Eureka Group Holdings Limited
ABN: 15 097 241 159

Current period	1 July 2022 – 30 June 2023
Previous corresponding period	1 July 2021 – 30 June 2022

Results for announcement to the market

Summary Financial Information	**Year ended 30 June 2023 A$000**	**Year ended 30 June 2022 A$000**	**Change %**
Revenue from ordinary activities	36,420	29,749	+22.4
Underlying EBITDA [1]	12,614	10,620	+18.8
Profit before tax	29,751	10,483	+183.8
Profit from ordinary activities after tax and net profit for the period attributable to members	19,158	8,173	+134.4
Additional Financial Information			
Earnings per ordinary share (EPS)	6.97	3.48	+100.3
Diluted earnings per share	6.95	3.47	+100.3

Dividends – FY23	**Amount per security Cents**	**Franked amount**
Interim dividend	0.67	Nil
Final dividend	0.67	Nil
Total dividend	1.34	Nil

FY23 final dividend dates	
Ex-dividend date	21 September 2023
Record date	22 September 2023
DRP Election date	27 September 2023
Payment date	12 October 2023

The dividend reinvestment plan (DRP) dated 26 February 2021 will be in operation for the final dividend. To participate in the DRP, an online election or election form must be received by the share registry no later than the DRP Election Date noted above. The DRP rules can be downloaded at https://www.eurekagroupholdings.com.au/investors/corporate-governance/.

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.

An explanation of the above figures is contained within 'Review of operations and results' section of the Directors' Report, which forms part of the attached Annual Report.

Net tangible assets per security	**30 June 2023 Cents**	**30 June 2022 Cents**
Net tangible assets backing per ordinary security	45.0	38.2

Details of Entities Over Which Control Has Been Gained or Lost

Control was not gained or lost over any entities during the year.

Details of Associates or Joint Venture Entities		
Names of Joint Venture Entities	Affordable Living Services Unit Trust Affordable Living Unit Trust	
Percentage of holding in Joint Venture Entities	50%	
	30 June 2023 $A'000	**30 June 2022 $A'000**
Aggregate share of profits from Joint Venture Entites	4,246	1,500
Contribution to net profit from Joint Venture Entities	4,246	1,500

Foreign Entities Accounting

N/A

Status of Audit

The attached Financial Report for year ended 30 June 2023 has been audited and includes the Independent Auditor's Audit Report. No disputes or qualifications are noted.

Attachments forming part of Appendix 4E

1 Annual Report for the year ended 30 June 2023

Murray Boyte
Chair
Dated in Brisbane this 28th day of August 2023

Annual Report **2023**

30 June 2023

eureka GROUP HOLDINGS LTD

ABN: 15 097 241 159

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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 2023 (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 $29.75 million (2022: $10.48 million) and a profit after tax of $19.16 million (2022: $8.17 million). Underlying EBITDA[1] increased by 18.8% to $12.61 million (2022: $10.62 million) while underlying profit before tax[1] increased by 3.5% to $8.05 million (2022: $7.78 million) due to increased finance costs of $3.72 million (2022: $2.11 million).

Growth in the Group's underlying and statutory results are underpinned by organic growth in existing villages, new acquisitions and improved maintainable earnings. Growth in the underlying EBITDA[1] has been achieved despite a significant flood event which affected the Lismore property during the prior year and rendered the asset unusable in the current year.

Occupancy remained stable across the portfolio and was 99% at balance date (2022: 98%). Strategies to increase village revenue, while maintaining affordability for residents, have contributed to the organic revenue growth experienced during the year. Independent valuations were obtained as at 30 June 2023 for 24 of the Group's investment properties and the 5 assets held in the Tasmanian joint venture. Improvement in maintainable earnings combined with firming of capitalisation rates have resulted in a $25.28 million net gain on change in the fair value of the Group's investment properties (2022: $9.96 million[2]) including a 50% share of those in Tasmania which are owned in a joint venture.

Revenue and profit growth is also attributable to acquisitions made during the current and prior years. Current period acquisitions comprised rental villages in Tamworth, NSW and Horsham, Vic, units and management and letting rights in Eagleby, Qld, and various individual unit purchases in villages managed by the Group.

At balance date, Eureka owned 33 villages (2022: 30), 5 of which are owned in a joint venture and has 13 villages under management (2022: 14), representing 2,551 units at the end of the year (2022: 2,507 units). The weighted average capitalisation rate at balance date was 8.32% (2022: 9.43%).

The Group is committed to growth through asset acquisition and development opportunities. During the year, the Group progressed its technology improvement and brand refresh projects and invested in key support office roles to enhance team capability. This investment in people, systems and brand is a prerequisite to upscaling the business.

The Group's statutory tax rate is 25% (2022: 25%). Deferred tax balances have been stated at 30% (2022: 25%), resulting in an effective tax rate of 36% for the year. No cash tax will be payable until the Group has utilised its carry forward revenue tax losses.

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[1] The terms EBITDA, Underlying EBITDA and underlying profit before tax are defined on page 2.
[2] Excluding a $7.15 million net loss on the change in fair value of the flood affected property in Lismore, NSW.

Directors' Report

Net operating cash flow for the year was $8.71 million (2022: $8.28 million).

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

	Consolidated 30 June 2023 $'000	Consolidated 30 June 2022 $'000
Performance summary		
Profit before income tax expense	29,751	10,483
Profit after income tax expense	19,158	8,173
Basic earnings per share (cents)	6.97	3.48
Diluted earnings per share (cents)	6.95	3.47
Underlying EBITDA[1] reconciliation		
Profit after income tax expense	19,158	8,173
Income tax expense	10,593	2,310
Depreciation and amortisation	846	737
Finance costs	3,720	2,106
EBITDA[1]	34,317	13,326
Net (gain)/loss on change in fair value of:		
- Investment properties, including joint venture properties	(25,284)	(9,961)
- Lismore property, due to flood impact[3]	-	7,150
- Other assets	-	(20)
Impairment of:		
- Financial assets	146	-
- Other assets	1,756	-
Loss on sale of assets	46	136
Lismore flood event – insurance income less expenses[3]	-	(655)
	10,981	9,976
Transaction costs including acquisitions, disposals and asset realisations	515	40
Strategic projects including technology, brand and capital funding	895	562
Interest expense included in the share of profit of a joint venture	227	107
Other	(4)	(65)
Underlying EBITDA[1]	12,614	10,620
Underlying Profit before tax[2]	8,049	7,777

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 The Group's property in Lismore, NSW was inundated during a significant flood event in February 2022 which had a material impact on the Group's prior year result. The Group had limited insurance for flood damage for this property due to its Lismore location. The property has not been operational since the flood occurred. Opportunities to realise value from this site in the future are being considered in conjunction with the relevant authorities.

Directors' Report

Financial Position

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

		Consolidated	
		30 June 2023	**30 June 2022**
Total assets	$'000	237,412	182,768
Net assets	$'000	143,956	99,033
Cash and cash equivalents	$'000	1,815	1,837
Debt – bank loan	$'000	69,724	70,075
Shares on issue	'000	301,063	237,187
Net tangible assets per share	cents	45.0	38.2
Balance sheet gearing[1]	%	32.1	40.8

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:

- 55 of 72 rental units, a manager's unit and associated management and letting rights for a village in Eagleby, Qld for consideration of $7.30 million;
- a rental village in Tamworth, NSW for consideration of $6.70 million comprising 50 units;
- a rental village in Horsham, Vic for consideration of $5.05 million comprising 46 units; and
- 37 additional rental units in its managed strata-titled villages in Qld, Vic and SA for consideration of $3.68 million.

The Group spent $4.17 million on village developments including $3.65 million for the 51-unit Brassall, Qld expansion and $0.43 million planning for the proposed 110-unit Kingaroy greenfield development.

Construction commenced in February 2023 on a 51-unit development at Brassall, Qld. The development is being completed across four stages. The first stage of 10 units was completed in August 2023 and is fully leased. The remaining three stages will be completed progressively by January 2024. Stages two and three comprising 25 units are fully pre-leased and leasing is underway for stage four. In addition to developing the new units, Eureka is also investing in the upgrade of the common area facilities.

A further $3.57 million was spent on enhancing its owned villages through capital improvements including expenditure on community room upgrades and unit refurbishments.

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.

During the year, the Group made the following disposals:

- Griffith, Qld management rights for $0.03 million comprising 42 units;
- Tivoli, Qld management rights and manager's unit for $0.34 million comprising 49 units.

