

APPENDIX 4D

Half-year Report

1. Company details

Name of entity	Gateway Lifestyle Operations Limited ABN 63 605 543 968 One Managed Investment Funds Limited ABN 47 117 400 987 AFSL 297042 as responsible entity for Residential Parks No. 2 Trust ARSN 605 803 414
Half-year ended ('reporting period')	31 December 2016
Half-year ended ('previous corresponding period')	31 December 2015

2. Results for announcement to the market

				\$'000
Revenues from ordinary activities	up	3.1%	to	52,426
Profit for the half-year from ordinary activities after tax attributable to owners of Gateway Lifestyle Group	up	9.8%	to	20,081
Net profit for the half-year attributable to owners of Gateway Lifestyle Group	up	9.8%	to	20,081

Distributions

	Amount per security Cents	Franked amount per security Cents
RPT2 Trust distribution paid on 26 February 2016	5.310	-
RPT2 Trust distribution payable on 28 February 2017	3.500	-
Record date for determining entitlements to the interim distribution:		30 December 2016

Comments

The profit for the consolidated entity after providing for income tax amounted to \$20,081,000 (31 December 2015: \$18,282,000).

A review of the consolidated entity's operations during the half-year ended 31 December 2016 and the results of those operations are included in the Gateway Lifestyle Group 31 December 2016 Half Year Interim Financial Report.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary (stapled) security	139.27	118.86

4. Distribution reinvestment plans

There was no distribution reinvestment plan in operation during the year.

5. Independent review of financial report

The financial statements were subject to an independent review by the auditors and the review report is attached as part of the Interim Financial Report.

6. Attachments

Details of attachments (if any):

The Interim Financial Report of the Gateway Lifestyle Group for the half-year ended 31 December 2016.

GATEWAY LIFESTYLE GROUP

Gateway Lifestyle Operations Limited
ABN 63 605 543 968

One Managed Investment Funds Limited
ABN 47 117 400 987 AFSL 297042

As responsible entity for Residential Parks No. 2 Trust
ARSN 605 803 414

Interim Financial Report

For the half-year ended 31 December 2016

Directors' Report

31 December 2016

The Directors of Gateway Lifestyle Operations Limited (GLOL or the Company) present their report on behalf of Gateway Lifestyle Group (comprising Residential Parks No. 2 Trust and Gateway Lifestyle Operations Limited), together with the interim financial statements and the auditor's review report for the half-year ended 31 December 2016 of both:

- Gateway Lifestyle Operations Limited and Residential Parks No. 2 Trust and their controlled entities (Gateway Lifestyle Group); and
- Residential Parks. No 2 Trust and its controlled entities (RPT 2 Group).

In this report, the Company and the RPT2 Group are referred to collectively as the Group or the Gateway Lifestyle Group.

Gateway Lifestyle Group

The stapled securities of Gateway Lifestyle Group are quoted on the Australian Securities Exchange (ASX) under the code GTY and each stapled security comprises one unit in Residential Parks No. 2 Trust (RPT 2) and one share in GLOL. The unit and share are stapled together and cannot be traded separately. Each entity forming part of Gateway Lifestyle Group continues as a separate legal entity in its own right under the Corporations Act 2001 (Cth) and is therefore required to comply with the reporting and disclosure requirements under the Corporations Act 2001 and Australian Accounting Standards.

RPT 2 is a managed investment scheme. One Managed Investment Funds Limited (OMIFL) was appointed as the responsible entity for RPT 2 on 12 May 2015.

Under a Service Agreement, GLOL has undertaken to provide a range of services to OMIFL in respect of the management of the Trust including the preparation of these financial statements. Each reference in these financial statements to "the Directors" is a reference to the Directors of GLOL unless otherwise stated.

Directors

The following persons were Directors during the financial half-year and up to the date of this report, unless otherwise stated.

Gateway Lifestyle Operations Limited

Andrew Love	Chairman (Independent Non-Executive)
Stephen Newton	Director (Independent Non-Executive)
Rachel Launders	Director (Independent Non-Executive)
Andrew Fay	Director (Independent Non-Executive)
Trent Ottawa	Chief Executive Officer
John Wong	Chief Financial Officer and Company Secretary (resigned 9 November 2016)

One Managed Investment Funds Limited

Frank Tearle	Director (Executive)
Justin Epstein	Director (Executive)
Elizabeth Reddy	Director (Non-Executive)

Directors' Report 31 December 2016

Business overview

As at 31 December 2016, Gateway Lifestyle Group comprised 54 manufactured home estates (MHE) predominately located on the Australian eastern seaboard, in New South Wales (36), Queensland (14) and Victoria (4).

The financial half-year represented a transition period for Gateway Lifestyle Group, as it entered into its second year listed on the ASX, after acquiring 16 assets in its first year as a listed stapled security.

Key financial and operating metrics for the half-year included:

- 6,277 long-term occupied sites¹
- Rental revenue of \$27.3 million², an increase of 27.1% (31 December 2015: \$21.5 million)
- Average weekly rent per long-term site of \$141.5 per week³
- 92 home settlements (31 December 2015: 104) and 72 committed sales (31 December 2015: 60)
- Average profit per home settlement of \$97,000 (31 December 2015: \$105,000), with the change in mix reflecting widening demand for our product in regional areas
- Increased investment in display home inventory and site development works, with 57 completed display homes and 34 homes under construction on site as at 31 December 2016
- Acquisition of two MHEs being Terrigal Sands and Rockhampton for \$20.5 million including transaction costs

On 31 January 2017, the Group entered into an unconditional contract to acquire the Suncoast Mobile Home Village, Ulladulla. This is an operating mixed use MHE located adjacent to our existing Gateway Ulladulla community. The transaction settled on 24 February 2017 for the acquisition price of \$3.9 million, excluding transaction costs.

