. The total loss on sale for the property was \$678,000.

The terms of the senior debt facility were varied during the period with a first deed of variation being executed on 18 December 2014 with GE Capital. The variation was required predominantly for the deferral of the loan to valuation date of 20 December 2014 (revised to 30 June 2015), as well as to facilitate the divestment of the Mulgrave property. Accordingly, the debt facility has continued to be classified as non-current in the statement of financial position.

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 straight-line rent adjustments.

State of Affairs (continued)

The financial statements have been prepared on a going concern basis which contemplates the realisation of assets and settlement of liabilities in the normal course of business. The directors of the responsible entity believe it is appropriate to prepare the financial statements on a going concern basis based on:

- The demonstrated continued support to date of the Fund's senior lender as evidenced through the variation of the senior debt facility;
- The intention of the responsible entity to pursue a substantial capital raising to reduce the Fund's gearing levels within the next 6 months; and
- The ability of the Fund to obtain alternative sources of funding should either circumstance above not eventuate or otherwise agree on further variations to the senior debt facility.

After Balance Date Events

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 periods.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 3.

Rounding of Amounts

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 directors' report and financial statements. Amounts in the directors' report and financial statements have been rounded off to the nearest thousand dollars in accordance with that Class Order.

Auditor

BDO continues in office in accordance with section 331 of the *Corporations Act 2001*.

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.

A handwritten signature in black ink, appearing to read 'M. B. M.', enclosed within a hand-drawn oval. A horizontal line extends from the right side of the oval.

Mr Matthew Madsen

Director
5 March 2015

**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 for the review of Opus Income & Capital Fund No. 21 for the half-year ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.



P A Gallagher
Director

BDO Audit Pty Ltd

Brisbane, 5 March 2015

Opus Income & Capital Fund No. 21
Statement of Profit or Loss and Other Comprehensive Income
For the half year ended 31 December 2014

	Half year	
	31 December	31 December
	2014	2013
	\$'000's	\$'000's
Revenue	10,277	9,821
Property expenses	(2,579)	(2,676)
Trust level expenses	(879)	(974)
Finance costs	(5,243)	(5,509)
Leasing fees and incentive amortisation	(522)	(465)
Fair value movement in investment properties	(520)	(7,837)
Loss on sale of investment property	(678)	(51)
Impairment of receivables	(16)	(19)
Profit/(Loss) for the half year	(160)	(7,710)
Other comprehensive income	-	-
Other comprehensive income for the half year	-	-
	(160)	(7,710)
Total comprehensive income for the half year attributable to:		
Owners of Opus Income & Capital Fund No. 21	(160)	(7,710)
	(160)	(7,710)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Opus Income & Capital Fund No. 21
Statement of Financial Position
As at 31 December 2014

	Notes	31 December 2014 \$'000's	30 June 2014 \$'000's
ASSETS			
Current assets			
Cash and cash equivalents		2,092	3,026
Trade and other receivables		707	287
Investment property held for sale	7	-	14,550
Total current assets		2,799	17,863
Non-current assets			
Investment properties		135,555	134,771
Trade and other receivables		1,544	1,378
Leasing fees and incentives		2,755	2,401
Total non-current assets		139,854	138,550
Total assets		142,653	156,413
LIABILITIES			
Current liabilities			
Trade and other payables		1,914	2,058
Interest bearing loans and borrowings		597	706
Provision for distributions		50	48
Total current liabilities		2,561	2,812
Non-current liabilities			
Tenant security deposits		283	305
Interest bearing loans and borrowings	7	105,895	118,920
Total non-current liabilities		106,178	119,225
Total liabilities		108,739	122,037
Net assets		33,914	34,376
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS			
Unitholders funds	3	138,788	138,764
Retained earnings		(104,874)	(104,388)
Total equity		33,914	34,376

The above statement of financial position should be read in conjunction with the accompanying notes.

Opus Income & Capital Fund No. 21
Statement of Changes in Equity
For the half year ended 31 December 2014