Capital management – debt & equity

Debt

During the year, the Group's National Australia Bank (NAB) facility increased to $83.00 million to facilitate the Eagleby, Qld acquisition and make a deferred consideration payment associated with the prior year acquisition of the village in Hervey Bay, Qld. 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 covenants.

Directors' Report

At balance date, the drawn amount under the facility was $69.72 million (2022: $70.08 million) and 72% of the debt was hedged using interest rate swaps (2022: nil). The loan expires on 31 March 2026. Further details of the NAB facility and the interest rate swaps are contained in Note 19.

Equity

During the year, the Group successfully completed a $28.23 million equity raise comprising both institutional and retail components. The entitlement offer comprised new shares issued on a 1 for 4 pro-rata basis and was fully underwritten. The proceeds raised were used to fund the village acquisitions in Tamworth, NSW and Horsham, Vic, retire debt and pay associated transaction costs. The proceeds are also being used to fund the 51-unit development of the Brassall, Qld village.

Shares were issued at $0.47 as follows:
- Institutional offer – 50,153,787 shares totalling $23.57 million; and
- Retail offer – 9,921,441 shares totalling $4.66 million.

The associated capital raising costs of $1.20 million (net of tax) have been recognised directly in equity.

Other equity movements and balances for the year are as follows:

- Dividends of $3.51 million (2022: $2.85 million) were paid during the year, comprising cash dividends of $2.60 million (2022: $2.25 million) and shares issued pursuant to the Dividend Reinvestment Plan (DRP) of $0.91 million (2022: $0.60 million).,
- The DRP for the dividend paid on 6 October 2022 was fully underwritten resulting in proceeds being received from the underwriter of $0.89 million (2022: $2.24 million).
- In total, 3,372,347 shares were issued pursuant to the DRP (2022: 4,802,104) totalling $1.80 million (2022: $2.84 million).
- 429,362 share rights vested and were exercised under the long-term incentive scheme, resulting in the issue of 429,362 shares under the Company's Omnibus Equity Plan (2022: nil). There were a further 353,783 share rights outstanding at balance date (2022: 783,145) and 226,830 lapsed subsequent to balance date. Further details are provided in the Remuneration Report.

DIVIDENDS

Dividends paid during the year were as follows:

	30 June 2023 $'000	30 June 2022 $'000
Final dividend – 2022: 0.63 cents per share (2021: 0.59 cents per share)	1,496	1,371
Interim dividend – 2023: 0.67 cents per share (2022: 0.63 cents per share)	2,014	1,478
Total dividends paid	3,510	2,849

A final dividend for the year of 0.67 cents per share, amounting to $2.02 million, was declared at the date of signing these financial statements and is payable on 12 October 2023. The record date is 22 September 2023. 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 2023 and will be recognised in subsequent financial reports.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Eureka is committed to:

- Implementing its environmental, social and governance framework. The Company's Environmental, Social & Governance (ESG) Committee 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 integrated ESG framework and action plan has been developed during the year;

- 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 and development of the Group's greenfield site in Kingaroy, Qld;

Directors' Report

- Improving the performance of the existing portfolio with continued focus on maintaining and improving occupancy through the ongoing strengthening of relationships within its 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 – interest rate changes may have a material impact on profitability. The Group mitigates this risk through its capital management plan and interest rate hedging;

- Cyber risk – the Group recognises the importance of cyber security in safeguarding digital assets, systems, and information from unauthorised access or disruption. The Group mitigates this risk through various security measures and a contingency Cyber Security Incident Response Plan for business continuity; and

- Changes in Government legislation or 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 legislation or funding may have a direct impact on village occupancy, profitability and asset values. The Group manages its village costs having regard to occupancy levels.

SUBSEQUENT EVENTS

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

- Dividend – the Company declared a final dividend in respect of the year of 0.67 cents per share, payable on 12 October 2023 amounting to $2.02 million. The record date is 22 September 2023. The Group's dividend reinvestment plan is effective for this dividend.

- Chief Executive Officer (CEO) resignation – effective 17 July 2023, Mr Cameron Taylor resigned as the Company's CEO following a period of personal leave due to a non-work-related accident. Executive Chairman, Mr Murray Boyte, is the interim CEO while a search is undertaken for a replacement.

- 226,830 share rights lapsed following Mr Taylor's resignation.

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

ROUNDING OF AMOUNTS

The company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments 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).

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.

Directors' Report

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 and Interim CEO
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.
Interests in shares:	1,186,497
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.
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 is an independent non-executive director of HKSE listed MGM China Holdings Limited and, until May 2023, of 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)
Former directorships (last 3 years)	Nil

Directors' Report

Special responsibilities:	Chair of Audit & Risk Committee, Member of the Nomination & Remuneration Committee, Member of the Environmental, Social & Governance Committee.
Interests in shares:	Nil
Interests in options:	Nil
Name:	**Greg Paramor AO**
Title:	Non-Executive Director
Qualifications:	FAPI, FAICD, FRICS
Experience & expertise:	Greg has extensive property expertise with more than 50 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, Chair of the Environmental, Social & Governance Committee
Interests in shares:	5,674,002
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.

Patricia Vanni de Oliveira, B. Law (appointed 21 February 2023)

Patricia Vanni de Oliveira has over 15 years of professional experience in corporate governance working as a company secretary of various Australian ASX listed, unlisted and non-for-profit companies. Mrs Vanni de Oliveira has a Bachelor of Laws and is admitted to practice in Brazil and in Victoria, Australia. She is also an Affiliate of the Governance Institute of Australia.

Geoffrey Stirton, B. Comm, CA, FAICD, FGIA (appointed 6 April 2022 until 13 December 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:

Name	Directors' Meetings		Audit & Risk Committee Meetings		Nomination & Remuneration Committee Meetings		Environmental, Social & Governance Committee Meetings	
	Held [1]	Attended	Held [1]	Attended	Held [1]	Attended	Held [1]	Attended
Murray Boyte	25	25	8	8	3	3	1	1
Sue Renkin	25	24	8*	8*	3	3	1	1
Russell Banham	25	25	8	8	3	3	1	1
Greg Paramor	25	25	8	8	3*	3*	1	1

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.

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

Directors' Report

- 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 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.

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;

- Short Term Incentive (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 is capped and may vary between individuals, depending on the level of performance achieved. 100% of the STI is paid as cash; and

- Long Term Incentive (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.

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

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

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

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 (2023: 30%; 2022: 55%); and A portion of the STI is linked to the achievement of non-financial performance objectives (2023: 70%; 2022: 45%).
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 met. 65% of the total STI pool available for KMP was awarded.

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

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, no new share rights were approved for issue by the Board. During the prior year, 226,830 were issued to the Chief Executive Officer and 126,953 were issued to the Chief Financial Officer 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 2023 there were 353,783 share rights outstanding (2022: 783,145). Subsequent to balance date, 226,830 share rights issued to Cameron Taylor lapsed due to his resignation as Chief Executive Officer on 17 July 2023.

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 Interim CEO	24 November 2017 – ongoing 23 May 2023 - 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 Executive Officer	1 July 2021 – 17 July 2023
Laura Fanning	Chief Financial Officer	1 December 2020 – ongoing

Cameron Taylor resigned subsequent to balance date on 17 July 2023. Murray Boyte has assumed the Chief Executive Officer role. There were no other changes to KMP.

Details of the remuneration of the Group's key management personnel for the current and prior years are set out in the following tables.

	Short term			Post employment				
30 June 2023	Salary/ fees[3] $	STI $	Non-monetary $	Super-annuation $	Share based payments $	Termi-nation benefits[2] $	Total $	% of TFR that was awarded as LTI
Directors								
Murray Boyte[1]	322,598	-	-	25,292	-	-	347,890	-
Sue Renkin	81,448	-	-	8,552	-	-	90,000	-
Russell Banham	91,403	-	-	9,597	-	-	101,000	-
Greg Paramor	81,448	-	-	8,552	-	-	90,000	-
Total Directors	576,897	-	-	51,993	-	-	628,890	-
Executives								
Cameron Taylor[2]	349,708	115,000	-	25,292	46,509	-	536,509	-
Laura Fanning	250,708	60,000	-	25,292	18,798	-	354,798	-
Total Executives	600,416	175,000	-	50,584	65,307	-	891,307	-
Total KMP	**1,177,313**	**175,000**	**-**	**102,577**	**65,307**	**-**	**1,520,197**	**-**

Directors' Report

30 June 2022	Short term Salary/ fees[3] $	STI/ bonus $	Non-monetary $	Post employment 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**	**-**

1 Murray Boyte's fixed remuneration includes his chairman's fee of $121,096 per annum (2022: $120,548) and an additional $226,246 per annum for the period he is Executive Chair (2022: $224,208). Mr Boyte assumed the duties of the Chief Executive Officer on 24 May 2023 while Mr Taylor was on medical leave. He has continued in this role following Mr Taylor's resignation on 17 July 2023. There was no change to his remuneration.

