



Gateway Lifestyle Group

Macquarie Conference



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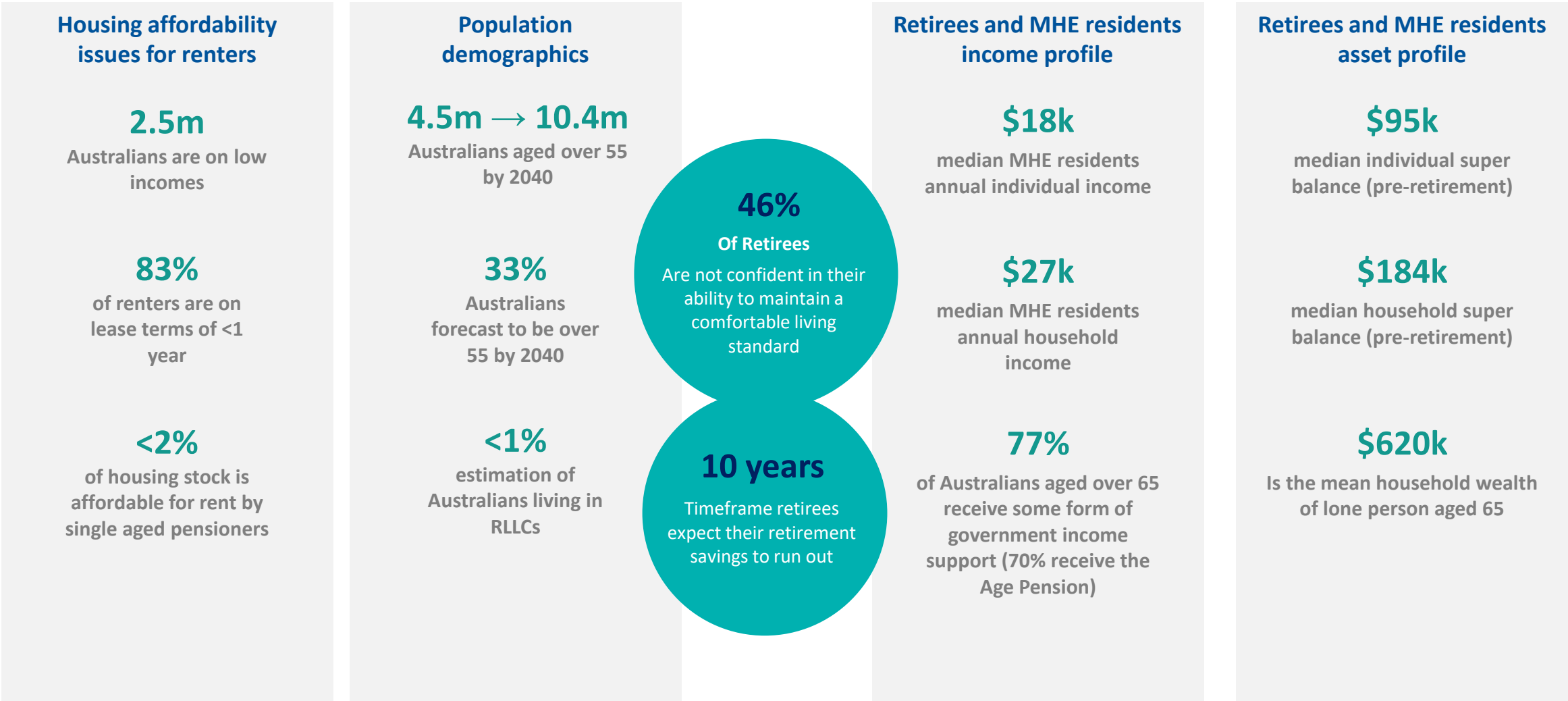
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Housing affordability



Source: Anglicare – Rental Affordability Snapshot 2017; Colliers International - MHE Australian Market Overview - November 2014; UBS Research; ABS and Intergenerational Report 2015

