

APPENDIX 4E

For the year ended 30 June 2017

(previous corresponding period being the year ended 30 June 2016)

Result for announcement to the market

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**

		2017 \$000
Revenues from ordinary operations	Up 4.5% to	118,945
Profit/(loss) from ordinary activities after tax attributable to securityholders	Up 53.4% to	59,712
Net Profit/(loss) attributable to securityholders	Up 53.4% to	59,712
Net Tangible Assets	2017	2016
Net Tangible Assets per Security	\$1.48	\$1.19

Dividends (distributions)	Amount per Security	Franked amount per security	Record Date
Interim distribution paid on 28 February 2017	3.5 cents	-	30 December 2016
Final distribution to be paid on 15 September 2017	5.6 cents	-	30 June 2017
Total distribution for the year	9.1 cents	-	

Securityholders may elect to participate in the Distribution Reinvestment Plan. The last date for the receipt of an election notice for participation in the Distribution Reinvestment Plan was 3 July 2017. A discount rate of 1.0% will be applied under the Distribution Reinvestment Plan. Securities issued under the Distribution Reinvestment Plan rank equally with other securities for the final distribution.

The report is based on accounts which have been audited.

The remainder of the information requiring disclosure to comply with listing rule 4.3A is contained in the Financial Report that follows.

INSPIRING A BETTER *lifestyle*



2017 Annual Report


GATEWAY LIFESTYLE

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Gateway Lifestyle Group (the Group) comprises Gateway Lifestyle Operations Limited (ABN: 63 605 593 968) and Residential Parks No.2 Trust (ARSN: 605 803 414) and their controlled entities.

The 2017 Annual Report is a consolidated summary of the Group's operations, performance and financial results for the year ended 30 June 2017.

An electronic version of this report and further information on the Group can be found on the Group's website (www.gatewaylifestyle.com.au).

The Group's Corporate Governance statement can be viewed at investor.gatewaylifestyle.com.au/investor-centre/

About Gateway

About Gateway Lifestyle

Gateway Lifestyle commenced in 2009 and listed on the ASX in June 2015. The Group has grown the portfolio to 56 residential land lease communities located on the east coast of Australia. We continue to inspire a better lifestyle for over 9,000 residents who now call a Gateway Lifestyle community home.

Gateway Lifestyle remains well positioned to leverage the growing demand from Australia's ageing population for affordable and sustainable living solutions.

Our strategy focuses on building the long term income streams of the business by providing affordable and sustainable land lease communities that meet the needs of our residents.

Strategy

To operate and create Australia's largest portfolio of residential land lease communities, that inspire a better lifestyle for independent active over 50's, underpinned by large land holdings.

- Designed for an aging population
- Affordable and sustainable living solutions
- Simple resident contracts - no entry/exit fees
- Grow the long-term compounding revenue
- Operational excellence
- Acquire and develop new homes
- Deliver sustainable long-term returns
- Strong focus on capital management

Key highlights

\$60m

net profit after tax

\$119m

total revenue

25%

increase in long-term rental revenue to \$46m

4.5%

increase in distributable earnings to \$40m

6,539

long-term occupied sites

\$42m

in acquisitions

23.4%

low gearing with significant headroom

Letter from Chairman and CEO

Dear Securityholders,

We are pleased to present Gateway Lifestyle Group (ASX: GTY) 2017 Annual Report for the year ended 30 June 2017.

Gateway Lifestyle remains at the forefront of addressing housing affordability and inspiring better lifestyles for over 9,000 residents who call a Gateway Lifestyle community home. Positioned to provide quality communities underpinned by sustainable rents, simple contracts and affordable home ownership, Gateway Lifestyle continues to deliver communities that address the long-term needs of our residents.

During the year, we welcomed over 800 new residents into our communities through settlements, resales and acquisitions. In addition, we completed our first comprehensive resident survey to help us understand the issues that are most important to our residents and we remain committed to building better communities. Sustainability remains a core focus and during the year we invested in better understanding the key concerns we believe are the most important to our stakeholders and for the performance of the business. Our employees have made valuable contributions throughout the year and we have implemented a series of workplace initiatives that have had a positive impact on our safety culture.

For the year, the Group achieved statutory net profit of \$59.7 million and distributable earnings of \$39.6 million. The distribution for the year of 9.10 cents per stapled security equates to a payout ratio of 69% of distributable earnings, reflecting a solid yield and the strong cash position of the Group. Our long-term occupied home sites have grown by 10% to 6,539 and the recurring long-term rental income stream increased by 24.5%.

We remain well capitalised after five acquisitions during the year with conservative gearing of 23.4%, below our target range of 25-35%. In 2H17 we introduced a distribution reinvestment plan (DRP) and had a strong take-up which further strengthens the capital position and provides flexibility for ongoing investment. We continue to assess, a range of new opportunities to grow the business. As the acquisition environment tightens for land lease community assets we remain disciplined in our assessment of each opportunity to ensure long-term value is achieved.

Key operational highlights

- Portfolio of 56 communities consisting of 6,539 occupied sites; 1,323 development sites and 1,606 short-term sites
- Distributable earnings increased 4.5% to \$39.6 million or 13.2 cents per stapled security
- Long term site rental revenue increased 24.5% to \$46.3 million

- Occupied long-term average weekly rent increased 3% to \$142.4 as at 30 June 2017
- Operating margin of 57%
- Settled on five acquisitions (\$42 million; 556 total sites; 362 long-term occupied sites)
- Delivered 241 new home settlements with an average incoming site rent of \$151 per week and 199 resales with an average incoming site rent of \$155 per week
- Average development profit of \$105k
- Distributions of 9.10 cents per stapled security
- Gearing remains low at 23.4% with debt capacity of \$70 million

Operations

During the year the total rental revenue grew 22.5% to \$60.9m. Long term rental revenue grew by 24.5% to \$46.3m and consists of 3% organic growth from the existing portfolio, a contribution of \$1.7 million from acquisitions and \$0.6 million from new home settlements completed in the period. Short-term sites contributed \$9.6 million and continue to provide a holding income until the sites are converted to long-term. Operating margin continued to improve across the year reflecting the ongoing transition of our communities to the mature asset category which continue to operate at attractive margins. Our eighteen mature communities continue to provide a stable financial platform with stable predictable income.

Positive revaluations across our portfolio driving a net fair value increase of \$25.0 million. Valuation uplifts were predominantly a result of growth in the long-term income stream, operating performance and cap rate compression. Cap rates across the sector continued to tighten during the year with significant value attributed to the long-term income stream. This supports our strategy of building the long-term rental income by investing in the development of new homes across the portfolio.

Development

The Group delivered 241 new home settlements during the year, slightly below expectation following a weather impacted Q417. The 241 new home settlements are expected to add circa \$1.8 million to the annualised long-term rental income in FY18. We are well-positioned heading into FY18 with 83 carried forward sales, 76 display homes on the ground or under construction and a number of new community stage releases commencing during the year.

Key new projects for FY18 include the expansion of our communities at Redlands, Riverside and Greenbank and the conversion of Beachfront Hallidays Point. We look forward to launching these communities, which will incorporate a range of new home and facility designs targeting the specific long-term needs of our residents. The average resident tenure in our communities remains around 10 years and with that in mind, we are continually assessing our design principles to ensure our homes and communities meet the needs of our current and future residents.

Corporate platform

Our corporate platform is well resourced with a number of key additions made throughout the year to ensure we have the capacity to deliver on our long-term strategy. Our employees remain highly engaged, delivering great outcomes and contributing to a range of initiatives that improve the way we work.

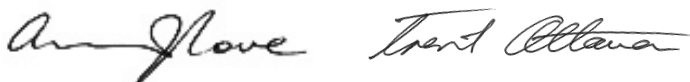
Outlook

Gateway Lifestyle communities continue to attract new residents as macro-economic drivers remain favourable. We have a clear strategy to grow the portfolio of cash generative, long-term occupied sites through the management of our communities, acquisition of new communities and the development of new homes.

The Group remains well positioned to execute the strategy and to deliver sustainable long-term growth. Assuming no material changes in market conditions we are targeting growth in distributable earnings of 7% for FY18, excluding further acquisitions.

The Board and management look forward to 2018 and providing our securityholders with an update of our results at our Annual General Meeting in November.

Thank you for your continued support of Gateway.



Andrew Love
Chairman

Trent Ottawa
Chief Executive Officer

Board



Andrew Love
Independent Chairman

Member of Remuneration and Nomination Committee
Member of the Audit and Risk Management Committee
B.Comm, FCA.

Andrew has over 36 years' experience in restructuring and corporate insolvency, with a particular focus on the mining sector. Andrew is currently a non-executive director of Champion Iron Limited, Scottish Pacific Group Ltd and has served on a number of boards including Riversdale Mining and Charter Hall Office Trust. Andrew was a partner at Ferrier Hodgson Chartered Accountants for over 25 years until 2008, when as a senior partner he retired and remains a consultant. Andrew is a member of both the Institute of Chartered Accountants in Australia and the Australian Institute of Company Directors.

Former directorship of listed entities in last three years:
None



Stephen Newton
Director (Independent Non-Executive)

Member of the Audit and Risk Management Committee
BA (Econ & Acctnt), M.Com, MICAA, MAICD

Stephen is currently a Director of BAI Communications Group, Stockland Property Group, and Viva Energy REIT Group. Stephen is also an Advisory Board Member, representing Alberta Investment Management Corp (Canada), of the Forestry Investment Trust, and Chairman of the Finance Council for the Catholic Archdiocese of Sydney. Stephen is a former Director of Campus Living Funds Management Limited, Australand Property Group, University of Notre Dame and Newcastle Airport Limited.

Stephen has extensive experience across real estate investment, development and management as well as infrastructure investment and management. Stephen is a Principal of Arcadia Funds Management Limited, a real estate investment management and capital advisory business he established in 2002. Prior to this, Stephen was the Chief Executive Officer Asia/Pacific for the real estate investment management arm of Lend Lease Corporation and a member of the global senior executive management group. His career at Lend Lease spanned almost 23 years and included experience across residential development, retail shopping centres, commercial and industrial property as well as real estate investment in Australia and overseas.

Former directorship of listed entities in last three years:
Stephen was a director of Australand Group from December 2007 to October 2014



Rachel Launders
Director (Independent Non-Executive)

Chair of the Remuneration
and Nomination Committee
Member of the Audit and Risk
Management Committee

BA, LLB (Hons), FFin

Rachel has over 21 years' experience in corporate law. Rachel currently holds the role of general counsel and company secretary at Nine Entertainment Co. Holdings Limited. Prior to joining Nine Entertainment in 2015, Rachel was a partner at Gilbert + Tobin for over 13 years where she specialised in mergers and acquisitions, corporate governance and compliance. Rachel is also a director of Giant Steps, which is an education centre for children and young adults with autism in Sydney and Melbourne. Rachel is a Fellow of the Financial Services Institute of Australasia and a member of the Australian Institute of Company Directors.

**Former directorship of listed entities
in last three years:**
None



Andrew Fay
Director (Independent Non-Executive)

Chair of the Audit and
Risk Management Committee
Member of the Remuneration
and Nomination Committee

B. AgEc (Hons), AFin

Andrew has over 26 years' experience in the financial services industry. Andrew currently holds the role of non-executive director of ASX listed BT Investment Management and Spark Infrastructure. Andrew is also a non-executive director of Victoria Power Networks, South Australia Power Networks and JO Hambro Capital Management (a UK funds management company) and National Cardiac Pty Ltd.

Andrew also consults to Dexu Property Group in the area of capital markets and advises Microbiogen, a private company which operates in the renewable energy industry, on corporate development initiatives. Andrew has held a number of senior positions including chairman of Tasman Lifestyle Continuum Ltd and CEO Australia, Regional CIO Asia Pacific and CIO of Deutsche Asset Management (Australia) Limited.

**Former directorship of listed entities
in last three years:**
None



Trent Ottawa
**Executive Director and
Chief Executive Officer**

B.Bus (Accg), ACA

Trent has been involved in the manufacturing home estate sector since 2003 and is the founder of Gateway Lifestyle. Prior to founding Gateway Lifestyle in 2009, Trent worked at Ferrier Hodgson in business restructuring and insolvency before moving to a specialist advisory firm providing investment and restructuring services to the property industry. Trent is a member of the Institute of Chartered Accountants in Australia, as well as a member of the Australian Institute of Company Directors.

**Former directorship of listed entities
in last three years:**
None

OMIFL Board and Directors

Frank Tearle Director (Executive)

Frank joined the OMIFL Board in December 2008. Before founding One Investment Group, Frank served in various roles at Allco Finance Group, including as head of business transition and operations, managing director of the Hong Kong office, Director in the corporate finance team and general counsel.

Frank has been a non-executive director of several companies, including the manager of a Singapore listed property trust and an APRA regulated insurance company. He has more than 10 years' experience working in major law firms in Australia and the United Kingdom, specialising in mergers and acquisitions, capital markets, funds management and corporate governance.

Other current directorships

One Managed Investment Funds Limited as responsible entity of Agricultural Land Trust (ASX: AGJ) and Columbus Investment Services Limited (ACN 095 162 931) as responsible entity of Alternative Investment Trust (ASX AIQ)

Former directorships (last 3 years)

One Managed Investment Funds Limited as responsible entity of Aventus Retail Property Fund (ASX: AVN) (OMIFL retired as RE on 11 March 2016)

Justin Epstein Director (Executive)

Justin joined the OMIFL Board in September 2009 and is a founding partner of the One Investment Group.

Prior to joining OMIFL, Justin was the investment director of the LCJB Investment Group, where he was responsible for sourcing and leading investment opportunities. Justin has previously worked in group strategy and business development for a major Australian investment bank, for the corporate finance and restructuring division of Ernst & Young and for a specialised property finance and investment group.

Other current directorships

One Managed Investment Funds Limited as responsible entity of Agricultural Land Trust (ASX: AGJ) and Columbus Investment Services Limited (ACN 095 162 931) as responsible entity of Alternative Investment Trust (ASX AIQ)

Former directorships (last 3 years)

One Managed Investment Funds Limited as responsible entity of Aventus Retail Property Fund (ASX: AVN) (OMIFL retired as RE on 11 March 2016)

Elizabeth Reddy Director (Non-Executive)

Elizabeth joined the OMIFL Board in November 2009.

Elizabeth spent a number of years practising law at both Herbert Smith Freehills and Atanaskovic Hartnell prior to undertaking a number of commercial roles.

Elizabeth specialises in advising on the Corporations Act, contractual disputes, mergers and acquisitions, equitable claims, trade practices and insolvency. She is also experienced in compliance and risk management issues.

Other current directorships

One Managed Investment Funds Limited as responsible entity of Agricultural Land Trust (ASX: AGJ) and Columbus Investment Services Limited (ACN 095 162 931) as responsible entity of Alternative Investment Trust (ASX AIQ)

Former directorships (last 3 years)

One Managed Investment Funds Limited as responsible entity of Aventus Retail Property Fund (ASX: AVN) (OMIFL retired as RE on 11 March 2016)

Gateway Lifestyle Group

Management

Trent Ottawa Executive Director and Chief Executive Officer

B.Bus (Accg), ACA

Owen Kemp Chief Financial Officer

BComm (Banking and Finance),
Grad Diploma Accounting, CA

Owen has over 17 years' experience in the accounting and corporate finance fields. Prior to joining Gateway Lifestyle in 2016, Owen was a Director in Ernst & Young's Transaction Advisory Services practice, where over 13 years in Sydney and London he specialised in the corporate finance field, specifically capital raisings and debt financing.

Owen is a member of the Chartered Accountants of Australia.

Leanne Nolan General Counsel and Company Secretary

BEc, LLB (Hons), LLM

Leanne has over 20 years' experience in corporate and commercial law. Prior to joining Gateway Lifestyle, Leanne was General Counsel and Company Secretary at Roc Oil Company Limited. During this time, in addition to providing legal services to the business, Leanne was responsible for corporate governance and ASX compliance.



From left to right: Mike Bosel; Leanne Nolan; Trent Ottawa; Kodi Krishnan; Owen Kemp

Mike Bosel Chief Operating Officer

BA (Hons) Business Studies

Mike joined the Gateway Lifestyle team in March 2017 and is responsible for driving the operational performance across all of Gateway Lifestyles communities. Mike brings extensive management knowledge across the aged care and retirement living sectors in both Australia and the UK with over 20 years' experience. Most recently Mike held the role of Chief Operating Officer at PresCare and prior to this worked in senior positions at Eureka Group, FKP/ Aveo and UK-based Claverton Group, specialising in acquisitions, operations and developments.

Kodi Krishnan Human Resources Manager

Bachelor of Administrative Studies

Kodi has over 17 years of HR management experience and commenced with Gateway Lifestyle in November 2015 having previously held the role of HR Director at Alstom Transport. Kodi has a strong background in both operational and strategic HR in medium to large enterprises in the Asia-Pacific region. Additionally, she has specialist experience in project based employment and the alignment and motivation of a geographically dispersed workforce through clear policies and strong corporate communications.

Gateway Lifestyle Group

Sustainability

Gateway Lifestyle's approach to sustainability

Our approach to operating sustainably is designed to anticipate and respond to the most pressing emerging topics (issues and opportunities) that have the potential to materially impact customers, employees, suppliers, securityholders as well as the wider community and the environment at large. This view is embedded within our core business activities, and aligns with the priorities set out in the Group's business plan.

We have a responsibility to our stakeholders and the broader community to contribute on matters affecting the industry including Government regulatory reform. We participate in sector-related matters through direct submissions and representations to Government, industry bodies, serving on regulatory committees and active participation as a member of the CCIA (NSW) and ARPRA.

We have recently invested in better understanding our material issues in relation to sustainability and are continuing to build on our management of sustainability. We aim to address the matters that we believe are the most material for our business and stakeholders, now and in the future. We also understand that this is an evolving agenda and seek to progressively embed the management of sustainability matters into business as usual practice.

Guiding our approach

Accountability for the Company's sustainability approach starts with the Board and flows through to all employees. The Board has responsibility for considering the social, ethical and environmental impact of the Group's activities, setting standards and monitoring compliance with sustainability policies and practices. Progress against sustainability focus areas is reported on and discussed regularly.

Gateway Lifestyle's sustainability approach is based upon the use of the widely accepted global standard for corporate responsibility and sustainable development, the AA1000 Accountability Principles Standard (2008).