2 Mr Taylor was on medical leave from 24 May 2023 until his resignation on 17 July 2023. He received a gross payment after balance date of $219,400 comprising salary of $18,380, superannuation of $6,850 and termination benefits of $194,170 including unused leave entitlements, payment in lieu of notice and extended personal leave.

3 Disclosure in remuneration includes executives' annual remuneration as per their service agreement.

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**	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Directors						
Murray Boyte	100%	100%	-	-	-	-
Sue Renkin	100%	100%	-	-	-	-
Russell Banham	100%	100%	-	-	-	-
Greg Paramor	100%	100%	-	-	-	-
Executives						
Cameron Taylor	50%	50%	25%	25%	25%	25%
Laura Fanning	67%	83%	20%	17%	13%	-

The proportion of cash STI paid/payable or forfeited:

	Cash STI paid/payable		**Cash STI forfeited**	
	2023	**2022**	**2023**	**2022**
Executives				
Cameron Taylor	61%	-%	39%	100%
Laura Fanning	73%	-%	27%	100%

In the prior year, no STIs were paid. 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 (2022: $600,000) 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 each non-executive directors (inclusive of superannuation):

Board fees	**2023**	**2022**
	$	**$**
Chair	121,096	120,548
Non-executive director	81,000	75,000
Committee fees payable to Chair of Committees		
Audit and Risk	20,000	12,000
Remuneration and Nomination	9,000	9,000
Environmental, Social and Governance	9,000	9,000
Annualised Board and Committee fees	402,096	375,548

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 for the year are as follows:

Cameron Taylor - Chief Executive Officer

Commencement	1 July 2021 until 17 July 2023
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 $375,000, 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 TFR 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. 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 $276,000, 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 30% of her TFR and long-term incentives of up to 20% of her TFR in the form of share rights, as determined by the Board from time to time. 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.

Directors' Report

(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 which demonstrates the effectiveness of the current policy. There has been steady growth in earnings per share and dividends over this period and, despite a reduction in share price during the current year, the 3-year total shareholder return is 15.6% per annum.

Metric	Measure	2023	2022	2021	2020	2019
Total revenue and other income	$'000	36,564	30,882	29,434	26,068	23,394
Underlying EBITDA[1]	$'000	12,614	10,620	10,569	8,700	7,832
Profit before tax	$'000	29,751	10,483	8,742	9,075	6,794
Profit after tax	$'000	19,158	8,173	6,283	8,095	6,794
Earnings per share (basic)	cents per share	6.97	3.48	2.73	3.52	2.95
Share price at year end	cents per share	46.5	61.0	61.0	32.5	26.0
Dividend paid per share	cents per share	1.30	1.22	1.14	1.55	0.00
Total shareholder return – 1 year	% of share price at start of year	(21.6)	2.0	91.2	31.0	(7.1)
Total shareholder return – 3 year	% per annum	15.6	35.7	31.5	(2.7)	-
KMP remuneration	$'000	1,520	1,320	1,446	1,201	868
KMP remuneration	% of total revenue and other income	4.2	4.3	4.9	4.6	3.7

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 did not engage any remuneration consultants during the year. In the prior year, the Group utilised the services of remuneration consultants at a total cost of $9,009.

(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 2022	Acquired during the year	Disposed during the year	Share rights exercised during the year	Balance 30 June 2023
Directors					
Murray Boyte	925,205	261,292	-	-	1,186,497
Sue Renkin	-	-	-	-	-
Russell Banham	-	-	-	-	-
Greg Paramor	5,388,011	285,991	-	-	5,674,002
Executives					
Cameron Taylor	-	-	-	429,362	429,362
Laura Fanning	-	-	-	-	-
Total	6,313,216	547,283	-	429,362	7,289,861

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.

KMP	Balance 1 July 2022	Issued during the year	Vested and exercised during the year	Balance 30 June 2023
Directors				
Murray Boyte	-	-	-	-
Sue Renkin	-	-	-	-
Russell Banham	-	-	-	-
Greg Paramor	-	-	-	-
Executives				
Cameron Taylor	656,192	-	(429,362)	226,830
Laura Fanning	126,953	-	-	126,953
Total	783,145	-	(426,362)	353,783

There were no new share rights granted as compensation to key management personnel during the year. The maximum future expense relating to share rights held at balance date is $0.06 million. The table below discloses details of the share rights held at balance date.

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

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

Options held

There were no options granted over equity instruments 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 126,953 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 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 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 69.

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 28th day of August 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2023

	Note	30 June 2023 $'000	30 June 2022 $'000
Rental income	3	24,795	20,395
Catering income	3	5,533	4,842
Service and caretaking fees	3	6,092	4,512
Total revenue		36,420	29,749
Finance income		19	21
Other income	3	125	1,112
Total revenue and other income		36,564	30,882
Village operating expenses	5	(17,441)	(14,558)
Employee expenses		(5,617)	(4,497)
Finance costs	4	(3,720)	(2,106)
Marketing expenses		(386)	(119)
Depreciation & amortisation	4	(846)	(737)
Other expenses		(3,198)	(2,193)
Total operating expenses		(31,208)	(24,210)
Share of profit of a joint venture	11	4,246	1,500
Net gain on change in fair value of:			
Investment property	12	22,051	2,291
Other assets		-	20
Impairment of:			
Financial assets	8	(146)	-
Other assets	9	(1,756)	-
Total other items		24,395	3,811
Profit before income tax expense		29,751	10,483
Income tax expense	6	(10,593)	(2,310)
Profit after income tax expense		19,158	8,173
Other comprehensive income			
Items that may be reclassified to profit or loss			
Gain on cash flow hedges		535	-
Income tax expense	6	(161)	-
Other comprehensive income for the year, net of tax		374	-
Total comprehensive income for the year		19,532	8,173
Basic earnings per share (cents per share)	26	6.97	3.48
Diluted earnings per share (cents per share)	26	6.95	3.47

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 2023

	Note	30 June 2023 $'000	30 June 2022 $'000
Current assets			
Cash and cash equivalents	22(a)	1,815	1,837
Trade and other receivables	7	499	756
Loans receivable	8	-	340
Other assets	9	991	1,287
Total current assets		3,305	4,220
Non-current assets			
Loans receivable	8	-	42
Joint venture investment	11	10,934	7,196
Investment property	12	213,072	159,660
Property, plant and equipment	13	348	523
Right of use assets	14	766	1,265
Intangible assets	15	8,452	8,471
Other assets	9	535	1,391
Total non-current assets		234,107	178,548
Total assets		237,412	182,768
Current liabilities			
Trade and other payables	16	5,936	3,231
Provisions	17	946	671
Other financial liabilities	18	248	2,847
Total current liabilities		7,130	6,749
Non-current liabilities			
Trade and other payables	16	161	161
Provisions	17	31	41
Other financial liabilities	18	606	1,053
Borrowings	19	69,579	70,018
Deferred tax liability	6	15,949	5,713
Total non-current liabilities		86,326	76,986
Total liabilities		93,456	83,735
Net assets		143,956	99,033
Equity			
Share capital	20	127,378	98,422
Reserves	20	434	115
Retained profits		16,144	496
Total equity		143,956	99,033

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 2023

	Note	30 June 2023 $'000	30 June 2022 $'000
Cash flows from operating activities			
Receipts from customers		36,964	29,386
Payments to suppliers & employees		(25,777)	(21,073)
Distributions from joint venture		508	1,150
Insurance proceeds		29	1,027
Interest received		11	21
Interest paid		(3,029)	(2,228)
Net cash provided by operating activities	22(b)	8,706	8,283
Cash flows from investing activities			
Payments for additions to investment property		(32,465)	(21,457)
Payments for property, plant & equipment		(31)	(102)
Payments for intangible assets		(749)	(5,309)
Payments for other assets		(65)	(83)
Payments to sell property assets		(10)	(245)
Proceeds from sale of investment properties		35	664
Proceeds from sale of non-current assets held for sale		-	5,478
Proceeds from the sale of intangible assets		330	-
Proceeds from repayments of loans provided		91	162
Net cash used in investing activities		(32,864)	(20,892)
Cash flows from financing activities			
Proceeds from borrowings		34,989	23,100
Repayment of borrowings		(35,340)	(10,200)
Payment of dividends		(2,602)	(2,246)
Proceeds from share issue		29,126	2,240
Payments for share issue transactions		(1,711)	(98)
Principal portion of lease payments		(276)	(223)
Payment of transaction costs related to borrowings		(50)	(17)
Net cash provided by financing activities		24,136	12,556
Net decrease in cash and cash equivalents		(22)	(53)
Cash and cash equivalents at the beginning of the financial year		1,837	1,890
Cash and cash equivalents at the end of the financial year	22(a)	1,815	1,837