Notes	Contributed equity \$'000's	Retained earnings \$'000's	Total \$'000's
Balance at 1 July 2013	138,713	(93,312)	45,401
Profit for the half year	-	(7,710)	(7,710)
Other comprehensive income	-	-	-
Total comprehensive income for the half year	<u>-</u>	<u>(7,710)</u>	<u>(7,710)</u>
Transactions with owners in their capacity as owners			
Distributions provided for or paid	-	(324)	(324)
Distributions reinvested	26	-	26
	<u>26</u>	<u>(324)</u>	<u>(298)</u>
Balance at 31 December 2013	<u>138,739</u>	<u>(101,346)</u>	<u>37,393</u>
Balance at 1 July 2014	<u>138,764</u>	<u>(104,388)</u>	<u>34,376</u>
Profit for the half year	-	(160)	(160)
Other comprehensive income	-	-	-
Total comprehensive income for the half year	<u>-</u>	<u>(160)</u>	<u>(160)</u>
Transactions with owners in their capacity as owners			
Distributions provided for or paid	-	(326)	(326)
Distributions reinvested	24	-	24
	<u>24</u>	<u>(326)</u>	<u>(302)</u>
Balance at 31 December 2014	<u>138,788</u>	<u>(104,874)</u>	<u>34,914</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Opus Income & Capital Fund No. 21
Statement of Cash Flows
For the half year ended 31 December 2014

	Half year	
	31 December 2014 \$'000's	31 December 2013 \$'000's
Cash flows from operating activities		
Rental and outgoings received	9,396	9,330
Cash payments in the course of operations	(3,742)	(2,814)
Interest received	15	18
Finance costs	(4,447)	(4,510)
GST received / (paid)	(371)	(405)
Net cash provided by/(used in) operating activities	851	1,619
Cash flows from investing activities		
Payments for investment property improvements	(1,469)	(1,783)
Payments for leasing fees	(279)	(210)
Payments for costs associated with sale of investment properties	(378)	(333)
Proceeds on sale of investment properties	14,350	11,919
Net cash provided by/(used in) investing activities	12,224	9,593
Cash flows from financing activities		
Repayments of borrowings	(14,230)	(10,829)
Proceeds of borrowings	570	1,101
Payments for borrowing and establishment costs	(50)	-
Distributions paid	(299)	(298)
Net cash (used in)/provided by financing activities	(14,009)	(10,026)
Net increase / (decrease) in cash and cash equivalents	(934)	1,186
Cash and cash equivalents at the beginning of the half year	3,026	1,324
Cash and cash equivalents at end of the half year	2,092	2,510

The above statement of cash flows should be read in conjunction with the accompanying notes.

1 Summary of significant accounting policies

These general purpose financial statements for the half year reporting period ended 31 December 2014 have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

These half year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Fund as the full financial statements. Accordingly, these half year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2014 and any public announcements made by Opus Capital Limited during the half year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The same accounting policies and methods of computation have generally been followed in these half year financial statements as compared with the most recent annual financial statements except where stated below. Where required, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

The historical cost basis has been used, except for investment properties, land and buildings, derivatives and available-for-sale financial assets which have been measured at fair value.

The Fund has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations did not have any material impact on the amounts recognised in the financial statements of the Fund for the current or prior periods.

(a) Rounding of amounts

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 directors' report and financial statements. Amounts in the directors' report and financial statements have been rounded off to the nearest thousand dollars in accordance with that Class Order.

(b) Critical judgements

The terms of the senior debt facility were varied during the period with a first deed of variation being executed on 18 December 2014 with GE Capital. The variation was required predominantly for the deferral of the debt reduction requirement date of 20 December 2014 (revised to 30 June 2015), waive the requirement to meet the loan to valuation ratio covenant to 29 June 2015, as well as to facilitate the divestment of the Mulgrave property. Accordingly, the debt facility has continued to be classified as non-current in the statement of financial position.

The financial statements have been prepared on a going concern basis which contemplates the realisation of assets and settlement of liabilities in the normal course of business. The directors of the responsible entity believe it is appropriate to prepare the financial statements on a going concern basis based on:

- The demonstrated continued support to date of the Fund's senior lender as evidenced through the variation of the senior debt facility;
- The intention of the responsible entity to pursue a substantial capital raising to reduce the Fund's gearing levels within the next 6 months; and
- The ability of the Fund to obtain alternative sources of funding should either circumstance above not eventuate or otherwise agree on further variations to the senior debt facility.

2 Distributions

	Half year	
	31 December 2014	31 December 2013
	\$	\$
Income distributions provided for and/or paid by the Fund during the period were:	(326)	(324)
Half year ended 31 December 2014 0.15 cents per unit (2013: 0.15 cents)	(326)	(324)

3 Unitholders funds

	31 December 2014	30 June 2014	31 December 2014	30 June 2014
	Units	Units	\$ '000	\$ '000
Contributed equity	214,822,740	214,703,053	138,788	138,764

4 Contingent assets and liabilities

Opus Capital Limited as responsible entity has initiated claims under warranties and indemnities given by various parties involved in the construction of the building Botanicca 7, at 572-576 Swan St, Richmond with respect to defects in the building. Notification has been given, and the responsible entity is undertaking further investigation to quantify the claim and steps towards recovery. The directors currently have a reasonable expectation that some or all of the costs will be recovered from these third parties or, alternatively, that the third parties will carry out rectification of the defects. Accordingly no provision has been made in the accounts.