Awards

- Awarded by CCIA (NSW) Annual Awards Employee of the Year Land Lease Living Community Manager Stanhope Gardens reflecting the high level of respect and establishing positive legacies with residents enhancing the community environment.
- Awarded by CCIA (NSW) Annual Award Best Land Lease Community to Gateway Lifestyle Valhalla for delivering a considered master plan design that fosters a cohesive community.

Our sustainability principles

In line with AA1000, we have adopted the Standard's three key principles:

- Involving all stakeholders in identifying topics and developing our approach – Inclusivity;
- Evaluating all topics identified to determine the impact they may have on our stakeholders and our operations – Sustainability materiality; and
- Ensuring our decisions, actions and performance, as well as our communication with stakeholders, are responsive to the topics identified – Responsiveness.

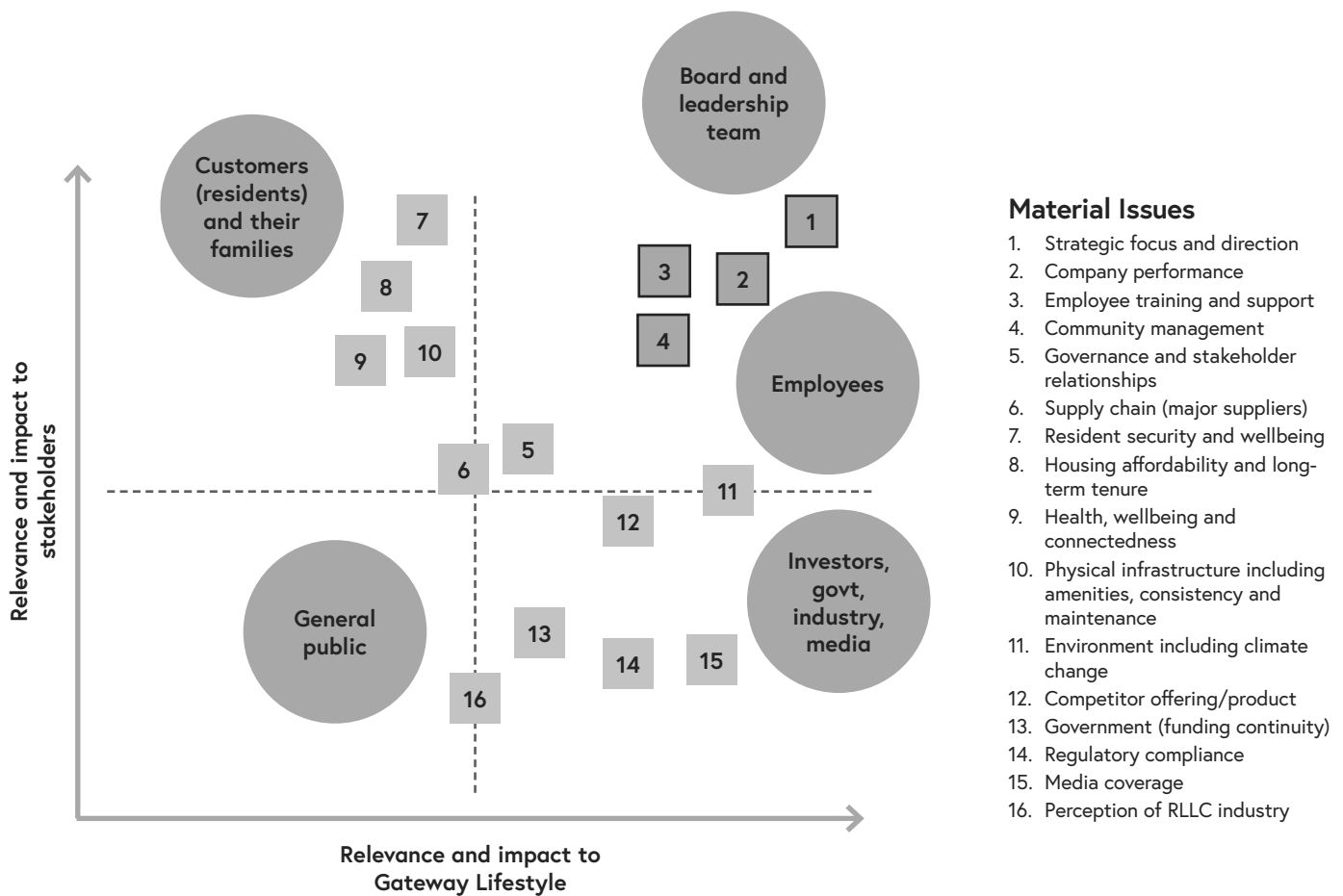
Frameworks and policies

Gateway Lifestyle responds to enduring and emerging material topics through frameworks and policies that are complementary to the business strategy and form part of the Group's overall approach to risk management. Collectively, they help to guide decisions, manage risk and drive action.

Further details on our corporate governance practices can be found in our Corporate Governance Statement which is available on our website: gatewaylifestyle.com.au under the Investor section.

Material sustainability topics

Gateway Lifestyle identifies the most material sustainability topics through an annual assessment of industry trends, internal reports, information from stakeholder engagement and independent research. The table below outlines those topics considered material for the company and its stakeholders, along with our responses and achievements for the year under review. Prioritisation of material topics was supported by an external provider and involved our leadership team.



Responding to Material Issues

On the basis of the identified six most important material issues we have responded against the priority areas by:

- Communicating our strategic focus and direction through market communications and continued stakeholder engagement
- As part of our development program for our Community Managers a training workshop was rolled out for our Community Managers with the aim of providing our managers with the skills to better manage the communities and also examine different approaches for handling different types of behaviours and situations;
- Actively participating in sector related matters and regulatory reforms through participation in industry bodies and through direct submissions and representations to government; and
- Undertaking our inaugural Residents' Survey to help us better understand the issues that are most important to residents living in their communities. It was designed as a broad-ranging health check on social and environmental factors and perceptions that affect residents' quality of life.

Looking Forward

- Develop a social impact narrative which includes an examination of social impact opportunities along our company's value chain, a social impact framework that will begin to shape up our approach to measuring our social impact and persona and journey maps to help us better understand our residents' experience Gateway Lifestyle; and
- Develop an environmental reporting approach which will help us to better understand, improve and communicate our environmental impact. We anticipate we will report our first set of detailed environment data in FY18. We have recently consolidated the electricity accounts across our Communities as a first step in understanding the company's carbon emissions profile. We will continue to build on this data collection and develop performance metrics.



Directors' Report

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Gateway Lifestyle Group
Directors' report
30 June 2017

The Directors of Gateway Lifestyle Operations Limited (GLOL or the Company) present this report on behalf of Gateway Lifestyle Group (comprising Residential Parks No. 2 Trust and Gateway Lifestyle Operations Limited), together with the financial statements and the independent auditor's report for the year ended 30 June 2017 for:

- Gateway Lifestyle Operations Limited and Residential Parks No. 2 Trust and their controlled entities (Gateway Lifestyle Group); and
- Residential Parks. No 2 Trust (RPT2) and its controlled entities (RPT2 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 RPT2 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.

RPT2 is a managed investment scheme. One Managed Investment Funds Limited (OMIFL) was appointed as the responsible entity for RPT2 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 RPT2 including the preparation of these financial statements. Each reference in these financial statements to 'the Directors or Board of Directors' is a reference to the Directors of GLOL unless otherwise stated.

Directors

The following persons were Directors of Gateway Lifestyle Group during the whole of the financial 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	Executive Director and Chief Executive Officer
John Wong	Executive Director, Chief Financial Officer and Company Secretary (resigned on 9 November 2016)

One Managed Investment Funds Limited

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

Director's meetings and attendances at those meetings for FY17 (including meetings of committees or directors) are disclosed on page 13. The qualifications and experience of directors, including current and recent directorships, are detailed on pages 5 to 7.

Company secretary

Leanne Nolan (BEC, LLB (Hons), LLM) was appointed Company Secretary on 10 February 2016 to Gateway Lifestyle Operations Limited. Leanne has over 20 years' experience in corporate and commercial law. Prior to joining the Company, Leanne was General Counsel and Company Secretary at Roc Oil Company Limited. During this time, in addition to providing legal services to the business, Leanne was responsible for corporate governance and ASX compliance.

Frank Tearle has held the role of Company Secretary since 2008 for One Management Investment Funds Limited.

Remuneration report

The Remuneration Report is set out on pages 21 to 30 and forms part of the Directors' Report.

Directors' interests

Details of the security holdings of the Directors and Key Management Personnel (KMPs) as at 30 June 2017 can be found on page 30 of the Remuneration Report.

Gateway Lifestyle Group
Directors' report
30 June 2017

Meetings of Directors

The number of meetings of the Company's Board of Directors (the Board) and Committees held during the year ended 30 June 2017, and the number of meetings attended by each Director were:

	Full Board		Remuneration and Nomination Committee		Audit and Risk Management Committee	
	Held	Attended	Held	Attended	Held	Attended
Gateway Lifestyle Operations Limited						
Andrew Love	13	13	4	4	7	7
Stephen Newton	13	13	4	2 ¹	7	7
Rachel Launders	13	13	4	4	7	7
Andrew Fay	13	13	4	4	7	7
Trent Ottawa	13	13	4 ²	4 ²	7 ²	7 ²
John Wong	5	5	2 ²	2 ²	4 ²	4 ²
One Managed Investment Funds Limited						
Frank Tearle	8	8				
Justin Epstein	8	8				
Elizabeth Reddy	8	0				

1. Attended as an observer. Stephen Newtown is not a member of the Remuneration and Nomination Committee.

2. Attended as an observer.

3. John Wong resigned as a Director on 8 November 2016.

Business overview

As at 30 June 2017, Gateway Lifestyle Group comprised 56 residential land lease communities (RLLC) predominately located on the Australian eastern seaboard, in New South Wales (37), Queensland (14), Victoria (4) and the Australian Capital Territory (1).

The financial year involved a period of consolidation for Gateway Lifestyle Group, having acquired 16 assets in FY16 and an additional four RLLC acquisitions and the acquisition of Greenbank expansion in FY17. The second half of FY17 saw improvements across the business, in particular an improvement in operating margin, increase in settlement volume and a stabilisation in the corporate cost base.

Key financial and operating metrics for the year ending 30 June 2017, include:

- 6,539 long-term occupied sites
- Average weekly rent per long-term site of \$142.4 per week
- Annualised long-term rent of \$48.4 million as at 30 June 2017
- Rental revenue of \$55.9 million, an increase of 22% (30 June 2016: \$45.9 million)
- 241 home settlements (30 June 2016: 262) and 83 committed sales¹ (30 June 2016: 61)
- Average profit per home settlement of \$105,000 (30 June 2016: \$100,000)
- 58 display homes available for sale and a further 18 display homes under construction on site as at 30 June 2017, entering FY18 with improved display home inventory relative to the prior year
- Acquisition of four RLLCs being Terrigal Sands, Rockhampton, Suncoast Ulladulla and Sundown Canberra for a total consideration of \$42.5 million including transaction costs, acquisition of Greenbank expansion and payment of Lorikeet final consideration for a total of \$2.7 million including transaction costs

1 Committed sales as at 30 June 2016 has been restated to exclude 14 sales that were refunded to customers due to Master Planning changes at two key developments.

Review of operations

The profit for the Group, after providing for income tax, amounted to \$59.7 million (30 June 2016: \$38.9 million).

The result was primarily driven by:

- 22% increased contribution from rental revenue to \$55.9 million;
- Net fair value gain of \$25.0 million; and
- Decrease in development profit of \$1.0 million primarily driven by a lower settlement volume, in part offset by an increase in average profit per home.

The \$1.1 million income tax benefit reported in the period (30 June 2016: \$6.2 million) is at the upper end of the predicted outcome of nil to \$1.0 million foreshadowed in our half year report, due to a combination of earnings variances, settlement of legacy tax liability and revised estimates of legacy tax provisions. During the period, the Group revisited its cross-staple arrangements as part of its regular internal tax compliance program and expects the income tax benefit to transition to an accounting expense position in FY18.

Gateway Lifestyle Group
Directors' report
30 June 2017

Non-IFRS measure

During FY17 we have sought to simplify our disclosure of non-IFRS measures, with distributable earnings to be the Group's primary non-IFRS measure for the FY17 period and going forward. In the opinion of the Directors, this measure is a more relevant metric for external stakeholders, particularly our securityholders in that it provides direct alignment to our distribution policy.

Financial operating metrics

Currency: Australian dollars	Unit	30 Jun 2017	30 Jun 2016	Change	Change%
Financial metrics					
Revenue	\$million	118.9	113.8 ¹	5.1	4.5
Earnings before interest, tax, depreciation and amortisation (EBITDA) ²	\$million	40.6	38.5	2.1	5.5
Net profit before tax	\$million	58.7	32.8	25.9	79.0
Net profit after tax	\$million	59.7	38.9	20.8	53.4
Distributable earnings ³	\$million	39.6	37.9	1.7	4.5
Underlying net profit after tax	\$million	39.2	44.8	(5.6)	(12.5)
Operating cash flow ⁴	\$million	38.9	35.9	3.0	8.4
Operating cash flow conversion ⁵	%	96.4	93.3		
Earnings per stapled security	cents	19.9	14.6	4.3	27.8
Distribution per stapled security	cents	9.1	10.9	(1.8)	(16.4)
Gearing ratio ⁶	%	23.4	15.3	8.1	53.2
Operational metrics					
Rental revenue	\$million	55.9	48.0	7.9	16.5
Long-term site rental revenue	\$million	46.3	37.2	9.1	24.5
Long-term occupied sites ⁷	No.	6,539	5,944	595	10.0
Average long-term occupied site rental ⁷	\$/week	142.4	138.2	4.2	3.0
Short-term revenue	\$million	9.6	8.0	1.6	20.0
Homes sales revenue	\$million	57.5	64.1	(6.6)	(10.3)
Average selling price	\$'000	239	245	(6.0)	(2.5)
Average profit per settlement	\$'000	104.8	100.4	4.4	4.4
Settlements	No.	241	262	(21)	(8.0)
Sales	No.	266	286	(20)	(7.0)
Committed sales ⁸	No.	83	61	22	36.1

1. Revenue in for FY16 excludes \$1.5 million stamp duty refund recognised in other income in the statement of profit or loss and other comprehensive income.

2. EBITDA is used to evaluate the performance of the business without the non-cash impact of depreciation and amortisation, impairments, fair value gains or losses and before interests and tax charges.

3. Distributable earnings is net profit after tax, adjusting for non-cash, one-off and non-recurring items and is set out in the reconciliation to distributable earnings below.

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 divided 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 30 June 2017 and 30 June 2016.

8. Committed sales as at 30 June 2016 has been restated to exclude 14 sales that were refunded to customers due to Master Planning changes at two key developments.

Operations

Long-term site rental revenue increased by 24.5% in the period, from \$37.2 million to \$46.3 million. The \$9.1 million increase was attributable to organic rental growth of 3.0% in average long-term occupied site rental; incorporating \$1.7 million contribution from the four FY17 acquisitions and \$0.6 million from settlements in the period.

The Group completed the period with 6,539 long-term occupied sites, at an average long-term occupied site rental of \$142.4 per week as at 30 June 2017. This equates to an annualised long-term income as at 30 June 2017 of \$48.4 million.

Operating margin improved in 2H17, and as at 30 June 2017 equates to approximately 57%.

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Development

241 new home settlements in FY17 (FY16: 262), includes 149 settlements in 2H17 following a period of ramp-up in home inventory and site supply. Following Q1 (27 settlements), 2H17 required a significant volume ramp which was ultimately impacted by detrimental weather events on key projects. Most importantly, the 241 settlements are expected to contribute to long-term rental income of approximately \$1.8 million on an annualised basis.

As at 30 June 2017, the Group had 83 carried forward committed sales (30 June 2016: 61), along with available display home inventory to support the growth in our long-term revenue base.

Corporate

Corporate costs have now stabilised following the transition undertaken by the Group at the senior management level, and the completion of one-off projects which incurred a higher level of external advisor costs.

Capital management

The Group remains committed to achieving sustainable growth while maintaining a strong balance sheet.

As at 30 June 2017, total drawn funds against the available facility was \$179.9 million, with a residual \$70.1 million in available debt capacity under existing facilities. The acquisition of four new assets in FY17, along with portfolio revaluations means gearing as at 30 June 2017 remained low at 23.4%, and is indicative of the strong capital position to grow the business within the target range gearing of 25% to 35% and banking covenants on existing facilities.

During the period, the Group entered into a floating to fixed rate swap instrument for \$75.0 million of its drawn debt. This is in addition to the \$26.5 million interest cap instrument entered into in FY16, and provides that 57% of our drawn debt is subject to hedging.

Cash and cash equivalents as at 30 June 2017 were \$22.6 million.

Reconciliation to distributable earnings

Distributable earnings is a non-IFRS measure designed to present, in the opinion of Directors, the results from the ongoing operating activities in a manner consistent with our distribution policy, and reflects underlying performance, and importantly excludes non-cash flow items such as income tax benefits.

Distributable earnings is calculated as statutory net profit after tax, after adjusting for non-cash, one-off and non-recurring items.

	30 Jun 2017 \$'000	30 Jun 2016 \$'000	Change	Change%
Profit after income tax	59,712	38,927	20,785	53.4
add backs:				
Depreciation	461	148		
Net fair value gain	(24,951)	(1,214)		
Income tax benefit	(1,061)	(6,163)		
Amortisation of borrowing costs	670	1,482		
Share-based payments expense	796	142		
One-off items ¹	3,966	4,575		
Distributable earnings	39,593	37,897	1,698	4.5

1. One-off items includes approximately \$1.5 million severance and other related costs incurred as a result of restructuring across the business, \$1.3m of professional fees related to significant projects in relation to managing legacy taxation matters, revisiting of stapled security arrangements, one-off audit and due diligence services and \$0.7m from the disposal proceeds from rezoned land, and the loss on disposal of plant and equipment.

FY16 one-off items is sourced from the Underlying NPAT adjustments presented in the 2016 Financial Statements adjusted to be consistent with the definition of distributable earnings. One-off items in FY16 included non-recurring corporate and non-cash statutory adjustments principally in relation to integration of acquired assets, IPO restructuring and due diligence costs, the write of the Edgewater DMF and the accounting impact of hedging costs.