Review of operations

The profit for the consolidated entity after providing for income tax amounted to \$20.1 million (31 December 2015: \$18.3 million).

The result was primarily driven by:

- 27.1% increased contribution from rental revenue to \$27.3 million;
- Net fair value gain of \$4.7 million; in part, offset, by
- Development profit decrease of \$2.0 million and an increase in corporate costs over the period.

The \$2.4 million income tax benefit reported in the period (31 December 2015: \$1.4 million) reflects the weighting of profit to the second half of the year, and as such is expected to unwind to between nil and \$1 million for the financial year 2017.

1 Long-term occupied sites include manufactured homes subject to a residential site agreement, long-term park rentals and annuals.

2 Rental revenue includes rent earned from long and short-term sites, excluding recharges.

3 This metric is based on the average weekly rent per long-term occupied sites as at 31 December 2016.

Directors' Report

31 December 2016

Financial and Operating Metrics

Currency: Australian dollars	Unit	1H17	1H16	Change	Change%
Financial metrics					
Revenue	\$million	52.4	50.9 ¹	1.5	3.1
Earnings before interest, tax, depreciation and amortisation	\$million	16.1	19.7	(3.6)	(18.3)
Net profit before tax	\$million	17.7	16.9	0.8	4.7
Net profit after tax	\$million	20.1	18.3	1.8	9.8
Underlying net profit after tax ²	\$million	16.3	18.7	(2.4)	(12.8)
Distributable earnings ³	\$million	14.5	17.5	(3.0)	(17.3)
Operating cash flow ⁴	\$million	15.9	11.7	4.2	35.9
Operating cash flow conversion ⁵	%	98.6%	59.7%		
Earnings per stapled security	cents	6.71	7.33	(0.62)	(8.5)
Distribution per stapled security	cents	3.50	5.31	(1.81)	(34.1)
Gearing Ratio ⁶	%	21.7	15.7	6.0	38.1
Operational metrics					
Rental revenue	\$million	27.3	21.5	5.8	27.0
Long-term site rental revenue	\$million	22.8	17.4	5.4	31.0
Long term occupied sites ⁷	No.	6,277	5,126	1,151	22.5
Average long term occupied site rental ⁷	\$/week	141.5	136.8	4.7	3.4
Short-term revenue	\$million	4.5	4.0	0.5	12.5
Homes sales revenue	\$million	22.5	27.2	(4.7)	(17.4)
Average selling price	\$'000	244	261	(17.3)	(6.6)
Average profit per settlement ⁸	\$'000	97.1	105.2	(8.1)	(7.7)
Development EBITDA margin	%	39.8%	40.3%		
Settlements	No.	92	104	(12)	(11.5)
Sales	No.	102	96	6	6.3
Committed sales ⁷	No.	72	60	12	20.0

Manufactured Home Operations

Long-term site rental revenue increased by 31.0% in the period, from \$17.4 million to \$22.8 million.

The Group completed the period with over 6,277 long-term occupied sites, at an average long-term occupied site rental of \$141.5 per week as at 31 December 2016.

Short term income increased by \$0.5 million (12.5%) on the prior year, with the impact of financial year 2016 acquisitions offsetting the foregone income from the conversion of sites at parks such as Aspley and Salamander Bay.

Operating margin reflected these conversions, and also the integration of the 2H16 acquisitions, which also have a higher tourism component.

- 1 Revenue in 1H16 excludes \$1.5 million stamp duty refund recognised in other income in the Statement of profit or loss and other comprehensive income.
- 2 Underlying net profit after tax ("Underlying NPAT") is set out in the Reconciliation to Underlying NPAT below.
- 3 Distributable earnings is Net profit after tax, adjusting for non-cash, one-off and non-recurring items.
- 4 Operating cash flow is defined as Net cash from operating activities before interest, taxation and transactional costs.
- 5 Operating cash flow conversion is based on Operating cash flow dividend by Earnings before interest, taxation, depreciation and amortisation.
- 6 Gearing Ratio is net debt (being borrowings less cash and cash equivalents) as a percentage of total tangible assets.
- 7 As at 31 December 2016 and 31 December 2015.
- 8 Average profit per settlement is presented net of new home sales commissions payable by the Group.

Directors' Report

31 December 2016

Manufactured Home Developments

The 92 new home settlements in 1H17 (1H16: 104), reflect a period of replenishment of home inventory over the half following the high settlement activity in late financial year 2016. Having invested in site availability and display home inventory, we are well positioned to execute on the 2H17 home settlement weighting factored into our financial year 2017 market guidance.

Entering 2H17 with 72 carried forward sales, as well as 57 display homes available for sale and 34 homes on site under construction ensures a strong supply of home inventory over the remainder of FY17 and into FY18.

In 2H17 we will be actively selling across 19 communities, additionally, we continue to experience steady demand for our community living, including improving sales demand in regional areas beyond our historical development footprint.

Corporate

Corporate costs reflect the transition being undertaken by the Group at the senior management level, where the transition of key positions temporarily increased corporate costs in 1H17, and during the period there was a decreasing reliance on external advisors for ongoing activities of the Group. Accordingly, corporate costs are expected to decrease in 2H17.