Evolution of an industry



1930-1970



Current



Future

Residential land lease communities

Residential land lease model underpinned by large land holdings and long-term income streams

How it works

- Simple lessor-lessee relationship
- Resident owns their home and leases the land
- Resident retains right to long term tenure
- Residents may be eligible for federal government rent assistance
- Operator retains the land and receives rent from residents
- Governed by state based legislation



Why it works

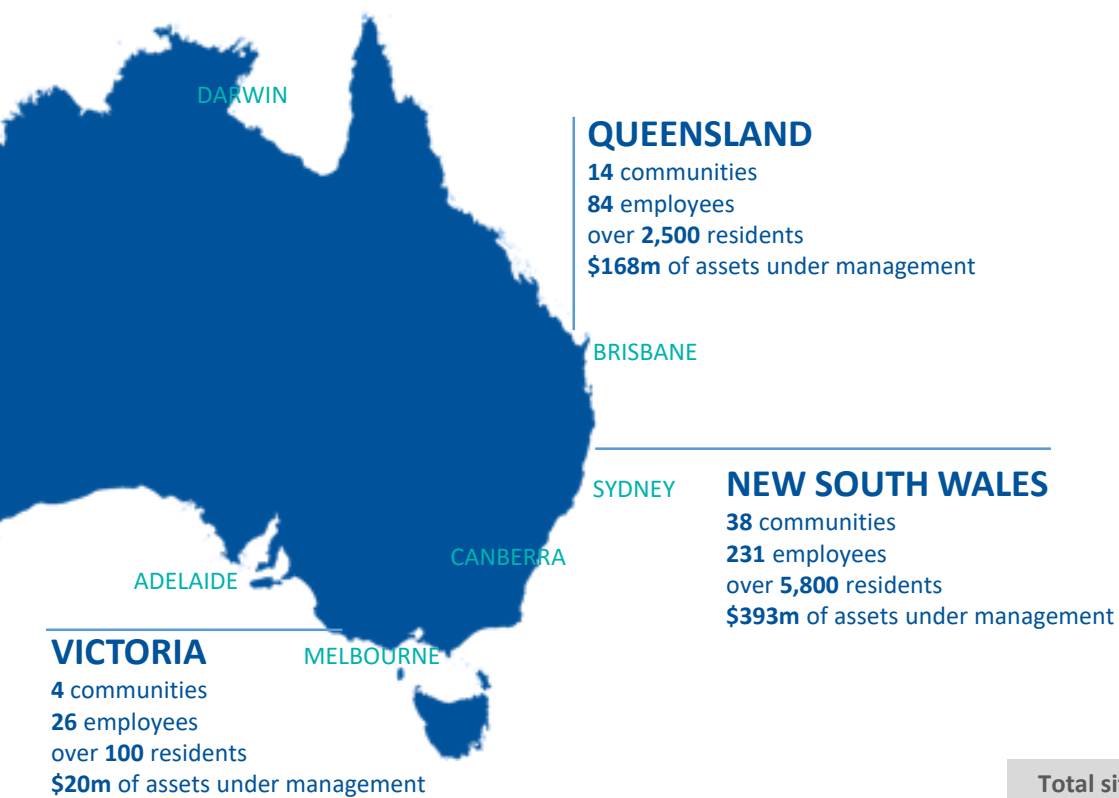
- No entry or exit fees
- No stamp duty on home purchases
- Simple contracts and leases
- Entry price of homes at 40-60% of median house price
- Low maintenance homes
- Community facilities to engage with other residents