Outlook

Gateway Lifestyle communities continue to attract new residents as macro-economic drivers remain favourable. We have a clear strategy to grow the portfolio of cash generative, long term occupied sites through the management of communities, acquisitions of new communities and the development of new homes.

The Group is well capitalised and remains well positioned to execute the strategy to deliver sustainable long-term growth.

Assuming no material changes in market conditions we are targeting growth in distributable earnings of 7% for FY18, excluding further acquisitions.

Distributions

The total distribution paid or declared in respect of the FY17 totalled 9.1 cents (FY16: 10.9 cents) per Volume Weighted Security (VWS). RPT2 declared and paid an interim distribution for the six months ended 31 December 2016 of 3.5 cents per stapled security. A distribution of 5.6 cents per stapled security in respect of the six months ended 30 June 2017 was declared on 21 June 2017 with a payment date of 15 September 2017. The September 2017 distribution has a tax deferred component of 87.3%, which results in a full year tax deferred component of 48%. The main reason for this is the finalisation of the review of cross staple arrangements which ensure appropriate arms' length income is earned by both RPT2 and GLOL. The distribution payable is within the Group's distribution policy of 65-85% of distributable earnings.

On 22 May 2017, the Group announced that it had adopted a Distribution Reinvestment Plan and it would operate for the final distribution to 30 June 2017. The Group achieved a take-up rate of approximately 21% of stapled securities on issue.

The DRP security price of \$1.9290 was determined based on the daily volume weighted average price of all GTY securities for the fifteen trading days commencing on 3 July 2017, inclusive of a discount of 1% on the securities acquired under the DRP.

Risk

The Group faces a number of risks throughout the business which have the potential to affect the Group's achievement of its targeted financial and strategic outcomes. The objective of the Group's risk management framework is to identify material risks and put in place appropriate strategies to control, or otherwise manage, the impact of these risks.

As part of its strategic planning process, the Group continued to refresh the strategic risk profile of the Group, including the consideration of both internal and external risks which have the potential to impact the Group's strategic objectives. In addition Gateway has continued to develop and refine its risk management framework. The refining of the Group's framework includes a recent exercise to formally establish and document the Group's Risk Appetite Statement (RAS) to provide further support to the Group in its decision making and monitoring of risk. Further information on the Group's risk management framework is detailed in the Group's Corporate Governance Statement.

The Group faces a number of risks that could impact the business and financial outcomes with the nature and potential impact of these risks changing over time. Our risks include broader economic conditions and include but are not limited to:

Description of risk	Response
Regulatory environment: regulatory changes impact our business	Continue to engage with industry bodies and government on policy areas including housing affordability and taxation reform Focus on good practice to remain well positioned and be prepared for regulatory change
Growth Pipeline: securing the right development opportunities	Dedicated planning department that proactively works with local councils to obtain approvals Evolve product development, affordability and adapt community design to meet our home buyers expectations and demand Defined process of due diligence to highlight any planning, legal, construction and demand issues Maintain discipline in our investment decision making
Capital management: accessing suitable capital for investment and operations	Long term growth is dependent on our ability to access and manage capital Focus on a strong balance sheet with appropriate levels of gearing and maintain prudent capital management policies Maintain an appropriate and variable cost structure to enable flexibility in changing market conditions
Health, safety & environment risks: ensuring we have a legal and social licence to operate	'Safety is Not Negotiable' initiative rolled out during FY17, has had a positive impact on the Group's employees, and is embedded in the employee induction process At our communities, we have commenced toolbox talks with aids that visually depict health and safety risks and what controls can be put in place to mitigate these health and safety risks Careful consideration is given to our environmental and sustainability impact when planning, and operating, our lifestyle communities

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial year.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2017 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations

Information on likely developments in the operations of the Group and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Group.

Stapled securities under option

There were no unissued stapled securities of Gateway Lifestyle Group under option outstanding at the date of this report.

Stapled securities issued on the exercise of options

There were no stapled securities of Gateway Lifestyle Group issued on the exercise of options during the year ended 30 June 2017 and up to the date of this report.

Indemnity and insurance of officers

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.

To the extent permitted by law, the Company has paid a premium in respect of a contract to insure the Directors and executives 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.

Similar arrangements exist for the directors of the responsible entity of the Trust, although the costs incurred are not directly indemnified from the assets of the Trust.

Indemnity and insurance of auditor

To the extent permitted by law, the Company and OMIFL have agreed to indemnify its auditors, 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 the auditors during or since year end.

Officers of the Company who are former partners of Ernst & Young

There are no officers of the Company who were former partners of Ernst & Young.

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 either Gateway Lifestyle Group or RPT2 Group, or to intervene in any proceedings to which Gateway Lifestyle Group or RPT2 Group is a party for the purpose of taking responsibility on behalf of Gateway Lifestyle Group or RPT2 Group for all or part of those proceedings.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in Note 28 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in Note 28 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Environmental regulation

Gateway Lifestyle Group's environmental responsibilities, such as waste water removal and waste water treatment, have been managed in compliance with all applicable regulations and licence requirements and in accordance with industry standards. No known breaches of requirements or additional environmental issues have been identified nor brought to the Board's attention. There are procedures in place to ensure that where operations are subject to particular significant environmental regulation under the laws of Australia that those obligations are identified and addressed.

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Rounding of amounts

Gateway Lifestyle Group and RPT2 Group are entities of a kind referred to 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 on the following page.

Auditor

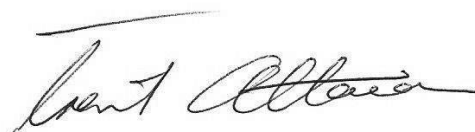
Ernst & Young continues in office in accordance with section 327 of the Corporations Act 2001.

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

On behalf of the Directors



Andrew Love
Chairman



Trent Ottawa
Executive Director and Chief Executive Officer

30 August 2017
Sydney

Auditor's Independence Declaration

As lead auditor for the audit of Gateway Lifestyle Group and Residential Parks No. 2 Trust Group for the financial year ended 30 June 2017, 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; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

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).



Ernst & Young



Mark Conroy
Partner
30 August 2017



Remuneration Report

Letter from the Chair of the Remuneration and Nomination Committee

Dear Securityholder,

Welcome to Gateway Lifestyle Group's (Group) Remuneration Report for the financial year to 30 June 2017 that details how both the Group performance and individual executive performance appropriately link to remuneration outcomes for the 2017 financial year.

The Remuneration and Nomination Committee is confident that the remuneration framework is appropriate to support business performance and the delivery of sustainable securityholder value over the short and long-term.

The Group's FY17 strategic objectives included to provide sustainable and affordable community living solutions, to maintain a strong balance sheet with capacity for growth, and to develop and acquire assets with a focus on communities, quality income streams and/or growth opportunities.

The Company's short-term incentive (STI) and long-term incentive (LTI) plans are designed to support these strategic objectives and align remuneration outcomes with Gateway's short-term and long-term goals.

The Company's remuneration framework, with the exception of a newly introduced STI plan, remains relatively unchanged from FY16. The Remuneration and Nomination Committee remains focused on ensuring that the remuneration framework is competitive and rewards executives for meeting or exceeding strategic objectives and facilitating long-term wealth creation for investors.

As foreshadowed in the FY16 Remuneration Report, the Remuneration and Nomination Committee has implemented a revised STI plan in FY17. The structure and key performance measures for the new STI plan are consistent with our strategic objectives.

For FY17, the STI outcomes were strongly linked to business performance with the incentives based on financial measures that reflect core value drivers for investors and non-financial strategic objectives. In summary, during the year, the executive team was successfully transitioned and we completed a series of restructuring initiatives to implement a more efficient business model. The non-financial metrics were met for FY17. However, the STI financial performance metrics were not met and as a result, the Board exercised a discretion so that the executives did not receive an STI payment for FY17.

During FY18, as part of the continual review of the remuneration framework, our intention is to review LTI performance conditions to ensure close alignment between securityholder interests and executive incentives.

As Gateway Lifestyle Group continues to evolve as a publicly traded entity, the Remuneration and Nomination Committee welcomes continued engagement and feedback from investors and corporate governance stakeholders around its remuneration policies and outcomes.

Yours sincerely,



Rachel Launders

Non-Executive Director and Chair of the Remuneration and Nomination Committee

1. Remuneration report overview

The Remuneration Report outlines the remuneration arrangements for key management personnel (KMP) of the Company in accordance with the requirements of the Corporations Act 2001 (Act), including section 300A, and its regulations. The disclosures in this Remuneration Report have been audited as required by section 308(3C) of the Act and form part of the Directors' Report.

This Remuneration Report is set out as follows:

1. Remuneration Report Overview
2. Who is Covered by the Remuneration Report
3. Executive Remuneration
4. Group Performance and FY17 Remuneration Outcomes
5. Non-Executive Director Remuneration
6. Remuneration Governance Framework
7. Statutory and Security-based Reporting

The key highlights of FY17 remuneration are set out below:

		Further detail
Fixed Remuneration	No increase was made to Fixed Remuneration for Trent Ottawa. Owen Kemp and Mike Bosel commenced as KMPs during the year and their Fixed Remuneration reflects their roles and responsibilities.	Fixed Remuneration refer to page 26.
STI	A revised STI plan was adopted during the year. Based on the financial performance of the Group, there was no STI paid to KMPs for FY17.	STI refer to page 26.
LTI	Trent Ottawa and Owen Kemp were granted Security Appreciation Rights (SARs) during FY17 under the LTI plan framework. The SARs may vest dependent upon the performance measures over the relevant three year period. As the LTI was only introduced in FY16, no SARs were eligible to vest during FY17.	LTI refer to page 27.
Non-Executive Director Fees	The maximum aggregate fee pool remains unchanged at \$750,000. There were no increases to base fees for Non-Executive Directors during FY17.	Non-Executive Director Remuneration on page 27.

2. Who is covered by the remuneration report

The Group is required to prepare a Remuneration Report in respect of KMP, being those who have the authority and responsibility for planning, directing and controlling the activities of the Group, either directly or indirectly, including any Director.

The table below sets out details of those persons who were KMP during FY17:

Executive Key Management Personnel

Name	Position	Period as KMP
Trent Ottawa	Chief Executive Officer & Executive Director	Full year
John Wong ¹	Chief Financial Officer & Executive Director ¹	To 9 November 2016
Owen Kemp ²	Chief Financial Officer	From 14 February 2017
Mike Bosel ³	Chief Operating Officer	From 27 March 2017

1 John Wong resigned as a Director and Chief Financial Officer and ceased to be a KMP on 9 November 2016

2 Owen Kemp was appointed Chief Financial Officer and commenced as a KMP on 14 February 2017

3 Mike Bosel was appointed Chief Operating Officer and commenced as a KMP on 27 March 2017

Non-Executive Directors

Name	Title	Period as KMP
Andrew Love	Chair & Independent Non-Executive Director Member of Audit and Risk Management Committee Member of Remuneration and Nomination Committee	Full year
Stephen Newton	Independent Non-Executive Director Member of Audit and Risk Management Committee	Full year
Rachel Launders	Independent Non-Executive Director Chair of Remuneration and Nomination Committee Member of Audit and Risk Management Committee	Full year
Andrew Fay	Independent Non-Executive Director Chair of Audit and Risk Management Committee Member of Remuneration and Nomination Committee	Full year

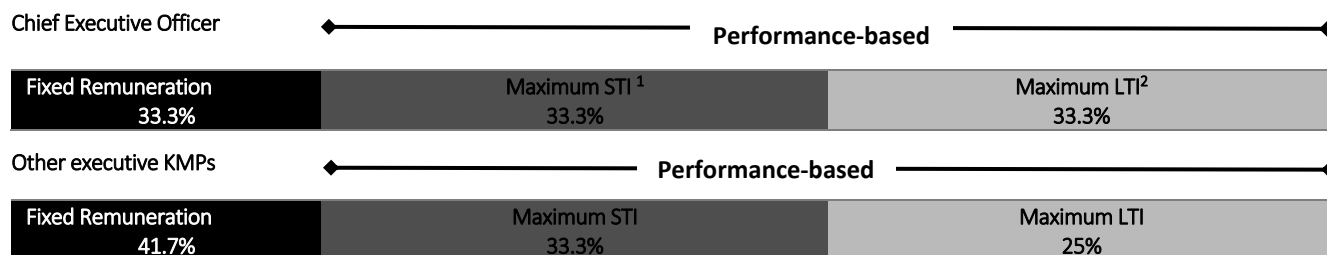
3. Executive remuneration

This section provides an overview of the structure and mix of executives' total remuneration packages, with reference to the Group's short-term and long-term strategic objectives.

Executive Remuneration Mix

The Executive remuneration mix refers to the proportion of remuneration that executives can receive as fixed versus performance based (i.e. short-term and long-term incentives) entitlements.

The graph below shows the Executive remuneration mix if maximum incentive payments are received. The majority of the maximum potential executive KMP remuneration is based on performance (66.6% for the CEO and 58.3% for other executives).



1 50% of STI is deferred for 12 months

2 Face value of LTI on grant

Details of each remuneration element are described below:

Fixed Remuneration (FR)

Link to strategy and performance	Fixed Remuneration is reviewed annually through a process which considers external data and takes into account the overall performance of the Group and the executives to ensure that Fixed Remuneration reflects the individual's responsibilities, skills and experience. Competitive Fixed Remuneration is paid to ensure that the Group is able to attract and retain suitable executives to deliver the strategic goals.
What is Fixed Remuneration?	Fixed Remuneration consists of Base Salary plus employer contributions to superannuation funds, monetary benefits such as car allowance and non-monetary benefits.

Short-term incentive (STI)

Description	<p>The STI plan was adopted during FY17. It is a variable performance-based cash and deferred equity incentive plan designed to reward executives and eligible employees for performance. The STI award is determined by the Board following the end of the financial year having regard to both individual and Group performance over the financial year and is subject to Board discretion.</p> <p>Robust targets are set to drive performance and leadership behaviours. A focus beyond the short-term is provided by deferring 50% of the STI into rights to Group securities.</p>
Link to strategy and performance	The introduction of the STI plan is to ensure remuneration outcomes are strongly linked to performance, including the delivery of financial and non-financial strategic objectives and contributing to the delivery of annual business performance. The STI is designed to motivate and reward executives for contributing to the delivery of annual business performance.
Performance Measures	<p>At the commencement of the relevant financial year, the Board will set the financial and operational goals applicable to the Group for that year. Within these strategic goals will be specific targets against which the Board can accurately measure Group performance. These goals and weightings may differ from year to year and will include financial elements, including profitability and earnings growth targets, and non-financial elements, including health, safety and environment and employee engagement.</p> <p>An individual executive's total STI award is calculated by reference to the relevant ratings and weighting and the individual's STI opportunity as a percentage of Base Salary. For the purpose of the STI the Board reviews Group performance at the end of the financial year against each strategic goal and the level of achievement versus the target set for each of the financial and non-financial measures.</p> <p>The Board retains discretion to adjust the total STI award to take into account unanticipated factors or to reflect overall individual and Group performance for the relevant financial year, or otherwise ensure that STI outcomes remain aligned with annual performance.</p>

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Performance Period	Financial year, i.e. 1 July 2016 to 30 June 2017
Opportunity	STI is calculated each year as a proportion of the executive's Base Salary. Base Salary does not include any allowances or incentive payments or superannuation. The maximum FY17 STI opportunity available to the CEO is up to 100% of Fixed Remuneration and for other executives up to 80%.
Instrument	<p>Each executive will receive half of their award in cash with the remaining half deferred into rights to ordinary securities in the Group (Deferred STI Rights) for nil consideration (subject to securityholder approval being obtained at the next Annual General Meeting in respect of the CEO, where necessary).</p> <p>The number of Deferred STI Rights granted will be determined by dividing the cash amount to be deferred by the volume weighted average price (VWAP) of securities for the final 30 trading days of the financial year (usually 30 trading days up to 30 June).</p> <p>Once granted, no further performance conditions will apply to Deferred STI Rights and they will vest after 12 months subject to the executive's continued employment and to the clawback described below.</p>
Restrictions	Consistent with the <i>Corporations Act 2001</i> and the Group's Securities Trading Policy, participants are prohibited from hedging their unvested deferred STI Rights.
Clawback and Board discretion	<p>The Board retains a broad discretion to:</p> <ul style="list-style-type: none"> • Allow for accelerated vesting in special circumstances (e.g. death and incapacity); • Determine that some or all unvested Deferred STI Rights will lapse if any situation arises that, in the Board's view should impact the assessment of performance. Such situations may include material misrepresentations and material misstatements in the Group's accounts; • Determine that some or all Deferred STI Rights should lapse on cessation of employment in particular circumstances (e.g. termination for poor performance); and • Determine that any Deferred STI Rights that vest are settled in cash not Securities (subject to any ASX Listing Rule or Corporations Act requirements).
Change of control	In the event of a change of control in the Group (as defined in the Plan Rules), the Board may determine in its absolute discretion that some or all of the Deferred STI Rights will vest, having regard to the portion of the deferred Performance Period elapsed between the commencement of the Performance Period and the change of control event.