Certain underlying adjustments have been identified in the reconciliation to Underlying NPAT below. Underlying adjustments have only been made for separately identifiable one-off items, and no underlying adjustments have been made to reflect the pro forma effect of the lower corporate cost run rate as at the end of 1H17.

Reconciliation to Underlying NPAT

Underlying net profit/(loss) after income tax is a non-IFRS measure designed to present, in the opinion of Directors, the results from the ongoing operating activities in a way that reflects underlying performance.

Underlying net profit/(loss) after income tax excludes one-off capital raising, transaction or project related expenses, restructuring costs, recognition of share based payments and statutory adjustments for non-cash items such as fair value adjustments from the effect of revaluing assets (such as investment properties). These items are required to be included in profit after income tax in accordance with Australian Accounting Standards.

	1H17 \$'000	1H16 \$'000	Change	Change%
Profit/(loss) after income tax	20,081	18,282	1,799	9.8
Net operational adjustments ¹	420	(1,548)		
Net corporate adjustments ²	669	2,150		
Net fair value adjustments	(4,691)	33		
Income tax effect on underlying movements ³	(172)	(181)		
Underlying net profit after tax	16,307	18,736	(2,429)	(13.0)

- 1 Net operational adjustments include severance and other costs incurred as a result of restructuring (1H16: \$1.5 million related to stamp duty refund).
- 2 Net corporate adjustments include one-off transaction and project related professional fees, and the initial recognition of share based payments recognised in the period (1H16: \$1.0m costs associated with exiting hedging arrangement and \$1.1m write off of the Deferred Management Fee arrangement at the Edgewater community).
- 3 Income tax effect on the underlying adjustments. Note, no adjustment has been made for the income tax benefit of \$2.4 million in 1H17. This is expected to unwind to between nil to \$1.0 million in 2H17 in line with the weighting of profitability for the financial year.

Directors' Report
31 December 2016

Outlook

Assuming no material change in market conditions, Gateway Lifestyle Group expects home settlements revenue to be weighted to the second half of FY17 and settlements to be in the range of 260 to 290 over the full year. FY17 Underlying NPAT is expected to be approximately \$44.8 million, in line with FY16. Distributable earnings are expected to be \$43.2 million, an increase of 12% on FY16 and our distribution policy remains unchanged at 65% to 85% of distributable earnings.

Gateway's strategy remains focused on developing existing communities and acquiring new communities to grow the long-term rental revenue base. Gateway is well positioned with \$110 million in debt capacity to fund acquisitions and development growth opportunities. We continue to actively manage the communities to drive profitability and take advantage of the growing demand for land lease communities.

Distributions

The distribution payable for the half year to 31 December 2016 is \$0.0350 per stapled security and will be paid to securityholders on 28 February 2017. The distributions include a (28.4)% tax deferred component.

The distribution amount payable at 31 December 2016 is \$10,478,924 (31 December 2015: \$13,243,086) and is within the Group's distribution policy.

Significant changes in the state of affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

Rounding of amounts

Gateway Lifestyle Group and RPT2 Group are entities of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

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 immediately after this Directors' report.

This report is made in accordance with a resolution of Directors of Gateway Lifestyle Group, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors



Andrew Love
Chairman

27 February 2017
Sydney



Trent Ottawa
Chief Executive Officer

27 February 2017
Sydney

Auditors' independence declaration



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Auditor's Independence Declaration

As lead auditor for the reviews of Gateway Lifestyle Group and Residential Parks No. 2 Trust Group for the half-year ended 31 December 2016, 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 reviews; and
- b) no contraventions of any applicable code of professional conduct in relation to the reviews.

This declaration is in respect of Gateway Lifestyle Group (comprising of Gateway Lifestyle Operations Limited and the entities it controlled during the financial period, including Residential Parks No. 2 Trust and the entities it controlled during the financial period) and Residential Parks No. 2 Trust Group (comprising Residential Parks No. 2 Trust and the entities it controlled during the financial period).

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink that reads 'Mark Conroy'.

Mark Conroy
Partner
27 February 2017

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General information

As permitted by ASIC Class Order 13/1050 'Financial reporting by stapled entities', the financial statements presented cover both:

- Gateway Lifestyle Operations Limited and Residential Parks No. 2 Trust and their controlled entities (Gateway Lifestyle Group as combined financial statements of the stapled group); and
- Residential Parks No. 2 Trust and its controlled entities (RPT 2 Group)

The financial statements are presented in Australian dollars, which is Gateway Lifestyle Group's functional and presentation currency.

As permitted by Class Order 13/1050 'Financial reporting by stapled entities', issued by the Australian Securities and Investments Commission (ASIC), these financial statements are combined consolidated financial statements of Gateway Lifestyle Group and consolidated financial statements of RPT2 Group.

Gateway Lifestyle Group is a stapled ASX listed Australian entity, established and domiciled in Australia. The registered office of the Company and principal place of business for Gateway Lifestyle Group are:

Suite 303
7-9 Irvine Place
Bella Vista, NSW 2153

Each fully paid unit in the Residential Parks No. 2 Trust is stapled to one fully paid share in Gateway Lifestyle Operations Limited and can only be dealt with as a stapled security.

A description of the nature of the consolidated entities' operations and its principal activities are included in the Directors' Report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 27 February 2017. The Directors have the power to amend and reissue the financial statements.

