Creating Communities.

2022 **Annual Report**

Contents

2022 Annual Report

2022 Financial Report

FY22 Results Overview

Revenue

$29.7m

↑ *8%*

Profit after tax

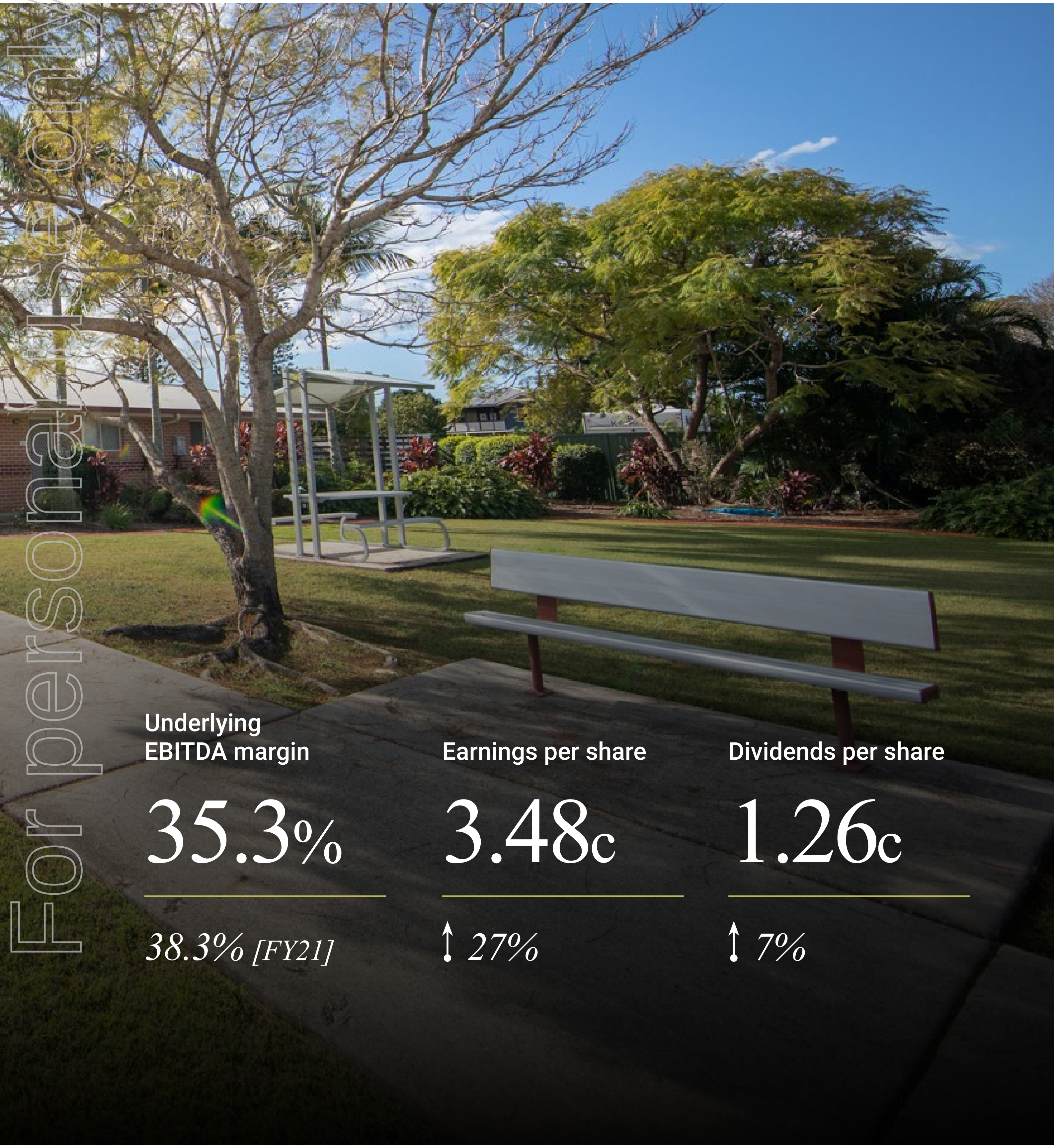
$8.2m

↑ *30%*

Underlying EBITDA

$10.5m

$10.57m [FY21]



Underlying EBITDA margin

35.3%

38.3% [FY21]

Earnings per share

3.48c

↑ *27%*

Dividends per share

1.26c

↑ *7%*

Executive Chairman's Report

Eureka has delivered growth in maintainable earnings and asset values while enhancing the Five Pillar operating platform.

Financial Review

For the year ended 30 June 2022 (the year), Eureka Group Holdings Limited (Eureka) reported a profit after tax of $8.17 million. This is a 30% increase in profit after tax compared to $6.28m for FY21.

Key operating financial metrics for the year were:

- **Underlying earnings before interest, tax and depreciation (EBITDA) was $10.51 million**, down 1% on the prior year Underlying EBITDA of $10.57 million.
- **Net operating cash flow was $8.28 million**, up 5.5% on prior year.
- **Net tangible assets per share was 38.2 cents**, up 2% on prior year of 37.5 cents.

Profit after tax included a net gain on the change in fair value of investment properties of $9.96 million before a loss on the change in fair value of the Lismore, NSW property of $7.15 million following the devastating flood in the Northern Rivers region of New South Wales. The property revaluations were the main contributor to the 27% increase in earnings per share to 3.48 cents (2021: 2.73 cents).

The weighted average capitalisation rate for investment properties was 9.43% compared with 9.92% in 2021. The increase in fair values was primarily driven by an uplift in future maintainable earnings, rather than the change in capitalisation rate.

Net debt increased by $13.0 million to $68.2 million and the gearing ratio, calculated as net debt to net debt plus equity at 40.8% compared to 37.8% in 2021.

Total assets increased by 15% to $182.8 million. The asset recycling program and strong operating cash flow supported funding for acquisitions and capital expenditure during the year.

During the year the debt facility with the National Australia Bank remained at $77.5 million. After balance date, the facility was increased by $3 million to $80.5 million to accommodate the acquisition of the Eagleby village in South-East Qld. The facility will increase by a further $2.5 million on settlement of the deferred consideration payable for the Hervey Bay acquisition and return of the associated bank guarantee in November 2022.

In September 2021, the Corporate Office was relocated from the Gold Coast to Brisbane. The transition to Brisbane was the catalyst for a strategic decision to accelerate investment in staff capability and skill base. Positions were upgraded and new senior appointments were made resulting in an impact on the Underlying EBITDA margin which at 35.3% was lower than that for 2021 of 38.3%. The relocation and investment in people were considered a necessary pre-requisite to ensuring the appropriate resources were in place to meet future business growth plans and a scaling of the business.

Portfolio Highlights

Maintained the **occupancy rate at 98%**.

Settled the $6.50 million acquisition of the Brassall, Qld village comprising 59 units and land for development of a further 47 units.

Acquired the management and letting rights for six villages in South-East Qld for $6.1 million, comprising approximately 330 units under management.

Acquired a 46-unit village at Bowen, Qld for $5.05 million with potential to acquire adjacent land for expansion.

Completion of the **22-unit village expansion at Wynnum, Qld** in January 2022 which was fully let from completion.

Acquisition of a 2-hectare greenfield site at Kingaroy in the South Burnett region of Qld in October 2021. Development approval has been obtained for 110 units.

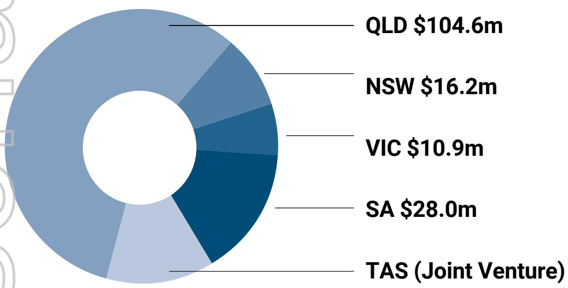
Disposal of two Townsville, Qld villages comprising 32 units for $3.0 million.

Sale of vacant land at Terranora, NSW for $1.8 million (net of GST).

Disposal of 14 owned units in managed villages for $1.09 million.

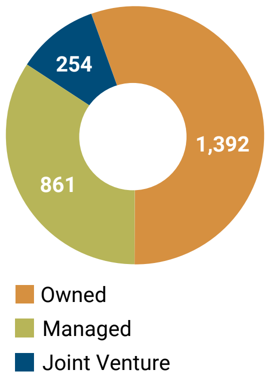
Acquired 55 units and the management and letting rights at a village in Eagleby, South-East Qld for $7.3 million subsequent to year end.

Investment Property Values ($m) at 30 June 22

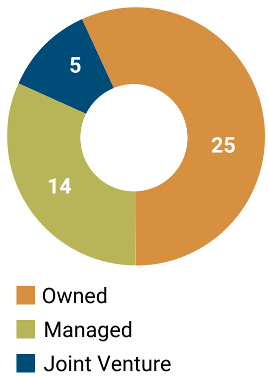


Total	**$183.6m**

2,507 Units under management



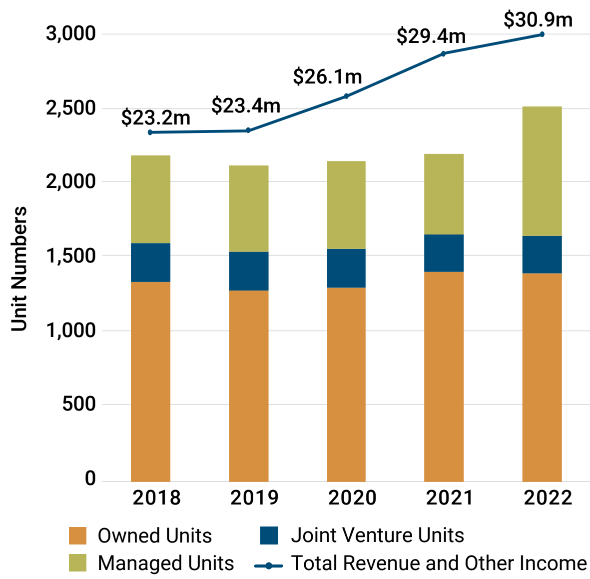
44 Villages



Total units	**2,507 + 14%**
Occupancy	**98%**
Capitalisation rate	**9.4%**

Eureka now has more than 2,500 owned and managed units in its portfolio which represents a 14% increase on FY21, net of 91 units at the Lismore village devastated by the floods. Since FY17, Eureka has disposed of approximately 360 units and acquired 955 units. The units disposed of were not suitable for senior rental living or did not meet target financial hurdles.

Growth in revenue and unit numbers



Operations

Management has continued to build on the Five Pillar Operating Platform. A recalibration of the platform functionality now includes an Environmental, Social and Governance (ESG) section. The implementation of a fit for purpose ESG framework is an essential component of the operating platform.

During the year, a program commenced to upgrade the internal and exterior presentation of villages and this will continue into 2023. The program is central to ensuring consistent standards are maintained throughout the village network and forms part of the Eureka value proposition, enhancing day to day village life in a safe and attractive physical environment.

A resident survey undertaken in the first half of FY22 resulted in a very high satisfaction rating above 80%. This demonstrates that the Resident First philosophy and deliverables under the Five Pillar Operating Platform are meeting residents' expectations.

During the year, the reset of the village management model continued. The new model has achieved improved connection between village teams and residents and was inherent in the significant cultural shift centred on an empathetic and caring workforce in the village and support teams.

The maintaining of a high occupancy rate has been achieved through the restructuring of the village manager role to enable a focus on the Resident First philosophy and community engagement. This is backed by a support team with strong lines of communication to village managers. This has facilitated a village manager role that focuses on the wellbeing and independence of residents in a safe, secure and active community.

While the risk of Covid-19 remains, we have preventative measures in place and ongoing protocols are embedded in our day-to-day wellbeing management to ensure the Covid-19 risk to residents and staff is minimal.

Operating Platform

Occupancy and Revenue Initiatives

- Resident First culture driving sustainable occupancy and organic revenue growth
- Independent Voice of the Resident survey results confirm village priorities:
  - supportive village team
  - sense of security and safety
  - activities to enhance connection
  - food quality
- Resident value proposition supports national rental pricing strategy
- Revenue growth inflation-hedged to Government pension

Team Culture and Engagement

- Continued investment in support office functions to enhance growth capability
- Upskilling and training to develop specialist skills

Safety, Risk and Compliance

- Regular review of risk management systems
- Policies and procedures ensure ongoing safety and compliance
- Periodic review of policies and training to maintain awareness

Technology and Brand

- Analysis of key processes and system requirements completed
- Implementation of enhanced technology systems during FY23
- Commenced revitalising and positioning Eureka's brand in the affordable rental retirement market

ESG

- Implementation of a fit for purpose ESG framework

Environmental, Social and Governance (ESG)

Eureka is focused on creating sustainable communities within the social infrastructure segment in which it operates. A planned and responsible approach to the implementation of environmental standards and social responsibilities is being developed. Eureka has in place a well-developed governance framework.

The ESG Committee has been established to:

- **oversee the implementation of ESG programs** and measurement of outcomes; and
- **monitor emerging ESG principles** to understand their applications to Eureka and the long-term value proposition

An ESG Charter has been adopted for the ESG issues relevant to the company.

During the year ERIAS Group, an environmental and social impact management consultancy was appointed to assist Eureka in establishing an integrated ESG framework and action plan. Workshops are under way and the first phase is to be completed by 31 December 2022 with measurements and outputs to be completed by 30 June 2023.

ESG targets have been introduced in the short term incentive program for the senior leadership team.

A planned and responsible approach to the implementation of environmental standards and social responsibilities is being developed.

ESG Overview

Social

Resident First

One team

Social connections

Village activity programs

Community engagement

Environmental

Solar energy

Waste management and recycling

Community gardens

Governance

Ethical business practices

Risk mitigation systems

Safety and compliance

Board governance

COVID-19 response

FY23 Priorities

Eureka will continue to build on its Resident First philosophy with investment in key areas to enhance the resident experience and the resident value proposition.

The establishment of the Brisbane office and investment in employee and support services is setting the foundation for the medium-term growth program.

Business fundamentals and market drivers remain strong. Village trading momentum and the acquisitions completed in FY22 are providing a solid start to the 2023 year.

The technology upgrade remains a high priority for FY23. The systems selection process is well under way and implementation will commence in the second half of the year.

A brand repositioning and revitalising project is underway. The objective is to define and position Eureka as a leader in the affordable rental retirement market.

Business fundamentals and market drivers remain strong. Village trading momentum and the acquisitions completed in FY22 are providing a solid start to the FY23 year.

Eureka has a sound financial base and is building a sustainable business in the affordable rental retirement segment of social infrastructure.

Eureka has identified a pipeline of acquisition and development opportunities and has a capital management plan to fund and underpin an earnings accretive scaling of the business.

Dividends

Eureka has paid the following unfranked dividends to shareholders for the year ended 30 June 2022:

- **an interim dividend of 0.63 cents per share** was paid on 23 March 2022; and
- **a final dividend of 0.63 cents per share** was paid on 6 October 2022.

Eureka has a Dividend Reinvestment Plan (DRP) as a capital management initiative which was active for the above dividends.

Again, there was a high DRP participation rate. The issue of shares was fully underwritten by Taylor Collison Limited stockbrokers with the support of new and existing institutional and sophisticated investors.

Directors and Staff

Eureka has a cohesive board that has a well-balanced skill set covering property investment and management, property funds management, finance, healthcare, organisational development, commercial experience and corporate governance including a comprehensive understanding of ESG principles and application.

Employee capability and skills have been repositioned at all levels of the organisation. Inherent in this change has been a major cultural shift. Cameron Taylor, Chief Executive Officer, has done an excellent job in leading the cultural change predicated on the Resident First philosophy characterised by compassion, respect and trust in the village and support office teams.

I welcome our new employees and thank them and all staff for their commitment and effort during a year of significant organisational change.

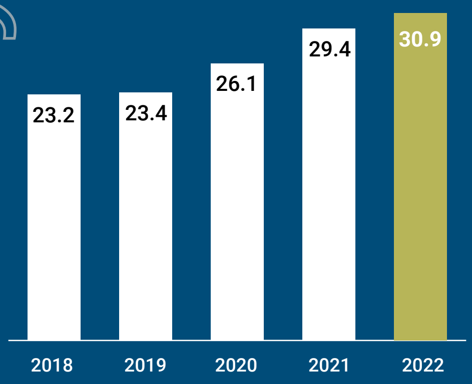
To my fellow directors, I thank you for your leadership, support and contribution to the development of the Eureka business model.

To our shareholders and other stakeholders, thank you for your continued support.