Long-Term Incentive (LTI)

Description	<p>The LTI is an equity based incentive plan designed to reward executives for performance over a three-year period. LTI awards are granted annually and will vest based on assessment of Gateway's total securityholder return (TSR).</p> <p>The current performance measures for the LTI plan and the type of instrument to be granted will be reviewed in FY18. Any changes to the plan will be disclosed in the FY18 Remuneration Report.</p>
Link to strategy and performance	LTI aligns the rewards received by the executives with the longer-term performance of the Group relative to the increase in the Gateway security price. Recipients have the opportunity to grow the long-term value of their LTI by delivering results for the Group that increase the security price.
Performance Measures	<p>LTI awards are divided equally into two tranches with one tranche subject to a relative TSR performance hurdle and one tranche subject to an absolute TSR hurdle.</p> <p>At the time the LTI plan was adopted, the Board considered that TSR hurdles effectively align the interests of individual Executives with that of Group securityholders, by motivating Executives to achieve superior outcomes. TSR takes into account security price and dividend/distribution yield and is therefore a robust and transparent means of measuring securityholder returns.</p> <p>The Board considers the use of both absolute and relative TSR was an appropriate approach for grants made to date as it:</p> <ul style="list-style-type: none"> • Aligns with securityholder experience, whether they be a diversified institutional investor or a less diversified retail investor; • Provides for a maximum reward if both relative TSR and absolute TSR are high; • Provides for a moderate reward if only one of either relative TSR or absolute TSR is high; and • Provides no incentive reward if both relative and absolute TSR hurdles are not met. <p>For grants made to date, vesting of the Relative TSR component (50%) will be determined by reference to the following vesting schedule:</p>

	Gateway Lifestyle Group's TSR over the Performance Period	% of Relative TSR Component that Vests
	Less than TSR of Index + 1% (compounded annually)	Nil
	At TSR of Index + 1% (compounded annually)	50%
	Between TSR of Index +1% (compounded annually) and TSR of Index +5% (compounded annually)	Pro rata vesting from 50% to 100% on a straight-line basis
	TSR of Index + 5% or greater (compounded annually)	100%
For grants made to date, vesting of the Absolute TSR Component (50%) will be determined by reference to the following vesting schedule.		
	Gateway Lifestyle Group's TSR over the Performance Period	% of Absolute TSR Component that Vests
	Less than 35%	Nil
	At 35%	25%
	Between 35% and 75%	Pro rata vesting from 25% to 100% on a straight-line basis
	75% or greater	100%
There is no re-testing of the performance conditions. SARs that do not vest upon testing of the performance condition will lapse.		
Security prices will be calculated using the volume weighted average price of securities traded on the ASX over the 5 trading days prior to the start date and end date of the Performance Period.		
Performance period	Three financial years.	
Opportunity	<p>Award levels are set to incentivise executives to meet long-term goals, facilitate retention and contribute to competitiveness of the overall remuneration package. The quantum of LTI takes into account market levels of total remuneration opportunity and the incentive mix.</p> <p>The CEO has a maximum LTI equal to 100% of Fixed Remuneration and other Executives equivalent to 60% of Fixed Remuneration.</p> <p>The number of SARs to be granted will be calculated by dividing the total grant value by the Black Scholes value. The Black Scholes calculation will use Gateway's volume weighted average price over the five trading days following the release of the full year financial results and assuming that all SARs will vest. There is no discount for vesting probabilities.</p> <p>The Board has decided to use a Black Scholes method as:</p> <ul style="list-style-type: none"> It is considered a valid value of an equity instrument at the date of grant; and It is a generally accepted methodology which can be verified by an independent advisor. 	
Instrument	<p>All LTI grants are delivered in the form of SARs, i.e. a conditional entitlement to a fully paid ordinary security at zero price, subject to satisfaction of two performance conditions. Nothing is payable by the executives if and when SARs vest. The Board has discretion to settle the SARs in cash if they vest after an executive has ceased employment and is deemed to be a good leaver.</p> <p>Upon vesting of SARs, securities will automatically be allocated to the Executives. Trading in these securities is subject to compliance with the Group's Securities Trading Policy.</p>	
Restrictions	Executives are prohibited from protecting the value of any unvested or restricted equity awards allocated to them. Executives are also not permitted to use unvested or restricted equity awards as collateral in any financial transactions, including hedging and margin loan arrangements.	
Clawback and Board discretion	<p>The Board retains a broad discretion to:</p> <ul style="list-style-type: none"> Under exceptional circumstances, exercise its discretion so that executives are neither advantaged nor disadvantaged by extraneous events outside the control of management, if it judges that this results in a better governance outcome and remuneration alignment to securityholders; Reduce or clawback LTI awards in certain circumstances to ensure that no inappropriate benefit is obtained by executives. The Board's discretion applies to vested (but unexercised) and unvested SARs; and Exercise discretion where the participant has acted fraudulently or dishonestly or is in material breach of their obligations to the Group; or where the Group becomes aware of material misstatement or omission in the financial statements of the Group; or any circumstances occur that the Board determines to have resulted in an unfair benefit to the recipient. 	

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	<p>SARs will lapse:</p> <ul style="list-style-type: none"> Where the relevant participant resigns or is terminated for cause; or Where the relevant participant commits an act of fraud, major negligence or material financial misstatement.
Change of control	In the event of a change of control, the Board may determine in its absolute discretion that some or all SARs will vest, having regard to all relevant considerations. If the Board does not make a determination, SARs will vest on a pro rata basis based on the proportion of the Performance Period that has elapsed.
Distribution equivalent payment	<p>On vesting and exercise of SARs, participants will be entitled to receive a distribution equivalent payment in the form of additional securities.</p> <p>Distributions are not paid on unvested SARs awarded. This ensures executives are only rewarded when performance hurdles have been achieved at the end of the Performance Period and SARs have vested and been exercised.</p>

4. Group performance and FY17 Remuneration outcomes

In order to assist securityholders in understanding the cash and other benefits received by executives with respect to FY17, the Group has voluntarily disclosed 'actual' remuneration received by executives. The information provided below contains non-IFRS information (that is, it has not been prepared in accordance with Australian Accounting Standards). See Statutory and Security-based Reporting (Section 7) of this report for statutory remuneration disclosures that have been prepared in accordance with the Australian Accounting Standards.

We have included the following information for all executives for their term as KMP during FY17:

- Fixed Remuneration earned in FY17, including superannuation;
- Non-monetary benefits paid in FY17;
- Termination benefits paid in FY17;
- STI payable in cash in respect of FY17 performance;
- Deferred STI that vested during FY17; and
- LTI that vested during FY17.

The table below excludes the accounting expenses of equity grants and other long-term benefits such as annual and long service leave awards and sets out the actual value of remuneration received by KMP during FY17.

Actual Remuneration Received in Respect of FY17

Executive	Fixed Remuneration (including superannuation) \$A	Other cash \$A	Non- monetary benefits \$A	Termination benefits \$A	STI cash \$A	STI Deferred ³ \$A	LTI Awards ⁴ \$A	Total \$A
T Ottawa	655,718	18,461	-	-	-	-	-	674,179
O Kemp ¹	153,186	7,092	-	-	-	-	-	160,278
M Bosel ²	110,680	4,960	-	-	-	-	-	115,370
Former KMP								
J Wong ⁶	161,968	4,615		96,796 ⁵				263,379

1 Owen Kemp was appointed CFO and commenced as a KMP on 14 February 2017

2 Mike Bosel was appointed COO and commenced as a KMP on 27 March 2017

3 Deferred STI that vested during FY17

4 LTI awards that vested during FY17

5 Payment in lieu of notice

6 John Wong ceased to be a KMP on 9 November 2016

Fixed Remuneration outcomes for FY17

FY17 Fixed Remunerations outcomes	<p>In FY17, there was no increase to Fixed Remuneration for Trent Ottawa.</p> <p>Given that Owen Kemp and Mike Bosel commenced in their respective roles during FY17, there has been no change to Fixed Remuneration for either executive.</p>
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Short-Term Incentives outcomes for FY17

FY17 performance overview	The Group’s performance was assessed by the Board. The non-financial metrics, including health, safety and environment and employee engagement, were met for FY17 reflecting the importance the Company places on these metrics. However, the STI financial performance metrics were not met and as a result, the Executives did not receive an STI payment in respect of FY17.			
	The table below shows the performance of GTY:			
		FY15	FY16	FY17

FY17 STI outcomes	Statutory profit (\$M)	n/a	38.9	59.7
	Distributable Earnings	n/a	38.8	39.5
	Security price as at 30 June (\$)	2.02	2.87	1.95
	Distribution per security (\$)	n/a	0.1088	0.0910
	Gateway TSR %	n/a	47.26	(29.05)
<p>In defining the outcome of the FY17 STI, the Board sought guidance from the Remuneration and Nomination Committee.</p> <p>Following the Board's assessment of the Group performance, it was agreed that no STI payments would be made to executives in respect of FY17.</p>				

Long-Term Incentives

LTI awarded in FY17	In FY17, the CEO received two LTI awards with respect to FY16 and FY17, each equivalent to 100% of Fixed Remuneration, for three year Performance Periods ending on the release of the FY18 and FY19 results, which were approved by securityholders at the 2016 Annual General Meeting. Owen Kemp received an LTI award equivalent to 60% of Fixed Remuneration for a three year Performance Period ending on the release of the FY19 results.																											
LTI quantum for FY17	<p>The table below shows LTI grants made during FY17 subject to performance conditions over a three year performance period.</p> <table> <tr> <th>Executive</th><th>Grant Date</th><th>Vesting Date¹</th><th>Base Price</th><th>SARs Granted</th><th>Fair Value of SARs^{2, 3}</th></tr> <tr> <td rowspan="2">T Ottawa</td><td>18/11/16</td><td>After FY18 results</td><td>\$2.34</td><td>1,366,465</td><td>\$1,009,272</td></tr> <tr> <td>18/11/16</td><td>After FY19 results</td><td>\$2.48</td><td>1,159,682</td><td>\$851,091</td></tr> <tr> <td>O Kemp</td><td>28/02/17</td><td>After FY19 results</td><td>\$2.48</td><td>394,610</td><td>\$153,523</td></tr> </table> <p>1 Vesting Date refers to the date at which the performance conditions are tested. The rights convert to securities subject to performance over the three year performance period</p> <p>2 Fair value is determined using a Monte Carlo simulation for the TSR component</p> <p>3 Accounting standards require the estimated valuation of the grants recouped over the Performance Period. The minimum value of the grant is nil if the performance conditions are not met. The maximum value is based on the estimate (fair value calculation) at the time of grant and amortised in accordance with the accounting standard treatment</p>					Executive	Grant Date	Vesting Date ¹	Base Price	SARs Granted	Fair Value of SARs ^{2, 3}	T Ottawa	18/11/16	After FY18 results	\$2.34	1,366,465	\$1,009,272	18/11/16	After FY19 results	\$2.48	1,159,682	\$851,091	O Kemp	28/02/17	After FY19 results	\$2.48	394,610	\$153,523
Executive	Grant Date	Vesting Date ¹	Base Price	SARs Granted	Fair Value of SARs ^{2, 3}																							
T Ottawa	18/11/16	After FY18 results	\$2.34	1,366,465	\$1,009,272																							
	18/11/16	After FY19 results	\$2.48	1,159,682	\$851,091																							
O Kemp	28/02/17	After FY19 results	\$2.48	394,610	\$153,523																							
Awards vesting in FY17	No SARs were eligible to vest during FY17 as the first grant under the LTI plan was issued with a Performance Period commencing from FY16.																											

Summary of Executives' Contractual Arrangements

Remuneration and other terms of employment for the executives are formalised in Service Agreements. These Service Agreements are of a continuing nature and have no fixed term of service. Owen Kemp commenced in the role of CFO on 14 February 2017 and Mike Bosel in the role of COO on 27 March 2017.

The key terms of the Service Agreements for the CEO and other executive KMPs are summarised below:

	Contract Term	Employee	Notice period Group	Termination payment ¹
Executive KMP	No fixed term	6 months	6 months	12 months

1. Payable if GTY initiates termination, including mutually agreed resignation, of the employee with notice, for reasons other than unsatisfactory performance

5. Non-Executive Director remuneration

Remuneration Policy

Non-Executive Directors are paid fees for services on the Board and committees. Non-Executive Directors do not receive any performance-related incentives such as options or rights to shares, and no retirement benefits are provided other than superannuation contributions.

The maximum aggregate remuneration available to the Non-Executive Directors is currently \$750,000 per annum.

Non-Executive Director Fees

The table below shows the fee policy for Non-Executive Directors (inclusive of superannuation).

	Chair	Member
Board	\$120,000	\$100,000

There was no increase to fees to Non-Executive Directors during FY17.

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Remuneration report
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Non-Executive Directors may be paid additional or special remuneration or provided benefits as may be appropriate where a Non-Executive Director performs extra or special services, including being a member of additional committees. However, there were no additional fees for special duties or exertions paid to Non-Executive Directors during FY17 or for being members of the Board Committees, including the Remuneration and Nomination Committee and the Audit and Risk Management Committee. The Non-Executive Directors are reimbursed for expenses properly incurred in performing their duties as Directors of the Company.

The directors of One Managed Investment Funds Limited (OMIFL) do not receive fees from the Group. OMIFL receives fees under the constitution of the RPT2 Trust.

Non-Executive Director Securityholdings

No fees were paid to Non-Executive Directors for FY15. Instead each of the Non-Executive Directors was issued 25,000 stapled securities at the time of listing, with an equivalent value of \$50,000. Each of the Non-Executive Directors entered into a voluntary escrow deed for these stapled securities. During the relevant escrow period, the Non-Executive Directors may only deal with their stapled securities in accordance with the voluntary escrow deed. In addition, the voluntary escrow deeds for the Non-Executive Directors require forfeiture of their escrow stapled securities for a nominal amount if the Director leaves the Group during the escrow period.

In accordance with the terms of the voluntary escrow deed, 50% of the escrowed stapled securities held by each of the Non-Executive Directors will be released from escrow on 31 August 2017. The remaining 50% will be released on 31 August 2018, subject to the terms of the Escrow Deeds.

NED Minimum Securityholding

In order to further strengthen the alignment of interests between Non-Executive Directors and securityholders, each Non-Executive Director is expected to hold a minimum securityholding of GTY stapled securities equivalent to one year of base fees. The securities can be acquired over a three year period from the date of their appointment or with respect to current Non-Executive Directors within three years from adoption of this recommendation.

Non-Executive Director Remuneration for FY17

The following table sets out the statutory disclosures required under the *Corporations Act 2001 (Cth)* and in accordance with Australian Accounting Standards remuneration for Non-Executive Directors for FY17.

		Short-term benefits		Post-employment benefits	Equity	Total
		Board Fees	Other	Superannuation	Value of share stapled securities	
		A\$	A\$	A\$	A\$	A\$
Gateway Lifestyle Group						
Mr A Love	2017	109,589	-	10,411	-	120,000
	2016	109,589	-	10,411	-	120,000
Mr A Fay	2017	91,324	-	8,676	-	100,000
	2016	91,324	-	8,676	-	100,000
Mr S Newton	2017	100,000	-	-	-	100,000
	2016	100,000	-	-	-	100,000
Ms R Launderers	2017	91,324	-	8,676	-	100,000
	2016	91,324	-	8,676	-	100,000
Total	2017	392,237	-	27,763	-	420,000
	2016	392,237	-	27,763	-	420,000

6. Remuneration governance framework

The Board has overall responsibility for making decisions about the remuneration of KMP. The Board engages with securityholders and other stakeholders as required to update and improve Group remuneration policies and practices in recognition of investor expectations and Australian corporate governance best practice. In support of this, the Board has established a Remuneration and Nomination Committee that operates under the Remuneration and Nomination Committee Charter and the Remuneration Policy, which are both publicly disclosed on the Group website.

Gateway Lifestyle Group
Remuneration report
30 June 2017

The remuneration framework sets out the principles for guiding the Group's decisions regarding executive remuneration and securities and is designed to:

- Attract, motivate and retain high performing individuals focused upon achieving the Group's objectives by offering Fixed Remuneration commensurate with the respective roles and responsibilities and accounting for market factors;
- Link "at risk" incentives based on short-term performance goals aligned to the Group strategy and rigorous financial metrics which are set and reviewed annually;
- Align the longer-term "at risk" incentive rewards with expectations and outcomes that align with securityholders' interests which assess performance over a minimum three-year period;
- Align the interests of employees and stakeholders by linking individual and company performance with remuneration outcomes;
- Reward employees for financial and non-financial performance aligned with business objectives; and
- Drive behaviour and focus performance in alignment with business objectives by setting key performance measures and targets for individuals and the Group aligned with these objectives.

Remuneration Consultant

During the financial year, the Board engaged Guerdon Associates as its independent consultant to provide information on remuneration matters. The Chair of the Remuneration and Nomination Committee oversees the engagement of remuneration services for, and payment of, the independent consultant. No remuneration recommendations as defined under Division 1, Part 1.2.98 (1) of the *Corporations Act 2001*, were made by Guerdon Associates.

The Board was satisfied that advice received from Guerdon Associates was free from any undue influence by KMP, because strict protocols were observed and complied with regarding any interaction between Guerdon Associates and management. All remuneration advice was provided directly to the Chair of the Remuneration and Nomination Committee.