Statement of profit or loss and other comprehensive income
As at 31 December 2016

	Note	Gateway Lifestyle Group		RPT2 Group	
		31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
		\$'000	\$'000	\$'000	\$'000
Revenue	3	52,426	50,851	25,702	21,160
Other income		21	1,548	-	1,548
Net fair value adjustments		4,691	(33)	8,690	3,299
Expenses					
Investment property expense		(7,437)	(5,433)	-	-
Manufactured home sale expense		(13,240)	(15,984)	-	-
Sales and marketing expense		(676)	(727)	-	-
Employee benefits expense		(12,397)	(7,007)	-	-
Administration expense		(2,728)	(3,588)	(5,110)	(267)
Finance costs		(2,994)	(2,755)	(2,670)	(2,005)
Profit before income tax benefit/(expense)		17,666	16,872	26,612	23,735
Income tax benefit/(expense)		2,415	1,410	(208)	(366)
Profit after income tax benefit/(expense) for the half-year		20,081	18,282	26,404	23,369
Other comprehensive income for the half-year, net of tax		-	-	-	-
Total comprehensive income for the half-year		20,081	18,282	26,404	23,369
Total comprehensive income for the half-year is attributable to:					
Securityholders of Gateway Lifestyle Operations Limited		(6,323)	(5,087)	-	-
Unitholders of Residential Parks No.2 Trust		26,404	23,369	26,404	23,369
		20,081	18,282	26,404	23,369
		Cents	Cents	Cents	Cents
Basic/diluted earnings per stapled security (based on stapled securities issued as at 31 December 2016)	12	6.71	7.33	n/a	n/a
Basic/diluted earnings per unit (based on stapled securities issued as at 31 December 2016)	12	n/a	n/a	8.82	9.37

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

Statement of financial position
As at 31 December 2016

	Note	Gateway Lifestyle Group		RPT2 Group	
		31 Dec 2016	30 Jun 2016	31 Dec 2016	30 Jun 2016
		\$'000	\$'000	\$'000	\$'000
Assets					
Current assets					
Cash and cash equivalents		11,330	18,563	134	200
Trade and other receivables		5,890	4,261	860	777
Inventories		14,070	9,353	-	-
Other current assets		1,942	2,102	-	-
Total current assets		33,232	34,279	994	977
Non-current assets					
Receivables		-	-	173,783	172,944
Investment properties	4	559,704	516,145	503,209	461,167
Plant and equipment		750	701	-	-
Intangibles		140,881	140,738	85,376	85,376
Deferred tax		12,786	10,219	-	-
Total non-current assets		714,121	667,803	762,368	719,487
Total assets		747,353	702,082	763,362	720,464
Liabilities					
Current liabilities					
Trade and other payables	5	10,938	8,807	666	238
Deposits held		6,629	2,139	-	-
Borrowings	7	105	115	98	102
Income tax		6,359	6,548	6,414	6,247
Employee benefits		1,138	896	-	-
Provisions	6	11,130	17,350	10,479	16,676
Other current liabilities		109	180	109	180
Total current liabilities		36,408	36,035	17,766	23,443
Non-current liabilities					
Borrowings	7	138,394	103,330	138,390	105,760
Deferred tax		1,639	1,598	1,637	1,595
Employee benefits		49	106	-	-
Provisions		1,174	1,264	-	-
Other non-current liabilities		692	714	692	714
Total non-current liabilities		141,948	107,012	140,719	108,069
Total liabilities		178,356	143,047	158,485	131,512
Net assets		568,997	559,035	604,877	588,952
Equity					
Contributed equity		(3,603)	(3,603)	-	-
Treasury stapled securities		(325)	(325)	-	-
Reserves		502	142	-	-
Accumulated losses		(32,454)	(26,131)	-	-
Deficiency in equity attributable to the owners of Gateway Lifestyle Group		(35,880)	(29,917)	-	-
Equity attributable to unitholders of the Trust	8	604,877	588,952	604,877	588,952
Total equity		568,997	559,035	604,877	588,952

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

Statement of changes in equity
For the half-year ended 31 December 2016

	Attributable to members of the Company					Attributable to unitholders of the Trust				Gateway Lifestyle Group Total Equity \$'000
Gateway Lifestyle Group	Contributed equity \$'000	Treasury stapled securities \$'000	Reserves \$'000	Retained profits/ (accumulated losses) \$'000	Total \$'000	Contributed equity \$'000	Reserves \$'000	Retained profits/ (accumulated losses) \$'000	Total \$'000	
Balance at 1 July 2016	(3,603)	(325)	142	(26,131)	(29,917)	587,024	(636)	2,564	588,952	559,035
Profit/(loss) after income tax (expense)/benefit for the half-year	-	-	-	(6,323)	(6,323)	-	-	26,404	26,404	20,081
Other comprehensive income for the half-year, net of tax	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	(6,323)	(6,323)	-	-	26,404	26,404	20,081
Transactions with owners in their capacity as owners:										
Share based payments	-	-	360	-	360	-	-	-	-	360
Distributions	-	-	-	-	-	-	-	(10,479)	(10,479)	(10,479)
Balance at 31 December 2016	(3,603)	(325)	502	(32,454)	(35,880)	587,024	(636)	18,489	604,877	568,997