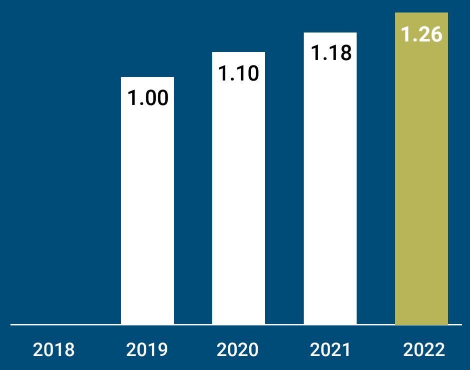
Murray Boyte
Executive Chairman

5-year Growth Trends

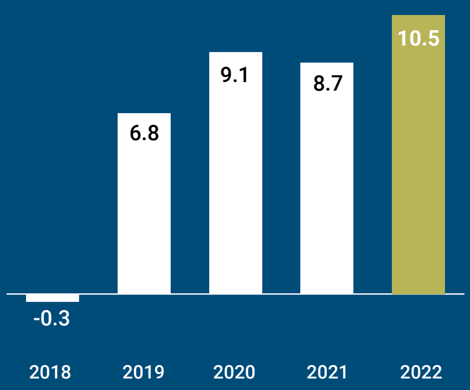
Revenue and Other Income $m



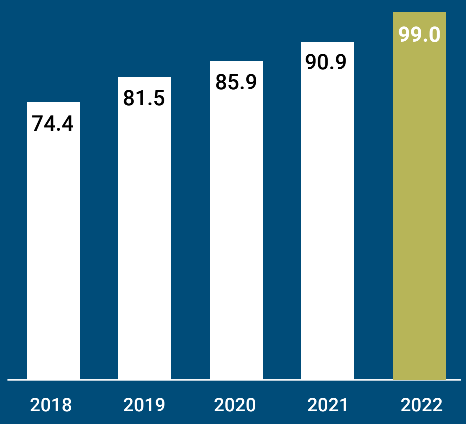
Dividends – cents per share



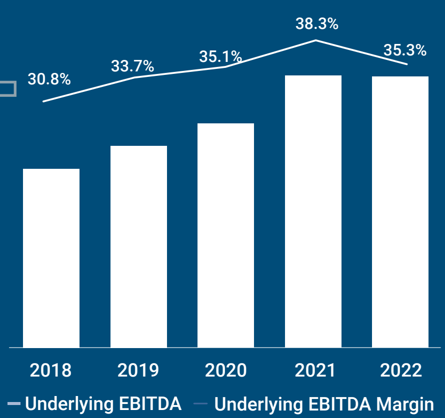
Profit Before Tax $m



Net Assets $m

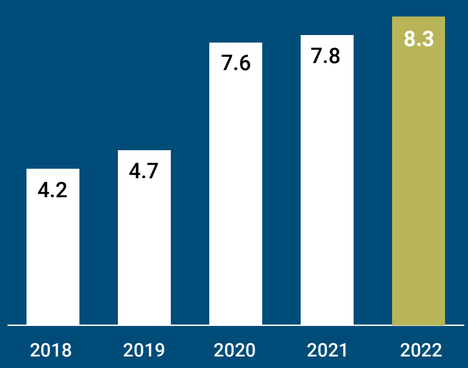


Underlying EBITDA $m



- Reduction in margin due to essential investment in people and resources
- Improvement expected from late FY23 through organic growth, acquisitions and economies of scale

Operating Cash Flow $m



eureka
GROUP HOLDINGS

2022
Financial Report

Directors' Report

The Directors present their report on Eureka Group Holdings Limited (the Company) and its controlled entities (the Group, Eureka or the Consolidated Entity) for the year ended 30 June 2022 (the year).

DIRECTORS

The following persons were directors of the Company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Murray Boyte
Sue Renkin
Russell Banham
Greg Paramor AO

PRINCIPAL ACTIVITIES

The principal activities of the Group include the provision of:

- Accommodation and services to independent senior residents; and
- Specialist property management and caretaking services for seniors' independent living communities.

REVIEW OF OPERATIONS AND RESULTS

The Group has reported a profit before tax for the year of $10.48 million (2021: $8.74 million) and a profit after tax of $8.17 million (2021: $6.28 million). Underlying EBITDA[1] was $10.51 million (2021: $10.57 million) and Underlying Profit before tax[1] was $7.67 million (2021: $7.36 million).

The Group's results are underpinned by organic growth in existing villages, increased revenue and profit contribution from acquisitions and improved maintainable earnings. These results have been achieved despite a significant flood event affecting the Lismore property during the year, as noted below.

With occupancy across the portfolio having stabilised at 98%, strategies to increase village revenue, while maintaining affordability for residents, have contributed to the organic revenue growth experienced during the year. The resulting improvement in maintainable earnings combined with gradual firming of capitalisation rates have resulted in a significant net increase during the year in the fair value of the Group's investment properties (excluding the Lismore property) and the Tasmanian assets which are owned in a joint venture.

Revenue growth is also attributable to acquisitions during the year and ownership of the villages in Hervey Bay, Qld and Earlville, Qld for the whole year, noting the impact of lost revenue due to the Lismore flood event. Current year acquisitions comprised villages in Brassall, Qld, and Bowen, Qld as well as the management and letting rights for 6 villages in south-east Qld (the Oxford Crest acquisition).

Occupancy has been stable during the year and was 98% at balance date (30 June 2021: 98%). Most villages are operating at a consistent occupancy rate in excess of 98%. The Group actively manages its asset base and from time to time, certain assets are repositioned for the long-term benefit of the village and Group performance but may experience a temporary reduction in occupancy during this process.

As at 30 June 2022, Eureka owned 30 villages (2021: 32), 5 of which are owned in a joint venture and has 14 villages under management (2021: 8), representing 2,507 units at the end of the year (2021: 2,191 units). The weighted average capitalisation rate at balance date was 9.43% (2021: 9.92%).

The Group is committed to growth through asset acquisition and development opportunities. During the year, the Group established a corporate office in Brisbane, relocated several positions to Brisbane from the Gold Coast, invested in people to enhance team capability and commenced the technology improvement project. Investment in these critical areas has caused employee expenses and overhead costs to increase compared with the prior year. This investment in people, systems and brand is a prerequisite to upscaling the business in future years.

[1] The terms EBITDA, Underlying EBITDA and Underlying Profit before tax are defined on page 2.

The Group's statutory tax rate is 25% (2021: 26%). No cash tax will be payable until the Group has utilised its carry forward revenue tax losses.

Net operating cash flow for the year was $8.28 million (2021: $7.85 million).

A summary of the Group's performance and reconciliation to the Group's Underlying EBITDA[1] is shown below:

	Consolidated	
	30 June 2022 $'000	30 June 2021 $'000
Performance summary		
Profit before income tax expense	10,483	8,742
Profit after income tax expense	8,173	6,283
Basic earnings per share (cents)	3.48	2.73
Diluted earnings per share (cents)	3.47	2.72
Underlying EBITDA[1] reconciliation		
Profit after income tax expense	8,173	6,283
Income tax expense	2,310	2,459
Depreciation and amortisation	737	587
Finance costs	2,106	2,626
EBITDA[1]	13,326	11,955
Net (gain)/loss on change in fair value of:		
- Investment properties excluding Lismore, including joint venture properties	(9,961)	(2,942)
- Lismore property, due to flood impact	7,150	-
- Non-current assets held for sale	(20)	525
Impairment of other assets	-	1,050
(Profit)/loss on sale of assets	136	(741)
Lismore flood event – insurance income less expenses	(655)	-
	9,976	9,847
Transaction costs including acquisitions, disposals and asset realisations	40	271
Strategic projects including support office relocation, technology and brand	562	45
Property expenses – non-recurring[3]	(152)	279
Other	87	127
Underlying EBITDA[1]	10,513	10,569
Underlying Profit before tax[2]	7,670	7,356

1 EBITDA (Earnings before interest, tax, depreciation and amortisation) is an unaudited non-IFRS measure. The Directors believe it is a readily calculated measure that has broad acceptance and is referred to by regular users of published financial statements as a proxy for overall operating performance. EBITDA is calculated from amounts disclosed in the financial statements.

Underlying EBITDA is an unaudited non-IFRS measure that represents the operating performance of the Group and excludes valuation adjustments, asset disposals and certain non-core or non-recurring transactions.

2 Underlying Profit before tax is an unaudited non-IFRS measure and equals Underlying EBITDA less finance costs, depreciation and amortisation.

3 Prior year land tax estimate and reversal of overprovision.

Lismore flood event

The inundation of the Group's property in Lismore, NSW during a significant flood event in February 2022 has had a material impact on the Group's result for the year. The Group had limited insurance for flood damage for this property due to its Lismore location. The financial impact of this event on the result for the year is set out below:

Directors' Report

	$'000
Estimated forgone contribution to Underlying EBITDA[1] (from March to June 2022)	(300)
Insurance proceeds received	1,016
Expenses incurred as a result of the flood	(361)
Loss on change in fair value of investment property	(7,150)
Net loss before tax attributable to flood	(6,795)
Net loss after tax attributable to flood	(5,028)

The Lismore property has not been operational since the flood occurred. Although the Directors have assessed the fair value of the site to be $nil at balance date, opportunities to realise value from this site in the future are being considered in conjunction with the relevant authorities.

If not for the inundation of the Lismore property, the Directors estimate that the Group's Underlying EBITDA[1] would have been $10.81 million (2021: $10.57 million) and the profit after tax would have been $13.20 million (2021: $8.17 million) for the year.

Financial Position

Summary information in relation to the Group's financial position is shown below:

		Consolidated	
		30 June 2022	30 June 2021
Total assets	$'000	182,768	158,969
Net assets	$'000	99,033	90,880
Cash and cash equivalents	$'000	1,837	1,890
Debt – bank loan	$'000	70,075	57,175
Shares on issue	'000	237,187	232,384
Net tangible assets per share	cents	38.2	37.5
Balance sheet gearing[1]	%	40.8	37.8

1 Balance sheet gearing is calculated as net debt (being interest-bearing drawn debt net of cash) divided by net debt plus equity.

Significant balance sheet movements during the year are described below.

Acquisitions and asset management

During the year, the Group made the following acquisitions:

- A rental village for consideration of $6.50 million in Brassall, Qld consisting of 59 relocatable homes and land for development;
- A greenfield development site in Kingaroy, Qld comprising a 2.09 hectare parcel of land for consideration of $0.74 million;
- The management and letting rights and associated managers' units for 6 villages in south-east Qld operated by Oxford Crest for consideration of $6.10 million;
- A village in Bowen, Qld comprising 46 units for consideration of $5.05 million;
- Two additional units in its strata-titled village in Rockhampton, Qld for $0.26 million; and
- One additional unit in its strata-title village in Orange, Qld for $0.14 million.

The Group spent $3.35 million on asset developments including completion of the 22-unit expansion at the Wynnum village, planning for the 47-unit Brassall expansion and obtaining development approval for the 110-unit Kingaroy development. A further $2.88 million was spent on enhancing its owned villages through capital improvements including expenditure on its solar energy program, community room upgrades and unit refurbishments. There were no other significant acquisitions made during the year.

There were no other significant acquisitions made during the year.

Disposals

Capital recycling is a key factor in the Group's growth strategy. Assets will be recycled where they are non-core or cease to meet target performance levels, risk appetite levels or efficiency metrics.

Directors' Report

During the year, the Group completed its disposal of two villages in Townsville, Qld comprising 32 units for total proceeds of $3.00 million.

The Group also disposed of its 4.8 hectare parcel of vacant land at Terranora, NSW for proceeds of $2.00 million including GST. A central facility with a carrying value of $0.6 million (30 June 2021: $0.6 million) continues to be held as investment property and opportunities for the realisation of this asset are being considered.

During the year, the Group sold and settled 12 rental units at the Tivoli, Qld village for consideration of $0.65 million, and two units were sold and settled for consideration of $0.44 million at the Caboolture village previously managed by the Group.

Capital management – debt & equity

Debt

During the year, the Group's National Australia Bank (NAB) facility remained at $77.50 million which was sufficient to facilitate the acquisitions and capital expenditure during the year as noted above. The Group was in compliance with all banking covenants during the year. Under the terms of its NAB debt facility, Eureka is able to deposit and withdraw funds in accordance with its working capital needs, subject to satisfaction of the bank's covenants. At balance date, the drawn amount under the facility was $70.08 million (2021: $57.18 million). The loan expiry is 31 March 2024. Details are contained in Note 19.

Equity

Equity movements and balances for the year are as follows:

- Dividends of $2.85 million (2021: $2.62 million) were paid during the year, comprising cash dividends of $2.25 million (2021: $1.98 million) and shares issued to existing shareholders pursuant to the Dividend Reinvestment Plan (DRP) of $0.60 million (2021: $0.64 million).
- The DRP was active for all dividends paid during the year and for the interim dividend paid in the prior year. The DRP was fully underwritten resulting in proceeds being received from the underwriter of $2.24 million (2021: $0.71 million).
- The DRP resulted in 4,802,104 shares being issued (2021: 2,346,779) for proceeds of $2.84 million (2021: $1.35 million).
- There were 783,145 share rights outstanding at balance date (30 June 2021: 429,362). Further details are provided in the Remuneration Report.

DIVIDENDS

Dividends paid during the year were as follows:

	30 June 2022 $'000	30 June 2021 $'000
Final dividend – 2021: 0.59 cents per share (2020: 0.55 cents per share)	1,371	1,265
Interim dividend – 2022: 0.63 cents per share (2021: 0.59 cents per share)	1,478	1,357
Total dividends paid	2,849	2,622

A final dividend for the year of 0.63 cents per share, amounting to $1.49 million, was declared at the date of signing these financial statements and is payable on 6 October 2022. The record date is 16 September 2022. The DRP will be in effect for this dividend. The financial effect of this dividend has not been brought to account in the financial statements for the year ended 30 June 2022 and will be recognised in subsequent financial reports.

Directors' Report

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Eureka is committed to:

- Implementing its social, environmental and governance framework. The Board established an Environmental, Social & Governance (ESG) Committee during the year that is responsible for overseeing social, governance and environmental initiatives in accordance with the Group's 'resident-first' philosophy, its social licence to provide affordable rental accommodation to a growing number of seniors and minimising the Group's environmental impact. An external advisory firm has been engaged to establish an integrated ESG framework and action plan;

- Further expanding its core business of providing rental accommodation for independent seniors through the active management of existing assets, the acquisition of additional villages and units, and the realisation of development opportunities, including the expansion of the Group's village in Brassall, Qld, development of the Group's greenfield site in Kingaroy, Qld and the transition of the village in Bowen, Qld to rental retirement living;

- Improving the performance of the existing portfolio with continued focus on maintaining and improving occupancy through the ongoing strengthening of our relationships within our communities;

- Implementing operational efficiencies, cost reduction and streamlined support services through process and systems improvements across our villages and support office; and

- Recycling of capital through the divestment of the Group's non-core assets and active portfolio management including the disposal of assets which may cease to meet target performance levels, risk appetite levels or efficiency metrics.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group, other than those addressed in the Directors' Report and in Note 33.

MATERIAL BUSINESS RISKS

The Board is committed to monitoring and mitigating business risks faced by the Group, including the following key risks that have the potential to materially impact its financial prospects:

- Acquisition risk – acquiring villages has and will continue to be a source of growth for the Group. Identifying properties that meet the Group's target performance hurdle rate and sit within the risk appetite set by the Board is critical to the Group's performance. The Group's Board and management is experienced in acquiring properties and conducts comprehensive analysis and due diligence as part of its acquisition process;

- Interest rate risk – the Group's borrowings are at fully variable interest rates at balance date which may have a material impact on profitability in an environment where interest rates are changing frequently. The Group will mitigate this risk through its capital management plan and interest rate hedging; and

- Changes in Government funding (pension, rent assistance and National Disability Insurance Scheme (NDIS) – the Group provides affordable rental accommodation predominantly to seniors and many of the villages' residents are reliant on government funding in the form of pensions or rent assistance and NDIS. An adverse change in government funding may have a direct impact on village occupancy, profitability and asset values. The Group manages its village and support office costs having regard to occupancy levels.

Directors' Report

EVENTS SINCE THE END OF THE FINANCIAL YEAR

Subsequent to year end, the following significant transactions have occurred:

- Eagleby acquisition – the Group entered into a conditional contract to purchase the management and letting rights and 55 of 72 residential units at a village in Eagleby, Qld for $7.3 million. The acquisition is conditional upon financial approval and certain body corporate approvals and is scheduled for completion in September 2022.
- Debt facility increase – the Group's NAB loan facility limit has increased by $3.00 million to $80.50 million to fund the Eagleby acquisition.

No other matter or circumstance has arisen since balance date that has significantly affected the group's operations, results or state of affairs.

Directors' Report

ENVIRONMENTAL REGULATION

The Group's operations are not subject to any particular or significant environmental regulation under a law of the Commonwealth or of a State or Territory.