7. Statutory and security-based reporting

Statutory Details of Executives' Remuneration FY17

The table below outlines the remuneration of executives for the year ended 30 June 2017:

		Short-term benefits				Post-employment benefits	SARs ⁴	Equity-based payments	Termination payments	Total
		Salary and fees ¹	Other ²	Salary sacrifice	STI ³	Superannuation		Equity settled		
		A\$	A\$	A\$	A\$	A\$	A\$	A\$	A\$	A\$
Gateway Lifestyle Group										
Trent Ottawa	2017	636,102	18,461	-	-	19,616	690,754	-	-	1,364,933
	2016	618,462	12,000	-	-	19,308	-	-	-	649,770
Owen Kemp ⁵	2017	139,896	7,092	-	-	13,290	38,656	-	-	198,934
	2016	-	-	-	-	-	-	-	-	-
Mike Bosel ⁶	2017	101,078	4,960	-	-	9,602	-	-	-	115,640
	2016	-	-	-	-	-	-	-	-	-
John Wong ⁷	2017	147,916	4,615	-	-	14,052	-	-	96,796 ⁸	263,379
	2016	530,769	12,000	-	-	19,308	-	-	-	562,077
Robert Nichols ⁹	2017	-	-	-	-	-	-	-	-	-
	2016	269,231	6,000	-	-	19,308	-	-	-	294,539
Total	2017	1,024,992	35,128	-	-	56,560	729,410	-	96,796	1,942,887
	2016	1,418,462	30,000	-	-	57,924	-	-	-	1,506,386

¹ Salary and fees include accrued annual leave during the financial year

² Other includes motor vehicle allowance and other allowances

³ The financial performance metrics for FY17 STI were not achieved

⁴ Accounting standards require the estimated valuation of the grants recognised over the three year period

⁵ Owen Kemp commenced as a KMP on 14 February 2017

⁶ Mike Bosel commenced as a KMP on 27 March 2017

⁷ John Wong ceased to be a KMP on 9 November 2016, but remained as an employee until 28 February 2017. The remuneration reflects the period he was a KMP

⁸ Payment in lieu of notice

⁹ Rob Nichols ceased to be a KMP on 31 December 2015. The remuneration reflects the period he was a KMP

Gateway Lifestyle Group
Remuneration report
30 June 2017

Securityholding of Key Management Personnel

The following table details the number of stapled securities and unvested equity (SARs) held by KMPs, either directly or indirectly or beneficially during the reporting period ended 30 June 2017:

Securities

	Opening Balance 30 June 2016	Number of escrowed securities	Purchased during FY17 ¹	Closing Balance 30 June 2017
Mr A J Love	415,046	25,000 ²	-	415,046
Ms R Lauanders	45,334	25,000 ²	-	45,334
Mr A Fay	89,163	25,000 ²	140,000	229,721
Mr S Newton	41,610	25,000 ²	-	41,610
Mr T Ottawa	12,875,878	12,875,878 ²	200,000	13,075,878
Mr O Kemp ³	-	-	-	-
Mr M Bosel ⁴	-	-	-	-
Mr J Wong ⁵	375,000	375,000 ²	-	-

1. Includes purchases on market
2. 50% stapled securities will be released from escrow on 31 August 2017 in accordance with the terms of the voluntary escrow deed. Any dealing of the securities by Non-Executive Directors and Trent Ottawa are subject to the requirements of Gateway's Securities Trading Policy and a copy of the policy is available at www.gatewaylifestyle.com.au
3. Owen Kemp commenced as a KMP on 14 February 2017
4. Mike Bosel commenced as a KMP on 27 March 2017
5. John Wong ceased to be a KMP on 9 November 2016, but remained as an employee until 28 February 2017

LTI (SARs)

	Grant date	Expiry date	Base price	Balance 30 June 2016	Granted	Exercised	Expired/ forfeited/ other	Balance 30 June 2017	Maximum Fair Value Yet to Vest A\$
Mr T Ottawa	18/11/16	17/11/20	\$2.34	-	1,366,465	-	-	1,366,465	1,009,272
	18/11/16	17/11/20	\$2.48	-	1,159,682	-	-	1,159,682	851,091
Mr O Kemp	28/02/17	27/02/21	\$2.48	-	394,610	-	-	394,610	153,523
				-	2,920,757	-	-	2,920,757	2,013,885

The number of escrowed securities for each of the KMPs is listed in the table above. Each of the KMPs has entered into a voluntary escrow deed for these stapled securities. Pursuant to the terms of the voluntary escrow deeds, 50% of the escrowed stapled securities will be released on 31 August 2017. During the relevant escrow period, the KMPs may only deal with their stapled securities in accordance with the voluntary escrow deed.

The Group's Securities Trading Policy applies to all directors, Executive Directors and their related parties and sets out the procedures and principles that apply to trading in Gateway Lifestyle securities. A copy of the Securities Trading Policy is available on the website at www.gatewaylifestyle.com.au.

Other Transactions with KMPs

There are no other transactions between any of the KMPs with any of the companies which are related to or provide services to the Group unless disclosed in this report.



Annual Financial Report

Gateway Lifestyle Group
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30 June 2017

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Gateway Lifestyle Group
General information
30 June 2017

As permitted by ASIC Class Order 13/1050 'Financial reporting by stapled entities'. The financial statements are a combined report that presents the consolidated financial statements and accompanying notes of both:

- Gateway Lifestyle Operations Limited and Residential Parks No. 2 Trust and their controlled entities (Gateway Lifestyle Group as consolidated financial statements of the stapled group); and
- Residential Parks No. 2 Trust and its controlled entities (RPT2 Group).

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

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 Group's 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 30 August 2017. The Directors have the power to amend and reissue the financial statements.

Gateway Lifestyle Group
Statements of profit or loss and other comprehensive income
For the year ended 30 June 2017

		Gateway Lifestyle Group		RPT2 Group	
		30 Jun 2017	30 Jun 2016	30 Jun 2017	30 Jun 2016
	Note	\$'000	\$'000	\$'000	\$'000
Revenue	4	118,945	113,802	39,027	46,403
Other income	5	286	1,169	91	1,031
Net fair value adjustments		24,951	1,214	33,988	12,175
Expenses					
Investment property expense	6	(15,854)	(12,160)	-	-
Manufactured home sale expense	6	(32,423)	(37,820)	-	-
Sales and marketing expense		(1,175)	(1,442)	-	-
Employee benefits expense	6	(23,636)	(19,228)	-	-
Administration expense		(6,037)	(6,005)	(9,555)	646
Finance costs	6	(6,406)	(6,766)	(6,391)	(5,324)
Profit before income tax benefit/(expense)		58,651	32,764	57,159	54,931
Income tax benefit/(expense)		1,061	6,163	1,356	(440)
Profit after income tax benefit/(expense) for the half-year		59,712	38,927	58,515	54,491
Other comprehensive income for the half-year, net of tax		-	-	-	-
Total comprehensive income for the half-year		59,712	38,927	58,515	54,491
Profit for the half-year is attributable to:					
Securityholders of Gateway Lifestyle Operations Limited		1,197	(15,564)	-	-
Unitholders of Residential Parks No.2 Trust		58,515	54,491	58,515	54,491
Total comprehensive income for the half-year is attributable to:					
Securityholders of Gateway Lifestyle Operations Limited		1,197	(15,564)	-	-
Unitholders of Residential Parks No.2 Trust		58,515	54,491	58,515	54,491
		59,712	38,927	58,515	54,491
		Cents	Cents	Cents	Cents
Basic earnings per stapled security (based on stapled securities issued as at 30 June 2017)	36	19.94	14.65	n/a	n/a
Diluted earnings per stapled security (based on stapled securities issued as at 30 June 2017)	36	19.80	12.91	n/a	n/a
Basic earnings per unit (based on stapled securities issued as at 30 June 2017)	36	n/a	n/a	19.54	20.50
Diluted earnings per unit (based on stapled securities issued as at 30 June 2017)	36	n/a	n/a	19.41	18.07

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

Gateway Lifestyle Group
Statements of financial position
As at 30 June 2017

		Gateway Lifestyle Group		RPT2 Group	
		30 Jun 2017	30 Jun 2016	30 Jun 2017	30 Jun 2016
Note		\$'000	\$'000	\$'000	\$'000
Assets					
Current assets					
	8	22,593	18,563	517	200
	9	5,930	4,006	655	777
	10	18,314	9,353	-	-
	11	1,439	2,102	-	-
Total current assets		48,276	34,024	1,172	977
Non-current assets					
		-	-	175,511	172,944
	12	622,807	516,145	563,565	461,167
		494	701	-	-
	13	140,894	140,738	85,376	85,376
	25	-	13	-	13
	14	9,715	10,219	-	3
Total non-current assets		773,910	667,816	824,452	719,503
Total assets		822,186	701,840	825,624	720,480
Liabilities					
Current liabilities					
	15	20,866	9,459	4,569	1,148
	15	5,516	2,139	-	-
	17	84	115	80	102
		4,487	6,548	4,487	6,247
		1,205	896	-	-
	16	18,019	17,350	16,766	16,676
Total current liabilities		50,177	36,507	25,902	24,173
Non-current liabilities					
	17	178,158	103,330	178,158	105,760
	18	174	-	174	-
	19	1,171	1,598	1,169	1,595
		32	106	-	-
	20	178	1,264	-	-
Total non-current liabilities		179,713	106,298	179,501	107,355
Total liabilities		229,889	142,805	205,403	131,528
Net assets		592,297	559,035	620,221	588,952
Equity					
	21	(3,603)	(3,603)	-	-
		(325)	(325)	-	-
	22	938	142	-	-
		(24,934)	(26,131)	-	-
Deficiency in equity attributable to the owners of Gateway Lifestyle Group		(27,924)	(29,917)	-	-
Equity attributable to unitholders of the Trust	23	620,221	588,952	620,221	588,952
Total equity		592,297	559,035	620,221	588,952

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

Gateway Lifestyle Group
Statements of changes in equity
For the year ended 30 June 2017

	Attributable to members of the Company					Attributable to unitholders of the Trust				Gateway Lifestyle Group Total Equity
	Contributed equity	Treasury stapled securities	Reserves	Retained profits/ (accumulated losses)	Total	Contributed equity	Reserves	Retained profits/ (accumulated losses)	Total	
Gateway Lifestyle Group	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'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 year	-	-	-	1,197	1,197	-	-	58,515	58,515	59,712
Other comprehensive income for the half-year, net of tax	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	1,197	1,197	-	-	58,515	58,515	59,712
<i>Transactions with owners in their capacity as owners:</i>										
Security-based payments (Note 37)	-	-	796	-	796	-	-	-	-	796
Distributions	-	-	-	-	-	-	-	(27,246)	(27,246)	(27,246)
Balance at 30 Jun 2017	(3,603)	(325)	938	(24,934)	(27,924)	587,024	(636)	33,833	620,221	592,297

	Attributable to members of the Company					Attributable to unitholders of the Trust				Gateway Lifestyle Group Total Equity
	Contributed equity	Treasury stapled securities	Reserves	Retained profits/ (accumulated losses)	Total	Contributed equity	Reserves	Retained profits/ (accumulated losses)	Total	
Gateway Lifestyle Group	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'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 year	-	-	-	(15,563)	(15,563)	-	-	54,490	54,490	38,927
Other comprehensive income for the year, net of tax	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(15,563)	(15,563)	-	-	54,490	54,490	38,927
<i>Transactions with owners in their capacity as owners:</i>										
Contributions of equity, net of transaction costs (Note 21)	(750)	-	-	-	(750)	116,320	-	-	116,320	115,570
Security-based payments (Note 37)	-	-	142	-	142	-	-	-	-	142
Distributions	-	-	-	-	-	-	-	(29,919)	(29,919)	(29,919)
Balance at 30 Jun 2016	(3,603)	(325)	142	(26,131)	(29,917)	587,024	(636)	2,564	588,952	559,035

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

Gateway Lifestyle Group
Statements of cash flows
For the year ended 30 June 2017

	Gateway Lifestyle Group		RPT2 Group	
	30 Jun 2017	30 Jun 2016	30 Jun 2017	30 Jun 2016
Note	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Receipts from customers	123,031	120,470	32,091	51,508
Payments to employees and suppliers	(84,104)	(84,582)	(8,261)	(2,191)
	38,927	35,888	23,830	49,317
Interest received	138	138	4,236	8,285
Interest and other finance costs paid	(6,402)	(3,478)	(6,393)	(4,413)
Transactional costs (paid)/refunded	-	(280)	-	-
Income tax paid	(924)	(492)	(829)	(52)
Net cash from operating activities	31,739	31,776	20,844	53,137
Cash flows from investing activities				
Payment for purchase of business (net of cash acquired)	-	-	-	(9,634)
Payments for investment properties	(46,389)	(157,894)	(33,832)	(120,753)
Payments for improvements and additions to investment properties	(29,058)	(20,295)	(32,287)	(19,078)
Proceeds from sale of investment properties	760	1,913	760	1,910
Payments for plant and equipment and intangibles	(410)	(917)	-	-
Advance of loans to related parties	-	-	(2,569)	(62,775)
Repayment of loans by related parties	-	445	-	-
Net cash used in investing activities	(75,097)	(176,748)	(67,928)	(210,330)
Cash flows from financing activities				
Proceeds from issue of equity	-	120,000	-	120,000
Payment for equity issue costs	-	(4,772)	-	(3,680)
Proceeds from borrowings	74,700	192,810	74,700	192,810
Payment of borrowing costs	-	(2,001)	-	-
Repayment of borrowings	-	(140,060)	-	(140,060)
Distributions paid	(27,155)	(13,243)	(27,155)	(13,243)
Repayment of finance leases	(157)	-	(144)	-
Other financing cash flows	-	274	-	-
Net cash from financing activities	47,388	153,008	47,401	155,827
Net increase/(decrease) in cash and cash equivalents	4,030	8,036	317	(1,366)
Cash and cash equivalents at the beginning of the financial half-year	18,563	10,527	200	1,566
Cash and cash equivalents at the end of the financial half-year	22,593	18,563	517	200

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

Gateway Lifestyle Group
Notes to the financial statements
30 June 2017

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group 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 those entities.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Excess of current liabilities over current assets

As at 30 June 2017, current liabilities exceeded current assets for the Group by \$1,901,000 (30 June 2016: \$1,756,000) and for RPT2 Group, by \$24,730,000 (30 June 2016: \$22,466,000). These deficiencies are mainly attributable to the provisions for distributions payable of \$16,766,000 (30 June 2016: 16,676,000) and deposits held of \$5,516,000 (30 June 2016: 2,139,000) which are required to be recognised as current liabilities by Gateway Lifestyle Group.

Distributions will be paid on 15 September 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.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB).

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of investment properties, inventory measured at lower of cost or net realisable value and derivative financial instruments measured at fair value on initial recognition or ongoing.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.

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.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entities, Gateway Lifestyle Operations Limited and the Residential Parks No. 2 Trust, are disclosed in Note 32.

Principles of consolidation

The combined financial statements incorporate the assets and liabilities of all subsidiaries of Gateway Lifestyle Group and the RPT2 Group as at 30 June 2017.

Subsidiaries are all those entities over which Gateway Lifestyle Group and the RPT2 Group have control. Gateway Lifestyle Group or the RPT2 Group control an entity when it 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. Subsidiaries are fully consolidated from the date on which control is transferred to Gateway Lifestyle Group or the RPT2 Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Gateway Lifestyle Group and the RPT2 Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where Gateway Lifestyle Group or the RPT2 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. Gateway Lifestyle Group or the RPT2 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.

Note 1. Significant accounting policies (continued)

Interests in subsidiaries are accounted for at cost, less any impairment, in the parent entity. Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers (CODM). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to Gateway Lifestyle Group or the RPT2 Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Rent from investment properties

Rent revenue from investment properties is recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as part of the rental revenue. Contingent rentals are recognised as income in the period when earned.

Sale of manufactured homes

Sale of manufactured homes revenue is recognised when significant risks and rewards of ownership have passed to the buyer, usually when settlement occurs. Amounts disclosed as revenue are net of sales returns and trade discounts.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets is reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Gateway Lifestyle Operations Limited and its wholly-owned Australian subsidiaries, and Maroochydore Park Holdings Pty Limited and its wholly-owned Australian subsidiaries, have formed two income tax consolidated groups under the tax consolidation regime. Gateway Lifestyle Operations Limited and Maroochydore Park Holdings Pty Limited are the head entities in each of the groups. The head entities and each subsidiary in the tax consolidated groups continue to account for their own current and deferred tax amounts. The tax consolidated groups have applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated groups.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Note 1. Significant accounting policies (continued)

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Inventories

Inventory (manufactured homes under construction) includes property under construction or re-development for sale in the ordinary course of business, measured at the lower of cost and net realisable value. Cost primarily includes amounts paid to contractors for construction, construction overheads and other related costs. Non-refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when paid.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimated cost of inventory property recognised in profit or loss on disposal is determined with reference to the specific costs incurred on the property sold.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivatives are classified as current or non-current depending on the expected period of realisation.

Cash flow hedges

Cash flow hedges are used to cover the Group's exposure to variability in cash flows that is attributable to particular risks associated with a recognised asset or liability or a firm commitment which could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income through the cash flow hedges reserve in equity, whilst the ineffective portion is recognised in profit or loss. Amounts taken to equity are transferred out of equity and included in the measurement of the hedged transaction when the forecast transaction occurs.

Cash flow hedges are tested for effectiveness on a regular basis both retrospectively and prospectively to ensure that each hedge is highly effective and continues to be designated as a cash flow hedge. If the forecast transaction is no longer expected to occur, the amounts recognised in equity are transferred to profit or loss.

If the hedging instrument is sold, terminated, expires, exercised without replacement or rollover, or if the hedge becomes ineffective and is no longer a designated hedge, the amounts previously recognised in equity remain in equity until the forecast transaction occurs.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Note 1. Significant accounting policies (continued)

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for loans and receivables carried at amortised cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. If there is a reversal of impairment, the reversal cannot exceed the amortised cost that would have been recognised had the impairment not been made and is reversed to profit or loss.

Investment properties

Investment properties comprise completed property that is held to earn rentals or for capital appreciation or both. Property held under a lease is classified as investment property when it is held to earn rentals or for capital appreciation or both, rather than for sale in the ordinary course of business or for use in production or administrative functions. Investment properties are initially recognised at cost, which includes purchase price and any directly attributable expenditure such as property transfer duty, professional fees and other transaction costs, and are subsequently remeasured at fair value. Movements in fair value are recognised directly to profit or loss.

Investment properties are derecognised when disposed of or when there is no future economic benefit expected.

Investment properties also include properties under construction for future use as investment properties. These are carried at fair value, or at cost where fair value cannot be reliably determined and the construction is incomplete. Chattels are included as part of investment properties in Gateway Lifestyle Group. Entities in RPT2 Group do not hold any chattels.

Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated to write off the net cost of each item of plant and equipment over their expected useful lives as follows:

Leasehold improvements	40 years – straight-line
Office furniture, computer and equipment	2 to 20 years – straight-line or declining value
Motor vehicles	8 to 12 years – straight-line or declining value

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Note 1. Significant accounting policies (continued)

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of five years.

Impairment of non-financial assets

Goodwill has an indefinite useful life so is not subject to amortisation and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

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. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method. Under this method, fees, costs, discounts and premiums that are yield-related are included as part of the carrying amount of the borrowing and amortised over its expected life.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Note 1. Significant accounting policies (continued)

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments

Employees (including senior executives) of the entity 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 (unvested equity compensation 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 entity'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 entity'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.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (further details are given in Note 36).

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, 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.

Contributed equity

All classes of trust units and stapled securities are classified as equity.

Incremental costs directly attributable to the issue of new equity instruments are shown in equity as a deduction, net of tax, from the proceeds.

Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in the share-based payments reserve. Share options exercised during the reporting period are satisfied with treasury shares.

Note 1. Significant accounting policies (continued)

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 the 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 acquirer.

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.

Goods and Services Tax (GST) and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Rounding of amounts

The Group is 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.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2017. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income (OCI). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an expected credit loss (ECL) model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The Group will adopt this standard from 1 July 2018 and the impact of its adoption is not expected to have any material impact on the Group's financial reporting in future periods.

Note 1. Significant accounting policies (continued)

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgements made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The Group will adopt this standard from 1 July 2018 and given that the Group currently recognises revenue upon the satisfaction of the performance obligation, the adoption of this standard is not expected to have a material effect.