	Attributable to members of the Company					Attributable to unitholders of the Trust				Gateway Lifestyle Group Total Equity \$'000
Gateway Lifestyle Group	Contributed equity \$'000	Treasury stapled securities \$'000	Reserves \$'000	Retained profits/ (accumulated losses) \$'000	Total \$'000	Contributed equity \$'000	Reserves \$'000	Retained profits/ (accumulated losses) \$'000	Total \$'000	
Balance at 1 July 2015	(2,853)	(325)	-	(10,568)	(13,746)	470,704	(636)	(22,007)	448,061	434,315
Profit/(loss) after income tax (expense)/benefit for the half-year	-	-	-	(5,087)	(5,087)	-	-	-	-	(5,087)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-	-	-	23,369	23,369	23,369
Total comprehensive income for the half-year	-	-	-	(5,087)	(5,087)	-	-	23,369	23,369	18,282
Transactions with owners in their capacity as owners:										
Contributions of equity, net of transaction costs	(69)	-	-	-	(69)	-	-	-	-	(69)
Distributions	-	-	-	-	-	-	-	(13,243)	(13,243)	(13,243)
Balance at 31 December 2015	(2,922)	(325)	-	(15,655)	(18,902)	470,704	(636)	(11,881)	458,187	439,285

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

Statement of cash flows
For the half-year ended 31 December 2016

	Gateway Lifestyle Group		RPT2 Group	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
Note	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Receipts from customers	55,016	54,816	21,585	30,830
Payments to employees and suppliers	(39,161)	(43,068)	(4,722)	(795)
	15,855	11,748	16,863	30,035
Interest received	91	46	4,075	3,568
Interest and other finance costs paid	(2,604)	(916)	(2,679)	(764)
Transactional costs (paid)/refunded	(1,553)	(9,516)	(1,398)	1,548
Income tax paid	(300)	(270)	-	-
Net cash from operating activities	11,489	1,092	16,861	34,387
Cash flows from investing activities				
Payments for investment properties	4 (20,902)	(74,606)	(16,244)	(61,502)
Payments for improvements and additions to investment properties	(15,610)	(6,210)	(18,115)	(5,689)
Payments for plant and equipment and intangibles	(301)	(989)	-	-
Advance of loans to related parties	(179)	-	(839)	(56,057)
Repayment of loans by related parties	-	307	-	-
Net cash used in investing activities	(36,992)	(81,498)	(35,198)	(123,248)
Cash flows from financing activities				
Proceeds from borrowings	35,000	87,560	35,000	87,560
Repayment of borrowings	-	(1,479)	-	-
Distributions paid	(16,676)	-	(16,676)	-
Repayment of finance leases	(54)	-	(53)	(67)
Net cash from financing activities	18,270	86,081	18,271	87,493
Net increase/(decrease) in cash and cash equivalents	(7,233)	5,675	(66)	(1,368)
Cash and cash equivalents at the beginning of the financial half-year	18,563	10,536	200	1,575
Cash and cash equivalents at the end of the financial half-year	11,330	16,211	134	207

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

Notes to the financial statements

31 December 2016

1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2016 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2016 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

Comparatives

Certain comparatives in the statement of profit or loss and other comprehensive income and statement of financial position have been reclassified for consistency with the current period presentation.

Excess of current liabilities over current assets

As at 31 December 2016 current liabilities exceeded current assets for Gateway Lifestyle Group by \$3,176,000 (30 June 2016: \$1,756,000) and RPT 2 Group by \$16,772,000 (30 June 2016: \$22,466,000). These deficiencies are mainly attributable to the provisions for distributions payable and deposits held by Gateway Lifestyle Group.

Distributions will be paid on 28 February 2017 and funded from available cash reserves at the time. Deposits held represents home sale revenue and rental revenue received in advance and will be recognised as revenue in future financial periods.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity during the financial half-year ended 31 December 2016 and are not expected to have any significant impact for the full financial year ending 30 June 2017. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

2. Segment information

Identification of reportable operating segments

Gateway Lifestyle Group

Gateway Lifestyle Group is organised into two operating segments:

1. Manufactured home operations – revenue generated through the collection of rental income from sites.
2. Manufactured home development – revenue generated through the sale of a manufactured home to a resident.

Notes to the financial statements

31 December 2016

RPT 2 Group

RPT 2 Group operates only in the manufactured home operations segment.

These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews net profit after tax (NPAT). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements, and then adjusted for underlying items that CODM deem non-recurring, non-operational and non-cash transactions.

Gateway Lifestyle Group and RPT 2 Group do not manage or review the balance sheet on a segment basis and only the segments' operating results are reported to the CODM. Such segment profit and loss results have been disclosed.

The information reported to the CODM is on a monthly basis.

Intersegment transactions

Intersegment transactions were made at market rates. Intersegment transactions are eliminated on consolidation.

Reportable segment revenue and profit

The total reportable segment revenue and profit is the same as that of Gateway Lifestyle Group as a whole and as disclosed in the consolidated profit or loss and other comprehensive income statement.

Segment information

Gateway Lifestyle Group 31 December 2016	Manufactured home operations \$'000	Manufactured home development \$'000	Other segments \$'000	Total \$'000
Revenue				
Sales revenue	27,346	22,457	-	49,803
Other revenue	1,856	-	767	2,623
Total revenue	29,202	22,457	767	52,426
EBITDA	15,686	8,933	(8,542)	16,077
Depreciation and amortisation	-	-	(108)	(108)
Fair value gains/(losses)	-	-	4,691	4,691
Finance costs	-	-	(2,994)	(2,994)
Profit/(loss) before income tax	15,686	8,933	(6,953)	17,666
Income tax expense	-	-	2,415	2,415
Profit/(loss) after income tax	15,686	8,933	(4,538)	20,081
Net operational adjustments	91	-	329	420
Net corporate adjustments	-	-	669	669
Net fair value adjustments	-	-	(4,691)	(4,691)
Tax effect from underlying adjustments	-	-	(172)	(172)
Underlying profit/(loss) after income tax	15,777	8,933	(8,403)	16,307