INFORMATION ON DIRECTORS

The details of each Director's qualifications, experience and special responsibilities for those in office during the year are:

Name:	**Murray Boyte**
Title:	Executive Chairman
Qualifications:	BCA, MAICD, CMInstD, CA Murray holds a Bachelor of Commerce and Administration from the Victoria University in Wellington and is a member of the Australian Institute of Company Directors, the Institute of Directors of New Zealand and Chartered Accountants Australia & New Zealand.
Experience & expertise:	Murray has over 35 years' experience in merchant banking and finance, undertaking company restructures, mergers and acquisitions in Australia, New Zealand, North America and Hong Kong. Murray has held executive positions and directorships in the transport, horticulture, financial services, investment, health services and property industries. He was the Chief Executive Officer of ASX listed Ariadne Australia Limited from 2002 to 2015.
Other listed company directorships:	National Tyre & Wheel Limited (ASX: NTD), Hillgrove Resources Ltd (ASX: HGO) and Eumundi Group Ltd (ASX: EBG).
Former directorships (last 3 years)	Abano Healthcare Group Limited (NZX)
Special responsibilities:	Chair of the Board, Member of the Audit & Risk Committee, Member of the Nomination & Remuneration Committee, Member of the Environmental, Social & Governance Committee (appointed 10 August 2021).
Interests in shares:	925,205
Interests in options:	Nil

Name:	**Sue Renkin**
Title:	Non-Executive Director
Qualifications:	RN, MBA, FCDA, GradDip Corp Gov, MAICD Sue holds a Master of Business Administration from Monash University, a Graduate Diploma in Corporate Governance from UNE and attended Harvard Business School for a course on Competition and Strategy.
Experience & expertise:	Sue enjoyed almost thirty years as CEO for private hospitals, emergency services and not for profit entities. She now operates a portfolio career as a non-executive director and executive coach and mentor. Sue is Chair of Executive Growth, a Director of the National Imaging Facility's Governing Board, Chair of the South Eastern Melbourne Primary Health Network and a strategic advisor to McKenzie Aged Care Group. She is also a previous Telstra Business Woman of the year.
Other listed company directorships:	Nil
Former directorships (last 3 years)	Nil
Special responsibilities:	Chair of the Nomination & Remuneration Committee, Member of the Environmental, Social & Governance Committee (appointed 10 August 2021).
Interests in shares:	Nil
Interests in options:	Nil

Name:	**Russell Banham**
Title:	Non-Executive Director
Qualifications:	B. Com, GAICD, FCA Russell has a Bachelor of Commerce degree, is a Graduate Member of the Australian Institute of Company Directors and is a fellow of the Institute of Chartered Accountants Australia and New Zealand.
Experience & expertise:	Russell is an experienced company director with a demonstrated history of working in various industries including mining & metals, property development and management, manufacturing and gaming and hospitality. He is skilled in financial management, risk management and corporate governance. He was an audit partner and had functional leadership responsibilities at Deloitte, Ernst & Young and Andersen.

	Russell currently serves as an independent non-executive director of HKSE listed MGM China Holdings Limited, LSE listed National Atomic Company Kazatomprom. He is also a member of the Audit and Risk Management Committee of the Queensland Audit Office.
Other listed company directorships:	MGM China Holdings Limited (HKSE); National Atomic Company Kazatomprom (LSE and AIX)
Former directorships (last 3 years)	Nil
Special responsibilities:	Chair of Audit & Risk Committee, Member of the Nomination & Remuneration Committee, Member of the Environmental, Social & Governance Committee (appointed 10 August 2021).
Interests in shares:	Nil
Interests in options:	Nil

Name:	**Greg Paramor AO**
Title:	Non-Executive Director (appointed 19 June 2020)
Qualifications:	FAPI, FAICD, FRICS
Experience & expertise:	Greg has extensive property expertise with more than 40 years' experience in the real estate and fund management industry. He was the co-founder of Growth Equities Mutual, Paladin Australia and the James Fielding Group. He was the CEO of Mirvac Group between 2004 and 2008 before becoming the Managing Director of Folkestone Limited, a specialist property funds management group. Greg is currently a non-executive director of ASX-listed Charter Hall Group, a board member of the Sydney Swans, the Chair of BackTrack Youth Works, a Trustee of The Nature Conservancy (Australia) and a board member of the Garvan Research Foundation. He was awarded an Officer in the General Division (AO) of the Order of Australia in January 2015.
Other listed company directorships:	Charter Hall Group Ltd (ASX: CHC).
Former directorships (last 3 years)	Nil
Special responsibilities:	Member of Audit & Risk Committee (appointed 14 July 2020), Chair of the Environmental, Social & Governance Committee (appointed 10 August 2021)
Interests in shares:	5,388,011
Interests in options:	Nil

COMPANY SECRETARIES

Laura Fanning, B. Bus, CA, ACG (CS, CGP)

Laura is a Chartered Secretary and Chartered Accountant with more than 25 years' financial, governance and commercial experience. Laura is Eureka's Chief Financial Officer and was previously the Company Secretary at National Tyre & Wheel Limited. She has held Chief Financial Officer and Company Secretary roles at National Veterinary Care Limited and Unity Pacific Group Limited, as well as senior management positions in other listed and unlisted companies. She has gained broad financial and secretarial experience across several industries including funds management, property, veterinary services, wholesale distribution and franchising.

Geoffrey Stirton, B. Comm, CA, FAICD, FGIA (from 6 April 2022)

Geoffrey has over 30 years' experience working with listed and unlisted companies as well as not for profits in both governance and line management roles. He has primarily worked in financial services for a number of ASX 100 companies. He is a Chartered Accountant and Chartered Secretary and a Fellow of both the Australian Institute of Company Directors and the Governance Institute of Australia.

Directors' Report

DIRECTORS AND MEETINGS ATTENDED

The number of meetings of the Company's Board of Directors ('the Board') and of each Board Committee held during the year, and the number of meetings attended by each Director were:

	Directors' Meetings		Audit & Risk Committee Meetings		Nomination & Remuneration Committee Meetings		Environmental, Social & Governance Committee Meetings	
Name	**Held [1]**	**Attended**	**Held [1]**	**Attended**	**Held [1]**	**Attended**	**Held [1]**	**Attended**
Murray Boyte	12	12	5	5	2	2	2	2
Sue Renkin	12	12	5*	5*	2	2	2	2
Russell Banham	12	12	5	5	2	2	2	2
Greg Paramor	12	12	5	5	2*	2*	2	2

[1] Number of meetings held while a director during the financial year.

* Attended by invitation. All directors have a standing invitation to attend Committee meetings, even when they are not a member.

REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for Eureka's non-executive directors, executive directors and other key management personnel (KMP) for the year. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

This remuneration report has been set out under the following headings:

a) Principles of compensation of key management personnel
b) Details of remuneration
c) Non-executive director remuneration policy
d) Service agreements
e) Relationship between remuneration policy and Company performance
f) Remuneration consultants
g) Equity instruments held by key management personnel
h) Loans to/from key management personnel
i) Other transactions with key management personnel

(a) PRINCIPLES OF COMPENSATION OF KEY MANAGEMENT PERSONNEL

Compensation for key management personnel comprises remuneration determined having regard to industry practice and the need to attract and retain appropriately qualified persons. Compensation aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders and conforms to the market best practice for remuneration and reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good remuneration governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage/alignment of executive compensation; and
- transparency.

The Nomination & Remuneration Committee is responsible for determining and reviewing remuneration arrangements for the Group's directors and executives and making recommendations to the Board for consideration and approval. The performance of the Group depends upon the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

Directors' Report

The reward framework is designed to align executive reward to shareholders' interests. The Board considers that it should seek to enhance shareholders' interests by:

- having achievement of profit goals as a core component of the plan design;
- focusing on sustained growth in total shareholder returns, consisting of dividends and growth in share price, delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value including initiatives aligned to the Group's commitment to social, governance and environmental focus areas; and
- attracting and retaining high calibre executives.

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience;
- reflecting competitive reward for contribution to growth in shareholder wealth; and
- providing a clear structure for earning rewards.

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Executive remuneration

The Group aims to reward executives based on their position and responsibilities, with total remuneration including both fixed and variable components.

The executive remuneration for the Executive Chairman was determined by the Nomination & Remuneration Committee, having regard to the additional responsibilities required in his executive capacity. His agreed remuneration comprises fixed remuneration only. During the prior year, the non-executive Directors considered and resolved to pay the Executive Chairman a discretionary bonus of $150,000 (inclusive of superannuation) in recognition and acknowledgement of his contribution to Eureka's growth, restructuring, capital recycling achievements and total shareholder return since his appointment as Executive Chairman in 2018.

For other executives, the remuneration framework includes the following components:

- Fixed remuneration – comprising base salary, superannuation contributions and other benefits, having regard to comparable market benchmarks. Executives may receive their fixed remuneration in the form of cash or other fringe benefits where it does not create any additional costs to the Group and provides additional value to the executive;

- STI program – an 'at risk' component of remuneration where, if individual and Group performance measures are met, senior executives will be awarded cash bonuses equal to a percentage of their fixed remuneration. Performance measures include financial and non-financial KPIs and include a financial gateway hurdle. The percentage of fixed remuneration received as an STI will be capped and may vary between individuals, depending on the level of performance achieved. 100% of the STI is paid as cash; and

- LTI program – an 'at risk' component of remuneration for senior executives where 100% is awarded as equity instruments (such as options and share rights) which are subject to performance and service conditions. The number of equity instruments to be awarded will be determined by the Board having regard to the overall amount of executive remuneration.

The combination of these elements comprises the executives' total remuneration. The Board believes that this remuneration framework ensures that remuneration outcomes link to company performance and the long-term interests of shareholders.

All executives have detailed job descriptions with identified key performance indicators against which annual reviews are undertaken.

Short term incentives (STIs)

Senior executives' entitlement to an STI is based upon achievement of agreed performance objectives including:

- Financial performance;
- Operational performance;
- Strategic and innovative initiatives;
- Workplace health and safety; and
- Risk mitigation and management.

Actual performance criteria may vary between executives, having regard to their roles and responsibilities.

Directors' Report

The Board applies the following general principles when determining and measuring performance targets and any STI. The Board retains discretion in relation to the impact that non-recurring or unusual items may have on achievement of the STIs.

STI Pool	The size of the STI pool is determined by the Board, upon advice from the Nomination & Remuneration Committee, having regard to individual employment contracts. In consultation with the Nomination & Remuneration Committee, the Board assesses the Group's financial performance and the performance of KMP against agreed performance objectives. Payment of any STI is subject to achievement of the financial gateway.
Financial gateway	Achievement of budgeted Underlying EBITDA[1].
Structure	A portion of the STI is linked to the achievement of the budgeted Underlying EBITDA financial hurdle (2022: 55%; 2021: 60%); and A portion of the STI is linked to the achievement of non-financial performance objectives (2022: 45%; 2021: 40%).
Performance targets	For the proportion of the STI linked to financial performance, entitlement is based on a tiered approach, with 100% of the financial portion only being paid if the budgeted Underlying EBITDA is exceeded by a predetermined amount.

[1] Refer to page 2 for the definition of Underlying EBITDA.

During the year, the financial gateway was not met so no STI were awarded to KMP. However, the Board resolved to award small discretionary bonuses to the executives.

The actual amounts received by executives are listed in the remuneration tables below.

Long term incentives (LTIs)
Equity instruments may be granted under the Omnibus Equity Plan (OEP) which was adopted on 23 November 2017. Each equity instrument entitles the participant to subscribe for one ordinary share in the Company. The specific terms of a grant are set out in an offer from the Company to the executive which contains details of the application price (if any), the expiry date, the exercise price, the vesting date, any applicable performance conditions and other specific terms.

Share rights
During the year, 353,783 new share rights were approved for issue by the Board - 226,830 were issued to the Chief Executive Officer and 126,953 were issued to the Chief Financial Officer pursuant to the OEP on the following key terms:

- The Vesting Date of the share rights is 30 September 2024, subject to meeting the performance and service conditions;
- Performance condition – total shareholder return (TSR) compound annual growth rate (CAGR) hurdle, to be tested on the Vesting Date:

TSR CAGR[1]	% of Rights to vest
Less than 7% per annum	0%
At least 7% but less than 10%	50%
At least 10% but less than 15%	70% to 100% on a straight-line basis
At least 15%	100%

[1] TSR CAGR is an unaudited non-IFRS measure.

- Service condition – the employee must remain employed by the Group from the Grant Date until the Vesting Date;
- TSR includes share price appreciation, capital returns and dividends. Share price appreciation is determined as being the difference between the base VWAP of 61.72 cents (being the volume weighted average price of shares over the 5 trading days immediately after the release of Eureka's results for the year ended 30 June 2021 on 30 August 2021) and vesting VWAP (the volume weighted average price of shares over the 5 trading days immediately after the release of Eureka's results for the year ended 30 June 2024); and
- Exercise price - $nil.

The last day on which the share rights may be exercised is 30 September 2026, at which time the rights expire and lapse.

At 30 June 2022 there were 783,145 share rights outstanding (2021: 429,362).

Directors' Report

(b) DETAILS OF REMUNERATION

The names of persons who were key management personnel of Eureka at any time during the financial year and at the date of this report are shown in the following table:

Name	Role	Period in role
Directors		
Murray Boyte	Executive Chair	24 November 2017 – ongoing
Sue Renkin	Non-Executive Director	24 November 2017 – ongoing
Russell Banham	Non-Executive Director	21 November 2018 – ongoing
Greg Paramor	Non-Executive Director	19 June 2020 – ongoing
Executives		
Cameron Taylor	Chief Operating Officer	18 March 2019 – 30 June 2021
Cameron Taylor	Chief Executive Officer	1 July 2021 – ongoing
Laura Fanning	Chief Financial Officer	1 December 2020 - ongoing

Details of the remuneration of the Group's key management personnel for the years ended 30 June 2022 and 30 June 2021 are set out in the following tables.

	Short term			Post employment				
30 June 2022	Salary/ fees[3] $	STI/ bonus $	Non-monetary $	Super-annuation $	Share based payments $	Termi-nation benefits $	Total $	% of TFR that was awarded as LTI
Directors								
Murray Boyte[1]	321,188	-	-	23,568	-	-	344,756	-
Sue Renkin	76,364	-	-	7,636	-	-	84,000	-
Russell Banham	79,091	-	-	7,909	-	-	87,000	-
Greg Paramor	76,364	-	-	7,636	-	-	84,000	-
Total Directors	553,007	-	-	46,749	-	-	599,756	-
Executives								
Cameron Taylor	326,432	30,000	-	23,568	56,508	-	436,508	40
Laura Fanning	237,619	20,000	-	23,568	2,935	-	284,122	30
Total Executives	564,051	50,000	-	47,136	59,443	-	720,630	-
Total KMP	**1,117,058**	**50,000**	**-**	**93,885**	**59,443**	**-**	**1,320,386**	**-**

30 June 2021	Short term Salary/ fees[3] $	STI/ bonus $	Non-monetary $	Post employment Super-annuation $	Share based payments $	Termin-ation benefits $	Total $	% of TFR that was awarded as LTI
Directors								
Murray Boyte	314,306	150,000	-	21,694	-	-	486,000	-
Sue Renkin	70,320	-	-	6,680	-	-	77,000	-
Russell Banham	73,059	-	-	6,941	-	-	80,000	-
Greg Paramor	63,904	-	-	6,096	-	-	70,000	-
Total Directors	521,589	150,000	-	41,411	-	-	713,000	
Executives								
Cameron Taylor	296,315	76,260	-	21,694	51,263	-	445,532	-
Laura Fanning [2]	136,762	25,076	-	13,065	-	-	174,903	-
Tracey Campion [2]	86,142	17,689	-	8,365	-	-	112,196	-
Total Executives	519,219	119,025	-	43,124	51,263	-	732,631	-
Total KMP	**1,040,808**	**269,025**	**-**	**84,536**	**51,263**	**-**	**1,445,631**	**-**

1 Murray Boyte's fixed remuneration includes his chairman's fee of $120,548 per annum (2021: $120,000) and an additional $224,208 per annum for the period he is Executive Chair (2021: $216,000).

2 KMP for part of the year only.

3 Disclosure in remuneration includes executives' annual remuneration as per their service agreement as well as accrued leave entitlements.

The STIs/bonuses are paid subsequent to balance date.

The proportion of remuneration linked to performance and the fixed proportion (at maximum performance levels) are as follows:

	Fixed remuneration		**At Risk - STI**		**At Risk - LTI**	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
Directors						
Murray Boyte	100%	100%	-	-	-	-
Sue Renkin	100%	100%	-	-	-	-
Russell Banham	100%	100%	-	-	-	-
Greg Paramor	100%	100%	-	-	-	-
Executives						
Cameron Taylor	50%	77%	25%	23%	25%	-
Laura Fanning	83%	83%	17%	17%	-	-

The proportion of cash STI paid/payable or forfeited:

	Cash STI paid/payable		**Cash STI forfeited**	
	2022	**2021**	**2022**	**2021**
Executives				
Cameron Taylor	-%	82%	100%	18%
Laura Fanning	-%	88%	100%	12%

No STIs were paid in FY22. However the Board resolved to award small discretionary bonuses.

Directors' Report

(c) NON-EXECUTIVE DIRECTOR REMUNERATION POLICY

Fees and payments to non-executive directors reflect the demands that are made on, and the responsibilities of, the directors. The Nomination & Remuneration Committee reviews non-executive directors' fees annually. Non-executive directors do not receive share options or other incentives.

Non-executive directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum is $600,000 in aggregate (2021: $450,000) which provides the Board with flexibility to appoint additional directors to broaden the skill base of the Board collectively.

The table below summarises Board and Committee fees payable to non-executive directors (inclusive of superannuation):

Board fees	**2022**	**2021**
	$	**$**
Chair	120,548	120,000
Non-executive director	75,000	70,000
Committee fees payable to Chair of Committees		
Audit and Risk	12,000	10,000
Remuneration and Nomination	9,000	7,000
Environmental, Social and Governance	9,000	-
Annualised Board and Committee fees	375,548	347,000

Directors may also be reimbursed for travelling and other expenses incurred in connection with their Company duties.

(d) SERVICE AGREEMENTS

Directors
On appointment to the Board, all non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including remuneration, relevant to the office of director. In addition, the Executive Chair has received written confirmation of additional remuneration for the additional responsibility and time required to fulfil the executive chairman role, payable during his time in this role.