Our strategy

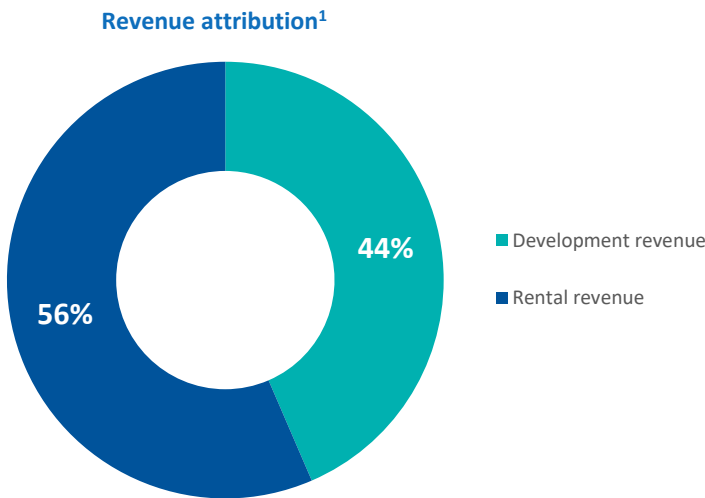


- Provide sustainable and affordable community living solutions
- Develop our portfolio to grow the long term income stream
- Maintain a strong balance sheet with capacity for growth
- Develop and acquire assets with a focus on communities, quality income streams and/or growth opportunities
- Evolve product design to meet changing consumer expectations and improve development margins
- Invest in our people and processes to deliver value to residents and investors