The responsible entity lodged a claim in March 2015 with the Queensland Building and Construction Commission under warranties given by various subcontractors and the developer involved in the construction of the building at 154 Varsity Parade, Varsity Lakes with respect to possible defects in the building identified in late December 2014. The directors currently do not have a view on whether significant defects do in fact exist, or whether the QBCC will issue a rectification order following its investigation, which will mean that any defects identified by the QBCC will be remedied by these third parties. Accordingly no provision has been made in the accounts.

There are no other contingent assets or contingent liabilities as at 31 December 2014.

5 Related party transactions

(a) 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; and
- Capital works fee amounting to 5% of the total capital costs incurred in relation to the investment properties in the Fund.

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

	Half year	
	31 December 2014	31 December 2013
	\$	\$
<i>Responsible Entity's fees</i>		
Management fee	485,783	483,632
Capital works fee	66,633	90,554
	552,416	574,186
<i>Other transactions with the responsible entity</i>		
Distributions paid on units held in the Fund by the responsible entity	71	70
Administration costs reimbursed in accordance with the Fund Constitution	6,120	196,007
Recovery of accounting expenses	72,878	67,706
Registry Costs	27,000	27,000
	106,069	290,783

(b) Transactions with related parties

During the period Opus Capital Services Pty Ltd, Integra Asset Management Pty Ltd and Integra Facilities Management Pty Ltd were engaged to undertake property/facilities management for the properties owned by the Fund and other services on behalf of the responsible entity. These entities are subsidiaries of the responsible entity. During the half year Madsen Finance Pty Ltd became a subsidiary of the responsible entity and it continued to be engaged in financial intermediary management services on behalf of the Fund. 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 half year were as follows:

5 Related party transactions (continued)

(b) Transactions with related parties (continued)

	Half year	
	31 December 2014 \$	31 December 2013 \$
Opus Capital Services Pty Ltd	57,470	54,665
Integra Asset Management Pty Ltd	823,690	441,029
Integra Facilities Management Pty Ltd	83,676	84,610
Madsen Finance Pty Ltd	278,123	-
	1,242,959	580,304

During the half year ended 31 December 2014, the Fund paid a total of \$33,233 (2013: \$75,796) 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 \$6,485 (2013: \$22,751) was outstanding at half year end.

During the half year ended 31 December 2014, the Fund paid a total of \$57,600 (2013: 122,144) in financial intermediary management fees to Madsen Finance Pty Ltd (prior to the company becoming a subsidiary of the responsible entity), a related entity of Matthew Madsen who is a director of the responsible entity. These expenses were incurred on normal commercial terms.

(c) Outstanding balances arising from sales/purchases of goods and services

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	31 December 2014 \$	30 June 2014 \$
<i>Current receivables/(payables)</i>		
Opus Capital Limited	(136,128)	(102,914)
Opus Capital Services Pty Ltd	(5,421)	(4,941)
Integra Asset Management Pty Ltd	(433,322)	(254,133)
Integra Facilities Management Pty Ltd	(6,649)	-
Madsen Finance Pty Ltd	(242,575)	-
	(824,095)	(361,988)

(d) Loans with related parties

Loan from Opus Magnum Fund

Opening balance	1,988,881	1,747,650
Interest charged	133,951	241,231
Closing balance	2,122,832	1,988,881

Loans from Associates*

Opening balance	2,639,384	2,114,384
Interest charged	264,658	525,000
Closing balance	2,904,042	2,639,384

*Associates are M3SIT Pty Ltd and Madsen Nominees Pty Ltd.

6 Fair value measurement

The following assets and liabilities are recognised and measured at fair value on a recurring basis:

- Financial assets at fair value through profit or loss (FVTPL)
- Derivatives
- Available-for-sale financial assets
- Investment properties

Assets classified as held for sale are measured at fair value on a non-recurring basis.

There are various methods used in estimating the fair value of a financial instrument. The methods comprise:

Level 1 – the fair value is calculated using quoted prices in active markets.

Level 2 – the fair value is estimated using inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The following table sets out the Fund's assets and liabilities that are measured and recognised at fair value in the financial statements.

31 December 2014	Note	Level 1	Level 2	Level 3	Total
		\$000's	\$000's	\$000's	\$000's
Non-recurring fair value measurement					
Investment property held for sale		-	-	-	-
Investment properties		-	-	135,555	135,555
		-	-	135,555	135,555

30 June 2014

Non-recurring fair value measurement

Investment property held for sale	-	-	14,550	14,550
Investment properties	-	-	134,771	134,771
	-	-	149,321	149,321

There were no transfers during the year between Level 1 and Level 2 for recurring fair value measurements.