Executives
Remuneration and other terms of employment for other key management personnel are formalised in service agreements. The details of these agreements for executive key management personnel are as follows:

Cameron Taylor - Chief Operating Officer to 30 June 2021; Chief Executive Officer from 1 July 2021

Commencement	1 July 2021
Term	The agreement has no fixed term and may be terminated by either the Company or Mr Taylor with 2 months' notice or without notice by the Company in the event of a material breach or misconduct by Mr Taylor.
Details	Mr Taylor's remuneration as Chief Executive Officer included total fixed remuneration (TFR) of $350,000, including a base salary, superannuation and car allowance. Certain benefits such as car parking, mobile phone expenses and use of laptop are also provided. His remuneration also included STI of up to 50% of his base salary and long term incentives of up to 50% of his TFR in the form of share rights, as determined by the Board from time to time. During the year 226,830 share rights were issued to Mr Taylor. Mr Taylor is responsible for management of the Group's operations and reports to the Executive Chairman.

Laura Fanning - Chief Financial Officer and Company Secretary

Commencement	1 December 2020
Term	The agreement has no fixed term and may be terminated by either the Company or Ms Fanning with 2 months' notice or without notice by the Company in the event of a material breach or misconduct by Ms Fanning.
Details:	Ms Fanning's remuneration includes a TFR of $261,187, including a base salary and superannuation. Certain benefits such as car parking, mobile phone expenses and use of laptop are also provided. Her remuneration also comprises additional STI of up to 20% of her TFR. Entitlement to LTI is at the discretion of the Board. During the year, 126,953 share rights were issued to Ms Fanning. Ms Fanning is responsible for the accounting and finance functions of the Company and its associated companies. Ms Fanning reports to the Chief Executive Officer.

(e) RELATIONSHIP BETWEEN REMUNERATION POLICY AND COMPANY PERFORMANCE

The Group's current remuneration policy provides executives with a base level of remuneration as well as 'at-risk' components that are aligned with shareholder returns. The STI program is weighted towards Underlying EBITDA[1] and therefore earnings per share. The LTI program is weighted towards total shareholder returns.

The following table shows key metrics for the past 5 years of the Company. The improvements in earnings per share, share price and total shareholder return over this period demonstrate the effectiveness of the current policy.

Metric	Measure	2022	2021	2020	2019	2018
Total revenue and other income	$'000	30,882	29,434	26,068	23,394	23,212
Underlying EBITDA[1]	$'000	10,513	10,569	8,700	7,832	6,942
Profit/(loss) before tax	$'000	10,483	8,742	9,075	6,794	(276)
Profit/(loss) after tax	$'000	8,173	6,283	8,095	6,794	(276)
Earnings per share (basic)	cents per share	3.48	2.73	3.52	2.95	(0.12)
Share price at year end	cents per share	61.0	61.0	32.5	26.0	28.0
Dividend paid per share	cents per share	1.22	1.14	1.55	0.00	0.00
Total shareholder return	% of share price at start of year	2.0	91.2	31.0	(7.1)	(24.3)
KMP remuneration	$'000	1,320	1,446	1,201	868	1,445
KMP remuneration	% of total revenue and other income	4.3	4.9	4.6	3.7	6.2

[1] Refer to page 2 for the definition of Underlying EBITDA. Prior to 2021, EBITDA from core operations was the term used to describe Underlying EBITDA.

(f) REMUNERATION CONSULTANTS

The Group utilised the services of remuneration consultants (Egan Associates Pty Ltd) during the year, at a total cost of $9,009 (2021: $nil). The services were in relation to advice and recommendation on remuneration of non-executive directors.

(g) EQUITY INSTRUMENTS HELD BY KEY MANAGEMENT PERSONNEL

Shares held

The numbers of securities held during the financial year by each director and other key management personnel of the Group, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

KMP	Balance 1 July 2021	Acquired during the year	Disposed during the year	Other changes during the year	Balance 30 June 2022
Directors					
Murray Boyte	782,920	142,285	-	-	925,205
Sue Renkin	-	-	-	-	-
Russell Banham	-	-	-	-	-
Greg Paramor	5,337,500	50,511	-	-	5,388,011
Executives					
Cameron Taylor	-	-	-	-	-
Laura Fanning	-	-	-	-	-
Total	6,120,420	192,796	-	-	6,313,216

Directors' Report

Share rights held

The number of share rights held during the financial year by each director and other key management personnel are set out below. No share rights were issued in the prior year.

KMP	Balance 1 July 2021	Issued during the year	Vested during the year	Balance 30 June 2022
Directors				
Murray Boyte	-	-	-	-
Sue Renkin	-	-	-	-
Russell Banham	-	-	-	-
Greg Paramor	-	-	-	-
Executives				
Cameron Taylor	429,362	226,830	-	656,192
Laura Fanning	-	126,953	-	126,953
Total	429,362	353,783	-	783,145

There were 353,783 new share rights granted as compensation to key management personnel during the year. The table below discloses details of all share rights held during the year.

KMP	**Number of share rights granted during 2022**	**Grant date**	**FV at grant date per share right**	**Exercise price per share right**	**Value of share rights granted $**	**Expiry date**
Cameron Taylor	226,830	4-May-22	0.357	-	80,978	30-Sep-26
Laura Fanning	126,953	4-May-22	0.357	-	45,322	30-Sep-26
Cameron Taylor	429,362	27-May-20	0.280	-	120,221	30-Sep-24

For details on the valuation of the share rights, refer to Note 27.

Options held

There were no options granted as compensation to key management personnel during the year.

(h) LOANS TO/FROM KEY MANAGEMENT PERSONNEL

There were no loans to any director or other key management personnel at any time during the year.

(i) OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

There were no other transactions with key management personnel at any time during the year.

This concludes the remuneration report, which has been audited.

SHARES UNDER OPTION & SHARE RIGHTS

There were 783,145 share rights on issue as at the date of this report.

INDEMNIFICATION AND INSURANCE OF OFFICERS

During or since the end of the financial year, the Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Group paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Directors' Report

INDEMNIFICATION AND INSURANCE OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purposes of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

NON-AUDIT SERVICES

Ernst & Young did not provide any non-audit services during the current or prior years.

OFFICERS OF THE COMPANY WHO ARE FORMER PARTNERS OF ERNST & YOUNG

No officers of the Company were partners of Ernst & Young at the time it undertook the audit of the Company.

ROUNDING OF AMOUNTS

The company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191'Class issued by the Australian Securities and Investment Commission, relating to 'rounding-off'. The amounts contained in the financial and directors' report have been rounded to the nearest $1,000 (where rounding is applicable) where noted ($'000).

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 68.

AUDITOR

Ernst & Young continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of the Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Murray Boyte
Executive Chair

Dated in Brisbane this 30th day of August 2022

Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2022

	Note	30 June 2022 $'000	30 June 2021 $'000
Rental income	3	20,395	18,831
Catering income	3	4,842	4,544
Service and caretaking fees	3	4,512	4,207
Total revenue		29,749	27,582
Finance income		21	25
Other income	3	1,112	1,827
Total revenue and other income		30,882	29,434
Property expenses		(14,558)	(13,687)
Employee expenses		(4,497)	(3,867)
Finance costs	4	(2,106)	(2,626)
Marketing expenses		(119)	(68)
Depreciation & amortisation	4	(737)	(587)
Other expenses		(2,193)	(2,201)
Total operating expenses		(24,210)	(23,036)
Share of profit of a joint venture	11	1,500	1,558
Net gain/(loss) on change in fair value of:			
Investment property	12	2,291	2,361
Non-current assets held for sale	9	20	(525)
Impairment of:			
Other assets	8	-	(1,050)
Total other items		3,811	2,344
Profit before income tax expense		10,483	8,742
Income tax expense	5	(2,310)	(2,459)
Profit after income tax expense		8,173	6,283
Other comprehensive income			
Items that may be reclassified to profit or loss		-	-
Items that will not be reclassified to profit or loss		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		8,173	6,283
Basic earnings per share (cents per share)	26	3.48	2.73
Diluted earnings per share (cents per share)	26	3.47	2.72

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

AS AT 30 JUNE 2022

	Note	30 June 2022 $'000	30 June 2021 $'000
Current assets			
Cash and cash equivalents	22	1,837	1,890
Trade and other receivables	6	756	414
Loans receivable	7	340	214
Other assets	8	1,287	1,486
Non-current assets held for sale	9	-	2,258
Total current assets		4,220	6,262
Non-current assets			
Loans receivable	7	42	346
Joint venture investment	11	7,196	6,846
Investment property	12	159,660	139,037
Property, plant and equipment	13	523	504
Right of use assets	14	1,265	487
Intangible assets	15	8,471	3,827
Other assets	8	1,391	1,660
Total non-current assets		178,548	152,707
Total assets		182,768	158,969
Current liabilities			
Trade and other payables	16	3,231	3,744
Provisions	17	671	535
Other financial liabilities	18	2,847	163
Total current liabilities		6,749	4,442
Non-current liabilities			
Trade and other payables	16	161	184
Provisions	17	41	83
Other financial liabilities	18	1,053	2,902
Borrowings	19	70,018	57,039
Deferred tax liability	5	5,713	3,439
Total non-current liabilities		76,986	63,647
Total liabilities		83,735	68,089
Net assets		99,033	90,880
Equity			
Share capital	20	98,422	95,652
Share based payment reserve	20	115	56
Retained profits / (Accumulated losses)		496	(4,828)
Total equity		99,033	90,880

The consolidated statement of financial position is to be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2022

	Note	30 June 2022 $'000	30 June 2021 $'000
Cash flows from operating activities			
Receipts from customers		29,386	27,857
Payments to suppliers & employees		(21,073)	(19,040)
Distributions from joint venture		1,150	667
Insurance proceeds		1,027	595
Interest received		21	64
Interest paid		(2,228)	(2,295)
Net cash provided by operating activities	22(b)	8,283	7,848
Cash flows from investing activities			
Payments for additions to investment property		(21,457)	(15,170)
Payments for additions to inventory		-	(66)
Payments for property, plant & equipment		(102)	(55)
Payments for intangible assets		(5,309)	-
Payments for other assets		(83)	-
Payments to sell property assets		(245)	(344)
Proceeds from sale of investment properties		664	-
Proceeds from sale of non-current assets held for sale		5,478	-
Proceeds from sale of inventory		-	6,023
Proceeds from the sale of intangible assets		-	10
Proceeds from repayments of loans provided		162	178
Net cash used in investing activities		(20,892)	(9,424)
Cash flows from financing activities			
Proceeds from borrowings		23,100	10,954
Repayment of borrowings		(10,200)	(8,250)
Payment of dividends		(2,246)	(1,981)
Proceeds from share issue		2,240	713
Payments for share issue transactions		(98)	(54)
Principal portion of lease payments		(223)	(210)
Payment of transaction costs related to borrowings		(17)	(157)
Net cash provided by financing activities		12,556	1,015
Net decrease in cash and cash equivalents		(53)	(561)
Cash and cash equivalents at the beginning of the financial year		1,890	2,451
Cash and cash equivalents at the end of the financial year	22(a)	1,837	1,890

The consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2022

	Note	Share capital $'000	Retained profits / (Accumulated losses) $'000	Share based payment reserve $'000	Total $'000
For the year ended 30 June 2022					
Balance at 1 July 2021		95,652	(4,828)	56	90,880
Profit for the year, representing total comprehensive income for the year		-	8,173	-	8,173
Transactions with owners in their capacity as owners:					
Issue of share capital	20	2,844	-	-	2,844
Transactions costs from share issue (net of tax)	20	(74)	-	-	(74)
Share based payments	20	-	-	59	59
Dividends paid	21	-	(2,849)	-	(2,849)
Balance at 30 June 2022		98,422	496	115	99,033
For the year ended 30 June 2021					
Balance at 1 July 2020		94,352	(8,489)	5	85,868
Profit for the year, representing total comprehensive income for the year		-	6,283	-	6,283
Transactions with owners in their capacity as owners:					
Issue of share capital	20	1,354	-	-	1,354
Transactions costs from share issue	20	(54)	-	-	(54)
Share based payments	20	-	-	51	51
Dividends paid	21	-	(2,622)	-	(2,622)
Balance at 30 June 2021		95,652	(4,828)	56	90,880

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

1. INTRODUCTION

The financial statements cover Eureka Group Holdings Limited and its subsidiaries (Eureka, the Group or the Consolidated Entity) for the year ended 30 June 2022. Eureka Group Holdings Limited is a company incorporated and domiciled in Australia. Eureka is a for-profit entity for the purposes of preparing the financial statements.

The Group's operations and principal activities comprise ownership and property management of senior independent living communities.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated.

The registered office of the Company is Suite 2D, 7 Short St, Southport QLD 4215.

The financial report was authorised for issue on 30 August 2022 by the Directors.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The principal accounting policies adopted by the Group are stated in order to assist in the general understanding of the financial report. These policies have been consistently applied to all the years presented, unless otherwise stated.

The consolidated financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards and the Corporations Act 2001.

Compliance with IFRS
The consolidated financial report of the Group complies with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board (IASB).

New, revised and amended Accounting Standards adopted by the Group
Several amendments and interpretations apply for the first time for the year but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued or which are not yet effective. This includes IFRS Interpretations Committee agenda decision *Configuration or Customisation Costs in a Cloud Computing Arrangement*, which includes software-as-a-service arrangements. The Group does not have any capitalised configuration or customisation costs.

Other new accounting standards, amendments to accounting standards, and interpretations have been published that are not mandatory for the current reporting period and are not expected to have a material impact on the Group's future financial reporting.

HISTORICAL COST CONVENTION

The financial statements have been prepared under the historical cost convention, except for, where applicable, financial assets and liabilities at fair value through profit or loss, investment properties and some assets held for sale.

CONSOLIDATION

This financial report covers the consolidated entity consisting of Eureka Group Holdings Limited and its controlled entities. Eureka Group Holdings Limited is the ultimate parent entity.

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Eureka Group Holdings Limited as at 30 June 2022 and the results of all controlled entities for the year then ended. The effects of all transactions between entities in the Group are eliminated in full.

Subsidiaries are entities controlled by the Company. Control exists when the Company is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the financial report from the date that control commences until the date that control ceases.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

REVENUE FROM CONTRACTS WITH CUSTOMERS

Catering income

The revenue from contracts with residents for the provision of catering services includes one performance obligation. Revenue is recognised at a point in time when services are provided to the resident.

Service and Caretaking fees

The revenue from service and caretaking fees is recognised over time, as the customer simultaneously receives and consumes the benefits provided by the Group.

BUSINESS COMBINATIONS

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquiree.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

INCOME TAX

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit and loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the differences relating to investments in subsidiaries to the extent that it is probable that it will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

TAX CONSOLIDATION

The Company and its wholly-owned Australian resident entities have formed a tax-consolidation group with effect from 1 July 2003 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidation group is Eureka Group Holdings Limited.

Current income tax expense, deferred tax liabilities and deferred assets arising from temporary differences of the members of the tax-consolidation group are recognised in the separate financial statements of the members of the tax-consolidation group using the 'separate taxpayer within group' approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

Any current tax liabilities/(assets) and deferred tax assets arising from unused tax losses of the subsidiaries is assumed by the head entity in the tax-consolidation group and are recognised by the Company as amounts payable/(receivable) to/(from) other entities in the tax-consolidation group in conjunction with any tax funding arrangement amounts (refer below). Any difference between these amounts is recognised by the Company as an equity contribution or distribution.

The Company recognises deferred tax assets arising from unused tax losses of the tax-consolidation group to the extent that it is probable that future taxable profits of the tax-consolidation group will be available against which the asset can be utilised.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

Nature of Tax Funding Arrangements and Tax Sharing Arrangements

The head entity in conjunction with other members of the tax-consolidation group has entered into a tax funding arrangement which sets out the funding obligations of members of the tax-consolidation group in respect of tax amounts. The tax funding arrangements require payments to/from the head entity for the current tax liability/(asset) assumed by the head entity and any tax-loss deferred tax asset assumed by the head entity, resulting in the head entity recognising an inter-entity receivable/(payable) equal in amount to the tax liability/(asset) assumed. The inter-entity receivables/(payables) are at call.

Contributions to fund the current tax liabilities are payable as per the tax funding arrangement and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant authorities.

The head entity, in conjunction with other members of the tax-consolidated group, has also entered into a tax sharing agreement. The tax sharing agreement provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations.

CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash includes cash at bank and on hand as well as highly liquid investments with short periods to maturity which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

TRADE AND OTHER RECEIVABLES

Trade and other receivables are recognised initially at original invoice amount, and subsequently adjusted for Expected Credit Loss (ECL). An ECL allowance is recognised by analysing the age of outstanding balances and applying historical default percentages. Historical loss rates are adjusted to reflect forward-looking observable data affecting the ability of customers to settle debts.

INVESTMENT PROPERTY

Investment property comprises land and/or buildings held to earn rental income and/or for capital appreciation. In accordance with applicable accounting standards, the buildings, including plant and equipment, are not depreciated.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

Investment property is initially measured at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment property are recognised in profit or loss in the period in which they arise.

Transfers are made to (or from) investment property only when there is a change in use.

- For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.
- For a transfer from investment property to inventory, the deemed cost for subsequent accounting is the fair value at the date of change in use. If inventory becomes an investment property, the Group accounts for it in accordance with the policy stated under inventory up to the date of change in use.
- For a transfer from investment property to intangibles, the deemed cost for subsequent accounting is the fair value at the date of change in use. If an intangible (management rights) becomes an investment property, the Group accounts for it in accordance with the policy stated under intangibles up to the date of change in use.
- Transfers are made from investment property to non-current assets held for sale when the carrying amount will be recovered principally through a sale transaction rather than continuing use.