Gateway Lifestyle today



1. For 1H17

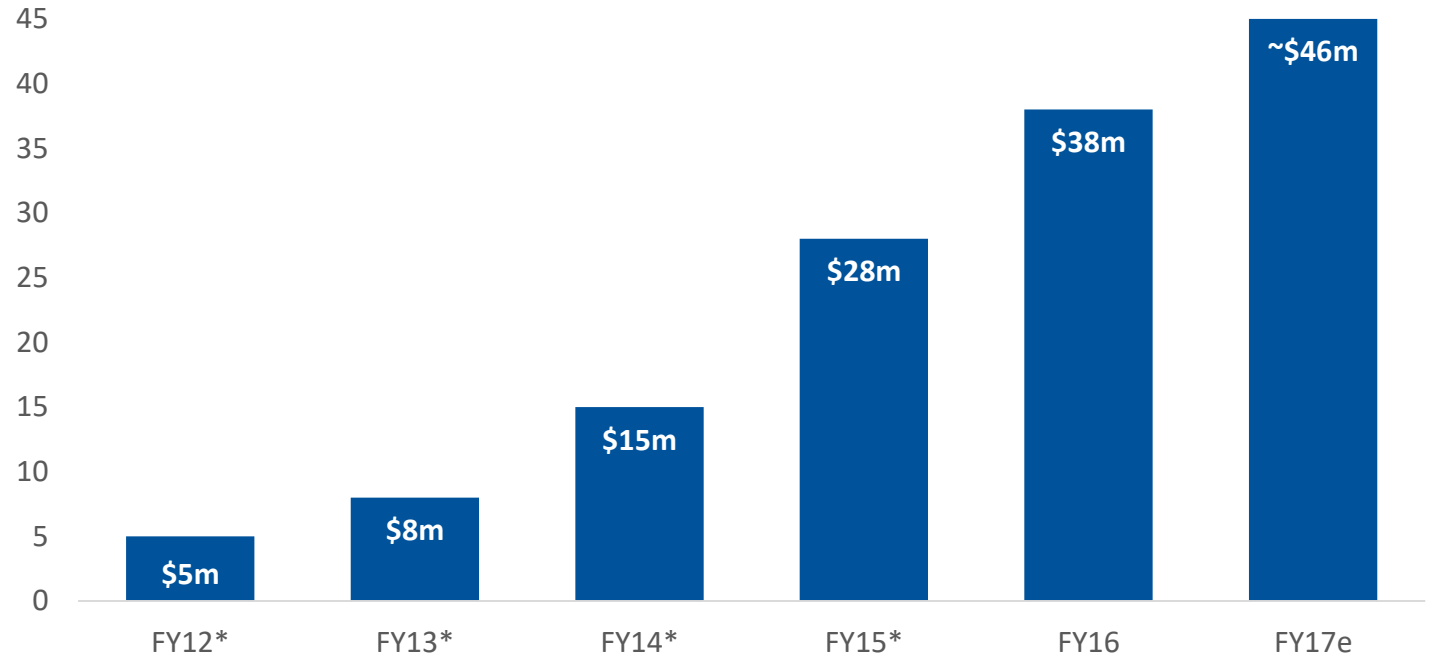


	18 mature communities	14 expansion communities	24 conversion communities	total
Total sites	2,841	2,695	4,074	9,610
Total sites %	30%	28%	42%	
Long-term occupied sites	2,774	1,601	2,023	6,398
Short-term sites	-	209	1,645	1,854
Development sites	67	885	406	1,358

Consistent growth in long-term rental income

- Key focus continues to be growth in the long-term rental income
- Growth is delivered in four ways:
 - Annual rental increases