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 2023

	Note	Share capital $'000	Retained profits / (Accumulated losses) $'000	Share based payment reserve $'000	Cash flow hedge reserve $'000	Total $'000
For the year ended 30 June 2023						
Balance at 1 July 2022		98,422	496	115	-	99,033
Profit after income tax expense		-	19,158	-	-	19,158
Other comprehensive income, net of tax		-	-	-	374	374
Transactions with owners in their capacity as owners:						
Issue of share capital	20	30,152	-	(120)	-	30,032
Transaction costs - share issue (net of tax)	20	(1,196)	-	-	-	(1,196)
Share based payments	20	-	-	65	-	65
Dividends paid	21	-	(3,510)	-	-	(3,510)
Balance at 30 June 2023		127,378	16,144	60	374	143,956
For the year ended 30 June 2022						
Balance at 1 July 2021		95,652	(4,828)	56	-	90,880
Profit after income tax expense, 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
Transaction costs - 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

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

Notes to the Financial Statements

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 2023. 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 28 August 2023 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 2023 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.

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 3-15 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.

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.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

A derivative is a type of financial instrument typically used to manage risk. A derivative's value changes over time in response to an underlying benchmark, such as interest rates, exchange rates, or asset values, and is entered into for a fixed period. A hedge is where a derivative is used to manage an underlying exposure.

The Group is exposed to certain risks relating to its ongoing business operations. The primary risk managed using derivative instruments is interest rate risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's current and future debt obligations with floating interest rates.

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as interest rate swaps, to hedge its interest rate risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The Group's interest rate swaps are classified as cash flow hedges because they hedge the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised liability.

At the inception of a hedge relationship, Eureka formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all the following effectiveness requirements:

- There is "an economic relationship" between the hedged item and the hedging instrument.
- The effect of credit risk does not "dominate the value changes" that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that Eureka actually hedges and the quantity of the hedging instrument that Eureka actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below.

The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income (OCI) in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss in other operating income or expenses.

The Group uses interest rate swaps as hedges of its exposure to interest rate risk arising from debt obligations. The ineffective portion relating to interest rate swaps is recognised in other operating income or expenses.

The amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction.

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.

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.

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 result in Eureka's management rights contract not being renewed.

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. Refer to Note 9 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 (recoverable amount) 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 section.165-210 of the Income Tax Assessment Act 1997.

Measurement of deferred tax balances

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. The Group is currently a base rate entity and subject to a 25% tax rate. Judgement is required in assessing the tax rate that will apply when the temporary differences reverse. Deferred tax balances have been reported at a 30% tax rate at balance date.

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.

Notes to the Financial Statements

3. REVENUE AND OTHER INCOME

	Consolidated 30 June 2023 $'000	Consolidated 30 June 2022 $'000
Rental income	24,795	20,395
Revenue from contracts with customers		
Catering – owned properties	3,570	3,230
Catering – managed properties	1,963	1,612
Total catering income	5,533	4,842
Service fees	4,141	3,439
Caretaking fees	1,951	1,073
Total service and caretaking fees	6,092	4,512
Total revenue from contracts with customers	11,625	9,354
Total revenue	36,420	29,749

	Consolidated 30 June 2023 $'000	Consolidated 30 June 2022 $'000
Other income		
Insurance proceeds [1]	28	1,028
Gain on sale of intangible and investment property assets	13	20
Other income	84	64
	125	1,112

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

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:

	Consolidated 30 June 2023 $'000	Consolidated 30 June 2022 $'000
Timing of revenue recognition		
At a point in time	5,533	4,842
Over time	6,092	4,512
Total	11,625	9,354

4. ITEMS INCLUDED IN PROFIT

Profit before income tax expense includes the following specific items:	Consolidated 30 June 2023 $'000	 30 June 2022 $'000
Finance costs		
Interest and finance charges paid/payable for financial liabilities not at fair value through profit or loss	3,693	2,058
Interest and finance charges paid/payable for lease liabilities	27	48
Total finance costs	3,720	2,106
Depreciation		
Plant & equipment	50	46
Buildings	15	15
Motor vehicles	7	9
Right of use assets	309	302
Total depreciation	381	372
Amortisation		
Management rights	460	355
Rent rolls	3	4
Other	2	6
Total amortisation	465	365
Total depreciation and amortisation	846	737
Defined contribution superannuation expense	943	745

5. VILLAGE OPERATING EXPENSES

	Consolidated 30 June 2023 $'000	 30 June 2022 $'000
Village operating expenses are comprised of the following:		
Staff and village manager costs	8,701	8,132
Catering expenses	2,889	1,819
Other village expenses	5,851	4,607
	17,441	14,558

6. INCOME TAX

	Consolidated	
	30 June 2023 **$'000**	**30 June 2022** **$'000**
The major components of income tax expense are as follows:		
Consolidated Statement of Profit or Loss		
Current income tax	-	-
Deferred income tax	10,593	2,310
Income tax expense reported in the Statement of Profit or Loss	10,593	2,310
A reconciliation of income tax expense and the profit before tax multiplied by the applicable tax rate is as follows:		
Profit before tax	29,751	10,483
Income tax calculated at 25% (2022: 25%)	7,438	2,621
Tax effect of permanent differences	30	29
Capital loss not recognised / (recognised)	32	(409)
Deferred tax assets not recognised	396	91
Recognition of deferred tax assets not previously recognised	(21)	(22)
Tax effect of changing deferred tax balances to 30% tax rate at 30 June 2023	2,718	-
Income tax expense reported in the Statement of Profit or Loss	10,593	2,310
Movement in deferred tax balances charged/(credited):		
In profit or loss	10,593	2,310
Directly in equity – transaction costs	(514)	(24)
In other comprehensive income	161	-
Acquisition of investment property	(4)	(12)
Total deferred tax recognised	10,236	2,274

Deferred tax balances have been stated at 30% (2022: 25%).

	Consolidated	
	30 June 2023 $'000	30 June 2022 $'000
Recognised in the Statement of Financial Position		
Deferred tax assets		
Tax losses - revenue	8,125	6,498
Deferred tax liabilities		
Net (assessable) and deductible differences on sundry items	(1,141)	(578)
Investment properties, property, plant and equipment	(22,933)	(11,633)
Net deferred tax liability	(15,949)	(5,713)
Not recognised in the Statement of Financial Position		
Unrecognised deferred tax assets		
Tax losses - capital	269	192
Non-deductible capital items	2,009	1,299
Net unrecognised deferred tax assets	2,278	1,491
Reconciliation of unrecognised tax balances:		
Opening balance	1,491	1,831
Capital tax losses not recognised / (recognised)	32	(409)
Movement attributable to non-deductible capital items	375	91
Adjustment to prior period balances	-	(22)
Tax effect of changing deferred tax balances to 30% tax rate at 30 June 2023	380	-
Total movement	787	(340)
Closing balance	2,278	1,491

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets are not 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 section 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.

7. TRADE AND OTHER RECEIVABLES

	Consolidated	
	30 June 2023 $'000	30 June 2022 $'000
Trade receivables	213	361
Accrued debtors and other receivables	286	395
	499	756

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.

8. LOANS RECEIVABLE

	Consolidated	
	30 June 2023 $'000	30 June 2022 $'000
Current		
Vendor finance	-	134
West Cabin loan	-	206
	-	340
Non-current		
Vendor finance	-	42
	-	42

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. The amount owed of $0.15 million (2022: $0.21 million), 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 a director of Onterran Ltd and is a director of CCH. Recourse against CCH in respect of the loan is limited to the two existing cabins. Interest accrues on this loan.