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a right-of-use asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The Group will adopt this standard from 1 July 2019. The Group is currently the lessee of 21 non-cancellable operating leases, which will be included under this new standard. These leases relate to the Group's Sydney and Brisbane offices, which have a future minimum lease payments total of \$828,000, photocopiers, which have a future minimum lease payments total of \$4,000 and fleet vehicles, which have a future minimum lease payments total of \$1,200,000. The Group is also lessee of two finance leases (relating to the land component of investment properties), which are not expected to be materially impacted by the new standard because they are already substantially treated in the manner prescribed by the new standard.

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.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using Monte Carlo model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Fair value measurement hierarchy

The Group 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 observable inputs that require significant adjustments based on unobservable inputs.

Goodwill and other indefinite life intangible assets

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in Note 1. The recoverable amounts of cash-generating units have been 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.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The Group 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 Group 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.

Income tax

The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred consideration

The deferred consideration liability is the difference between the total purchase consideration, usually on an acquisition of a business combination, and the amounts paid or settled up to the reporting date, discounted to net present value. The Group applies provisional accounting for any business combination. Any reassessment of the liability during the earlier of the finalisation of the provisional accounting or 12 months from acquisition-date is adjusted for retrospectively as part of the provisional accounting rules in accordance with AASB 3 'Business Combinations'. Thereafter, at each reporting date, the deferred consideration liability is reassessed against revised estimates and any increase or decrease in the net present value of the liability will result in a corresponding gain or loss to profit or loss. The increase in the liability resulting from the passage of time is recognised as a finance cost.

Note 3. Segment information

Identification of reportable operating segments

Gateway Lifestyle Group

Gateway Lifestyle Group is organised into two main operating segments:

1. Operations – revenue generated through the collection of rental income from sites; and
2. Development – revenue generated through the sale of a manufactured home to a resident.

RPT2 Group

RPT2 Group operates only in the 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 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) and Distributable Earnings. 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 RPT2 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.

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Note 3. Segment information (continued)

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 30 Jun 2017	Operations \$'000	Development \$'000	Corporate \$'000	Total \$'000
Revenue				
Sales revenue	55,925	57,531	-	113,456
Other revenue	3,850	-	1,639	5,489
Total revenue	59,775	57,531	1,639	118,945
EBITDA	32,855	25,253	(17,541)	40,567
Depreciation and amortisation	-	-	(461)	(461)
Fair value gains/(losses)	-	-	24,951	24,951
Finance costs	-	-	(6,406)	(6,406)
Profit before income tax	32,855	25,253	543	58,651
Income tax expense				1,061
Profit after income tax				59,712
Depreciation				461
Net fair value (gain)/loss				(24,951)
Income tax (benefit)/expense				(1,061)
Amortisation of borrowing costs				670
Share-based payments expense				796
One-offs				3,966
Distributable earnings				39,593
Gateway Lifestyle Group 30 Jun 2016	Operations \$'000	Development \$'000	Corporate \$'000	Total \$'000
Revenue				
Sales revenue	45,173	64,118	-	109,291
Other revenue	2,664	-	1,847	4,511
Total revenue	47,837	64,118	1,847	113,802
EBITDA	31,129	26,298	(18,962)	38,465
Depreciation and amortisation	-	-	(148)	(148)
Fair value gains/(losses)	-	-	1,214	1,214
Finance costs	-	-	(6,766)	(6,766)
Profit before income tax	31,129	26,298	(24,662)	32,765
Income tax expense				6,163
Profit after income tax				38,928
Depreciation				148
Net fair value (gain)/loss				(1,214)
Income tax (benefit)/expense				(6,163)
Amortisation of borrowing costs				1,482
Share-based payments expense				142
One-offs				4,575
Distributable earnings				37,898

Gateway Lifestyle Group
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Note 3. Segment information (continued)

EBITDA is used by Gateway Lifestyle Group to evaluate the performance of the business without the non-cash impact of depreciation and amortisation, impairments, fair value gains or losses and before interest and tax charges. Distributable Earnings is a non-IFRS measure designed to present, in the opinion of the Directors, the results from the ongoing operating activities in a way that reflects underlying performance. Distributable earnings is Net profit after tax, adjusted for non-cash, one-off and non-recurring items. These items are required to be included in profit after income tax in accordance with Australian Accounting Standards.

Note 4. Revenue

	Gateway Lifestyle Group		RPT2 Group	
	30 Jun 2017	30 Jun 2016	30 Jun 2017	30 Jun 2016
	\$'000	\$'000	\$'000	\$'000
<i>Sales revenue</i>				
Rent from investment properties	55,925	45,173	34,790	38,117
Sales of manufactured homes	57,531	64,118	-	-
	113,456	109,291	34,790	38,117
<i>Other revenue</i>				
Interest	-	-	4,236	8,282
Other revenue	5,489	4,511	-	-
	5,489	4,511	4,236	8,282
Total revenue	118,945	113,802	39,026	46,399

Note 5. Other income

	Gateway Lifestyle Group		RPT2 Group	
	30 Jun 2017	30 Jun 2016	30 Jun 2017	30 Jun 2016
	\$'000	\$'000	\$'000	\$'000
Net gain on part disposal of investment property	98	1,032	91	1,031
Other revenue	188	141	-	-
Total revenue	286	1,173	91	1,031

Note 6. Expenses

	Gateway Lifestyle Group		RPT2 Group	
	30 Jun 2017	30 Jun 2016	30 Jun 2017	30 Jun 2016
	\$'000	\$'000	\$'000	\$'000
<i>Operations expenses</i>				
Direct costs – investment properties	15,854	12,160	-	-
<i>Development expenses</i>				
Costs of manufactured homes sold	32,423	37,820	-	-
<i>Depreciation and amortisation</i>				
Property, plant and equipment	343	100	-	-
Software	118	48	-	-
Total depreciation and amortisation	461	148	-	-
<i>Finance costs</i>				
Interest and finance charges paid/payable	4,189	3,856	4,044	3,291
Borrowing costs	2,348	2,910	2,348	2,028
Finance costs expensed	6,537	6,766	6,392	5,319
<i>Rental expense relating to operating leases</i>				
Minimum lease payments	646	221	-	-

Gateway Lifestyle Group
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Note 6. Expenses (continued)

	Gateway Lifestyle Group		RPT2 Group	
	30 Jun 2017	30 Jun 2016	30 Jun 2017	30 Jun 2016
	\$'000	\$'000	\$'000	\$'000
<i>Employment benefits expense</i>				
Salaries and wage expense	18,988	16,677	-	-
On-costs	3,268	2,158	-	-
Staff amenities	584	251	-	-
Security-based payment expense	796	142	-	-
Total employment expense	23,636	19,228	-	-

Note 7. Income tax expense/(benefit)

	Gateway Lifestyle Group		RPT2 Group	
	30 Jun 2017	30 Jun 2016	30 Jun 2017	30 Jun 2016
	\$'000	\$'000	\$'000	\$'000
Income tax expense/(benefit)				
Current tax	209	938	211	928
Deferred tax - origination and reversal of temporary differences	77	(7,032)	(426)	(520)
Adjustment recognised for prior periods	(1,347)	(59)	(1,141)	32
Aggregate income tax expense/(benefit)	(1,061)	(6,153)	(1,356)	440
Deferred tax included in income tax expense/(benefit) comprises:				
Increase in deferred tax assets (Note 14)	503	(6,515)	-	(3)
Decrease in deferred tax liabilities (Note 19)	(427)	(517)	(426)	(517)
Deferred tax - origination and reversal of temporary differences	76	(7,032)	(426)	(520)
Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate				
Profit before income tax (expense)/benefit	58,651	32,764	57,159	54,930
Tax at the statutory tax rate of 30%	17,595	9,829	17,148	16,479
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:				
Share-based payments	239	42	-	-
Transaction costs	-	(3)	-	-
Other non-deductible costs	10	99	-	-
Other deductible expenses	(270)	-	-	-
Non assessable trust income	(17,363)	(16,071)	(17,363)	(16,071)
Adjustment recognised for prior periods	211	(6,104)	(215)	408
Prior year temporary differences not recognised now recognised	(1,347)	(59)	(1,141)	32
	75	2	-	2
Income tax expense/(benefit)	(1,061)	(6,161)	(1,356)	442

	Gateway Lifestyle Group		RPT2 Group	
	30 Jun 2017	30 Jun 2016	30 Jun 2017	30 Jun 2016
	\$'000	\$'000	\$'000	\$'000
<i>Amounts credited directly to equity</i>				
Deferred tax assets (Note 14)	-	(272)	-	-

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Note 8. Current assets - cash and cash equivalents

	Gateway Lifestyle Group		RPT2 Group	
	30 Jun 2017	30 Jun 2016	30 Jun 2017	30 Jun 2016
	\$'000	\$'000	\$'000	\$'000
Cash on hand	65	111	-	-
Cash at bank	22,528	18,452	517	200
	22,593	18,563	517	200

Note 9. Current assets - trade and other receivables

	Gateway Lifestyle Group		RPT2 Group	
	30 Jun 2017	30 Jun 2016	30 Jun 2017	30 Jun 2016
	\$'000	\$'000	\$'000	\$'000
Trade receivables	3,386	3,621	-	-
Provision for impairment of receivables	(28)	(930)	-	-
Provision for impairment of receivables	3,358	2,691	-	-
Other receivables	1,002	1,060	-	-
GST receivable	1,570	255	655	777
	5,930	4,006	655	777

Impairment of receivables

The Group has recognised a loss of \$28,000 (30 June 2016: \$930,000) in profit or loss in respect of impairment of receivables for the year ended 30 June 2017.

The ageing of the impaired receivables provided for above are as follows:

	Gateway Lifestyle Group		RPT2 Group	
	30 Jun 2017	30 Jun 2016	30 Jun 2017	30 Jun 2016
	\$'000	\$'000	\$'000	\$'000
Over 6 months overdue	28	-	-	-

Movements in the provision for impairment of receivables are as follows:

	Gateway Lifestyle Group		RPT2 Group	
	30 Jun 2017	30 Jun 2016	30 Jun 2017	30 Jun 2016
	\$'000	\$'000	\$'000	\$'000
Additional provisions recognised	28	-	-	-

Past due but not impaired

Customers with balances past due but without provision for impairment of receivables amount to \$210,000 as at 30 June 2017 (\$991,000 as at 30 June 2016).

The Group did not consider a credit risk on the aggregate balances after reviewing the credit terms of customers based on recent collection practices.

The ageing of the past due but not impaired receivables are as follows:

	Gateway Lifestyle Group		RPT2 Group	
	30 Jun 2017	30 Jun 2016	30 Jun 2017	30 Jun 2016
	\$'000	\$'000	\$'000	\$'000
0 to 3 months overdue	53	271	-	-
3 to 6 months overdue	124	216	-	-
Over 6 months overdue	33	504	-	-

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Note 10. Current assets - inventories

	Gateway Lifestyle Group		RPT2 Group	
	30 Jun 2017	30 Jun 2016	30 Jun 2017	30 Jun 2016
	\$'000	\$'000	\$'000	\$'000
Manufactured homes under construction	18,314	9,353	-	-

Note 11. Current assets - other

	Gateway Lifestyle Group		RPT2 Group	
	30 Jun 2017	30 Jun 2016	30 Jun 2017	30 Jun 2016
	\$'000	\$'000	\$'000	\$'000
Prepayments	1,126	1,224	-	-
Deposits paid	125	715	-	-
Other assets	188	163	-	-
	1,439	2,102	-	-

Note 12. Non-current assets - investment properties

	Gateway Lifestyle Group		RPT2 Group	
	30 Jun 2017	30 Jun 2016	30 Jun 2017	30 Jun 2016
	\$'000	\$'000	\$'000	\$'000
Manufactured home estates - at fair value	622,807	516,145	563,566	462,391

Reconciliation

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	45,181	148,477	36,539	120,753
Disposals	(690)	(806)	(690)	(806)
Revaluation increments	24,688	1,012	37,641	12,176
Capitalised expenditure	37,483	20,296	28,908	19,078
Closing fair value	622,807	516,145	563,565	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 the Directors of Gateway Lifestyle Group 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, or 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 26 for further information on fair value measurement.

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Note 12. Non-current assets – investment properties (continued)

Residential land lease community	Date of purchase	Latest external valuation date	Valuation \$'000	Gateway Lifestyle Group Carrying amount		RPT2 Group Carrying amount	
				30-Jun-17 \$'000	30-Jun-16 \$'000	30-Jun-17 \$'000	30-Jun-16 \$'000
Bayside	Dec-09	Jun-17	14,250	14,250	12,997	12,762	11,235
Bass Hill	Aug-10	Feb-15	9,000	9,681	9,406	7,884	7,468
Goodna	Sep-11	Dec-16	6,500	6,552	5,537	37,380	5,419
Stanhope Gardens	Sep-11	Jun-17	38,500	38,500	30,000	6,459	28,599
Nepean Shores	Jun-12	Dec-16	18,000	18,217	16,050	15,434	12,536
Redlands	Aug-12	Jun-17	9,850	9,850	9,215	9,153	8,821
Grafton	Oct-12	Dec-16	12,000	13,705	10,923	12,455	9,426
Aspley	Dec-12	Aug-17	15,100	15,100	12,078	14,463	11,305
Oaklands	Jun-13	Aug-17	20,500	20,500	17,250	18,890	15,392
Yamba Waters	Aug-13	Jul-16	6,900	9,095	7,398	8,359	6,515
Coombabah	Oct-13	Jun-17	18,250	18,250	16,386	15,184	15,705
Regal Waters	Oct-13	Aug-17	15,600	15,600	13,208	17,666	12,696
Edgewater	Dec-13	Jun-17	18,750	18,750	15,926	14,421	14,630
Maroochy	Dec-13	Aug-17	16,000	16,000	16,000	17,666	14,044
Lakeland	Apr-14	Aug-17	13,900	13,900	12,111	9,087	12,050
Ocean Breeze	Apr-14	Aug-17	3,800	3,800	3,370	3,975	3,319
Redbank	Apr-14	Jul-17	11,950	11,950	10,010	3,824	9,924
Taskers	Apr-14	Dec-16	4,900	4,908	4,331	3,256	4,323
The Retreat	Apr-14	Aug-17	16,000	16,000	14,036	9,751	13,949
Acacia Ponds	May-14	Jul-17	4,650	4,650	4,040	2,317	3,257
Bremer Waters	May-14	Jul-17	15,100	15,100	12,600	7,486	12,492
Chinderah	May-14	Dec-16	4,200	4,430	4,252	3,750	3,820
Tweed Heritage	May-14	Aug-17	9,750	9,750	7,646	6,329	6,674
Benalla	Jun-14	Jul-15	4,615	4,000	4,882	9,406	3,975
Salamander Bay	Aug-14	Jun-17	10,650	10,650	9,462	6,398	8,430
Healesville	Oct-14	Jun-17	3,350	3,350	4,187	15,930	2,911
Snappy Gums	Oct-14	Dec-16	3,750	4,154	4,488	4,900	4,018
The Dunes	Oct-14	Dec-16	7,600	8,010	5,803	3,756	5,187
Ballarat	Nov-14	May-15	8,000	8,330	8,099	11,874	5,529
Greenbank	Nov-14	Oct-15	5,850	9,994	6,237	13,849	5,541
Valhalla	Nov-14	Jun-17	38,750	38,750	33,000	15,021	32,964
Lorikeet	Dec-14	Mar-15	6,500	6,988	6,516	9,391	6,244
Riverside	Dec-14	Jun-17	9,000	9,000	7,624	38,574	7,605
Sea Winds	Dec-14	Jul-17	9,500	9,500	7,558	7,418	7,498
The Pines	Dec-14	Mar-15	7,100	7,546	7,352	8,976	7,196
Twin Cedars	Dec-14	Jul-15	4,700	7,002	5,879	6,755	5,157
Myola	Sep-15	Aug-15	5,350	5,436	5,377	3,779	3,613
Beachfront	Oct-15	Jul-15	12,500	13,143	12,523	12,239	10,156
Moama	Oct-15	Aug-17	14,000	14,000	12,369	11,268	10,507
Belmont	Nov-15	Jul-17	13,350	13,350	12,952	10,084	11,945
Homestead	Nov-15	Sep-15	8,300	8,363	8,360	5,902	5,772
Ulladulla	Nov-15	Oct-15	10,000	10,642	10,544	12,525	9,902
Birubi	Dec-15	Sep-15	7,400	8,203	8,180	1,305	6,737
Failford	Dec-15	Feb-16	1,200	1,333	1,333	7,009	1,293
Old Bar	Feb-16	Jan-16	5,200	5,221	5,200	5,221	5,200
Casino	Mar-16	Sep-15	14,200	15,067	14,200	13,192	12,908
Albury	Apr-16	Mar-16	12,200	12,430	12,200	4,987	7,311
East Ocean Shores	Apr-16	Feb-16	4,500	4,668	4,500	7,741	1,713
Rainbow Waters	Apr-16	Jan-16	8,000	7,000	8,000	2,074	5,621
Redhead	Apr-16	Jun-17	17,750	17,750	14,500	17,045	13,665
Lakes Entrance	May-16	Mar-16	2,600	2,609	2,600	2,437	2,392
North Haven	May-16	Feb-16	7,450	7,509	7,450	6,836	6,578
Terrigal Sands	Jul-16	Jul-15	8,500	8,517	-	5,106	-
Rockhampton	Sep-16	Jun-16	10,000	10,633	-	6,571	-
Suncoast Ulladulla	Feb-17	Dec-16	3,900	4,121	-	3,620	-
Sundown Village	May-17	Feb-17	17,000	17,000	-	14,426	-
			606,215	622,807	516,145	563,566	461,167

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Note 13. Non-current assets – intangibles

	Gateway Lifestyle Group		RPT2 Group	
	30 Jun 2017	30 Jun 2016	30 Jun 2017	30 Jun 2016
	\$'000	\$'000	\$'000	\$'000
Goodwill (at cost)	140,359	140,359	85,376	85,376
Software (at cost)	694	427	-	-
Less: accumulated amortisation	(159)	(48)	-	-
Depreciation expense	535	379	-	-
Closing fair value	140,894	140,738	85,376	85,376

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Goodwill	Software	Total
	\$'000	\$'000	\$'000
Gateway Lifestyle Group			
Balance at 1 July 2015	140,359	-	140,359
Additions	-	329	329
Transfers in/(out)	-	98	98
Amortisation expense	-	(48)	(48)
Balance at 30 June 2016	140,359	379	140,738
Additions	-	268	268
Amortisation expense	-	(112)	(112)
Balance at 30 June 2017	140,359	535	140,894

Goodwill acquired through business combinations are allocated to the operations and development CGUs, which are also operating and reportable segments, for impairment testing.