Notes to the financial statements

31 December 2016

Gateway Lifestyle Group 31 December 2015	Manufactured home operations \$'000	Manufactured home development \$'000	Other segments \$'000	Total \$'000
Revenue				
Sales revenue	21,511	27,190	-	48,701
Other revenue	1,406	-	744	2,150
Total revenue	22,917	27,190	744	50,851
EBITDA	13,498	10,944	(4,760)	19,682
Depreciation and amortisation	-	-	(22)	(22)
Fair value gains/(losses)	-	-	(33)	(33)
Finance costs	-	-	(2,755)	(2,755)
Profit/(loss) before income tax	13,498	10,944	(7,570)	16,872
Income tax expense	-	-	1,410	1,410
Profit/(loss) after income tax	13,498	10,944	(6,160)	18,282
Net operational adjustments	-	-	(1,548)	(1,548)
Net corporate adjustments	-	-	2,150	2,150
Net fair value adjustments	-	-	33	33
Tax effect from underlying adjustments	-	-	(181)	(181)
Underlying profit/(loss) after income tax	13,498	10,944	(5,706)	18,736

Underlying net profit/(loss) after income tax is a non-IFRS measure designed to present, in the opinion of Directors, the results from the ongoing operating activities in a way that reflects underlying performance.

Underlying net profit/(loss) after income tax excludes one-off capital raising, transaction or project related expenses, restructuring costs, recognition of share based payments and statutory adjustments for non-cash items such as fair value adjustments from the effect of revaluing assets (such as investment properties). These items are required to be included in profit after income tax in accordance with Australian Accounting Standards.

The \$2,415,000 income tax benefit reported at 31 December 2016 (31 December 2015: \$1,410,000) reflects the weighting of profit to the second half of the year, and as such is expected to unwind to between nil and \$1,000,000 for the year ended 30 June 2017.

3. Revenue

	Gateway Lifestyle Group		RPT2 Group	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
	\$'000	\$'000	\$'000	\$'000
<i>Sales revenue</i>				
Rent from investment properties	27,346	21,511	21,627	17,593
Sales of manufactured homes	22,457	27,190	-	-
	49,803	48,701	21,627	17,593
<i>Other revenue</i>				
Interest	91	46	4,075	3,567
Other revenue	2,532	2,104	-	-
	2,623	2,150	4,075	3,567
Total revenue	52,426	50,851	25,702	21,160

Notes to the financial statements

31 December 2016

4. Investment properties

	Gateway Lifestyle Group		RPT2 Group	
	31 Dec 2016	30 Jun 2016	31 Dec 2016	30 Jun 2016
	\$'000	\$'000	\$'000	\$'000
Manufactured home estates - at fair value	559,704	516,145	503,209	461,167
<i>Reconciliation</i>				
Reconciliation of the fair values at the beginning and end of the current and previous financial half-year are set out below:				
Opening fair value	516,145	347,166	461,167	309,966
Acquisitions	20,902	148,477	16,344	120,753
Disposals	-	(806)	-	(806)
Revaluation increments	4,677	1,012	8,669	12,176
Capitalised expenditure	17,980	20,296	17,029	19,078
Closing fair value	559,704	516,145	503,209	461,167

Valuations of investment properties

The basis of the valuation of investment properties is fair value, being the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition, subject to similar leases and takes into consideration occupancy rates and returns on investment.

The fair value of investment properties is reviewed by Directors of the company at each financial reporting date. The Directors' assessment of fair value will be periodically confirmed by engaging an independent valuer to assess the fair value of individual investment properties:

- Investment properties will be progressively valued by independent valuers over a three-year period on a rotating basis in accordance with relevant industry standards, and
- If there is a reason to believe that the fair value of an investment property has materially changed from its carrying value.

Refer to note 11 for further information on fair value measurement.

5. Trade and other payables

	Gateway Lifestyle Group		RPT2 Group	
	31 Dec 2016	30 Jun 2016	31 Dec 2016	30 Jun 2016
	\$'000	\$'000	\$'000	\$'000
Trade payables	3,880	4,166	666	238
Accruals	6,449	4,224	-	-
Other payables	609	417	-	-
	10,938	8,807	666	238

Notes to the financial statements

31 December 2016

6. Current provisions

	Gateway Lifestyle Group		RPT2 Group	
	31 Dec 2016	30 Jun 2016	31 Dec 2016	30 Jun 2016
	\$'000	\$'000	\$'000	\$'000
Deferred consideration	637	646	-	-
Lease incentives	14	28	-	-
Distribution payable	10,479	16,676	10,479	16,676
	11,130	17,350	10,479	16,676

7. Borrowings

	Gateway Lifestyle Group		RPT2 Group	
	31 Dec 2016	30 Jun 2016	31 Dec 2016	30 Jun 2016
	\$'000	\$'000	\$'000	\$'000
Current borrowings				
Lease liability	105	115	98	102
Total current borrowings	105	115	98	102
Non-current borrowings				
Bank loans ¹	137,933	102,819	137,929	105,250
Lease liability	461	510	461	510
Total non-current borrowings	138,394	103,329	138,390	105,760
	138,499	103,444	138,488	105,862

- 1 The Group currently has a \$250,000,000 syndicated financing arrangement between Australia and New Zealand Banking Group and Commonwealth Bank of Australia Limited. Total transactions costs were \$3,114,000 (June 2016: \$2,899,000). Unamortised transaction costs of \$2,317,000 (June 2016: \$2,435,000) have been offset against the bank loan in the Gateway Lifestyle Group.