The Group received repayments of $0.09 million (2022: $0.12 million) during the year. Despite the validity and enforceability of the security held by Eureka, the Group recorded an impairment expense of $0.15 million during the year (2022: nil) due to commercial considerations related to land holdings at Couran Cove.

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

Refer to Note 24 for fair value hierarchy disclosures.

9. OTHER ASSETS

	Consolidated	
Current	**30 June 2023 $'000**	**30 June 2022 $'000**
Prepayments and deposits	802	684
Bartercard [1]	-	396
Capital replacement funds	189	207
	991	1,287
Non-current		
Bartercard [1]	-	1,391
Derivative financial assets [2]	535	-
Couran Cove loan [3]	-	-
	535	1,391

1 Bartercard is an alternative currency and operates as a trade exchange. At balance date, the Bartercard carrying value was $nil (2022: $1.79 million). Eureka spent or sold $0.03 million of Barter dollars and recorded an impairment expense of $1.76 million during the year (2022: $nil). The Group continues to hold Barter dollars with a face value of $2.63 million. During the year, the carrying value of the asset was impaired by $1.76 million after a thorough assessment of the options for Eureka to realise the asset.

2 The derivative financial assets relate to interest rate swaps entered into during the year. Refer Note 19.

3 The carrying value of a loan receivable from CCH Developments No 1 Pty Ltd for $3.00 million, including land option, which gives the Group a first right of refusal to purchase 60 proposed cabin sites for $50,000 per site at Couran Cove, Qld has been assessed based on a thorough review including independent assessment of the land held as security for the loan. The assessed fair value of the loan is $nil (2022: $nil). There has been no change to the Group's security arrangements, including a mortgage over the land. The loan expiry date was 31 August 2021. Eureka has reserved its rights in relation to the recovery of this loan. This loan is guaranteed by Onterran Ltd. No interest accrues on this loan.

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 do not consider this to be the most viable means of realising the asset.

10. INVESTMENT IN SUBSIDIARIES

	Country of Incorporation	Equity Holding 30 June 2023 %	Equity Holding 30 June 2022 %
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 Bowen Pty Ltd	Australia	100%	100%
Eureka Brassall Pty Ltd	Australia	100%	100%
Eureka Bundamba 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 Pty Ltd	Australia	100%	100%
Eureka Care Communities Unit Trust	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 Cascade Gardens Pty Ltd	Australia	100%	100%
Eureka Eagleby Pty Ltd	Australia	100%	100%
Eureka Earlville Pty Ltd	Australia	100%	100%
Eureka Group Care Pty Ltd	Australia	100%	100%
Eureka Hervey Bay Pty Ltd	Australia	100%	100%
Eureka Horsham Pty Ltd	Australia	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 Tamworth Pty Ltd	Australia	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 rental 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 2023 $'000	**30 June 2022 $'000**
Movements in carrying amount:		
Opening balance	7,196	6,846
Share of profit from JV [1]	4,246	1,500
Cash distribution received	(508)	(1,150)
Closing balance	10,934	7,196

[1] Share of profit from JV includes the following amounts:
- The Group's 50% share of a net gain on change in investment property fair value was $3.23 million (2022: $0.52 million); and
- The Group's 50% share of interest expense $0.23 million (2022: $0.11 million).

Summarised statement of financial position of Affordable Living Unit Trust:

	30 June 2023 $'000	**30 June 2022 $'000**
Current assets, including cash and cash equivalents	132	256
Non-current assets, comprising investment property	30,950	23,876
Current liabilities [1]	(489)	(460)
Non-current liabilities [2]	(8,725)	(9,280)
Net assets	21,868	14,392
Group's share in net assets – 50%	10,934	7,196
Group's carrying amount of the investment	10,934	7,196

[1] Current liabilities include borrowings of $0.14 million (2022: $0.14 million), repayable within 12 months.
[2] Non-current liabilities include long term borrowings of $8.72 million (2022: $9.28 million). The total facility is $9.78 million. $0.92 million of the loan facility is undrawn at balance date and is able to be used for working capital purposes.

Notes to the Financial Statements

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

	30 June 2023 $'000	30 June 2022 $'000
Revenue	5,066	4,698
Cost of sales	(2,581)	(2,520)
Net gain on change in fair value of investment property	6,465	1,040
Finance costs	(459)	(218)
Profit before tax	8,491	3,000
Income tax expense[1]	-	-
Profit for the year	8,491	3,000
Total comprehensive income for the year	8,491	3,000
Group's share of profit for the year	4,246	1,500

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 tax 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 at balance date (2022: $nil).

12. INVESTMENT PROPERTY

	Consolidated	
	30 June 2023 $'000	30 June 2022 $'000
Investment properties at fair value	213,072	159,660
Movements in investment properties:		
Balance at beginning of year	159,660	139,037
Acquisitions[1]	23,400	15,377
Disposals	(81)	(684)
Development costs [2]	4,171	3,347
Capital expenditure	3,569	2,878
Transfer to non-current assets held for sale	-	(2,886)
Transfer from intangibles – management rights	167	300
Transfer from property, plant and equipment	135	-
Net gain on change in fair value	22,051	2,291
Balance at end of year	213,072	159,660

1 Acquisitions during the year include villages in Horsham, Vic, Tamworth, NSW and Eagleby, Qld along with units across various strata-titled villages. Prior year acquisitions include a village in Brassall, Qld, vacant land at Kingaroy, Qld, a village in Bowen, Qld and manager's units associated with the Oxford Crest, Qld acquisition.

2 The Group spent $4.17 million (2022: $3.30 million) on village developments including $3.65 million (2022: $0.21 million) for the 51-unit Brassall, Qld expansion and $0.43 million (2022: $0.41 million) planning for the proposed 110-unit Kingaroy greenfield development. A further $3.57 million (2022: $2.88 million) was spent on enhancing its owned villages through capital improvements including expenditure on community room upgrades and unit refurbishments.

The Group's investment properties are shown individually in this note and consist of 28 rental village assets (2022: 25) 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.

The Group's external valuation program continued during the year, with 24 properties being independently valued at 30 June 2023. The Group reviewed the fair value of all investment properties held and recorded a net increase in fair value for the year of $22.05 million (2022: $2.29 million). In 2022, the net increase included a loss on the change in fair value of the Lismore property of $7.15 million, which offset a net gain on the change in fair value of the remaining investment properties of $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.

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

	Consolidated	
Amounts recognised in profit or loss for investment properties:	30 June 2023 $'000	30 June 2022 $'000
Rental income	24,795	20,395
Catering income	3,570	3,230
Direct operating expenses generating rental and catering income	(14,224)	(12,749)
Net gain on change in fair value of investment properties	22,051	2,291

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 25. 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 2023 $'000	Carrying amount 30 Jun 2022 $'000
Queensland	138,533	104,564
New South Wales	25,543	16,160
Victoria	17,597	10,900
South Australia	31,399	28,036
	213,072	159,660

Details of investment properties are as follows:

Property	Carrying amount 30 Jun 2023 $'000	Carrying amount 30 Jun 2022 $'000
Albury Village, NSW	6,500	5,700
Ayr Village, Qld	2,300	1,870
Bowen Village, Qld	5,526	5,440
Brassall Village, Qld	11,479	7,617
Broken Hill Village, NSW	4,059	4,000
Bundaberg Avenell Village, Qld	6,200	5,560
Bundaberg Liberty Village, Qld	22,050	16,250
Bundamba Village, Qld (20 Lots)	1,714	221
Cairns Earlville Village, Qld	10,000	9,001
Cairns Smithfield Village, Qld	5,900	5,400
Eagleby Village, Qld (58 Lots)	6,882	-
Elizabeth Vale Scenic Village 1, SA	7,900	6,800
Elizabeth Vale Scenic Village 2, SA	5,500	4,841
Gladstone Village, Qld (14 Lots)	1,427	-
Gympie Village, Qld	5,050	4,563
Hervey Bay Village, Qld	6,000	5,780
Horsham Village, Vic	5,447	-
Kingaroy development, Qld	1,433	1,196
Lismore Village, NSW	-	-
Mackay Village, Qld	12,300	10,899
Margate Village, Qld	8,300	5,036
Mildura Village, Vic	5,350	4,900
Mt Gambier Village, SA	5,900	4,840
Orange Village, NSW	7,200	5,859
Rockhampton Village 1, Qld	6,550	4,088
Rockhampton Village 2, Qld	6,300	5,820
Salisbury Village, SA	6,012	5,900
Shepparton Village, Vic	6,800	6,000
Southport Village, Qld	5,359	4,299
Tamworth Village, NSW	7,175	-
Whyalla Village, SA	5,196	4,769
Wynnum Village, Qld	11,950	10,090
Managers' units in managed villages	3,313	2,921
	213,072	159,660