 - Rebasing of below market rents
 - Acquisitions of existing occupied sites
 - Settlements of new homes
- Strong track record of growth since 2009
- Long-term rental income represents ~80% of total rental income
 - Short-term sites to be converted to long-term
- Target settlement range of 260 to 290 homes for FY17 expect to contribute ~\$2m to FY18 long-term rental income

Long-term rental growth



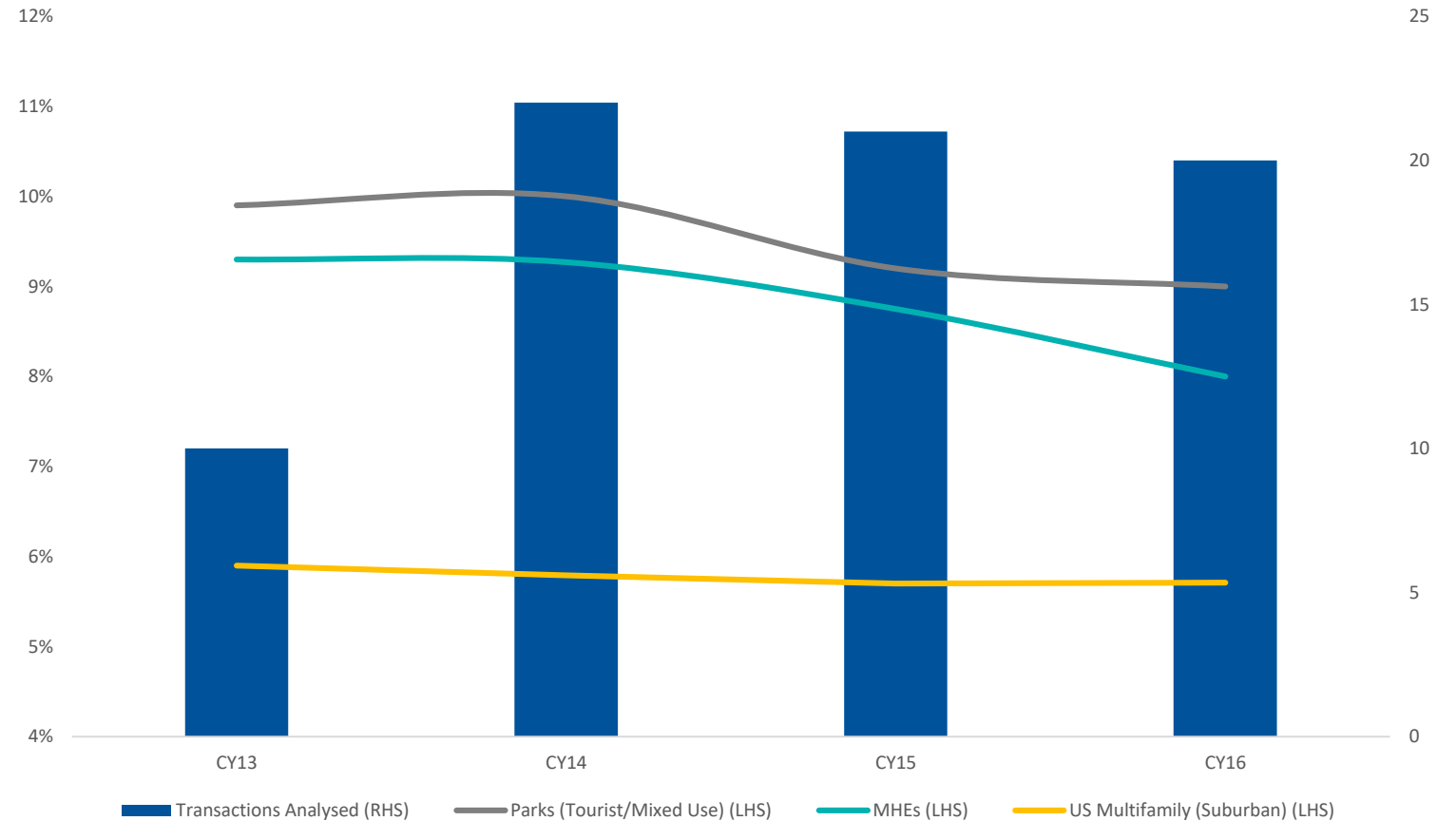
Occupied long-term sites	654	1,008	2,979	4,351	5,944	~6,500
Communities	5	9	24	36	52	56