Total secured liabilities

The total secured liabilities (current and non-current) are as follows:

	Gateway Lifestyle Group		RPT2 Group	
	31 Dec 2016	30 Jun 2016	31 Dec 2016	30 Jun 2016
	\$'000	\$'000	\$'000	\$'000
Bank loans ¹	137,933	102,819	137,929	105,250
Lease liability	566	625	559	612
	138,499	103,444	138,488	105,862

Assets pledged as security

The bank loans are secured by a general security deed in respect of all of the assets of the consolidated entities and a first ranking real property mortgage in respect of each manufactured home estate.

Notes to the financial statements

31 December 2016

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

	Gateway Lifestyle Group		RPT2 Group	
	31 Dec 2016	30 Jun 2016	31 Dec 2016	30 Jun 2016
	\$'000	\$'000	\$'000	\$'000
<i>Total facilities</i>				
Bank loans	250,000	250,000	250,000	250,000
<i>Used at reporting date</i>				
Bank loans	140,250	105,250	140,250	105,250
<i>Unused at reporting date</i>				
Bank loans	109,750	144,750	109,750	144,750

Unless otherwise stated, the carrying amounts of non-current financial instruments reflect their fair value.

8 Equity attributable to unitholders of the Trust

	Gateway Lifestyle Group		RPT2 Group	
	31 Dec 2016	30 Jun 2016	31 Dec 2016	30 Jun 2016
	\$'000	\$'000	\$'000	\$'000
Contributed equity	587,024	587,024	587,024	587,024
Reserves	(636)	(636)	(636)	(636)
Retained profits	18,489	2,564	18,489	2,564
	604,877	588,952	604,877	588,952

9 Distributions

Details of distributions proposed or paid during the financial half-year were as follows:

Distributions declared or paid during the financial half-year were as follows:

	31 Dec 2016	31 Dec 2015
	\$'000	\$'000
Interim distribution from RPT2 Trust for the half-year ended 31 December 2016 of 3.50 cents (2015: 5.31 cents) per security	10,479	13,243

Franking credits

	31 Dec 2016	30 Jun 2016
	\$'000	\$'000
Franking credits available for subsequent periods based on a tax rate of 30%	1,827	1,528

A final distribution from RPT 2 Trust for the year ended 30 June 2016 of 5.57 cents per stapled security, the equivalent value of \$16,476,000, was paid on 26 September 2016.

Franking credits for RPT2 Trust are \$445,000 (30 June 2016: \$446,000).

Notes to the financial statements
31 December 2016

10 Fair value measurement

Fair value hierarchy

The following tables detail the consolidated entity's and company's assets and liabilities, measured or disclosed 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

Level 3: Unobservable inputs for the asset or liability

Gateway Lifestyle Group 31 Dec 2016	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets				
Investment properties	-	-	559,704	559,704
Total assets	-	-	559,704	559,704
Liabilities				
Other liabilities	-	-	801	801
Lease liabilities - crown leases	-	-	560	560
Deferred consideration payable	-	-	1,730	1,730
Total liabilities	-	-	3,091	3,091
Gateway Lifestyle Group 31 Dec 2015	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets				
Investment properties	-	-	516,145	516,145
Total assets	-	-	516,145	516,145
Liabilities				
Other liabilities	-	-	894	894
Lease liabilities - crown leases	-	-	613	613
Deferred consideration payable	-	-	1,764	1,764
Total liabilities	-	-	3,271	3,271

Notes to the financial statements

31 December 2016

RPT2 Goup	Level 1	Level 2	Level 3	Total
31 Dec 2016	\$'000	\$'000	\$'000	\$'000
Assets				
Investment properties	-	-	503,209	503,209
Total assets	-	-	503,209	503,209
Liabilities				
Other liabilities	-	-	801	801
Lease liabilities - crown leases	-	-	560	560
Total liabilities	-	-	1,361	1,361
RPT2 Goup	Level 1	Level 2	Level 3	Total
31 Dec 2015	\$'000	\$'000	\$'000	\$'000
Assets				
Investment properties	-	-	461,167	461,167
Total assets	-	-	461,167	461,167
Liabilities				
Other liabilities	-	-	895	895
Lease liabilities - crown leases	-	-	612	612
Total liabilities	-	-	1,507	1,507

There were no transfers between levels during the financial half-year.

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.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Notes to the financial statements

31 December 2016

11 Related party transactions

Responsible entity

The responsible entity of RPT2 Group is One Managed Investments Funds Limited (OMIFL).

Transactions with related parties

The following transactions occurred with related parties:

	Gateway Lifestyle Group		RPT2 Group	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
<i>Fees paid or payable to One Managed Investment Funds Limited:</i>				
Responsible entity fee	249,626	239,767	249,626	239,767
Custodian service fee	126,788	131,344	126,788	131,344
<i>Other transactions:</i>				
Purchase of investment property from related parties ¹	-	10,000,000	-	8,000,000
Leasehold rent received from related parties ²	-	-	21,626,733	17,592,468

- 1 In November 2015, Gateway Lifestyle Group acquired the MHE located in the NSW mid-south coast known as Gateway Lifestyle Ulladulla from Ulladulla Investments Holdings Pty Limited as trustee for the GTY Property Trust ("GTY Property Trust"). As disclosed in the prospectus in the IPO, the Executive Directors at that time Trent Ottawa (CEO) and John Wong (CFO – resigned 9 November 2016), directly owned 100% of the units in the entity GTY Property Trust, as an interim measure as a result of the timing of the IPO.