13. PROPERTY, PLANT & EQUIPMENT

	Consolidated 30 June 2023 $'000	Consolidated 30 June 2022 $'000
Buildings at cost	398	619
Accumulated depreciation	(183)	(264)
	215	355
Plant & equipment at cost	316	325
Accumulated depreciation	(186)	(167)
	130	158
Motor vehicles at cost	36	36
Accumulated depreciation	(33)	(26)
	3	10
Total property, plant & equipment	348	523

Reconciliation of movements in property, plant & equipment:

	Buildings $'000	Plant & equipment $'000	Motor vehicles $'000	Total $'000
Opening balance at 1 July 2021	370	92	42	504
Additions at cost	-	118	-	118
Disposals	-	(6)	(23)	(29)
Transfers to investment property	-	-	-	-
Depreciation expense	(15)	(46)	(9)	(70)
Closing balance at 30 June 2022	355	158	10	523
Opening balance at 1 July 2022	355	158	10	523
Additions at cost	-	34	-	34
Disposals	-	(2)	-	(2)
Transfers to investment property	(125)	(10)	-	(135)
Depreciation expense	(15)	(50)	(7)	(72)
Closing balance at 30 June 2023	215	130	3	348

14. RIGHT OF USE ASSETS

	Consolidated	
	30 June 2023 $'000	30 June 2022 $'000
Leased property		
Opening balance	1,263	482
Additions	-	1,176
Modification on leases	(199)	(96)
Depreciation expense	(306)	(299)
Closing balance	758	1,263
Leased equipment		
Opening balance	2	5
Additions	9	-
Depreciation expense	(3)	(3)
Closing balance	8	2
Total right of use assets	766	1,265

Income received from sub-leasing right of use assets was $0.02 million for the year (2022: $0.03 million).

15. INTANGIBLE ASSETS

	Consolidated 30 June 2023 $'000	Consolidated 30 June 2022 $'000
Management rights – at cost	8,820	8,548
Accumulated amortisation and impairment	(2,413)	(2,119)
Net	6,407	6,429
Rent rolls – at cost	140	140
Accumulated amortisation	(59)	(56)
Net	81	84
Other intangibles – at cost	33	25
Accumulated amortisation	(24)	(22)
Net	9	3
Goodwill	1,955	1,955
Total intangible assets	8,452	8,471

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.

Additions during the year relate to the acquisition of management and letting rights in Eagleby, Qld.

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 forecasted 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 (2022: 2%);
- the terminal value was calculated using a growth rate of 2% (2022: 2%);
- cash flows have been discounted using a pre-tax discount rate of 15% (2022: 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 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
Opening balance at 1 July 2022	6,429	84	1,955	3	8,471
Additions at cost	908	-	-	8	916
Disposals (cost)	(383)	-	-	-	(383)
Disposals (accumulated amortisation)	80	-	-	-	80
Transfer to investment property	(167)	-	-	-	(167)
Amortisation expense	(460)	(3)	-	(2)	(465)
Closing balance at 30 June 2023	6,407	81	1,955	9	8,452

The remaining amortisation period for the management rights, on a weighted average basis, is 36 years (2022: 35 years).

16. TRADE & OTHER PAYABLES

	Consolidated 30 June 2023 $'000	Consolidated 30 June 2022 $'000
Current		
Trade creditors and accruals	4,389	2,539
Unearned income	666	418
Accrued interest	854	234
Capital replacement fund liability	27	40
	5,936	3,231
Non-current		
Capital replacement fund liability	161	161
	161	161

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 2023 $'000	Consolidated 30 June 2022 $'000
Current		
Employee benefits	946	671
	946	671
Non-current		
Employee benefits	21	31
Other	10	10
	31	41

18. OTHER FINANCIAL LIABILITIES

	Consolidated	
	30 June 2023 $'000	30 June 2022 $'000
Current		
Lease liability	248	364
Deferred consideration [1]	-	2,483
	248	2,847
Non-current		
Lease liability	606	1,053
	606	1,053

[1] Vendor finance arrangement relating to the acquisition of the Hervey Bay village. The deferred consideration of $2.50 million was paid during the year.

19. BORROWINGS

	Consolidated	
	30 June 2023 $'000	30 June 2022 $'000
Non-current		
Bank loan – secured	69,724	70,075
Borrowing costs	(145)	(57)
	69,579	70,018

At balance date, the Group has access to National Australia Bank ("NAB") facilities with the following terms:

		Consolidated	
		30 June 2023	30 June 2022
Facility limit	$'000	83,000	77,500
Bank guarantee facility – deferred consideration	$'000	-	2,500
Drawn debt	$'000	69,724	70,075
Facility expiry		31 March 2026	31 March 2024
Hedged amount	$'000	50,000	-
Weighted average interest rate (including margin)	%	5.96	3.76
Weighted average term to hedge expiry	years	2.15	-

The facility limit increased by $5.50 million during the year to fund the village acquisition in Eagleby, Qld and payment of the deferred consideration for the Hervey Bay village, upon return of the associated bank guarantee.

The NAB facilities are secured by a first priority general security over all present and future acquired property and specified management letting rights. At balance date, property assets and management letting rights, with a carrying value of $218.94 million (2022: $164.94 million), have been pledged by the Group.

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 years.

Interest is payable on the total drawn amount, inclusive of facility fees. A facility fee also applies to any undrawn amount. No principal payments are required until expiry and interest is paid quarterly.

The Group had unused borrowing facilities of $13.28 million (2022: $7.42 million) at balance date.

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. The bank loan facility has sufficient undrawn funds to enable payments to be made as and when they fall due.

Cash flow hedges

During the year, the Group entered into three fixed interest rate swaps, swapping the liability to pay interest based on variable BBSY for fixed interest rates. The effects of the interest rate swaps on the Group's financial position and performance are as follows:

At balance date		Interest rate swap #1	Interest rate swap #2	Interest rate swap #3
Swap amount	$'000	20,000	20,000	10,000
Effective date		30 Dec 2022	30 Dec 2022	30 Mar 2023
Maturity date		30 Dec 2024	30 Dec 2025	30 Mar 2026
Interest rate including margin	%	5.86	5.85	5.89
Carrying amount – derivative financial assets (Refer Note 9)	$'000	193	234	108
Change in fair value of hedges recognised in other comprehensive income	$'000	193	234	108

At balance date, 72% of the Group's drawn debt is hedged (2022: nil). The interest on the swaps is settled quarterly on dates coinciding with the dates on which interest is payable on the underlying debt.

20. SHARE CAPITAL AND RESERVES

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 2023 Number	30 June 2023 $'000	30 June 2022 Number	30 June 2022 $'000
Opening balance	237,186,521	98,422	232,384,417	95,652
Shares issued under the Dividend Reinvestment Plan	3,372,347	1,796	4,802,104	2,844
Shares issued under long-term incentive scheme	429,362	120	-	-
Shares issued under entitlement offer	60,075,228	28,236	-	-
Transaction costs (net of tax)	-	(1,196)	-	(74)
Closing balance	301,063,458	127,378	237,186,521	98,422

Pursuant to the Company's Dividend Reinvestment Plan:
- 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.
- On 06 October 2022, 2,685,348 shares were issued at $0.5557 for the 2022 financial year final dividend.
- On 06 April 2023, 686,999 shares were issued at $0.4424 for the 2023 financial year interim dividend.

Pursuant to the Company's Omnibus Equity Plan:
- On 30 September 2022, 429,362 shares were issued at $nil consideration upon vesting and exercise of employee share rights. $0.12 million was transferred from the share-based payments reserve to share capital.

Pursuant to the Company's Entitlement Offer:
- On 03 November 2022, 50,153,787 institutional shares were issued at $0.47.
- On 28 November 2022, 9,921,441 retail shares were issued at $0.47.

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.