	Gateway Lifestyle Group		RPT2 Group	
	30 Jun 2017	30 Jun 2016	30 Jun 2017	30 Jun 2016
	\$'000	\$'000	\$'000	\$'000
Carrying amount of goodwill allocated to each of the CGUs:				
Operations	90,000	90,000	85,376	85,376
Development	50,359	50,359	-	-
Goodwill at 30 June	140,359	140,359	85,376	85,376

Impairment testing Annual impairment tests were performed in June 2017 and June 2016.

Operations CGU

The recoverable amount of the manufactured home operations CGU, \$779,085,779 as at 30 June 2017 (30 June 2016: \$731,765,462), has been determined based on a value in use calculation using cash flow projections from Board approved financial budgets extrapolated by senior management to cover a five-year period. The pre-tax discount rate applied to cash flow projections is 7.6% and cash flows beyond the five year-period are extrapolated using a 3.0% growth rate. As a result of the analysis, there is headroom of approximately \$68,713,932 (30 June 2016: \$123,006,232) and management did not identify an impairment for this CGU.

Development CGU

The recoverable amount of the manufactured home development CGU, \$60,113,214 as at 30 June 2017 (30 June 2016: \$66,792,603), has been determined based on a value in use calculation using cash flow projections from Board approved financial budgets extrapolated by senior management to cover an eight year period. The pre-tax discount rate applied to cash flow projections is 15.6%. No cash flows are assumed beyond the Year 8 net cash inflows. As a result of the analysis, there is headroom of approximately \$3,697,163 (30 June 2016: \$13,629,411) and management did not identify an impairment for this CGU.

Key assumptions used in value-in-use calculations and sensitivity to changes in assumptions

The calculations are most sensitive to the following assumptions:

- Discount rates; and
- Growth rate estimates.

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Note 13. Non-current assets – intangibles (continued)

Discount rates

Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated into the cash flow estimates.

The following rises in the pre-tax discount rate would result in impairment:

- Operations – an increase to 8.1%
- Development – an increase to 17.0%

Growth rate estimates

The long term growth rates used to extrapolate the budgets are based on a pre-tax discount rate of 7.6% and terminal growth rate of 3% for the Operations CGU.

The following reductions in the long term growth rate would result in impairment:

- Operations – a reduction of the terminal growth rate to 2.5%.

Note 14. Non-current assets - deferred tax

	Gateway Lifestyle Group		RPT2 Group	
	30 Jun 2017	30 Jun 2016	30 Jun 2017	30 Jun 2016
	\$'000	\$'000	\$'000	\$'000
<i>Deferred tax asset comprises temporary differences attributable to:</i>				
Amounts recognised in profit or loss:				
Tax losses	7,848	7,120	-	-
Employee benefits	514	300	-	-
Accrued expenses	109	876	-	-
Deferred consideration payable	405	529	-	-
Provision for doubtful debts	8	-	-	-
Lease incentive liability	24	29	-	-
Capitalised borrowing costs	-	103	-	-
Expenses deductible over five years for tax purposes	807	990	-	3
	9,715	9,947	-	3
Amounts recognised in equity:				
Transaction costs on issue of stapled securities deductible over five years for tax purposes	-	272	-	-
Deferred tax asset	9,715	10,219	-	-
Movements:				
Opening balance	10,218	3,420	-	-
Credited to profit or loss (Note 7)	(503)	6,516	-	-
Credited to equity (Note 7)	-	272	-	-
Transfer in	-	11	-	-
Closing balance	9,715	10,219	-	-

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Note 15. Current liabilities - trade and other payables

	Gateway Lifestyle Group		RPT2 Group	
	30 Jun 2017	30 Jun 2016	30 Jun 2017	30 Jun 2016
	\$'000	\$'000	\$'000	\$'000
Trade payables	9,185	4,166	1,176	238
Accruals	10,386	4,224	2,675	-
Other payables	1,295	1,069	718	910
	20,866	9,459	4,569	1,148

Note 16. Current liabilities - provisions

	Gateway Lifestyle Group		RPT2 Group	
	30 Jun 2017	30 Jun 2016	30 Jun 2017	30 Jun 2016
	\$'000	\$'000	\$'000	\$'000
Deferred consideration	1,225	646	-	-
Lease incentives	28	28	-	-
Distribution payable	16,766	16,676	16,766	16,676
	18,019	17,350	16,766	16,676

Deferred consideration

The provision represents the obligation to pay contingent consideration following the acquisition of a business or assets. It is measured at the present value of the estimated liability. Refer to Note 20 for further details.

Lease incentives

The provision represents operating lease incentives received. The incentives are allocated to profit or loss in such a manner that the rent expense is recognised on a straight-line basis over the lease term. Refer to Note 20 for further details.

Distribution payable

The provision represents distributions declared, being appropriately authorised and no longer at the discretion of Gateway Lifestyle Group, on or before the end of the financial year but not distributed at the reporting date.

Movements in provisions

Movements in each class of provision during the current financial year, are set out below:

	Deferred consideration	Lease incentives	Distribution payable
	\$'000	\$'000	\$'000
Gateway Lifestyle Group			
30 Jun 2017			
Carrying amount at the start of the year	646	28	16,676
Additional provisions recognised	-	-	27,245
Amounts paid or utilised	(644)	(28)	(27,155)
Fair value movements	230	-	-
Transfer from non-current	993	28	-
Carrying amount at the end of the year	1,225	28	16,766

	Distribution payable
	\$'000
RPT2 Group	
30 Jun 2017	
Carrying amount at the start of the year	16,676
Additional provisions recognised	27,245
Amounts paid or utilised	(27,155)
Carrying amount at the end of the year	16,766

Gateway Lifestyle Group
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Note 17. Non-current liabilities - borrowings

	Gateway Lifestyle Group		RPT2 Group	
	30 Jun 2017	30 Jun 2016	30 Jun 2017	30 Jun 2016
	\$'000	\$'000	\$'000	\$'000
Bank loans	179,950	102,815	179,950	105,250
Borrowing costs	(2,181)	-	(2,181)	-
Lease liability	388	514	388	510
	178,157	103,329	178,157	105,760

Refer to Note 25 for further information on financial instruments.

The Group currently has a \$250,000,000 syndicated financing arrangement between Australia and New Zealand Banking Group and Commonwealth Bank of Australia Limited. Unamortised transaction costs of \$2,181,000 (30 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	
	30 Jun 2017	30 Jun 2016	30 Jun 2017	30 Jun 2016
	\$'000	\$'000	\$'000	\$'000
Bank loans	179,950	105,250	179,950	105,250
Borrowing costs	(2,181)	(2,435)	(2,181)	-
Lease liability	472	629	468	612
	178,241	103,444	178,237	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 Group and a first ranking real property mortgage in respect of each residential land lease community.

The current portion of the lease liability is as follows:

	Gateway Lifestyle Group		RPT2 Group	
	30 Jun 2017	30 Jun 2016	30 Jun 2017	30 Jun 2016
	\$'000	\$'000	\$'000	\$'000
Lease liability	84	115	80	102

Financing arrangements

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

	Gateway Lifestyle Group		RPT2 Group	
	30 Jun 2017	30 Jun 2016	30 Jun 2017	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	179,950	105,250	179,950	105,250
<i>Unused at reporting date</i>				
Bank loans	70,050	144,750	70,050	144,750

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Note 18. Non-current liabilities - derivative financial instruments

	Gateway Lifestyle Group		RPT2 Group	
	30 Jun 2017	30 Jun 2016	30 Jun 2017	30 Jun 2016
	\$'000	\$'000	\$'000	\$'000
Interest rate swap contracts - cash flow hedges	174	-	174	-

Note 19. Non-current liabilities - deferred tax

	Gateway Lifestyle Group		RPT2 Group	
	30 Jun 2017	30 Jun 2016	30 Jun 2017	30 Jun 2016
	\$'000	\$'000	\$'000	\$'000
<i>Deferred tax asset comprises temporary differences attributable to:</i>				
Amounts recognised in profit or loss:				
Excess of fair value over tax cost base of investment properties	1,171	1,598	1,169	1,595
Deferred tax liability	1,171	1,598	1,169	1,595
Movements:				
Opening balance	1,598	2,121	1,595	2,121
Credited to profit or loss (Note 7)	(427)	(523)	(436)	(526)
Closing balance	1,171	1,598	1,169	1,595

Note 20. Non-current liabilities - provisions

	Gateway Lifestyle Group		RPT2 Group	
	30 Jun 2017	30 Jun 2016	30 Jun 2017	30 Jun 2016
	\$'000	\$'000	\$'000	\$'000
Deferred consideration ¹	128	1,118	-	-
Lease incentives	53	69	-	-
Related party payable	-	77	-	-
	178	1,264	-	-

¹ Deferred purchase price consideration payable to the vendor was incurred prior to the date of when the Group first acquired an interest in the Valhalla Village (i.e. prior to the date of business combination). The amount is based on an earn-out arrangement depending on the construction, installation, renovation and sale of manufactured homes on the land held by Valhalla Village Pty Ltd. The earn-out arrangement commenced on 25 June 2014 for a period of 8 years and is capped at a maximum of \$3,000,000.

Deferred consideration

The provision represents the obligation to pay contingent consideration following the acquisition of a business or assets. It is measured at the present value of the estimated liability. Refer to Note 16 for current portion.

Lease incentives

The provision represents operating lease incentives received. The incentives are allocated to profit or loss in such a manner that the rent expense is recognised on a straight-line basis over the lease term. Refer to Note 16 for current portion.

Movements in provisions (current and non-current)

Movements in each class of provision during the current financial year, are set out below:

	Deferred consideration	Lease incentives	Related party payable	Total
	\$'000	\$'000	\$'000	\$'000
Gateway Lifestyle Group				
30 June 2017				
Carrying amount at the start of the year	1,118	69	77	1,264
Transfer to current	(993)	(16)	(77)	(1,086)
Carrying amount at the end of the year	125	53	-	178

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Note 21. Equity - contributed equity

The shares and stapled securities do not have a par value. Under the terms of the Stapling Agreement, one ordinary share and one unit were issued to each securityholders. Ordinary securities entitle the holder to participate in dividends and the proceeds on a winding up of the Gateway Lifestyle Group in proportion to the number of, and amounts paid on, the shares held.

The basis of allocation of any issue prices, withdrawal prices or associated costs between the stapled securities is determined in accordance with the Residential Parks No. 2 Trust's constitution and the Stapling Deed.

	Gateway Lifestyle Group			
	30 Jun 2017	30 Jun 2016	30 Jun 2017	30 Jun 2016
	No shares	No shares	\$'000	\$'000
Ordinary stapled securities - fully paid	299,397,735	299,397,735	(3,603)	(3,603)

Treasury stapled securities are issued in relation to security-based payments as set out in Note 37.

Details	Date	Securities	Issue price	\$'000
Balance	01 July 15	249,397,735		(2,853)
Issue of ordinary stapled securities		50,000,000	0.00	-
Transaction costs (net of tax)		-	0.00	(750)
Balance	30 June 16	299,397,735		(3,603)
Balance	30 June 17	299,397,735		(3,603)

Movements in contributed equity of the Company (Gateway Lifestyle Group)

Details	Date	Securities	Issue price	\$'000
Balance	01 July 15	249,397,735		470,704
Issue of ordinary stapled securities		50,000,000	2.4	120,000
Transaction costs (net of tax)		-	0.00	(3,680)
Balance	30 June 16	299,397,735		587,024
Balance	30 June 17	299,397,735		587,024

Share buy-back

There is no current on-market share buy-back.

Capital risk management

The Group aims to meet their strategic objectives and operational needs through the appropriate use of debt and equity, while taking account of the additional financial risks of higher debt levels.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In determining the optimal capital structure, the Group takes into account a number of factors, including the views of investors and the market in general, the capital needs of the portfolio, the relative cost of debt versus equity, the execution risk of raising equity or debt, and the additional financial risks of debt including increased volatility of earnings due to exposure to interest rate movements, the liquidity risk of maturing debt facilities and the potential for acceleration prior to maturity.

In assessing this risk, the Group takes into account the relative security of its income flows, the predictability of its expenses, its debt profile, the degree of hedging and the overall level of debt as measured by gearing.

The Group primarily monitors its capital position through the Loan to Value Ratio (LVR) and Interest Cover Ratio (ICR), which are the key covenants under the Group's \$250,000,000 multilateral debt facility.

The debt facility LVR is calculated as the sum of drawn-down bank debt, as a percentage of the fair value of properties pledged as security. The Group's strategy is to maintain a Net Debt LVR range of 25%-35%, net of cash at the relevant balance dates (Net Debt LVR). The debt facility provides for a LVR position of 50%. As at 30 June 2017, the Group LVR is 28.89% (30 June 2016: 20.29%) and the Net Debt LVR is 25.27% (30 June 2016: 16.82%).

In addition, the Group also monitors ICR as defined under the multilateral debt facility. This is defined as Calculated Operating Earnings Before Interest Tax Depreciation and Amortisation as a ratio to interest expense over the relevant 12-month period. The debt facility provides for an ICR of 2.00. ICR is 4.08 as at 30 June 2017 (30 June 2016: ICR is 5.36).

The capital risk management policy remains unchanged from the 30 June 2016 Annual Report.

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Note 22. Equity - reserves

	Gateway Lifestyle Group		RPT2 Group	
	30 Jun 2017	30 Jun 2016	30 Jun 2017	30 Jun 2016
	\$'000	\$'000	\$'000	\$'000
Security-based payments reserve	938	142	-	-
	938	142	-	-

Security-based payments reserve

The reserve is used to recognise the value of equity-settled share-based payments provided to employees, including KMP, as part of their remuneration. Refer to the remuneration report for further details of these plans.

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

	Security-based payments \$'000	Total \$'000
Gateway Lifestyle Group		
Balance at 30 June 2017	-	-
Security-based payment expense	142	142
Balance at 30 June 2016	142	142
Security-based payment expense	796	796
Balance at 30 June 2017	938	938

Note 23. Equity - equity attributable to unitholders of the Trust

	Gateway Lifestyle Group		RPT2 Group	
	30 Jun 2017	30 Jun 2016	30 Jun 2017	30 Jun 2016
	\$'000	\$'000	\$'000	\$'000
Contributed equity	587,024	587,024	587,024	587,024
Reserves	(636)	(636)	(636)	(636)
Retained profits	33,833	2,564	33,833	2,564
	620,221	588,952	620,221	588,952

Refer to note 21 the movement in contributed in equity.

Acquisition of non-controlling interest reserve The reserve is used to recognise the loss arising from the excess of consideration and the derecognition of the non-controlling interest's share of equity in the acquisition by the parent entity of the non-controlled interest in a partly owned subsidiary.

	Gateway Lifestyle Group		RPT2 Group	
	30 Jun 2017	30 Jun 2016	30 Jun 2017	30 Jun 2016
	\$'000	\$'000	\$'000	\$'000
Acquisition of non-controlling interest reserve				
Balance at 1 July	(636)	(636)	(636)	(636)

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Note 24. Equity - distributions

Details of distributions proposed or being paid during the financial year were as follow:

	30 Jun 2017 \$'000	30 Jun 2016 \$'000
Final distribution from RPT2 Trust for the year ended 30 June 2017 of 5.60 cents (2016: 5.57 cents) per security.	16,766	16,676
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

	30 Jun 2017 \$'000	30 Jun 2016 \$'000
Franking credits available for subsequent periods based on a tax rate of 30%	3,756	2,145

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date;
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

Note 25. Financial instruments

Financial risk management objectives

The Group's principal financial instruments comprise cash and short-term deposits, receivables, payables, interest bearing liabilities, and other financial liabilities. The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. The entities' senior management oversee the management of these risks, supported by the Audit and Risk Committee.

The Group manages its exposure to these risks primarily through its Treasury Policy. The policy sets guidance on restricting the financial risk taken by the Group, including limits on gearing ratios and liquidity (minimum cash flow requirement as forecasted for the Operating and Development business units). Management reviews actual positions of the Group against these limits on a regular basis. If the actual positions are in breach of the limits, or the forecast is unlikely to be achieved, the Audit and Risk Management Committee will determine whether or not any breach requires immediate rectification.

If it is considered commercially, strategically or practically appropriate, positions outside of the risk management policy may be approved by the Audit and Risk Management Committee and may be maintained where it is considered that the benefits exceed the risks. The adequacy of the financial risk management policy in addressing the risks arising from the Group's financial instruments are reviewed on a regular basis.

Details of the Groups' financial assets and liabilities are set out in the table below:

	Gateway Lifestyle Group		RPT2 Group	
	30 Jun 2017 \$'000	30 Jun 2016 \$'000	30 Jun 2017 \$'000	30 Jun 2016 \$'000
Financial assets				
Financial assets at amortised cost				
Trade and other receivables	5,930	4,006	655	777
Related party receivables	-	-	175,512	174,169
Derivatives not designated as hedge instruments				
Interest rate swap contracts	-	13	-	13
Total financial assets	5,930	4,019	176,167	174,959
Financial liabilities				
Interest-bearing loans and borrowings				
Bank loans	177,769	102,815	177,769	105,250
Financial liabilities at fair value through profit or loss:				
Derivative financial instruments (interest rate swap contracts)	174	-	174	-
Deferred consideration payable	1,350	1,764	-	-
Other financial liabilities at amortised cost, other than interest (bearing loans and borrowings):				
Trade payables	9,185	4,166	1,176	238
Other payables	1,295	1,069	718	910
Lease liability	472	630	468	612
Related party loan	-	77	-	-
Total financial liabilities	190,245	110,520	180,305	107,010

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Note 25. Financial instruments (continued)

Interest rate risk

The Group's exposure to the risk of movements in market interest rates arises primarily from their use of long term borrowings. The main consequence of adverse movements in market interest rates is higher interest costs, and adverse effects on earnings potential and cash flows. In addition, the Group must ensure compliance with the minimum interest rate cover ratios included in the syndicated facility agreement borrowing covenants. Higher interest costs resulting from increases in market interest rates may result in these covenants being breached, providing the lender the right to call in the loan or to increase the interest rate applied to the loan.