* Pro-forma data and historical data – FY15 occupied long-term sites adjusted to include annuals and park rentals

Acquisition environment

- Tightening cap rates, new participants and increasing greenfield focus
- Off market transactions continue to be the norm
- Vendor price expectations are increasing
- New entrants active and increasing industry exposure
- Large number of suitable existing assets to target
- Cap rates have compressed over last 3 years
- Approvals for new greenfield sites are increasing

Sector transactions and cap rate comparison



Source: Robertson & Robertson Research and CBRE North America Cap Rate Survey Second Half H2 2016

FY17 acquisitions

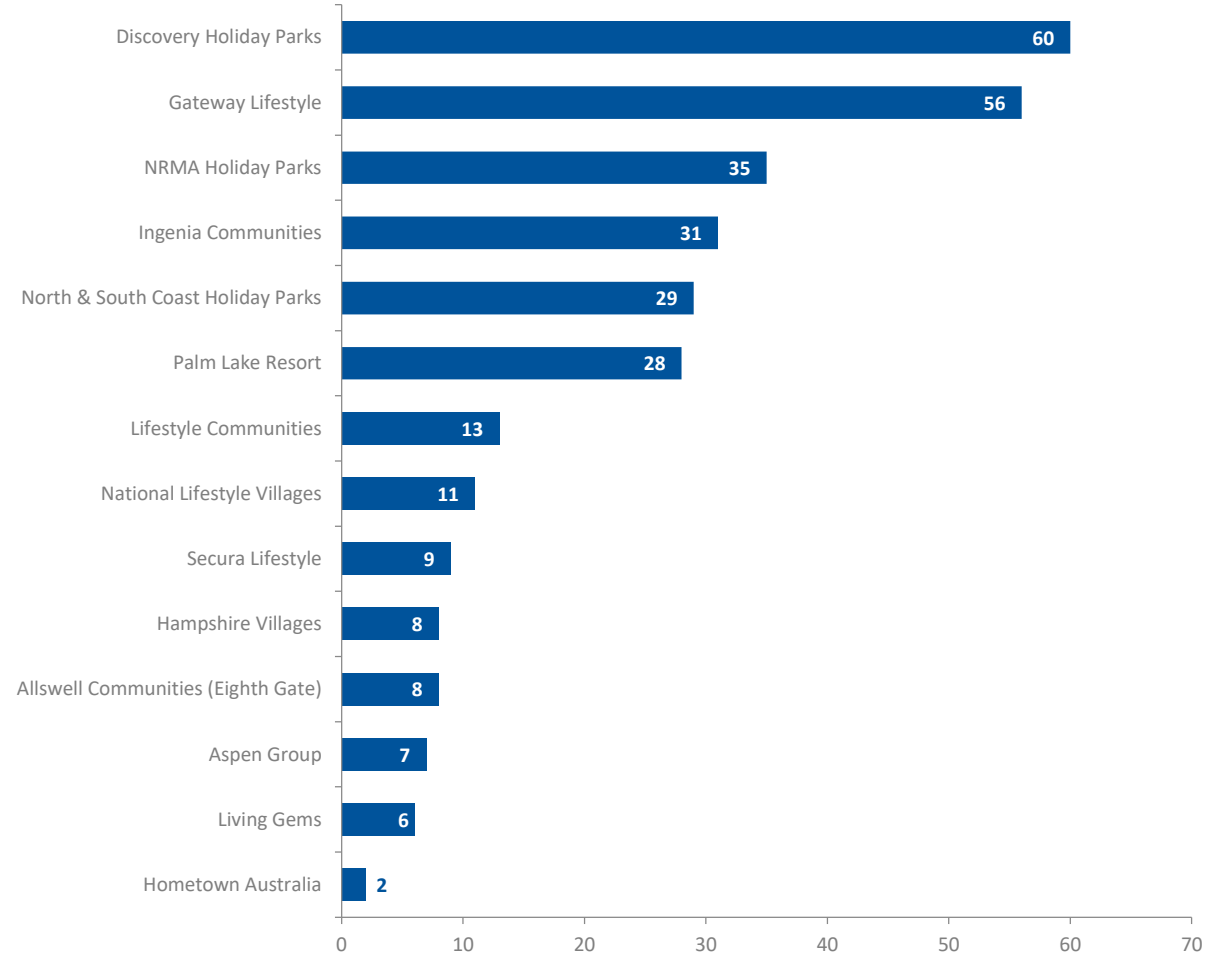
- Four acquisitions year to date with settlement of Canberra scheduled for early May
- \$40 million (pre transaction costs) deployed
- Gateway still well positioned with ~\$80 million in debt capacity
- Continue to be disciplined with investment criteria

	Sundown Canberra	Suncoast Ulladulla	Rockhampton	Terrigal Sands
Acquisition Price (ex transaction costs)	\$17.0m	\$3.9m	\$10.75m	\$8.5m
Cap rate	10%	8%	8%	8%
Total sites	188	87	146	95
Long-term sites	88	33	146	95
Location	Canberra ACT	South Coast NSW	Central QLD	Central Coast NSW
Asset Type	Conversion	Conversion	Mature	Mature