Reserves

	Consolidated	
	30 June 2023 $'000	**30 June 2022 $'000**
Share based payment reserve		
Opening balance	115	56
Share based payments expense	65	59
Transferred to share capital	(120)	-
Closing balance	60	115
Cash flow hedge reserve		
Opening balance	-	-
Gain on change in fair value of hedge	535	-
Income tax expense	(161)	-
Closing balance	374	-
Total Reserves	434	115

21. DIVIDENDS

	30 June 2023 $'000	**30 June 2022 $'000**
Dividends on ordinary shares declared and paid:		
Final dividend - 2022: 0.63 cents per share (2021: 0.59 cents per share)	1,496	1,371
Interim dividend - 2023: 0.67 cents per share (2022: 0.63 cents per share)	2,014	1,478
	3,510	2,849

The Dividend Reinvestment Plan (DRP) was active for the above dividends and fully underwritten for the final dividends for 2021 and 2022 and the interim dividend for 2022. Details of shares issued under the DRP are shown in Note 20. Proceeds received from the underwriter were $0.89 million (2022: $2.24 million).

Since balance date, the Board has declared a final dividend of 0.67 cents per share, amounting to $2.02 million payable on 12 October 2023. The financial effect of this dividend has not been brought to account in the financial statements for the year ended 30 June 2023 and will be recognised in subsequent financial reports.

22. CASH FLOW INFORMATION

(a) Reconciliation of cash

	Consolidated 30 June 2023 $'000	Consolidated 30 June 2022 $'000
Cash at bank and on hand	1,815	1,837

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

	Consolidated 30 June 2023 $'000	Consolidated 30 June 2022 $'000
Profit after income tax expense	19,158	8,173
Depreciation and amortisation	846	737
Bad and doubtful debts expense	(2)	14
Impairment of financial assets	146	-
Impairment of other assets	1,756	-
Distribution received from joint venture	508	1,150
Share of profit of joint venture	(4,246)	(1,500)
Net gain on change in fair value of investment properties	(22,051)	(2,291)
Net gain on change in fair value of other assets	-	(20)
(Gain)/loss on sale of investment property	128	(124)
(Gain)/loss on sale of management rights	(21)	-
Loss on sale of non-current assets held for sale	10	78
Loss on disposal of plant & equipment	-	29
Share based payments expense	65	59
Lease modification	(69)	(52)
Non-cash transactions	168	-
(Increase)/decrease in:		
- Trade and other receivables	504	(329)
- Other current assets	(119)	(66)
Increase/(decrease) in:		
- Trade and other payables	1,067	31
- Provisions	265	84
- Deferred tax liability	10,593	2,310
Net cash provided by operating activities	8,706	8,283

(c) Non-cash investing and financing activities

During the year, the Group acquired goods and services of $0.03 million with Bartercard dollars (2022: $0.01 million). Shares valued at $0.91 million were issued pursuant to the Dividend Reinvestment Plan in lieu of the payment of dividends (2022: $0.60 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 2023 $'000	**30 June 2022 $'000**
Maximum exposure to credit risk		
Cash and cash equivalents	1,815	1,837
Trade and other receivables	499	756
Loans receivable	-	382
Bartercard	-	1,787
	2,314	4,762

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:

Trade and other receivables - gross amount receivable	Consolidated 30 June 2023 $'000	Consolidated 30 June 2022 $'000
Due 0-30 days	482	596
Past due 30-60 days	13	61
Past due 60-90 days	2	33
Past due 90 + days	2	66
	499	756

Bartercard

Bartercard is an alternative currency and operates as a trade exchange. Bartercard is recorded at cost less any accumulated impairment. The asset was impaired by $1.76 million during the year (2022: $nil) and the carrying value at year end is $nil (2022: $1.79 million).

(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 $3.82 million (2022: deficiency of $2.53 million). The Group actively manages its cash and drawn debt to minimise interest costs. The bank loan facility has sufficient undrawn funds for working capital needs. 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 19.

The Group had unused borrowing facilities of $13.28 million (2022: $7.43 million) at the reporting date.

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

	Consolidated				
30 June 2023	**Contractual cash flows $'000**	**Less than 6 months $'000**	**6 - 12 months $'000**	**1 – 2 years $'000**	**More than 2 years $'000**
Trade and other payables	4,486	4,486	-	-	-
Loans - secured [1]	84,221	2,086	2,122	4,266	75,747
Other financial liabilities	984	172	177	191	444
Total	89,691	6,744	2,299	4,457	76,191

	Consolidated				
30 June 2022	**Contractual cash flows $'000**	**Less than 6 months $'000**	**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

[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 manages its interest rate risk by regularly monitoring interest rates. Eureka's policy is to maintain a portion of borrowings at fixed rates. To manage this, from time-to-time Eureka enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between floating and fixed rate interest amounts calculated by reference to an agreed-upon notional principal amount. At balance date, 72% of Eureka's borrowings are at a fixed rate of interest (2022: nil).

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

24. FAIR VALUE MEASUREMENTS

Fair value hierarchy

Investment properties 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.

Fair value of financial instruments

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 – 2023				
Assets				
Investment property	-	-	213,072	213,072
Derivative financial asset	-	535	-	535
Other assets – loan including land option	-	-	-	-
Total assets	-	535	213,072	213,607
Consolidated – 2022				
Assets				
Investment property	-	-	159,660	159,660
Other assets – loan including land option	-	-	-	-
Total assets	-	-	159,660	159,660

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 investment 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 were obtained for the majority 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 at balance date, 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 direct comparison method is used for assessing the fair value of individual units acquired.

The fair value of nil ascribed to Eureka's $3.00 million loan receivable (including land option at Couran Cove) was determined in a prior period having regard to an independent external valuation of the secured land, 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 9 for further details.

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

Description	**Valuation technique**	**Significant unobservable inputs**	**Range (weighted average)**		**Relationship of unobservable input to fair value**
			2023	**2022**	
Investment properties – rental villages	Capitalisation method [1]	Capitalisation rate	6.5% - 11.0% (8.32%) [2,4]	7.00%-10.50% (9.43%) [2,4]	Capitalisation rate has an inverse relationship to valuation.
		Stabilised occupancy	95%-99% (97.8%) [3,4]	94%-99% (97.9%) [3,4]	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.
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).

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 6.25% (2022: 6.5%) and a village in which National Disability Insurance Scheme services revenue is earned with a capitalisation rate of 7.5% (2022: 7.5%).
3 Excludes one short stay village with a stabilised occupancy rate of 70% (2022: 65%).
4 The range excludes the Lismore property which is non-operational following a significant flood event during the prior year.

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 Notes 9 and 12.

25. COMMITMENTS AND CONTINGENCIES

At balance date, the Group had the following commitments and contingencies:

- The Group has a fully cancellable contract with the appointed builder for its Brassall, Qld development of 51 premium freestanding 2-bedroom residences. The total contract value is $8.82 million (GST exclusive) and is subject to rise and fall. At balance date, the contractual amount has not been recognised as a liability, and $2.91 million has been spent.

The Group had no other material commitments at balance date.

There are no contingent liabilities.

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 2023 $'000	**30 June 2022 $'000**
Profit after income tax expense	19,158	8,173
	#'000	**#'000**
Weighted average number of ordinary shares used in calculating basic earnings per share	275,029	234,738
Effects of dilution from share rights [1]	461	485
Weighted average number of ordinary shares & potential ordinary shares used in calculating diluted earnings per share	275,490	235,223
Basic earnings per share	6.97 cents	3.48 cents
Diluted earnings per share	6.95 cents	3.47 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 no share rights were issued. In the prior 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.

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

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.

Share Options

No share options were issued during the year or were outstanding at balance date.