The Group's policy is to have all investment properties externally valued at intervals of not less than three years or a third of the properties each year. Internal valuations are undertaken with reference to current market conditions and available information for those investment properties not externally valued at each reporting date. It is the policy of the Group to review the fair value of each investment property at each reporting date.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

INVESTMENT IN JOINT VENTURE

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its joint venture are accounted for using the equity method. Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the joint venture. Any change in other comprehensive income (OCI) of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the joint venture.

The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognises the loss as 'Share of profit of a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

PROPERTY PLANT & EQUIPMENT

Property plant and equipment is recognised at cost. Depreciation and amortisation is calculated on the straight line or diminishing value basis so as to write off the net cost of each item of property, plant and equipment over its expected useful life to the Group. Rates used for each class of asset are:

Class	Rate	Method
Plant and equipment	6-33%	Straight-line or Diminishing value
Buildings	2.5%	Straight-line

INTANGIBLE ASSETS

Only intangible assets that have been purchased or paid for by the Group are recognised in the accounts.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Management rights have a finite life and are carried at cost less accumulated amortisation and accumulated impairment losses. The management rights are amortised using the straight-line method over their estimated useful life. If the contractual or other legal rights of the management rights can be renewed, the useful life of the intangible asset includes the renewal period if there is evidence to support renewal by the entity without significant cost. Otherwise the management rights are amortised over the life of the contract.

Rent rolls have a finite life and are carried at cost less accumulated amortisation and accumulated impairment losses. Rent rolls are amortised using the straight-line method over 15 years being the estimated useful life.

Other intangible assets relate to website development which is amortised using the straight-line method over 3-10 years being the estimated useful life.

Intangible assets with indefinite useful lives are not amortised, but tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable.

Goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised, instead goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. Impairment losses for goodwill are not subsequently reversed.

IMPAIRMENT OF ASSETS

Non-Financial Assets
The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives, recoverable amount is estimated at each reporting date.
The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.
For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. Except for goodwill, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

FAIR VALUE MEASUREMENT

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and assumes that the transaction will take place either in the principal market or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets including investment properties, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

FINANCIAL ASSETS AND LIABILITIES

Current and non-current financial assets and liabilities within the scope of AASB 9 are classified as fair value through profit or loss, fair value through other comprehensive income or amortised cost. The Group determines the classification of its financial assets and liabilities at initial recognition with the classification depending on the purpose for which the asset or liability was acquired or issued. Financial assets and liabilities are initially recognised at fair value plus directly attributable transaction costs, unless their classification is at fair value through profit or loss. They are subsequently measured at fair value or amortised cost using the effective interest method.

NON-CURRENT ASSETS (OR DISPOSAL GROUPS) CLASSIFIED AS HELD FOR SALE

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of the disposal group) are not depreciated or amortised while they are classified as held for sale. Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

TRADE AND OTHER PAYABLES

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid at that date. The amounts are unsecured and are generally settled within 30-60 days.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

BORROWINGS

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are derecognised from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

EMPLOYEE BENEFITS

Short-term Employee Benefits
Liabilities for wages and salaries, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities and are measured as the amounts expected to be paid when the liabilities are settled inclusive of on-costs. Sick leave is non-vesting and is expensed as paid.

Long-term Employee Benefits
The liabilities for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given for expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields as at the reporting date on corporate bond rates with the terms to maturity that match, as closely as possible, the estimated future cash outflows.

Share based payments
Employees of the Group receive remuneration in the form of share based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised in employee benefits expense, together with a corresponding increase in equity (share based payment reserve), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

PROVISIONS

Provisions are recognised when the Group has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

FINANCE COSTS

Finance costs include interest on short-term and long-term borrowings, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs in connection with the arrangement of borrowings and finance lease charges. Finance costs incurred whilst qualifying assets are under construction are capitalised in the period in which they are incurred. Once each project is completed and ready for use or sale, subsequent finance costs are expensed when incurred. All other finance costs are expensed when incurred.

GOODS AND SERVICES TAX

Revenues, expenses, assets and liabilities are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense.

Receivables and payables are recognised inclusive of GST. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

LEASES

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee
The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) *Right-of-use assets*
The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policy on Impairment of non-financial assets.

ii) *Lease liabilities*
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date where the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in financial liabilities.

iii) *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor
Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

DIVIDENDS

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

CONTRIBUTED EQUITY

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs is recognised as a deduction from equity.

EARNINGS PER SHARE

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

USE OF JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. 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 and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are:

Investment Property – Measurement
The Group carries its investment property at fair value, with changes in fair value being recognised in profit or loss. The best evidence of fair value is current selling prices in an active market for similar investment properties. Where such information is not available, the Group determines a property's value within a range of reasonable fair value estimates. In making its judgment, the Group considers information from a variety of sources including:

- Valuations undertaken by accredited external independent valuers;
- Acquisition price paid for the property;
- Recent prices of similar properties with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and
- Capitalised income projections based upon a property's estimated maintainable earnings and capitalisation rate.

Notes to the Financial Statements

Investment Property – Classification
The Group classifies property as investment property when it meets the following key criteria:

- The property is held by the Group to generate long term investment growth and ongoing rental returns; and
- Ancillary services are insignificant to the arrangement as a whole.

The returns from the Group's investment property include rental income and income from provision of ancillary services, including food services to residents. Judgement is required as to whether the ancillary services are significant. Management has determined that the ancillary services are not significant by assessing qualitative factors, which include both operational and legislative considerations, and quantitative factors, which includes comparing:

- the value of the ancillary services to the total income generated from the property; and
- the profit generated from ancillary services to the total profit generated from the property

Properties that do not meet this criteria are classified as property, plant and equipment.

Goodwill
Goodwill is allocated to the property management cash-generating unit (CGU). The Group tests the carrying value of goodwill on an annual basis to assess for any impairment, or more frequently, if events or changes in circumstances indicate impairment. The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows. Refer to Note 15 for further information.

Amortisation of Management Rights
Management rights are amortised over their estimated useful life. If the contractual or other legal rights of the management rights can be renewed, the useful life of the intangible asset includes the renewal period if there is evidence to support renewal by the entity without significant cost. Otherwise the management rights are amortised over the life of the contract.

For strata-titled villages (where units are individually owned by third parties) where management rights are attached, the Group generally amortises its management rights over a period of 40 years (being the estimated useful life). The amortisation period used reflects the pattern in which the asset's future economic benefits are expected to be consumed by the Group. In determining the useful life, the Group considers the expected usage of the assets, the legal rights over the asset and the renewal period of the management rights agreements. Where there is evidence to support renewal of the management rights, the amortisation period is 40 years, similar to the life of the property the management rights are attached to, otherwise the amortisation period is the term of the management rights agreement.

For single-owner villages (where all units in the village are owned by a single third party) where management rights are attached, the management rights are amortised over the life of the contract. Eureka considers that it has materially less control over future contract renewals in single-owner villages than it does with the strata-titled villages primarily because it does not own or have any sort of tenure in respect of the managers unit and a single vote of the owner can elect to not renew Eureka's management rights contract.

The amortisation period and the amortisation method for management rights are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate.

Recovery of receivables
At each reporting date the Group assesses the recoverability of trade, loan and other receivables by reference to the expected future cash flows, the credit worthiness of the borrowers and the value of security provided. For trade receivables, the Group applies a simplified approach in calculating expected credit losses (ECLs). The Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

Non-current amount receivable and associated option over property
Options over property are initially measured at cost. Subsequent to acquisition, options continue to be recorded at cost, however are tested for impairment on an annual basis. Impairment is tested by reference to the assessed value of the underlying property assets or final cash settlement alternatives. Impairment losses are recorded as incurred. Should these options not be, or become unlikely to be, exercised and this asset reverts back to a receivable it will be assessed for impairment as a loan receivable at that point in time. Refer to Note 8 for significant assumptions made in the assessment of impairment for this asset.

Bartercard
Bartercard assets are initially recorded at cost. At each balance date an assessment is made of the cash equivalent value obtainable on the expenditure of Bartercard. If this value exceeds cost, no adjustment is made, however if the cash price equivalent is less than cost, an impairment charge is made to this asset.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences and income tax losses. These assets are only recognised if the Group considers it probable that future taxable amounts will be available to utilise those temporary difference assets. Judgement is required in assessing the availability of income tax losses and satisfaction by the relevant Group entities of legislative requirements at each reporting date, including for certain years satisfaction of the "Same Business Test" as defined in S.165-210 of the Income Tax Assessment Act 1997.

Fair value measurement hierarchy
The consolidated entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Unobservable inputs for the asset or liability.

Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of significant unobservable inputs as disclosed in Note 24.

PARENT ENTITY

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in Note 32. The accounting policies of the parent entity are consistent with those of the Group, as disclosed above, except for the following where in the parent entity:

- Investments in subsidiaries are accounted for at cost, less any impairment; and
- Investments in joint ventures are accounted for at cost, less any impairment.

Financial guarantees
Where the parent entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

COMPARATIVES

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts and other disclosures.

3. REVENUE

	Consolidated	
	30 June 2022 $'000	30 June 2021 $'000
Rental income	20,395	18,831
Revenue from contracts with customers		
Catering – owned properties	3,230	3,036
Catering – managed properties	1,612	1,508
Total catering income	4,842	4,544
Service fees	3,439	3,307
Caretaking fees	1,073	900
Total service and caretaking fees	4,512	4,207
Total revenue from contracts with customers	9,354	8,751
Total revenue	29,749	27,582
Other income		
Insurance proceeds [1]	1,028	595
Gain on sale of inventory [2]	-	731
Gain on sale of investment property	20	-
Gain on sale of intangible assets	-	10
Other	64	491
Total other income	1,112	1,827

1 Insurance proceeds in the current year included $1.02 million for losses sustained in a flood event in Lismore, NSW.

2 The gain on sale of inventory in the prior year relates to the disposal of 31 units at Terranora, NSW as part of the Group's capital disposal program comprising sales proceeds of $6.02 million less cost of sales of $5.14 million and a write down to net realisable value of $0.15 million.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

	Consolidated	
	30 June 2022 $'000	30 June 2021 $'000
Disaggregation of revenue from contracts with customers		
The Group derives revenue from the transfer of goods at a point in time (catering income) and services over time (service and caretaking fees) in Australia.		
Timing of revenue recognition		
At a point in time	4,842	4,544
Over time	4,512	4,207
Total	9,354	8,751

4. ITEMS INCLUDED IN PROFIT

	Consolidated	
	30 June 2022 $'000	30 June 2021 $'000
Profit before income tax expense includes the following specific items:		
Finance costs		
Interest and finance charges paid/payable for financial liabilities not at fair value through profit or loss	2,058	2,587
Interest and finance charges paid/payable for lease liabilities	48	39
Total finance costs	2,106	2,626
Depreciation		
Plant & equipment	46	36
Buildings	15	15
Motor vehicles	9	10
Right of use assets	302	176
Total depreciation	372	237
Amortisation		
Management rights	355	342
Rent rolls	4	3
Other	6	5
Total amortisation	365	350
Total depreciation and amortisation	737	587
Defined contribution superannuation expense	745	553

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

5. INCOME TAX

	Consolidated 30 June 2022 $'000	Consolidated 30 June 2021 $'000
The major components of income tax expense are as follows:		
Consolidated Statement of Profit or Loss		
Current income tax	-	-
Deferred income tax	2,310	2,459
Income tax expense reported in the Statement of Profit or Loss	2,310	2,459
A reconciliation of income tax expense and the profit before tax multiplied by the applicable tax rate is as follows:		
Profit before tax	10,483	8,742
Income tax calculated at 25% (2021: 26%)	2,621	2,273
Tax effect of permanent differences	29	(95)
Non-deductible capital items - deferred tax assets not recognised in year	91	364
Non-deductible capital items - deferred tax assets ceased to be recognised	-	507
Over provision	-	(108)
Recognition of deferred tax assets not previously recognised	(431)	(214)
Tax effect of changing deferred tax balances to 25% tax rate at 30 June 2021	-	(268)
Income tax expense reported in the Statement of Profit or Loss	2,310	2,459
Movement in deferred tax balances charged/(credited):		
In profit or loss	2,310	2,459
Directly to equity – transaction costs	(24)	-
Acquisition of investment property	(12)	-
Total deferred tax recognised	2,274	2,459

Deferred tax balances have been stated at 25% (2021: 25%).

	Consolidated	
	30 June 2022 $'000	30 June 2021 $'000
Recognised in the Statement of Financial Position		
Deferred tax assets		
Tax losses - revenue	6,498	6,734
Net (assessable) and deductible differences on sundry items	(578)	(434)
Deferred tax liabilities		
Investment properties, property, plant and equipment	(11,633)	(9,739)
Net deferred tax liability	(5,713)	(3,439)
Not recognised in the Statement of Financial Position		
Unrecognised deferred tax assets		
Tax losses - capital	192	601
Non-deductible capital items	1,299	1,230
Net unrecognised deferred tax assets	1,491	1,831
Reconciliation of unrecognised tax balances:		
Opening balance	1,831	1,472
Recognition and use of capital tax losses	(409)	(214)
Movement attributable to non-deductible capital items	91	871
Adjustment to prior period balances	(22)	(29)
Tax effect of changing deferred tax balances to 25% tax rate at 30 June 2021	-	(269)
Total movement	(340)	359
Closing balance	1,491	1,831

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items until it is probable that future taxable profits will be available against which the Group can utilise these benefits because they relate to capital assets.

The benefits of the Group's recognised and unrecognised tax losses will only be realised if:

- the Group continues to meet the requirements of applicable tax laws to allow the losses to be carried forward and utilised, including for certain years satisfaction of the "Same Business Test" as defined in S.165-210 of the Income Tax Assessment Act 1997;
- the Group earns taxable income in future periods; and
- applicable tax laws are not changed, causing the losses to be unavailable.

6. TRADE AND OTHER RECEIVABLES

	Consolidated	
	30 June 2022 $'000	30 June 2021 $'000
Trade receivables	361	220
Accrued income	395	194
	756	414

Trade receivables are non-interest bearing unless otherwise stated and are generally on 30 day terms. Expected credit loss was considered not material at each reporting date.

7. LOANS RECEIVABLE

	Consolidated	
	30 June 2022 $'000	30 June 2021 $'000
Current		
Vendor finance [1]	134	79
West Cabin loan [2]	206	135
	340	214
Non-current		
Vendor finance [1]	42	166
West Cabin loan [2]	-	180
	42	346

[1] The Group acquired loans receivable as part of the purchase of Elizabeth Vale Scenic Village Pty Ltd in 2015. Security for the loans consists of a first ranking mortgage over the property to which each loan pertains. The loans have maturity dates at year end of between 0.6 and 1.2 years and interest is payable on these loans at a rate of between 5.50% to 6.25% per annum.

[2] The West Cabin Loan is a secured loan to CCH Developments No 1 Pty Ltd (CCH) in its personal capacity and as trustee of the CCH Developments No 1 Trust. No interest accrues on this loan.

The loan is secured by a real property mortgage over two existing cabins owned by CCH at Couran Cove, Qld and is guaranteed by Onterran Ltd and Mr Lachlan McIntosh in his personal capacity. Mr McIntosh was a director of Eureka until 31 December 2019, is the Executive Chairman of Onterran Ltd and a director of CCH. Recourse against CCH in respect of the loan is limited to the two existing cabins.

Eureka has reserved its rights under the loan agreement and the security.

The Directors consider that the amount owed is recoverable due to the repayment plan agreed between the parties, the validity and enforceability of the real property mortgages held by Eureka and the personal guarantee provided by Mr McIntosh.

8. OTHER ASSETS

	Consolidated	
Current	**30 June 2022 $'000**	**30 June 2021 $'000**
Prepayments and other assets	684	1,116
Bartercard [1]	396	140
Capital replacement funds	207	230
	1,287	1,486
Non-current		
Bartercard [1]	1,391	1,660
Couran Cove loan [2]	-	-
	1,391	1,660

1 Bartercard is an alternative currency and operates as a trade exchange. At balance date, the Bartercard carrying value was $1.79 million (2021: $1.80 million) which is recorded at cost less any impairment. There was no impairment expense during the year (2021: $nil). The amount classified in current assets is based on expected utilisation of Bartercard in the next 12 months.

2 A loan to CCH Developments No 1 Pty Ltd (CCH) was formalised with effect from 31 December 2016 with a face value of $3.00 million. It is secured by a real property mortgage over land owned by CCH relating to 60 proposed cabin sites at Couran Cove, Qld. This loan is guaranteed by Onterran Ltd. No interest accrues on this loan.

The loan expired on 31 August 2021. Eureka has reserved its rights under the loan agreement and the security.

In the prior year, a thorough review was undertaken by the Group of the recoverability of the loan including likely realisation methods. This included consideration of legal advice, an independent valuation of the relevant land which acts as security for the loan and the commercial arrangements applicable to land holdings and development at Couran Cove. As a result of this review, which was updated in the current year, the directors assessed the fair value of the loan to be $nil (2021: $nil) and an impairment charge of $1.05 million was recorded in the prior year. The Group intends to pursue its rights for collection of the loan receivable.