The Fund's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred.

Reconciliation of Level 3 fair value movements

Movements during the period

	31 December	30 June
	2014	2014
	\$000's	\$000's
Balance at beginning of the period	134,771	156,664
Movements in fair value	(520)	(11,210)
Capital additions	1,427	3,867
Make good	(123)	-
Transfers to non-current assets held for sale	-	(14,550)
Balance at end of the period	135,555	134,771

6 Fair value measurement (continued)

Reconciliation to investment property valuations

	31 December 2014 \$000's	30 June 2014 \$000's
Valuations at end of the period	139,854	138,550
Less rent receivable	(1,378)	(1,378)
Less leasing fees and lease incentives	(2,755)	(2,401)
Balance at end of the period	135,721	134,771

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 2014 valuations were based on independent assessments made by qualified and suitably experienced certified practicing external valuers, using a capitalisation approach and the discounted cash approach as the primary valuation methods. These approaches have in turn been checked by the direct comparison approach and analysed on a rate per square metre of total lettable area. These valuations were undertaken by independent assessment on 1 April 2014. The directors determined that due to a significant leasing outcome, and certain capital expenditure, that it was necessary to conduct a further valuation for the Cairns Corporate Tower on 30 June 2014. The specific key assumptions and variables adopted in the valuations are set out below.

The valuations at 31 December 2014 are directors' valuations based on the independent valuations at 30 June 2014 plus all capital expenditure for the period, which has been deemed by directors as accretive.

Investment property valuations details

30 June 2014 Property	Valuation Basis	Capitalisation Rate	Net Market Income \$000's	Adjustments \$000's	Valuation \$000's
Gateway Office Park, Murrarie	Independent	9.125%	1,307	(832)	13,000
Land at 26-30 Grafton Street, Cairns	Independent	n/a	n/a	n/a	1,150
Cairns Corporate Tower	Independent	9.000%	4,184	(7,233)	39,000
142-150 Benjamin Place, Lytton	Independent	9.000%	709	(391)	7,500
12-14 The Circuit, Brisbane Airport	Independent	9.000%	2,037	(2,970)	18,500
436 Elgar Rd, Box Hill	Independent	9.000%	1,659	(3,063)	15,500
154 Varsity Parade, Varsity Lakes	Independent	9.250%	1,224	(1,084)	12,200
Building 7, Botanicca Corporate Park	Independent	8.250%	2,719	(1,314)	31,700
					138,550

There were no unrecognised gains/(losses) recognised in profit or loss for investment properties held at the end of the reporting period.

Valuation process for Level 3 fair values

Investment property

The Fund engages external, independent and qualified valuers to determine the fair value of the group's investment property at least once every financial year.

7 Investment property held for sale

The sale of 700 Springvale Road, Mulgrave settled on 18 December 2014 for \$14.350m before sale costs. The net sale proceeds were applied to debt reduction. The total loss on sale for the property was \$678,000.

8 Events subsequent to the end of the reporting period

There have been no events since 31 December 2014 that impact upon the financial statements as at 31 December 2014.

**Opus Income & Capital Fund No. 21
Directors' Declaration
31 December 2014**

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, Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the Fund's financial position as at 31 December 2014 and of its performance for the half 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, after taking into consideration the extent to which such debts are limited-recourse in nature or owing to the responsible entity.

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 303(5) of the Corporations Act 2001.

A handwritten signature in black ink, appearing to read 'M. B.', enclosed within a hand-drawn oval. A horizontal line extends from the right side of the oval.

Mr Matthew Madsen
Director
5 March 2015

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Unit Holders of Opus Income & Capital Fund No. 21

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Opus Income & Capital Fund No. 21, which comprises the statement of financial position as at 31 December 2014 and the statement of profit or loss and other comprehensive income, statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors of the Responsible Entity's Responsibility for the Half-Year Financial Report

The directors of the responsible entity of Opus Income & Capital Fund No. 21 are responsible for the preparation of the half-year 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 of the responsible entity determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the disclosing entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Opus Income & Capital Fund No. 21, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, 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 of the responsible entity as at the time of this auditor's review report.



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Opus Income & Capital Fund No. 21 is not in accordance with the *Corporations Act 2001* including:

- A. giving a true and fair view of the disclosing entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- B. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

BDO Audit Pty Ltd

BDO


P A Gallagher
Director

Brisbane, 5 March 2015