Share based payment expense

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

	30 June 2023 $'000	30 June 2022 $'000
Total expense arising from share based payment transactions	65	59

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 2023 Number**	**2023 WAEP $**	**30 June 2022 Number**	**2022 WAEP $**
Outstanding at the beginning of the year	783,145	-	429,362	-
Granted during the year	-	-	353,783	-
Exercised during the year	(429,362)	-	-	-
Forfeited during the year	-	-	-	-
Outstanding at the end of the year	353,783	-	783,145	-

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

	30 June 2022 Share rights
Grant date	4 May 22
Vesting date	30 September 2024
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

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 2023 $'000	30 June 2022 $'000
Short term employee benefits	1,352	1,167
Post-employment benefits	103	94
Other employee benefits	65	59
Total	1,520	1,320

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 2023 $'000	30 June 2022 $'000	30 June 2023 $'000	30 June 2022 $'000
Joint venture				
Management fees	329	304	50	50

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 support office costs, corporate overheads, cash, Bartercard, support office right of use assets and Couran Cove assets. 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

Consolidated - 30 June 2023	Rental Villages $'000	Property Management $'000	Unallocated $'000	Total $'000
Revenue	30,828	5,592	-	36,420
Finance income	-	-	19	19
Other income	56	69	-	125
Total revenue and other income	30,884	5,661	19	36,564
Village operating expenses	(14,224)	(3,217)	-	(17,441)
Employee expenses	-	-	(5,617)	(5,617)
Finance costs	(3,551)	(144)	(25)	(3,720)
Marketing expenses	-	-	(386)	(386)
Depreciation & amortisation	(16)	(540)	(290)	(846)
Other expenses	-	(67)	(3,131)	(3,198)
Total operating expenses	(17,791)	(3,969)	(9,449)	(31,208)
Net gain on change in fair value of:				
Investment property	22,051	-	-	22,051
Other assets	-	-	-	-
Impairment of:				
Financial assets	-	-	(146)	(146)
Other assets	-	-	(1,756)	(1,756)
Share of profit of a joint venture	4,246	-	-	4,246
	26,297	-	(1,902)	24,395
Profit/(loss) before income tax expense	39,390	1,692	(11,332)	29,751
Income tax (expense)/benefit	(13,976)	(523)	3,906	(10,593)
Profit/(loss) after income tax expense	25,414	1,169	(7,425)	19,158
Segment assets	224,703	8,960	3,749	237,412
Segment liabilities	72,271	3,426	17,759	93,456
Non-cash and other significant items included in profit:				
Amortisation of borrowing costs	(53)	-	-	(53)

There were no other significant non-cash items.

Segment acquisitions:				
Acquisition and subsequent expenditure of investment property	31,141	-	-	31,141
Acquisition of property, plant, and equipment	-	-	34	34
Acquisition of intangible assets	-	916	-	916

Notes to the Financial Statements

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
Village operating expenses	(12,172)	(2,134)	-	(14,306)
Employee expenses	-	-	(4,092)	(4,092)
Finance costs	(2,038)	(45)	(23)	(2,106)
Marketing expenses	-	-	(85)	(85)
Depreciation & amortisation	(23)	(451)	(264)	(738)
Other expenses	(554)	(5)	(2,324)	(2,883)
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:				
Amortisation of borrowing costs	(96)	-	-	(96)

There were no other significant non-cash items.

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

31. REMUNERATION OF AUDITORS

	Consolidated	
	30 June 2023	**30 June 2022**
	$	**$**
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	217,132	190,700

32. PARENT ENTITY DISCLOSURES

	30 June 2023	30 June 2022
	$'000	**$'000**
Information relating to Eureka Group Holdings Limited (parent entity):		
Results of the parent entity		
Profit for the year	3,512	6,274
Other comprehensive income	374	-
Total comprehensive income for the year	3,886	6,274
Financial position of parent entity at year-end		
Current assets	1,784	1,731
Non-current assets	148,295	121,014
Total assets	150,079	122,745
Current liabilities	1,839	994
Non-current liabilities	61,547	64,336
Total liabilities	63,386	65,330
Share capital	127,378	98,422
Equity reserve	434	115
Accumulated losses	(41,119)	(41,122)
Total equity	86,693	57,415

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 at balance date. Refer to Note 25 for further details.

Contractual commitments for capital items
The Parent has a fully cancellable contract with the appointed builder for its Brassall, Qld development of 51 premium freestanding 2-bedroom residences. The total contract value is $8.82 million (GST exclusive) and is subject to rise and fall. At balance date, the contractual amount has not been recognised as a liability, and $2.91 million has been spent.

33. SUBSEQUENT EVENTS

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

- Dividend – the Company declared a final dividend in respect of the year of 0.67 cents per share, payable on 12 October 2023 amounting to $2.02 million. The record date is 22 September 2023. The Group's dividend reinvestment plan is effective for this dividend.

- Chief executive officer (CEO) resignation – effective 17 July 2023 Mr Cameron Taylor resigned as the Company's CEO following a period of personal leave due to a non-work-related accident. Executive Chairman, Mr Murray Boyte, will continue to act in the CEO role while a search is undertaken for a replacement.

- 226,830 share rights lapsed following Mr Taylor's resignation.

Other than the abovementioned items, no other matter or circumstance has arisen since balance date 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 2023

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 2023 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 2023.

On behalf of the Board

Murray Boyte
Executive Chair

Dated in Brisbane this 28th of August 2023.

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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 2023, 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 2023 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.

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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	How our audit addressed the key audit matter

At 30 June 2023, the Group had investment properties carried at $213.1m, representing 90% 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 2023.
 	
Notes 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.
	Our audit procedures included the following:
	
	• With the assistance of our real estate valuation specialists we:
	
	  • Evaluated the valuation methodology used by the Group against the requirements of relevant accounting standards and industry practice.
	
	  • Assessed the competence, capabilities and objectivity of the independent valuation experts used by the Group.
	
	  • Compared the capitalisation rates used to a reasonable range determined from our analysis of published reports, recent market transactions and industry experience.
	
	  • For a sample of investment properties, taking into account geographies and characteristics of individual investment properties, we challenged significant assumptions, such as capitalisation rates, discount rates, occupancy and future earnings. We did this by analysing recent market transactions, Eureka's historical performance of the investment property and using our industry experience.
	
	• We evaluated the reasonableness of key assumptions of occupancy levels and maintainable earnings by comparing them to historical actual occupancy levels and earnings.
	
	• We assessed the adequacy of disclosures included in the Notes to the financial report against the requirements of relevant accounting standards.

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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 2023 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:

- 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.

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Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 15 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Eureka Group Holdings Limited for the year ended 30 June 2023, 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
28 August 2023

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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 2023, 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
28 August 2023

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 07 August 2023

Number of Securities	No of Shareholders
1 – 1,000	345
1,001 – 5,000	201
5,001 – 10,000	83
10,001 – 100,000	224
100,001 and over	109
Total Security Holders	**962**

Marketable Shares

There were 354 holders of less than a marketable parcel of 93,796 shares holding a total of 0.03% 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 7 August 2023	No of Ordinary Shares Held	% of Issued Share Capital
Cooper Investors Pty Limited	59,567,482	19.79
Aspen Group Limited	41,157,590	13.67
Tribeca Investment Partners[1]	35,761,887	11.88
Ethical Partners Funds Management Pty Ltd	26,228,845	8.71
Charter Hall Property Securities Management Limited	15,779,657	5.24
1851 Capital Pty Ltd	14,693,725	4.88
Total	**193,189,186**	**64.17**
[1] Includes Australian Retirement Trust	*17,881,208*	*5.94*

Twenty Largest Ordinary Shareholders as at 7 August 2023	No of Ordinary Shares Held	% of Issued Share Capital
National Nominees Limited	102,182,592	33.94
HSBC Custody Nominees (Australia) Limited	49,689,480	16.50
Aspen Group Limited	41,157,590	13.67
J P Morgan Nominees Australia Pty Limited	17,849,879	5.93
One Managed Investment Funds Limited	13,851,451	4.60
Bond Street Custodians Limited	5,602,238	1.86
Tolani Estate Pty Ltd	4,877,127	1.62
BNP Paribas Noms Pty Ltd	3,320,069	1.10
H & G Limited	3,195,359	1.06
Bond Street Custodians Limited	2,940,415	0.98
Strategic Value Pty Ltd	2,760,143	0.92
HIDIV Pty Ltd	2,372,594	0.79
Citicorp Nominees Pty Limited	2,317,093	0.77
Gold Tiger Investments Pty Ltd	2,276,238	0.76
NEJA Pty Ltd	2,000,000	0.66
Acadia Park Pty Ltd	1,795,827	0.60
Keiser Investments Pty Ltd	1,564,838	0.52
Mr Alister C Wright	1,200,044	0.40
Mr Murray Raymond Boyte & Mrs Jane Elizabeth Boyte	1,155,247	0.38
EXLDATA Pty Ltd	1,142,915	0.38
Total	**263,251,139**	**87.44**
Balance	37,812,319	12.56
Grand Total	**301,063,458**	**100.00**

Performance Rights
As at the Reporting Date, a total of 126,953 performance rights of the Company are on issue, held by Laura Fanning.

Corporate Directory

Contact Details

Head Office	Level 5, 120 Edward St QLD 4000
Registered Office	Suite 2D 7 Short St, Southport QLD 4215
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 and interim Chief Executive Officer
Russell Banham	
Sue Renkin	
Greg Paramor AO	

Senior Management

Laura Fanning	Chief Financial Officer & Company Secretary

Company Secretary
Patricia Vanni de Oliveira

Solicitors
Hamilton Locke
Riverside Centre
Level 28/123 Eagle Street
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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