Although the loan and land option give Eureka a right of first refusal to purchase the proposed cabin sites for $50,000 per site, to be paid by way of set off against the loan on settlement, the Directors no longer consider this to be the most viable means of realising the asset.

Refer to Note 24 for fair value hierarchy disclosures.

9. NON-CURRENT ASSETS HELD FOR SALE

	Consolidated	
	30 June 2022 $'000	**30 June 2021 $'000**
Current		
Opening balance	2,258	483
Transfers from investment property	2,886	2,300
Net gain/(loss) on change in fair value	20	(525)
Disposals	(5,164)	-
Closing balance	-	2,258

During the year, disposals included 2 villages in Townsville, Qld, vacant land at Terranora, NSW and two units at the Caboolture village previously managed by the Group.

Refer to Note 24 for fair value hierarchy disclosures.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

10. INVESTMENT IN SUBSIDIARIES

	Country of Incorporation	Equity Holding 30 June 2022 %	Equity Holding 30 June 2021 %
Comptons Caboolture Pty Ltd	Australia	100%	100%
Comptons Villages Australia Unit Trust	Australia	100%	100%
Easy Living (Bundaberg) Unit Trust	Australia	100%	100%
Easy Living Unit Trust	Australia	100%	100%
ECG No. 1 Pty Ltd	Australia	100%	100%
EGL Finance Pty Ltd	Australia	100%	100%
Elizabeth Vale Scenic Village Pty Ltd	Australia	100%	100%
Eureka Care Communities Pty Ltd	Australia	100%	100%
Eureka Care Communities (Morphetville) Pty Ltd	Australia	100%	100%
Eureka Care Communities (Mount Gambier) Pty Ltd	Australia	100%	100%
Eureka Care Communities (Salisbury) Pty Ltd	Australia	100%	100%
Eureka Care Communities (Wynnum) Pty Ltd	Australia	100%	100%
Eureka Care Communities Unit Trust	Australia	100%	100%
Eureka Cascade Gardens Pty Ltd	Australia	100%	100%
Eureka Cascade Gardens (Albert Gardens) Pty Ltd	Australia	100%	100%
Eureka Cascade Gardens (Ayr) Pty Ltd	Australia	100%	100%
Eureka Cascade Gardens (Belgian Gardens) Pty Ltd	Australia	100%	100%
Eureka Cascade Gardens (Bowen) Pty Ltd	Australia	100%	100%
Eureka Cascade Gardens (Broken Hill) Pty Ltd	Australia	100%	100%
Eureka Cascade Gardens (Cairns) Pty Ltd	Australia	100%	100%
Eureka Cascade Gardens (Couran Cove) Pty Ltd	Australia	100%	100%
Eureka Cascade Gardens (Gladstone) Pty Ltd	Australia	100%	100%
Eureka Cascade Gardens (Lismore) Pty Ltd	Australia	100%	100%
Eureka Cascade Gardens (Margate) Pty Ltd	Australia	100%	100%
Eureka Cascade Gardens (Orange) Pty Ltd	Australia	100%	100%
Eureka Cascade Gardens (Southport) Pty Ltd	Australia	100%	100%
Eureka Cascade Gardens (Terranora) Pty Ltd	Australia	100%	100%
Eureka Cascade Gardens (Tivoli) Pty Ltd	Australia	100%	100%
Eureka Cascade Gardens (Townsville) Pty Ltd	Australia	100%	100%
Eureka Bowen Pty Ltd	Australia	100%	-
Eureka Bundamba Pty Ltd	Australia	100%	-
Eureka Brassall Pty Ltd	Australia	100%	100%
Eureka Eagleby Pty Ltd	Australia	100%	-
Eureka Earlville Pty Ltd	Australia	100%	100%
Eureka Glenvale Pty Ltd	Australia	100%	100%
Eureka Group Care Pty Ltd	Australia	100%	100%
Eureka Hervey Bay Pty Ltd	Australia	100%	100%
Eureka Kingaroy Pty Ltd	Australia	100%	100%
Eureka Liberty Villas Pty Ltd	Australia	100%	100%
Eureka Living Pty Ltd	Australia	100%	100%
Eureka Property Pty Ltd	Australia	100%	100%
Eureka Whitsunday Pty Ltd	Australia	100%	100%
Fig Investments Pty Ltd	Australia	100%	100%
Rockham Two Pty Ltd	Australia	100%	100%
SCV Leasing Pty Ltd	Australia	100%	100%
SCV Manager Pty Ltd	Australia	100%	100%
SCV No. 1 Pty Ltd	Australia	100%	100%
The Trustee for Rockham Unit Trust	Australia	100%	100%

There are no significant restrictions on the Company's ability to access or use the assets and settle the liabilities of the Group.

11. JOINT VENTURE INVESTMENT

The Group has a 50% interest in a joint venture (JV) comprising Affordable Living Unit Trust and Affordable Living Services Unit Trust. The JV owns five retirement villages in Tasmania. The Group's interest in the JV is accounted for using the equity method in the consolidated financial statements. The accounting policies adopted by the JV are consistent with the Group's accounting policies. Summarised financial information of the JV, and a reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below:

	Consolidated	
	30 June 2022 $'000	30 June 2021 $'000
Movements in carrying amount:		
Opening balance	6,846	5,955
Share of profit from JV [1]	1,500	1,558
Cash distribution received	(1,150)	(667)
Closing balance	7,196	6,846

1 Share of profit from JV includes a net increase in the fair value of the Tasmanian village property assets. The Group's 50% share was $0.52 million (2021: $0.58 million).

Summarised statement of financial position of Affordable Living Unit Trust:

	30 June 2022 $'000	30 June 2021 $'000
Current assets, including cash and cash equivalents	256	357
Non-current assets, comprising investment property	23,876	22,468
Current liabilities [1]	(460)	(333)
Non-current liabilities [2]	(9,280)	(8,800)
Net assets	14,392	13,692
Group's share in net assets – 50%	7,196	6,846
Group's carrying amount of the investment	7,196	6,846

1 Current liabilities includes borrowings of $0.14 million (2021: $0.10 million), repayable within 12 months.
2 Non-current liabilities includes long term borrowings of $9.28 million (2021: $8.80 million). $0.50 million of the loan facility is undrawn at balance date and is able to be used for working capital purposes.

Summarised statement of profit or loss of Affordable Living Unit Trust:

	30 June 2022 $'000	30 June 2021 $'000
Revenue and other income	5,738	5,751
Cost of sales	(2,520)	(2,363)
Finance costs	(218)	(272)
Profit before tax	3,000	3,116
Income tax expense[1]	-	-
Profit for the year	3,000	3,116
Total comprehensive income for the year	3,000	3,116
Group's share of profit for the year	1,500	1,558

1 Eureka and its JV partner are presently entitled to the net income of the trust for tax purposes. As a result, there is no tax payable or expense in the JV.

Summarised statement of financial position of Affordable Living Services Unit Trust:

This entity has been dormant since May 2020.

The joint venture had no contingent liabilities or commitments as at 30 June 2022 (2021: $nil).

12. INVESTMENT PROPERTY

	Consolidated	
	30 June 2022 $'000	30 June 2021 $'000
Investment properties at fair value	159,660	139,037
Movements in investment properties:		
Balance at beginning of year	139,037	121,443
Acquisitions	15,377	14,265
Disposals	(684)	-
Development costs [1]	3,347	1,215
Capital expenditure	2,878	1,970
Transfer to non-current assets held for sale	(2,886)	(2,300)
Transfer from intangibles – management rights [2]	300	-
Transfer from property, plant and equipment	-	83
Net gain on change in fair value	2,291	2,361
Balance at end of year	159,660	139,037

1 Includes Wynnum expansion costs of $2.73 million (2021: $1.21 million).

2 Management rights held in relation to villages for which no future material external revenue stream exists were reclassified to investment property and included in the fair value of the respective properties.

The Group's investment properties are shown individually in this note and consist of 25 rental village assets (2021: 27) along with associated manager's units, other rental units, the Kingaroy development and the Lismore property. The Group considers investment properties reside in one class of asset, being seniors' rental villages.

At 30 June 2022, the Group undertook a review of the fair value of all investment properties held and recorded a net increase in fair value for the year of $2.29 million (2021: $2.36 million). In the current year, the net increase includes a loss on the change in fair value of the Lismore property of $7.15 million. Due to damage sustained in a flood event during the year, the directors have assessed the fair value of the property to be $nil at balance date. The net gain on the change in fair value of the remaining investment properties was $9.44 million.

The net gain on change in fair value adjustment related to all assets in the asset class and was based on inputs and assumptions disclosed in Note 24. The net change in fair value is recognised in profit or loss in the reporting period in which the assessment is made.

The Group's external valuation program continued during the year, with 12 properties being independently valued.

Refer to Note 24 for fair value hierarchy disclosures relating to investment properties.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

Amounts recognised in profit or loss for investment properties:	30 June 2022 $'000	30 June 2021 $'000
Rental income	20,395	18,831
Catering income	3,230	3,036
Direct operating expenses generating rental and catering income	(12,749)	(12,268)
Net gain on change in fair value of investment properties	2,291	2,361

The Group has no restrictions on the realisability of its investment properties. There are no other contractual obligations to either purchase, construct or develop investment properties or for repairs, maintenance and enhancements apart from those referred to in Note 33. Certain assets are pledged as security for borrowings as detailed in Note 19.

A summary of the investment properties by state is as follows:

State	Carrying amount 30-Jun-22 $'000	Carrying amount 30-Jun-21 $'000
Queensland	104,564	83,360
New South Wales	16,160	20,992
Victoria	10,900	9,740
South Australia	28,036	24,945
	159,660	139,037

Details of investment properties are as follows:

Property	Carrying amount 30-Jun-22 $'000	Carrying amount 30-Jun-21 $'000
Albury Village, NSW	5,700	4,778
Ayr Village, Qld	1,870	1,317
Belgian Gardens Village, Qld	-	1,488
Bowen Village, Qld	5,440	-
Brassall Village, Qld	7,617	-
Broken Hill Village, NSW	4,000	3,032
Bundamba Village Lots 18,28,29 and 30, Qld	221	-
Bundaberg Avenell Village, Qld	5,560	5,304
Bundaberg Liberty Village, Qld	16,250	14,748
Cairns Smithfield Village, Qld	5,400	4,973
Cairns Earlville Village, Qld	9,001	8,777
Elizabeth Vale Scenic Village 1, SA	6,800	6,329
Elizabeth Vale Scenic Village 2, SA	4,841	4,680
Rockhampton Village 1, Qld	4,088	3,562
Rockhampton Village 2, Qld	5,820	5,644
Gympie Village, Qld	4,563	4,492
Hervey Bay Village, Qld	5,780	5,702
Kingaroy development, Qld	1,196	-
Lismore Village, NSW	-	6,992
Mackay Village, Qld	10,899	9,527
Margate Village, Qld	5,036	4,908
Mildura Village, Vic	4,900	4,668
Mt Gambier Village, SA	4,840	3,392
Orange Village, NSW	5,859	5,590
Salisbury Village, SA	5,900	4,971
Shepparton Village, Vic	6,000	5,072
Southport Village, Qld	4,299	4,286
Tivoli Village Lots 6,8,9,21 & 22, Qld	-	667
South Townsville Village, Qld	-	940
Whyalla Village, SA	4,769	4,700
Wynnum Village, Qld	10,090	6,894
Managers' units	2,921	1,604
	159,660	139,037

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

13. PROPERTY, PLANT & EQUIPMENT

	Consolidated 30 June 2022 $'000	Consolidated 30 June 2021 $'000
Buildings at cost	619	619
Accumulated depreciation	(264)	(249)
	355	370
Plant & equipment at cost	325	223
Accumulated depreciation	(167)	(131)
	158	92
Motor vehicles at cost	36	81
Accumulated depreciation	(26)	(39)
	10	42
Total property, plant & equipment	523	504

Reconciliation of movements in property, plant & equipment:

	Buildings $'000	Plant & equipment $'000	Motor vehicles $'000	Total $'000
Opening balance at 1 July 2020	385	157	52	594
Additions at cost	-	54	-	54
Transfers to investment property	-	(83)	-	(83)
Depreciation expense	(15)	(36)	(10)	(61)
Closing balance at 30 June 2021	370	92	42	504
Opening balance at 1 July 2021	370	92	42	504
Additions at cost	-	118	-	118
Disposals	-	(6)	(23)	(29)
Transfer to investment property	-	-	-	-
Depreciation expense	(15)	(46)	(9)	(70)
Closing balance at 30 June 2022	355	158	10	523

14. RIGHT OF USE ASSETS

	Consolidated	
	30 June 2022 $'000	30 June 2021 $'000
Leased property		
Opening balance	482	714
Additions	1,176	-
Modification on leases	(96)	(59)
Depreciation expense	(299)	(173)
Closing balance	1,263	482
Leased equipment		
Opening balance	5	8
Depreciation expense	(3)	(3)
Closing balance	2	5
Total right of use assets	1,265	487

Income received from sub-leasing right of use assets was $0.03 million for the year (2021: $0.03 million).

15. INTANGIBLE ASSETS

	Consolidated	
	30 June 2022 $'000	30 June 2021 $'000
Management rights – at cost	8,548	3,627
Accumulated amortisation and impairment	(2,119)	(1,852)
Net	6,429	1,775
Rent rolls – at cost	140	140
Accumulated amortisation	(56)	(52)
Net	84	88
Other intangibles – at cost	25	25
Accumulated amortisation	(22)	(16)
Net	3	9
Goodwill	1,955	1,955
Total intangible assets	8,471	3,827

The Group's business activities include the ownership and management (through management letting rights agreements) of seniors' rental accommodation throughout Australia. The intangible assets were separately classified in accordance with accounting standards following asset acquisitions.

Impairment tests for goodwill

Goodwill is monitored by the Board of Directors (who are identified as the chief operating decision makers) based upon the net profit of the villages managed by Eureka, after allowing for overhead costs attributable to respective village management. Goodwill has been allocated to the property management CGU.

The Group tests goodwill for impairment on at least an annual basis. The recoverable amount of a CGU is determined based on value-in-use calculations which require the use of assumptions.

The calculations use cash flow projections covering a five-year period comprising a one-year budget period and four-year forecast period. Cash flows beyond the five-year period are extrapolated using an estimated long term growth rate.

Key assumptions are those to which the recoverable amount of an asset or CGU is most sensitive. The following key assumptions were used in the discounted cash flow model:

- cash flows are forecast by management taking into account historical results and current expectations of future performance including renewal of management agreements;
- cash flows were projected over a five-year period by applying a 2% growth rate (2021: 2%);
- the terminal value was calculated using a growth rate of 2% (2021: 2%);
- cash flows have been discounted using a pre-tax discount rate of 15% (2021: 15%); and
- cash flows assume no additional villages will be managed.

There were no reasonably possible changes in assumptions used to determine the CGU's recoverable amount that would cause an impairment.

Reconciliation of movements in intangible assets:

	Management rights $'000	Rent rolls $'000	Goodwill $'000	Other intangibles $'000	Total $'000
Opening balance at 1 July 2020	2,117	91	1,955	14	4,177
Amortisation expense	(342)	(3)	-	(5)	(350)
Closing balance at 30 June 2021	1,775	88	1,955	9	3,827
Opening balance at 1 July 2021	1,775	88	1,955	9	3,827
Additions at cost	5,309	-	-	-	5,309
Transfer to investment property	(300)	-	-	-	(300)
Amortisation expense	(355)	(4)	-	(6)	(365)
Closing balance at 30 June 2022	6,429	84	1,955	3	8,471

The remaining amortisation period for the management rights, on a weighted average basis, is 35 years (2021: 11 years), the increase being attributable to the acquisition of the Oxford Crest acquisition with longer term agreements.

16. TRADE & OTHER PAYABLES

	Consolidated 30 June 2022 $'000	30 June 2021 $'000
Current		
Trade creditors and accruals	2,957	3,192
Accrued interest	234	506
Capital replacement fund liability	40	46
	3,231	3,744
Non-current		
Capital replacement fund liability	161	184
	161	184

The carrying amounts of trade and other payables are considered to be the same as their fair value, due to their short term nature.

17. PROVISIONS

	Consolidated 30 June 2022 $'000	Consolidated 30 June 2021 $'000
Current		
Employee benefits	671	535
	671	535
Non-current		
Employee benefits	31	83
Other	10	-
	41	83

18. OTHER FINANCIAL LIABILITIES

	Consolidated 30 June 2022 $'000	Consolidated 30 June 2021 $'000
Current		
Lease liability	364	163
Deferred consideration [1]	2,483	-
	2,847	163
Non-current		
Deferred consideration [1]	-	2,431
Lease liability	1,053	471
	1,053	2,902

[1] Vendor finance arrangement relating to the acquisition of the Hervey Bay village on 4 November 2020. $2.50 million is payable 2 years after settlement date with no interest. The balance at 30 June 2022 represents the present value of the amount payable to the vendor. The Group has provided a $2.50 million bank guarantee to the vendor as security, the costs of which are borne by the vendor.