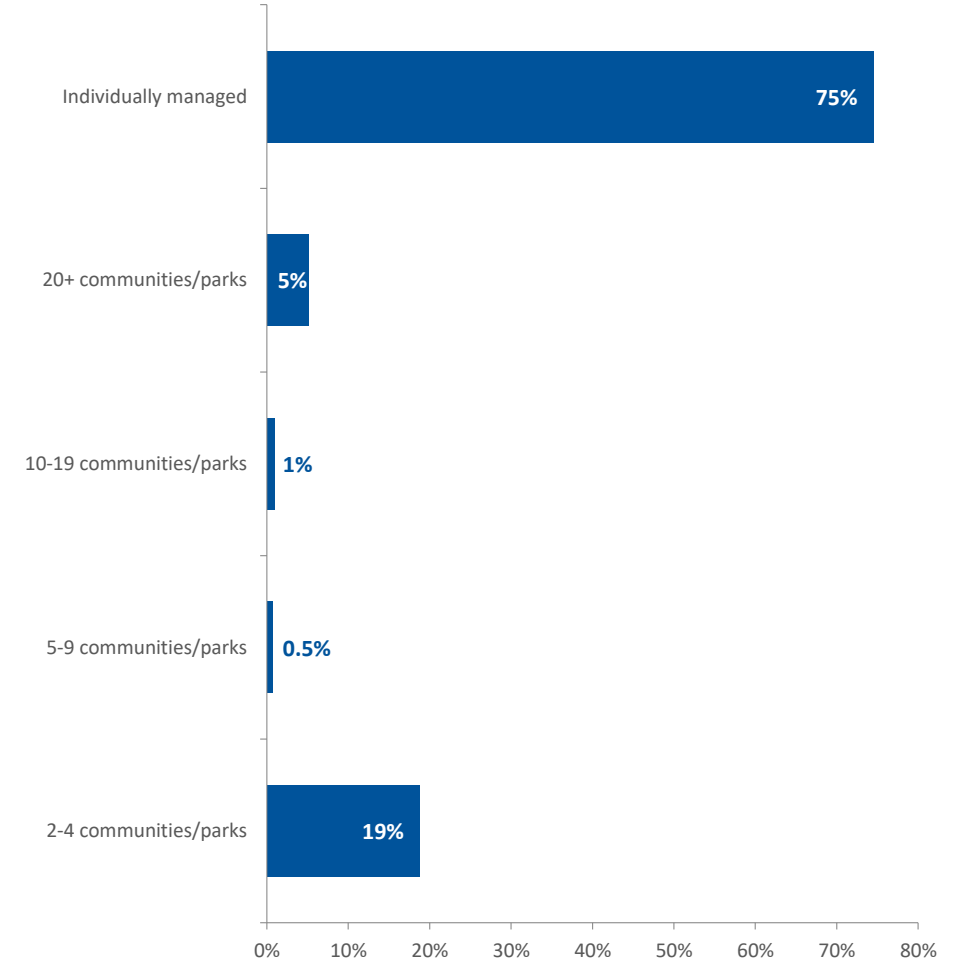


Industry participants

Key sector participants (# of communities/parks)



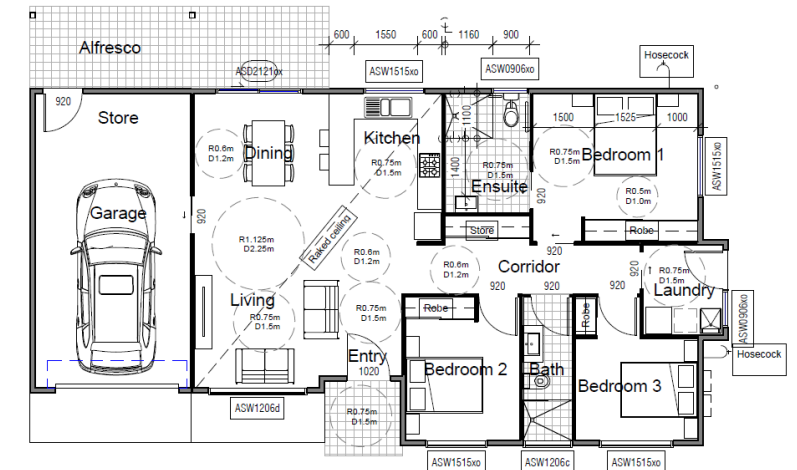
Sector breakdown (% of communities/parks)



Source: Company websites

An evolving product is driving demand

- Affordability and sense of community is driving demand for new homes
- Additional factors driving demand:
 - Location and access to amenities
 - Quality and style of homes
 - Community facilities
- Online presence is increasing new leads
- Customer expectations on quality and service are increasing
- New designs and building techniques will ensure development margin is maintained
- Community and home designs to incorporate ageing in place