The acquisition of the Ulladulla Trust was completed at a value of \$10 million, plus transaction costs. GTY Property Trust, taking into consideration transaction costs, is not expected to make a gain on the disposal of the MHE to Gateway Lifestyle Group. Accordingly, the Executive Directors of GTY have not received any financial benefit or gain in respect of this transaction.

There have been no further acquisitions of investment properties from related parties at the current reporting date.

- 2 Leasehold rent received from related parties for RPT 2 Group represents rent for investment properties paid by operating entities in the Gateway Lifestyle Group to property owning entities in the RPT 2 Group for the full six-month period.

Leasehold rent received from related parties for Gateway Lifestyle Group represents rent for investment properties paid by operating entities in the Gateway Lifestyle Group to property owning entities in the RPT 2 Group prior to the date on which the Gateway Lifestyle Group acquired the MHE assets.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Notes to the financial statements

31 December 2016

Loans to/from related parties

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

	Gateway Lifestyle Group		RPT2 Group	
	31 Dec 2016	30 Jun 2016	31 Dec 2016	30 Jun 2016
<i>Current receivables</i>				
Gateway Lifestyle Operations Limited	101,830	-	-	-
<i>Non-current receivables</i>				
Gateway Lifestyle Operations Limited	-	-	173,782,596	172,943,515
<i>Current payable</i>				
Gateway Lifestyle Operations Limited	-	77,325	-	-

Loans receivable (current and non-current) from Gateway Lifestyle Operations Limited and loans payable (current and non-current) to Gateway Lifestyle Operations Limited are subject to revolving inter-company loan facility that has a term of 9 years and 11 months, with interest payable in arrears on a quarterly basis at 90-day Bank Accepted Bill rate published by the Reserve Bank plus 3%.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

12 Earnings per stapled security

	Gateway Lifestyle Group		RPT2 Group	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
	\$'000	\$'000	\$'000	\$'000
Profit after income tax	20,081	18,282	26,404	23,369
Profit after income tax attributable to the owners of Gateway Lifestyle Group	20,081	18,282	26,404	23,369

	Gateway Lifestyle Group		RPT2 Group	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
	Number	Number	Number	Number
Weighted average number of ordinary stapled securities in calculating basic earnings per stapled security	299,397,735	249,397,735	299,397,735	249,397,735

	Gateway Lifestyle Group		RPT2 Group	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
	Cents	Cents	Cents	Cents
Basic/diluted earnings per stapled security (based on stapled securities issued as at 31 December 2016)	6.71	7.33	8.82	9.37

Notes to the financial statements
31 December 2016

13 Subsequent events

On 31 January 2017, the Group entered into an unconditional contract to acquire the Suncoast Mobile Home Village, Ulladulla. This is an operating mixed use MHE located adjacent to our existing Gateway Ulladulla community. The transaction settled on 24 February 2017 for the acquisition price of \$3,900,000 excluding transaction costs.

No other matter or circumstance, other than as already noted, has arisen since 31 December 2016 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Directors' declaration
31 December 2016

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the company's and consolidated entity's financial position as at 31 December 2016 and of their performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that Gateway Lifestyle Group and RPT 2 Group will be able to pay their debts as and when they become due and payable.

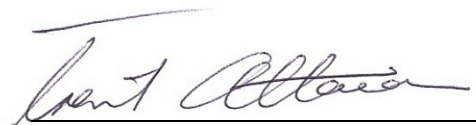
Signed in accordance with a resolution of Directors of Gateway Lifestyle Group made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors



Andrew Love
Chairman

27 February 2017
Sydney



Trent Ottawa
Chief Executive Officer

27 February 2017
Sydney

Independent auditor's review report to the members of Gateway Lifestyle Group



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To the stapled security holders of Gateway Lifestyle Group and the unitholders of Residential Parks No. 2 Trust Group

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report which comprises the interim consolidated statements of financial position as at 31 December 2016, the interim consolidated statements of profit and loss and other comprehensive income, interim consolidated statements of changes in equity and interim consolidated statements of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Gateway Lifestyle Group, being the consolidated stapled entity (comprising of Gateway Lifestyle Operations Limited and the entities it controlled at half-year's end or from time to time during the half-year, including Residential Parks No. 2 Trust and the entities it controlled at half-year's end or from time to time during the half-year), and for Residential Parks No. 2 Trust Group (comprising of Residential Parks No. 2 Trust and the entities it controlled at half-year's end or from time to time during the half-year).

Directors' Responsibility for the Half-Year Financial Report

The directors of Gateway Lifestyle Operations Limited and the directors of One Managed Investment Funds Limited, the Responsible Entity of Residential Parks No. 2 Trust, (collectively referred to as "the directors") are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Gateway Lifestyle Group and Residential Parks No. 2 Trust Group's financial positions as at 31 December 2015 and their performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Gateway Lifestyle Group and Residential Parks No. 2 Trust Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Independent auditor's review report to the members of Gateway Lifestyle Group



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Gateway Lifestyle Group and Residential Parks No. 2 Trust Group is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of Gateway Lifestyle Group and Residential Parks No. 2 Trust Group's financial positions as at 31 December 2016 and of their performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink that reads 'Mark Conroy'.

Mark Conroy
Partner
Sydney
27 February 2017