19. BORROWINGS

	Consolidated 30 June 2022 $'000	Consolidated 30 June 2021 $'000
Non-current		
Bank loan – secured [1]	70,075	57,175
Borrowing costs	(57)	(136)
	70,018	57,039

[1] As at 30 June 2022, the Group has access to National Australia Bank (NAB) facilities with the following terms:

- Maximum limit of $77.50 million (2021: $77.50 million). Total drawings on this facility were $70.08 million (2021: $57.18 million). The facility expires on 31 March 2024. Interest is payable at variable rates (3.76% at 1 July 2022) on the remaining drawn amount, inclusive of facility fees. A facility fee applies to any undrawn amount. No principal payments are required and interest is paid quarterly.
- $2.50 million bank guarantee facility to secure the deferred consideration payable for the acquisition of the new village at Hervey Bay. Refer to Note 18.

The NAB facilities are secured by a first priority general security over all present and future acquired property and specified management letting rights. As at 30 June 2022, property assets and management letting rights, with a carrying value of $164.94 million (2021: $141.30 million), have been pledged by the Group.

During the year, the facility terms were amended to add the acquired Oxford Crest management letting rights to the security pool. The limit will increase by $2.50 million upon settlement of the deferred consideration payable for Hervey Bay and return of the associated bank guarantee in November 2022.

The loan facilities are subject to covenants which are commensurate with normal secured lending terms.

The Group complied with its covenants throughout the current and prior year.

20. SHARE CAPITAL

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and proceeds on winding up of the Company in proportion to the number of, and amounts paid on, the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote, and on a poll, each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

	Consolidated 30 June 2022 Number	30 June 2022 $'000	30 June 2021 Number	30 June 2021 $'000
Opening balance	232,384,417	95,652	230,037,638	94,352
Shares issued under the Dividend Reinvestment Plan	4,802,104	2,844	2,346,779	1,354
Transaction costs (net of tax)	-	(74)	-	(54)
Closing balance	237,186,521	98,422	232,384,417	95,652

Pursuant to the Company's fully underwritten Dividend Reinvestment Plan:

- On 21 April 2021, 2,346,779 shares were issued at $0.5773 for the 2021 financial year interim dividend.
- On 28 September 2021, 2,284,531 shares were issued at $0.5988 for the 2021 financial year final dividend.
- On 23 March 2022, 2,517,573 shares were issued at $0.5862 for the 2022 financial year interim dividend.

Share buy back
In the prior year the Company closed the on-market share buyback. No ordinary shares were bought back and cancelled during the year.

Share based payment reserve
The share based payment reserve is used to recognise the value of equity-settled share based payments provided to employees, including key management personnel, as part of their remuneration. Refer to Note 27 for further details of these plans.

	30 June 2022 $'000	30 June 2021 $'000
Opening balance	56	5
Share based payments expense	59	51
Closing balance	115	56

21. DIVIDENDS

	30 June 2022 $'000	30 June 2021 $'000
Dividends on ordinary shares declared and paid:		
Final dividend - 2021: 0.59 cents per share (2020: 0.55 cents per share)	1,371	1,265
Interim dividend - 2022: 0.63 cents per share (2021: 0.59 cents per share)	1,478	1,357
	2,849	2,622

The Dividend Reinvestment Plan (DRP) was fully underwritten for the final dividend for 2021 and the interim dividends for 2021 and 2022. Details of shares issued under the DRP are shown in Note 20. Proceeds received from the underwriter were $2.24 million (2021: $0.71 million).

Since 30 June 2022, the Board has declared a final dividend of 0.63 cents per share, amounting to $1.49 million payable on 6 October 2022. The financial effect of this dividend has not been brought to account in the financial statements for the year ended 30 June 2022 and will be recognised in subsequent financial reports.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

22. CASH FLOW INFORMATION

	Consolidated	
	30 June 2022 $'000	30 June 2021 $'000
(a) Reconciliation of cash		
Cash at bank and on hand	1,837	1,890

(b) Reconciliation of profit before tax to net cash flow from operating activities

	Consolidated	
	30 June 2022 $'000	30 June 2021 $'000
Profit after income tax expense	8,173	6,283
Depreciation and amortisation	737	587
Bad and doubtful debts expense	14	-
Net (gain)/loss on change in fair value of investment properties	(2,291)	(2,361)
Net (gain)/loss on change in fair value of other assets	(20)	525
Impairment of intangibles and other assets	-	1,050
Share of profit of joint venture	(1,500)	(1,558)
Distribution received from joint venture	1,150	667
Gain on sale of investment property	(124)	-
Gain on sale of inventory	-	(731)
Gain on sale of management rights	-	(10)
Loss on sale of non-current assets held for sale	78	-
Loss on disposal of plant & equipment	29	-
Share based payments expense	59	51
Lease modification	(52)	-
Non-cash purchases	-	35
(Increase)/decrease in:		
- Trade and other receivables	(329)	(1)
- Other current assets	(66)	(86)
Increase/(decrease) in:		
- Trade and other payables	31	916
- Provisions	84	22
- Deferred tax liability	2,310	2,459
Net cash provided by operating activities	8,283	7,848

(c) Non-cash investing and financing activities

During the year, the Group acquired goods and services of $0.01 million with Bartercard dollars (2021: $0.13 million). Shares valued at $0.60 million were issued pursuant to the Dividend Reinvestment Plan in lieu of the payment of dividends (2021: $0.64 million).

23. FINANCIAL INSTRUMENTS

Overall policy

The Board has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policy to identify and analyse the risks faced by the entity, to set limits and controls, and to monitor risks and adherence to limits. Risk management policy and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

CAPITAL MANAGEMENT

When managing capital, the objective is to ensure the Group has sufficient funds available for working capital and to meet its commitments, as well as to maintain optimum returns to shareholders and benefits for other stakeholders. The Group also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

The Group does not have any specific capital targets and nor is it subject to any external capital restrictions. The Board and senior management meet regularly and review in detail the current cash position and cash flow forecasts to ensure that there is sufficient cash flow for working capital, settling obligations when due and ensuring funding is available for growth opportunities.

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's cash and cash equivalents, receivables from residents and amounts due from the seniors' independent living communities in accordance with management agreements in place, other assets and loans receivable.

	Consolidated	
	30 June 2022 $'000	30 June 2021 $'000
Maximum exposure to credit risk		
Cash and cash equivalents	1,837	1,890
Trade and other receivables	756	414
Loans receivable	382	560
Bartercard	1,787	1,800
	4,762	4,664

Cash and cash equivalents
Deposits of cash are only held with approved banks and financial institutions. The Group banks with National Australia Bank.

Trade and other receivables
The Group's exposure to credit risk is influenced mainly by the individual characteristic of each counterparty or resident. The Group has a diverse range of counterparties and residents and therefore there is no significant concentration of credit risk with any single counterparty or group of counterparties. Exposure to credit risk is limited as the majority of residents are supported by the government pension.

The Group has a credit policy under which each new counterparty or resident is analysed individually for creditworthiness before the Group enters into a services agreement with them. The Group monitors its accounts receivable to ensure collections are being made promptly in accordance with contractual terms and conditions and actively pursues amounts past due.

Where applicable, an allowance for impairment is made that represents the estimate of impairment losses in respect to trade and other receivables. The Group has no concentrations of credit risk that have not been provided for. The trade debtors that are past due and greater than 90 days ageing are either on a payment plan or considered recoverable. The Group has not provided for the amounts past due as management believes these amounts will be received.

The ageing of trade receivables and other receivables at the reporting date was:

	Consolidated	
Trade and other receivables - gross amount receivable	30 June 2022 $'000	30 June 2021 $'000
Due 0-30 days	596	362
Past due 30-60 days	61	44
Past due 60-90 days	33	2
Past due 90 + days	66	6
	756	414

Loans receivable
The Group's exposure to credit risk arises from the vendor finance loans which were part of the acquisition of Elizabeth Vale Scenic Village Pty Ltd and the West Cabin loan as detailed in Note 7. The vendor finance loan book consists of 6 individual loan contracts (2021:7). The Group manages the units which are being held as security for the vendor finance loans. Repayments are received monthly in accordance with the individual contracts or alternative agreed arrangements in place.

Where applicable, an allowance for impairment has been made that represents the estimate of impairment losses in relation to the loans receivable. The Group has no concentrations of credit risk that have not been provided for.

	Consolidated	
Loans receivable – gross amount receivable	30 June 2022 $'000	30 June 2021 $'000
Current	340	214
Non-current	42	346
	382	560

Bartercard
Bartercard is an alternative currency and operates as a trade exchange. Bartercard is recorded at cost less any accumulated impairment, or at fair value, where Bartercard has been advanced to suppliers in exchange for future supply of goods. Eureka will no longer receive Bartercard dollars. The use of Bartercard dollars to purchase goods and services is actively managed to reduce this exposure.

Other assets
Eureka has a $3.00 million loan receivable from CCH Developments No 1 Pty Ltd (2021: $3.00 million). It is secured by a real property mortgage over 60 proposed cabin sites at Couran Cove. Eureka has a right of first refusal (option) to purchase the proposed cabin sites to offset the loan. During the prior year, the asset was impaired by $1.05 million and the carrying value at year end is $nil (2021: $nil). Refer Note 8 for further details.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it has sufficient liquidity to meet its liabilities when due. This process involves the review and updating of cash flow forecasts and, when necessary, the obtaining of credit standby arrangements and loan facilities especially in relation to financing of proposed acquisitions.

At balance date, the Group had a current asset deficiency of $2.53 million (2021: surplus of $1.82 million), $2.48 million of which is a deferred consideration payment relating to the Hervey Bay village acquisition that is due for payment in November 2022. The bank loan facility has sufficient undrawn funds to enable this payment to be made and the total facility limit will increase on payment and return of the associated bank guarantee. Under the terms of the loan facility, Eureka is able to deposit and withdraw funds in accordance with its working capital needs, subject to satisfaction of the bank's covenants. Refer further to Note 18 and 19.

The Group had unused borrowing facilities of $7.43 million (2021: $20.32 million) at the reporting date.

The tables below show the Group's financial liabilities classified into relevant maturity groupings based on their contractual maturities.

30 June 2022	Contractual cash flows $'000	Less than 6 months $'000	Consolidated 6 - 12 months $'000	1 – 2 years $'000	More than 2 years $'000
Trade and other payables	3,158	3,158	-	-	-
Loans - secured [1]	75,032	1,068	1,348	72,616	-
Other financial liabilities	1,606	181	183	278	964
Deferred payment liability	2,500	2,500	-	-	-
Total	82,296	6,907	1,531	72,894	964

30 June 2021	Contractual cash flows $'000	Less than 6 months $'000	Consolidated 6 - 12 months $'000	1 – 2 years $'000	More than 2 years $'000
Trade and other payables	3,422	3,422	-	-	-
Loans - secured [1]	61,481	1,137	893	1,300	58,151
Other financial liabilities	841	64	64	128	585
Deferred payment liability	2,500	-	-	2,500	-
Total	68,244	4,623	957	3,928	58,736

[1] This amount includes estimated interest during the contractual period.

(c) Market risk

Market risk is the risk that changes in market prices such as interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(d) Interest rate risk

The Group's exposure to market interest rates arises from long term bank borrowings. Borrowings issued at variable rates expose the Group to interest rate risk. At 30 June 2022, all of the Group's bank loan is at variable rates (refer to Note 19). The impact of a +/- 100 basis points movement in variable interest rates would result in an increase or decrease in profit after tax of $0.53 million (2021: $0.17 million).

The Group regularly reviews its interest rate exposure, taking into account potential renewals of existing finance facilities, alternative financing, hedging options and the mix of fixed and variable interest rates.

24. FAIR VALUE MEASUREMENTS

Fair value hierarchy

Investment properties, non-current assets held for sale and other assets (Couran Cove loan including land option) are measured at fair value, using a three level hierarchy, based upon the lowest level of input that is significant to the entire fair value measurement, being:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: Unobservable inputs for the asset or liability

There were no transfers between levels during the financial year. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

Fair value of financial instruments (unrecognised)

The Group has a number of financial assets and financial liabilities which are required to be measured at fair value in the statement of financial position. The fair values are not materially different to their carrying amounts since the interest receivable/payable is either close to current market rates or the instruments are short-term in nature, and therefore have not been disclosed.

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Consolidated – 2022				
Assets				
Other assets – loan including land option	-	-	-	-
Investment property	-	-	159,660	159,660
Total assets	-	-	159,660	159,660
Consolidated – 2021				
Assets				
Other assets – loan including land option	-	-	-	-
Non-current assets held for sale	-	2,258	-	2,258
Investment property	-	-	139,037	139,037
Total assets	-	2,258	139,037	141,295

Valuation techniques for fair value measurements categorised within level 2 and level 3

At the end of each reporting period, the directors update their assessment of the fair value of each property, taking into account the most recent independent valuations. The directors determine a property's value within a range of reasonable fair value estimates.

Investment properties may be valued using two methods, the capitalisation method and direct comparison approach. Under the capitalisation method, fair value is estimated using assumptions regarding the expectation of future benefits. The capitalisation method involves estimating the expected future maintainable earnings of each village into perpetuity and applying a capitalisation rate. The capitalisation rate is based on current market evidence. Future earnings projections take into account occupancy rates, rental income and operating expenses.

Under the direct comparison approach, key inputs are the recent sales of comparable units in comparable villages. All resulting fair value estimates for properties are included in level 3.

Valuation processes

Independent valuations have been obtained for a number of investment property assets during the year in accordance with the Group's accounting policy and were used as the basis for determining their related fair values. Valuer selection criteria include market knowledge, experience and qualifications, reputation, independence and whether professional standards are maintained.

Where an independent valuation was not performed on an investment property as at 30 June 2022, management has estimated the fair values by performing internal valuations using the capitalisation method taking into account the most recent external valuation undertaken by an independent valuer.

The fair value of Eureka's $3.00 million loan receivable (including land option at Couran Cove) was assessed in the prior year having regard to an independent external valuation of the secured land as at 30 June 2021, commercial considerations related to land holdings and development at Couran Cove and legal advice as to the avenues available to the Group to realise the asset. Refer Note 8 for further details.

The level 3 assets significant unobservable inputs and sensitivity are as follows:

Description	Valuation technique	Significant unobservable inputs	Range (weighted average) 2022	2021	Relationship of unobservable input to fair value
Other assets – loan including land option	External valuation	Comparable sales evidence	N/A	N/A	The external valuation of the secured land has a direct correlation to the loan's value.
		Costs to realise the loan	N/A	N/A	Costs of realisation have an indirect correlation to the loan's value (i.e. the lower they are, the greater the value).
Investment properties – rental villages	Capitalisation method [1]	Capitalisation rate	7.00%-10.50% (9.43%) [2,4]	9.00%-11.00% (9.92%)	Capitalisation rate has an inverse relationship to valuation.
		Stabilised occupancy	94%-99% (97.9%) [3,4]	88%-100% (97.2%)	Occupancy has a direct correlation to valuation (i.e. the higher the occupancy, the greater the value).
Investment properties – individual village units	Direct comparison approach	Comparable sales evidence	N/A	N/A	Comparable sales evidence has a direct relationship to valuation.

1 Significant changes in any of the significant unobservable valuation inputs under the capitalisation method would result in a significantly lower or higher fair value measurement.
2 Excludes one apartment-style complex with a capitalisation rate of 6.5%, and a village in which National Disability Insurance Scheme services revenue is earned with a capitalisation rate of 7.5%.
3 Excludes one short stay village with a stabilised occupancy rate of 65%.
4 The range excludes the Lismore property which is non-operational following a significant flood event during the year and has an assessed fair value of $nil at 30 June 2022.

Fair value measurements using significant unobservable inputs (level 3)

Movements in level 3 asset items during the current and previous financial year are set out in Note 8, 9, 12 and 16.

25. COMMITMENTS AND CONTINGENCIES

As at the 30 June 2022, the Group had the following commitments:

- Bank guarantees to various landlords of $0.09 million (2021: $0.03 million); and
- Bank guarantee facility of $2.50 million to secure deferred consideration payable for the acquisition of the Hervey Bay village.

The Group had no other material commitments as at 30 June 2022.

From time to time Eureka may be subject to various claims and litigation from third parties during the ordinary course of its business. The directors have given consideration to such matters which are, or may, be subject to claims or litigation at year end and, unless specific provisions have been made, are of the opinion that no material contingent liability for such claims exists.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

26. EARNINGS PER SHARE

Basic earnings per share is determined by dividing profit attributable to the ordinary shareholders by the weighted average number of ordinary shares on issue during the year.

Diluted earnings per share is determined by dividing profit attributable to the ordinary shareholders by the weighted average number of ordinary shares and dilutive potential ordinary shares on issue during the year.

	30 June 2022 $'000	30 June 2021 $'000
Profit after income tax expense	8,173	6,283
	#'000	**#'000**
Weighted average number of ordinary shares used in calculating basic earnings per share	234,738	230,494
Effects of dilution from share rights [1]	485	429
Weighted average number of ordinary shares & potential ordinary shares used in calculating diluted earnings per share	235,223	230,923
Basic earnings per share	3.48 cents	2.73 cents
Diluted earnings per share	3.47 cents	2.72 cents

[1] The share rights (refer to Note 27) are unquoted securities. Conversion to ordinary shares and vesting to executives is subject to performance and service conditions.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

27. SHARE BASED PAYMENTS

Share rights

The Company has a long term incentive plan pursuant to which share rights may be granted to key management personnel.

During the current year 353,783 share rights were issued with an exercise price of $nil. These share rights vest on 30 September 2024, subject to the satisfaction of performance and service conditions. No share rights were issued in the prior year.

Share rights do not have any voting rights, rights to dividends, rights to capital and have no entitlement to participate in new issues offered to ordinary shareholders of the Company.