Looking forward

- Housing and cost of living affordability is an increasing issue for ageing Australians
- Demand for residential land lease communities growing
- Industry consolidation likely to continue
- Key focus remains on building the long-term rental income base
- Continue to provide sustainable living solutions
- Growth opportunities best leveraged by well funded groups



Q&A



Appendices



Appendix 1: Maroochy

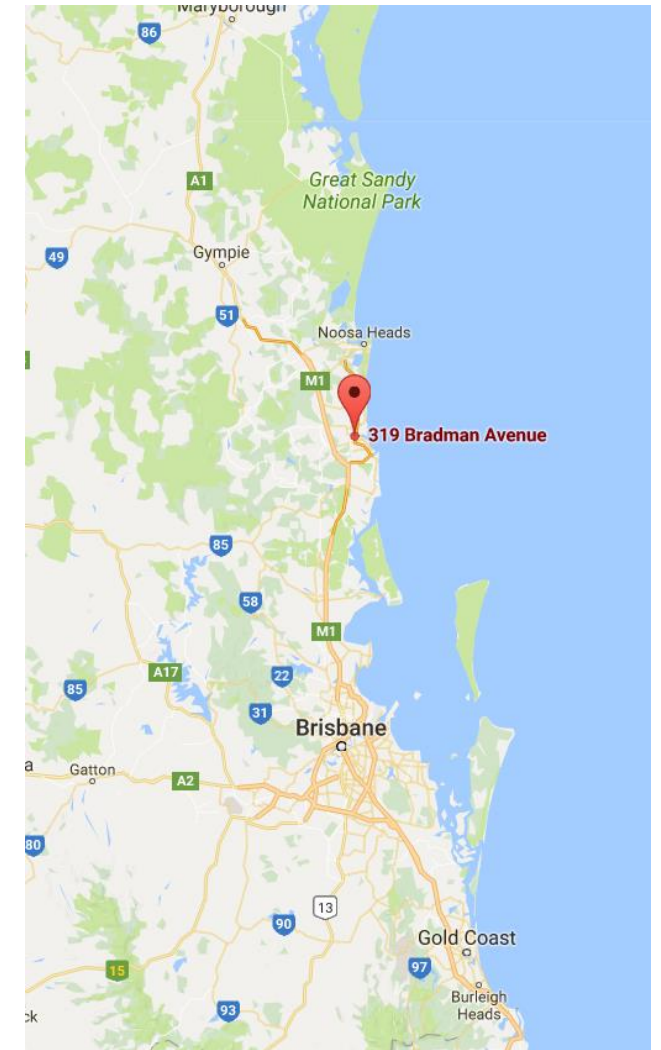
Metrics

Location	Brisbane, QLD
Date Acquired	December 2013
Property Type	Conversion MHE
Land Area	5.4 hectares
Total Sites	150
Book Value	\$16.0m
Average Rent	\$166pw

Description

Gateway Lifestyle Maroochy is located on the Maroochy River, a superb coastal eco-system with many opportunities for fishing, boating, crabbing and bird watching as well as a myriad of water sports.

Maroochydore is only minutes away from all major retail and service centres. It's an easy 90 minute drive to Brisbane and has its own airport which offers direct flights to Sydney and Melbourne.



Appendix 2: Edgewater

Metrics

Location	Sunshine Coast, QLD
Date Acquired	December 2013
Property Type	Mature MHE
Land Area	52.3 hectares
Total Sites	210
Book Value	\$17.0m
Average Rent	\$176pw

Description

Bordered by the waterways of the Maroochy River and Petrie Creek and with prolific birdlife at the nearby Maroochy Wetland Sanctuary, this is a haven for nature lovers.

Edgewater is an easy 10 minute drive to Maroochydore or 90 minutes to Brisbane. The Sunshine Coast Airport is in close proximity and offers direct daily flights to Sydney and Melbourne.

Potential exists for expansion onto adjoining land subject to council approval.