The fair value of the share rights is estimated at the grant date using either a Black Scholes or Monte Carlo valuation methodology, taking into account the terms and conditions on which the share rights were granted.

There are no cash settlement alternatives. The Group accounts for the share rights as an equity settled plan.

Options

No options were issued during the year or outstanding at 30 June 2022.

Share based payment expense

The expense recognised during the year is shown in the following table:

	30 June 2022 $'000	30 June 2021 $'000
Total expense arising from share based payment transactions	59	51

Movements during the year

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share rights during the year:

Share rights	30 June 2022 Number	2022 WEAP	30 June 2021 Number	2021 WAEP
Outstanding at the beginning of the year	429,362	-	429,362	-
Granted during the year	353,783	-	-	-
Forfeited during the year	-	-	-	-
Outstanding at the end of the year	783,145	-	429,362	-

The following table list the inputs to the model used to value the share rights issued to key management personnel:

	30 June 2022 Share rights
Grant date	4 May 22
Expiry date	30 September 2026
Share price at grant date ($)	0.665
Exercise price ($)	0.000
Fair value of right ($)	0.357
Dividend yield (%)	1.8
Expected volatility (%)	30.00
Risk-free interest rate (%)	2.89
Expected life of share rights (years)	4.41
Model used	Monte Carlo

The expected volatility reflects the assumption that the historical volatility over the last 12 months will be an indication of the expected future volatility of the Company's share price, which may not necessarily be the actual outcome.

28. RELATED PARTY TRANSACTIONS

(a) Key management personnel compensation

	Consolidated	
	30 June 2022 $'000	30 June 2021 $'000
Short term employee benefits	1,167	1,310
Post-employment benefits	94	85
Other employee benefits	59	51
Total	1,320	1,446

Detailed disclosures relating to key management personnel are set out in the remuneration report within the Directors' Report.

(b) Other transactions with related parties

(i) Sales and purchases

The following table shows the income earned, expenses incurred and balances arising from related party transactions during the year:

	Sales to related parties		Amounts owed by related parties	
	30 June 2022 $'000	**30 June 2021 $'000**	**30 June 2022 $'000**	**30 June 2021 $'000**
Joint venture				
Management fees	304	294	50	41

Amounts owed by related parties are classified as trade receivables.

All transactions were made on commercial terms and conditions and at market rates. Outstanding balances are unsecured and are repayable in cash.

There were no transactions with parties related to a director during the year or the prior year.

29. ULTIMATE PARENT ENTITY

The parent entity within the group is Eureka Group Holdings Limited, which is the ultimate parent entity within Australia.

30. OPERATING SEGMENTS

Identification of reportable operating segments and principal services

The Group is organised into two operating segments located in Australia:

- Rental villages – ownership of seniors' rental villages; and
- Property management - management of seniors' independent living communities.

The operating segments have been identified based upon reports reviewed by the Board of Directors, who are identified as the chief operating decision makers and are responsible for assessing performance and determining the allocation of resources. There is no aggregation of operating segments and the Board of Directors views each segment's performance based on profit after tax. The accounting policies adopted for internal reporting to the chief operating decision makers are consistent with those adopted in the financial statements.

Segment information is prepared in conformity with the accounting policies of the Group per Note 2 and Australian Accounting Standards.

Balances have been allocated to segments as follows:

- Rental villages includes the investment in the joint venture;
- Property management includes management rights; and
- Unallocated includes Terranora inventory and the sale of units, Terranora vacant land, Couran Cove assets and other loans receivable, Bartercard, cash, support office costs and corporate overheads. Segment liabilities include a deferred tax asset which is netted off against deferred tax liabilities in the Group balance sheet.

Cash flows are not measured or reported by segment.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

Consolidated - 30 June 2022	Rental villages $'000	Property management $'000	Unallocated $'000	Total $'000
Revenue	26,003	3,746	-	29,749
Finance income	-	-	21	21
Other income	1,112	-	-	1,112
Total revenue and other income	27,115	3,746	21	30,882
Expenses	(12,749)	(2,590)	(6,765)	(22,104)
Finance costs	(2,038)	(45)	(23)	(2,106)
Total operating expenses	(14,787)	(2,635)	(6,788)	(24,210)
Net gain/(loss) on change in fair value of:				
Investment property	2,291	-	-	2,291
Other assets	20	-	-	20
Share of profit of a joint venture	1,500	-	-	1,500
Total other items	3,811	-	-	3,811
Profit/(loss) before income tax expense	16,139	1,111	(6,767)	10,483
Income tax (expense)/benefit	(3,552)	(249)	1,491	(2,310)
Profit/(loss) after income tax expense	12,587	862	(5,276)	8,173
Segment assets	168,187	9,382	5,199	182,768
Segment liabilities	72,592	3,450	7,693	83,735
Non-cash and other significant items included in profit:				
Gain on change in fair value of:				
- Investment property	2,291	-	-	2,291
- Other assets	20	-	-	20
Share of profit of joint venture	1,500	-	-	1,500
Depreciation & amortisation	(23)	(451)	(263)	(737)
Amortisation of borrowing costs	(96)	-	-	(96)
Segment acquisitions:				
Acquisition and subsequent expenditure of investment property	21,602	-	-	21,602
Acquisition of property, plant and equipment	-	-	118	118
Acquisition of intangible assets	-	5,309	-	5,309

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

Consolidated - 30 June 2021	Rental villages $'000	Property management $'000	Unallocated $'000	Total $'000
Revenue	24,271	3,311	-	27,582
Finance income	-	-	25	25
Other income	688	10	1,129	1,827
Total revenue and other income	24,959	3,321	1,154	29,434
Expenses	(12,268)	(2,193)	(5,949)	(20,410)
Finance costs	(2,575)	(37)	(14)	(2,626)
Total operating expenses	(14,843)	(2,230)	(5,963)	(23,036)
Net gain/(loss) on change in fair value of:				
Investment property	2,361	-	-	2,361
Other assets	(59)	-	(466)	(525)
Share of profit of a joint venture	1,558	-	-	1,558
Impairment of intangibles and other assets	-	-	(1,050)	(1,050)
Total other items	3,860	-	(1,516)	2,344
Profit/(loss) before income tax expense	13,976	1,091	(6,325)	8,742
Income tax (expense)/benefit	(3,634)	(375)	1,550	(2,459)
Profit/(loss) after income tax expense	10,342	716	(4,775)	6,283
Segment assets	147,430	4,799	6,740	158,969
Segment liabilities	62,592	880	4,617	68,089
Non-cash and other significant items included in profit:				
Gain/(loss) on change in fair value of:				
- Investment property	2,361	-	-	2,361
- Other assets	(59)	-	(466)	(525)
Share of profit of joint venture	1,558	-	-	1,558
Impairment of intangibles and other assets	-	-	(1,050)	(1,050)
Depreciation & amortisation	(39)	(438)	(110)	(587)
Amortisation of borrowing costs	(266)	-	-	(266)
Segment acquisitions:				
Acquisition and subsequent expenditure of investment property	17,450	-	-	17,450
Acquisition of property, plant and equipment	-	-	55	55
Additions to inventory	-	-	66	66

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

31. REMUNERATION OF AUDITORS

	Consolidated	
	30 June 2022 $	30 June 2021 $
During the year the following fees were paid or payable for services provided by the auditor of the Company and its related practices:		
Fees to Ernst & Young (Australia)		
Fees for auditing the statutory financial report of the parent covering the Group and auditing the statutory financial reports of any controlled entities	190,700	200,000

32. PARENT ENTITY DISCLOSURES

	30 June 2022 $'000	30 June 2021 $'000
Information relating to Eureka Group Holdings Limited (parent entity):		
Results of the parent entity		
Profit for the year	3,398	12,789
Other comprehensive income	-	-
Total comprehensive income for the year	3,398	12,789
Financial position of parent entity at year-end		
Current assets	1,731	3,466
Non-current assets	119,084	106,216
Total assets	120,815	109,682
Current liabilities	994	1,262
Non-current liabilities	65,306	57,252
Total liabilities	66,300	58,514
Share capital	98,398	95,652
Equity reserve	115	56
Accumulated losses	(43,999)	(44,540)
Total equity	54,514	51,168

Guarantees entered into by the parent entity

From time to time, the parent entities provides financial guarantees in relation to the debts of its subsidiaries, in the ordinary course of business.

Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2022. Refer to Note 25 for further details.

Contractual commitments for capital items

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2022.

33. SUBSEQUENT EVENTS

Subsequent to year end, the following significant transactions have occurred:

- Eagleby acquisition – the Group entered into a conditional contract to purchase the management and letting rights and 55 of 72 residential units at a village in Eagleby, Qld for $7.3 million. The acquisition is conditional upon financial approval and certain body corporate approvals and is scheduled for completion in September 2022.
- Debt facility increase – the Group's NAB loan facility limit has increased by $3.00 million to $80.50 million to fund the Eagleby acquisition.
- Dividend – the Company declared a final dividend in respect of the year of 0.63 cents per share, payable on 6 October 2022 amounting to $1.49 million.

Other than the abovementioned items, no other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

Directors' Declaration

FOR THE YEAR ENDED 30 JUNE 2022

In accordance with a resolution of the directors of Eureka Group Holdings Limited, I state:

1. In the opinion of the Directors of Eureka Group Holdings Limited ("the Company"):
   a) The accompanying financial statements and notes are in accordance with the Corporations Act 2001, including:
      i. giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
      ii. complying with Australian Accounting Standards and the Corporations Regulations 2001;
   b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
   c) The financial statements and notes thereto are in accordance with International Financial Reporting Standards as disclosed in Note 2.
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2022.

On behalf of the Board

Murray Boyte
Executive Chair

Dated in Brisbane this 30th of August 2022.

Ernst & Young
111 Eagle Street
Brisbane QLD 4000 Australia
GPO Box 7878 Brisbane QLD 4001

Tel: +61 7 3011 3333
Fax: +61 7 3011 3100
ey.com/au

Building a better working world

Independent Auditor's Report to the Members of Eureka Group Holdings Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Eureka Group Holdings Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2022 and of its consolidated financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

Building a better working world

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to the matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial report.

Valuation of Investment Properties

Why significant

At 30 June 2022, the Group had investment properties carried at $159.7m, representing 87% of total assets at that date.

Investment properties are initially recognised at cost, including transaction costs, and subsequently measured at fair value. Gains or losses arising from changes in fair value are recognised in the statement of profit or loss and other comprehensive income.

Fair value measurement involves a high degree of estimation and judgement, and the involvement of external valuation specialists. The key inputs include capitalisation rates, occupancy levels and maintainable earnings. The fair value of investment property is estimated based on conditions existing at 30 June 2022.

Note 2, 12 and 24 of the financial report details the accounting policy for investment property assets, key inputs and sensitivities associated with reasonably possible changes in those inputs.

Valuation of investment property is considered a key audit matter due to the significance of this balance and the level of estimation and judgement involved in determining its carrying value.

How our audit addressed the key audit matter

Our audit procedures included the following:

- Evaluated the appropriateness of the valuation methodology used across the portfolio by the Group and tested the inputs and assumptions including capitalisation rates, occupancy levels and maintainable earnings.
- Held inquiries of management to assess the inputs and assumptions used in the valuations at 30 June 2022.
- Assessed the qualifications, competence and objectivity of the independent valuation experts used by the Group.
- Involved our real estate valuation specialists to:
  - Review and assess a sample of external property valuations completed by the Group's independent valuation experts.
  - Assist with the assessment of capitalisation rates adopted by the Group across the portfolio.
- Assessed the adequacy of disclosures included in the Notes to the financial report.

Building a better working world

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's Annual Report, but does not include the financial report and our auditor's report thereon. We obtained the directors' report that is to be included in the annual report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the annual report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company 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 preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

Building a better working world

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Building a better working world

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 16 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Eureka Group Holdings Limited for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young

Wade Hansen

Wade Hansen
Partner
Brisbane
30 August 2022

Building a better working world

Ernst & Young
111 Eagle Street
Brisbane QLD 4000 Australia
GPO Box 7878 Brisbane QLD 4001

Tel: +61 7 3011 3333
Fax: +61 7 3011 3100
ey.com/au

Auditor's Independence Declaration to the Directors of Eureka Group Holdings Limited

As lead auditor for the audit of the financial report of Eureka Group Holdings Limited for the financial year ended 30 June 2022, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;

b) no contraventions of any applicable code of professional conduct in relation to the audit; and

c) no non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Eureka Group Holdings Limited and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

Wade Hansen

Wade Hansen
Partner
Brisbane
30 August 2022

Corporate Governance Statement

The Company's directors and management are committed to achieving and demonstrating the highest standards of corporate governance.

The Company has prepared a Corporate Governance Statement which sets out the corporate governance practices that were in operation during the financial year.

The Board has adopted the ASX Corporate Governance Principles and Recommendations (4th Edition) ('Recommendations') to the extent considered appropriate for the size and nature of the Group's operations. The Corporate Governance Statement identifies any Recommendations that have not been followed and provides reasons for not following those Recommendations.

The Company's Corporate Governance Statement and key policies can be found on its website:
https://www.eurekagroupholdings.com.au/investors/corporate-governance/.

Security Holder Information

Distribution of Securities as at 15 August 2022

Number of Securities	No of Shareholders
1 – 1,000	362
1,001 – 5,000	200
5,001 – 10,000	85
10,001 – 100,000	241
100,001 and over	91
Total Security Holders	**979**

Marketable Shares

There were 330 holders of less than a marketable parcel of 826 shares holding a total of 63,638 shares.

Voting Rights

Ordinary Shares carry voting rights of one vote per share. Options and share rights carry no voting rights.

Substantial Holders as at 15 August 2022	**No of Ordinary Shares Held**	**% of Issued Share Capital**
NAOS Asset Management Limited	49,888,002	21.03
Cooper Investors Pty Limited	32,934,541	14.32
Tribeca Investment Partners	25,365,406	11.03
Ethical Partners Funds Management Pty Ltd	23,085,250	9.84
Charter Hall Property Securities Management Limited [1]	19,706,125	8.56
Australian Retirement Trust Pty Ltd	17,881,208	7.62
Total	**168,860,532**	**72.40**
[1] *Includes One Management Investment Funds Limited*	*11,865,789*	*6.19*

Twenty Largest Ordinary Shareholders as at 15 August 2022	**No of Ordinary Shares Held**	**% of Issued Share Capital**
National Nominees Limited	110,393,289	46.54
HSBC Custody Nominees (Australia) Limited	39,598,535	16.70
One Managed Investment Funds Limited	15,550,000	6.56
J P Morgan Nominees Australia Pty Limited	10,445,385	4.40
Tolani Estate Pty Ltd	4,750,511	2.00
Bond Street Custodians Limited	4,676,790	1.97
H & G Limited	3,195,359	1.35
Bond Street Custodians Limited	2,452,332	1.03
Citicorp Nominees Pty Limited	2,137,633	0.90
NEJA Pty Ltd	2,000,000	0.84
Gold Tiger Investments Pty Ltd	1,948,743	0.82
HIDIV Pty Ltd	1,898,075	0.80
Mr Alister C Wright	1,346,265	0.57
Strategic Value Pty Ltd	1,249,000	0.53
Acadia Park Pty Ltd	1,219,370	0.51
EXLDATA Pty Ltd	1,207,507	0.51
EXLDATA Pty Ltd	1,145,772	0.48
Cobbitty Garden Centre Pty Ltd	1,000,000	0.42
Larnpace Pty Ltd	925,000	0.39
Mr Murray Raymond Boyte & Mrs Jane Elizabeth Boyte	900,205	0.38
Total	**208,039,771**	**87.71**

Performance Rights

As at the Reporting Date, there are 2 holders of a total of **783,145** performance rights of the Company. There were held by Cameron Taylor, 656,192 rights, and Laura Fanning, 126,953 rights. These 2 holders held 100% of the rights of the Company.

Corporate Directory

Registered Address & Contact Details

Registered Address
Suite 2D 7 Short St, Southport QLD 4215

Brisbane Office
Level 5, 120 Edward St, Brisbane QLD 4000

Postal Address

PO Box 10819,
Southport BC QLD 4215

Phone Number

07 5568 0205

Website

www.eurekagroupholdings.com.au

Email

info@eurekagroupholdings.com.au

Board of Directors

Murray Boyte
Executive Chair

Russell Banham

Sue Renkin

Greg Paramor AO

Senior Management

Cameron Taylor
Chief Executive Officer

Laura Fanning
Chief Financial Officer & Company Secretary

Company Secretary

Geoffrey Stirton

Solicitors

Hamilton Locke
Riverside Centre
Level 28/123 Eagle Street
Brisbane QLD 4000
Tel: 07 3036 7886

Auditors

Ernst & Young
111 Eagle St
Brisbane Qld 4000
Tel: 07 3011 3333
Fax: 07 3011 3344

Share Registry

Link Market Services – Brisbane
Level 21, 10 Eagle Street
Brisbane Qld 4000
Call Centre: 02 8280 7454
Fax: 07 3228 4999

Securities Exchange Listing

ASX Limited
ASX Code: EGH (ordinary shares)

Australian Business Number

15 097 241 159

Contact Details

ABN 15 097 241 159

Level 5, 120 Edward Street,
Brisbane QLD 4000

Level 2, 7 Short Street,
Southport QLD 4215

P: (07) 5568 0205
E: info@eurekagroupholdings.com.au