The Group uses Board approved derivative financial instruments to hedge its risk associated with interest rate movements. Derivatives are exclusively used for economic hedging purposes and not as speculative instruments. Gateway Lifestyle Group's policy is to maintain a hedged profile of between 20% and 90% of its borrowings. It manages this exposure by:

- The use of approved hedging instruments with authorised counterparties to fix interest payment obligations; and
- Seeking different maturity dates for the fixed rate hedging agreements to reduce the reset risk.

Interest rate risk exposure At 30 June 2017, the Group's bank loans are on 1-month rolling facility with interest rate reset at the commencement of each rollover. Interest is payable in arrears on maturity of each rollover period. The principal component is subject to continuous rollover for up to a 5-year term. At 30 June 2017, the hedged profile covers 56.3% of the entity's borrowings which is within the limits designated in the Treasury Policy (2016: 24.94%).

As at the reporting date, the Group had the following variable rate borrowings and interest rate swap contracts outstanding:

	Weighted average interest rate %	30 Jun 2017 Balance \$'000	Weighted average interest rate %	30 Jun 2016 Balance \$'000
Gateway Lifestyle Group				
Bank loans	3.39%	177,769	3.12%	102,815
Interest rate swaps (fair value)	-	174	-	-
Net exposure to cash flow interest rate risk		177,943		102,815

	Weighted average interest rate %	30 Jun 2017 Balance \$'000	Weighted average interest rate %	30 Jun 2016 Balance \$'000
RPT2 Group				
Bank overdraft and bank loans	3.39%	177,769	3.12%	105,250
Interest rate swaps (fair value)	-	174	-	-
Net exposure to cash flow interest rate risk		177,943		105,250

An analysis by remaining contractual maturities is shown in 'liquidity and interest rate risk management' below.

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Note 25. Financial instruments (continued)

The following table demonstrates the sensitivity to a 25 basis points movement in interest rates on that portion of borrowings affected. With all other variables held constant, the entities' profit before tax is affected through the impact on floating rate borrowings, as follows:

Gateway Lifestyle Group 30 Jun 2017	Basis points increase			Basis points decrease		
	Basis points change	Effect on profit before tax	Effect on equity	Basis points change	Effect on profit before tax	Effect on equity
Sensitivity analysis	25	(450)	(450)	(25)	450	450
Gateway Lifestyle Group 30 Jun 2016	Basis points increase			Basis points decrease		
	Basis points change	Effect on profit before tax	Effect on equity	Basis points change	Effect on profit before tax	Effect on equity
Sensitivity analysis	25	(257)	(257)	(25)	257	257
RPT2 Group 30 Jun 2017	Basis points increase			Basis points decrease		
	Basis points change	Effect on profit before tax	Effect on equity	Basis points change	Effect on profit before tax	Effect on equity
Sensitivity analysis	25	(450)	(450)	(25)	450	450
RPT2 Group 30 Jun 2016	Basis points increase			Basis points decrease		
	Basis points change	Effect on profit before tax	Effect on equity	Basis points change	Effect on profit before tax	Effect on equity
Sensitivity analysis	25	(263)	(263)	(25)	263	263

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

Credit risk

Credit risk refers to the risk that a counterparty defaults on its contractual obligations resulting in a financial loss to the Group. The major credit risk for the Group is default by tenants, resulting in a loss of rental income. The Group has a disciplined arrears management policy with no material instances of non-payment of rent since inception. An increasing number of the Group's residents are paying their rent via direct debit arrangements, which automates the payment process and reduces the risk of non-payment.

The Group believes that their receivables that are past due do not give rise to any significant credit risk. The Group's maximum exposure to credit risk at reporting date in relation to each class of financial instrument is its carrying amount as reported in the balance sheet.

Liquidity risk

The main objective of liquidity risk management is to reduce the risk that the Group does not have sufficient resources available to meet their financial commitments, working capital and planned/unplanned capital expenditure requirements. At 30 June 2017, the Group had undrawn loan facilities of \$70,050,000 (30 June 2016: \$144,750,000).

The Group may also be exposed to contingent liquidity risk under its syndicated facility agreement, which include covenants which, if breached, give the lender the right to call in the loan, thereby accelerating a cash flow which otherwise was scheduled for the loan maturity. The Group monitors compliance with loan covenants on a regular basis.

Financing arrangements

Unused borrowing facilities at the reporting date:

	Gateway Lifestyle Group		RPT2 Group	
	30 Jun 2017 \$'000	30 Jun 2016 \$'000	30 Jun 2017 \$'000	30 Jun 2016 \$'000
Bank loans	70,050	144,750	70,050	144,750

Subject to the terms of the syndicated facility agreement, the bank loan facilities may be drawn at any time to June 2020.

Remaining contractual maturities

The following tables detail the remaining contractual maturity for the financial instrument liabilities of both the Gateway Lifestyle Group and RPT2 Group. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

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Note 25. Financial instruments (continued)

Gateway Lifestyle Group 30 Jun 2017	Weighted average interest rate %	1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Remaining contractual maturities \$'000
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	9,185	-	-	-	9,185
Other payables	-	1,295	-	-	-	1,295
Leases liabilities (crown leases)	-	102	102	204	-	408
Deferred consideration payable	-	1,225	125	-	-	1,350
<i>Interest-bearing (variable)</i>						
Bank loans	2.69	179	73,766	118,823	-	192,768
Total non-derivatives		11,986	73,933	119,207	-	205,006

Gateway Lifestyle Group 30 Jun 2016	Weighted average interest rate %	1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Remaining contractual maturities \$'000
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	4,166	-	-	-	4,166
Other payables	-	2,675	-	-	-	2,675
Related party loan	-	-	77	-	-	77
Leases liabilities (crown leases)	-	102	102	306	-	510
Deferred consideration payable	-	675	586	705	-	1,966
<i>Interest-bearing (variable)</i>						
Bank loans	3.12	174	-	121,669	-	121,843
Total non-derivatives		7,792	765	122,680	-	131,237

RPT2 Group 30 Jun 2017	Weighted average interest rate %	1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Remaining contractual maturities \$'000
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	1,176	-	-	-	1,176
Leases liabilities (crown leases)	-	102	102	306	-	510
<i>Interest-bearing (variable)</i>						
Bank loans	2.69	179	73,766	118,823	-	192,768
Total non-derivatives		1,457	73,868	119,129	-	194,454
RPT2 Group 30 Jun 2016	Weighted average interest rate %	1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Remaining contractual maturities \$'000
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	238	-	-	-	238
Related party loans	-	-	77	-	-	77
Leases liabilities (crown leases)	-	102	102	306	102	612
<i>Interest-bearing (variable)</i>						
Bank loans	3.12	174	-	121,669	-	121,843
Total non-derivatives		514	179	121,975	102	122,770

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Note 25. Financial instruments (continued)

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Hedging activities and derivatives The Group uses interest rate caps to manage interest rate exposure. The interest rate caps are not designated as hedges and are entered into for a term of 5 years. At 30 June 2017, the Group had an interest rate cap agreement and a floating-to-fixed interest rate agreement in place. The interest rate cap agreement had a notional amount of \$26,250,000 (2016: \$26,250,000) and the floating-to-fixed interest rate agreement had a notional amount of \$75,000,000 (2016: nil) whereby the Group amortises the premium applicable to the face value at each reset for the term of the cap agreement. The decrease in fair value of the interest rate cap of \$nil (2016: \$13,000 increase) has been recognised in net fair value. The movements in fair value of the floating-to-fixed interest rate agreement of \$174,000 (2016: nil) has been recognised in net fair value.

Fair value of financial instruments

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

Note 26. Fair value measurement

Fair value hierarchy

The following tables detail the assets and liabilities of both Gateway Lifestyle Group and RPT2 Group, 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 30 Jun 2017	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
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Assets

Investment properties	-	-	622,807	622,807
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Total assets

-	-	622,807	622,807
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Liabilities

Derivative financial instruments	-	174	-	174
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Lease liabilities (crown leases)	-	-	472	472
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Deferred consideration payable	-	-	1,350	1,350
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Total liabilities

-	174	1,822	1,996
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Gateway Lifestyle Group 30 Jun 2016	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
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Assets

Interest rate swap contracts	-	13	-	13
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Investment properties	-	-	516,145	516,145
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Total assets

-	13	516,145	516,158
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Liabilities

Lease liabilities (crown leases)	-	-	626	626
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Deferred consideration payable	-	-	1,764	1,764
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Total liabilities

-	-	2,390	2,390
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Gateway Lifestyle Group
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Note 26. Fair value measurement (continued)

RPT2 Group 30 Jun 2017	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets				
Investment properties	-	-	563,565	563,565
Total assets	-	-	563,565	563,565
Liabilities				
Derivative financial instruments	-	174	-	174
Lease liabilities (crown leases)	-	-	468	468
Total liabilities	-	174	468	642
RPT2 Group 30 Jun 2017	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets				
Interest rate swap contracts	-	13	-	13
Investment properties	-	-	461,167	461,167
Total assets	-	13	461,167	461,180
Liabilities				
Lease liabilities (crown leases)	-	-	632	632
Total liabilities	-	-	632	632

There were no transfers between levels during the financial 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.

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

Investment properties

Completed operational investment properties have been valued using the adjusted net income capitalisation approach. Under this method, fair value is estimated using assumptions regarding the expectation of future benefits, adjusted for costs incurred since the last date of an independent valuation for the respective RLLC. The capitalisation method involves applying a capitalisation rate into perpetuity to maintainable operating earnings before interest, taxation, depreciation and amortisation (EBITDA), based on historical and forecast financial information. The capitalisation rate is based on current market evidence. Vacant sites have been valued using a direct comparison approach.

Derivative financial instruments - interest rate cap

The fair value of interest rate caps at the end of the reporting period is determined by discounting the future cash flows using the curves at the end of the reporting period and the credit risk inherent in the contract. The average interest rate is based on the outstanding balances at the end of the reporting period.

Lease liabilities

The fair value of other liabilities and lease liabilities is estimated using a discounted cash flow (DCF) model. The valuation requires management to make certain assumptions about the model inputs, including the timing and amount of future cash payments, and the discount rate.

Deferred consideration payable

The fair value of deferred consideration payable is estimated using a DCF model. The valuation requires management to make certain assumptions about the model inputs, including home sales that give rise to an obligation to make deferred consideration payments, and the discount rate.

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Note 26. Fair value measurement (continued)

Level 3 assets and liabilities

Movements in level 3 assets and liabilities during the current and previous financial year are set out below:

Gateway Lifestyle Group	Investment properties \$'000	Lease liabilities (crown lease) \$'000	Deferred consideration payable \$'000	Total \$'000
Balance at 1 Jul 2015	347,166	677	2,819	350,662
Additions	148,477	-	-	148,477
Disposals	(806)	-	-	(806)
Revaluation increments	1,012	-	-	1,012
Capitalised expenditure	20,296	-	-	20,296
Interest	-	-	496	496
Development cost adjustments	-	-	(315)	(315)
Payments made	-	(45)	(1,034)	(1,079)
Remeasurement recognised in profit or loss	-	-	(202)	(202)
Balance at 30 Jun 2016	516,145	632	1,764	518,541
Additions	45,181	-	-	45,181
Disposals	(690)	-	-	(690)
Revaluation increments	24,688	-	-	24,688
Capitalised expenditure	37,483	-	-	37,483
Payments made	-	(164)	(644)	(808)
Remeasurement recognised in profit or loss	-	-	230	230
Balance at 30 Jun 2017	622,807	468	1,350	624,625
Total gains for the year included in profit or loss that relate to level 3 assets held at the end of the year	25,332	-	230	25,562

RPT2 Group	Investment properties \$'000	Lease liabilities (crown lease) \$'000	Total \$'000
Balance at 1 Jul 2015	309,966	677	310,643
Additions	120,753	-	120,753
Disposals	(806)	-	(806)
Revaluation increments	12,176	-	12,176
Capitalised expenditure	19,078	-	19,078
Payments made	-	(45)	(45)
Balance at 30 Jun 2016	461,167	632	461,799
Additions	36,539	-	36,539
Disposals	(690)	-	(690)
Revaluation increments	37,641	-	37,641
Capitalised expenditure	28,908	-	28,908
Payments made	-	(164)	(164)
Balance at 30 Jun 2017	563,565	468	612,837
Total gains for the year included in profit or loss that relate to level 3 assets held at the end of the year	34,166	-	34,166

Gateway Lifestyle Group
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Note 26. Fair value measurement (continued)

The unobservable inputs and sensitivities related to Level 3 assets and liabilities are as follows:

Description	Unobservable inputs	Range (weighted average)	Sensitivity
<i>Investment properties</i>			
Capitalisation method	Capitalisation rate applied to historical operating EBITDA	2017: 6.7% to 11.9% 2016: 8.0% to 11.8%	Capitalisation rate has an inverse relationship to valuation
Direct comparison method	Current market value per site	2017: \$44,000 to \$114,000 2016: \$25,000 to \$100,000	Current market value has a direct correlation to valuation
<i>Lease liabilities – Crown lease</i>			
DCF method	Discount rate	2017: 9.2% to 11.5% 2016: 9.2% to 11.5%	Discount rate has an inverse relationship to valuation
<i>Deferred consideration payable</i>			
DCF method	Discount rate	2017: 6.3% 2016: 6.3%	Discount rate has an inverse relationship to valuation

Note 27. Key management personnel disclosures

Key management personnel

In addition to the Directors, the following personnel also had the authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, during the financial year:

Owen Kemp	Chief Financial Officer (appointed on 14 February 2017)
Mike Bosel	Chief Operating Officer (appointed on 27 March 2017)
John Wong	Executive Director, Chief Financial Officer and Company Secretary (resigned on 9 November 2016)

Compensation

The aggregate compensation made to Directors and other members of KMP of the Group is set out below:

	Gateway Lifestyle Group		RPT2 Group	
	30 Jun 2017	30 Jun 2016	30 Jun 2017	30 Jun 2016
	\$'000	\$'000	\$'000	\$'000
Short-term employee benefits	1,452,357	1,840,699	-	-
Post-employment benefits	84,323	85,687	-	-
Termination benefits	96,796	-	-	-
Share-based payments	729,410	-	-	-
	2,362,886	1,926,386	-	-

No amount is paid by the Trust directly to the Directors of the Responsible Entity. Consequently, no compensation is paid by the Trust to the Directors as KMP.

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Note 28. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Ernst & Young, the auditor of the Company:

	Gateway Lifestyle Group		RPT2 Group	
	30 Jun 2017	30 Jun 2016	30 Jun 2017	30 Jun 2016
	\$	\$	\$	\$
<i>Audit services (Ernst & Young)</i>				
Audit or review of the financial statements	435,000	420,000	348,000	338,000
<i>Other services (Ernst & Young)</i>				
Modelling assistance	53,000	-	-	-
Other services	26,000	70,000	20,800	56,000
	514,000	490,000	368,800	394,000

Note 29. Contingent liabilities

Gateway Lifestyle Group and RPT2 Group are unaware of any contingent liabilities as at 30 June 2017 or 30 June 2016.

Note 30. Commitments

	Gateway Lifestyle Group		RPT2 Group	
	30 Jun 2017	30 Jun 2016	30 Jun 2017	30 Jun 2016
	\$'000	\$'000	\$'000	\$'000
<i>Capital commitments</i>				
Committed at the reporting date but not recognised as liabilities payable:				
Investment properties	-	18,750	-	18,750
<i>Lease commitments (operating)</i>				
Committed at the reporting date but not recognised as liabilities payable:				
Within one year	645	230	-	-
One to five years	1,385	612	-	-
	2,030	842	-	-
<i>Lease commitments (finance)</i>				
Committed at the reporting date and recognised as liabilities payable:				
Within one year	84	115	80	102
One to five years	389	512	389	511
Total commitments	473	627	469	613
Less: Future finance charges	(1)	(1)	(1)	(1)
Net commitment recognised as liabilities	472	626	468	612
Representing:				
Lease liability (current)	84	115	80	102
Lease liability (non-current)	388	511	388	510
	472	626	468	612
<i>Lessor commitments</i>				
Lease liability (current)	-	-	38,885	35,108
Lease liability (non-current)	-	-	40,441	39,742
Net commitment recognised as assets	-	-	79,326	74,850

Operating lease commitments include contracted amounts for various offices and carparks under non-cancellable operating leases expiring within one to five years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

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Note 30. Commitments (continued)

Finance lease commitments include contracted amounts for various plant and equipment with a written down value of \$473,000 (2016: \$631,000) under finance leases expiring within one to 12 years. Under the terms of the leases, the Group has the option to acquire the leased assets for predetermined residual values on the expiry of the leases.

Note 31. Related party transactions

Responsible entity

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

Subsidiaries

Interests in subsidiaries are set out in Note 33.

Key management personnel

Disclosures relating to KMP are set out in Note 27 and the Remuneration Report included in the Directors' Report.

Transactions with related parties

The following transactions occurred with related parties:

	Gateway Lifestyle Group		RPT2 Group	
	30 Jun 2017	30 Jun 2016	30 Jun 2017	30 Jun 2016
	\$	\$	\$	\$
<i>Fees paid or payable to One Managed Investment Funds Limited:</i>				
Responsible entity fee	502,726	615,840	502,726	615,840
Custodian service fee	259,575	232,026	259,575	232,026
<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	-	-	34,790,424	38,117,314

1. In November 2015, Gateway Lifestyle Group acquired the RLLC 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). As disclosed in the prospectus in the Initial Public Offering (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, 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 \$10,000,000, plus transaction costs. GTY, taking into consideration transaction costs, did not make a gain on the disposal of the RLLC to Gateway Lifestyle Group. Accordingly, the Executive Directors of Gateway Lifestyle Group 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 RPT2 Group represents rent for investment properties paid by operating entities in the Gateway Lifestyle Group to property owning entities in the RPT2 Group for the full twelve 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 RPT2 Group prior to the date on which the Gateway Lifestyle Group acquired the RLLC 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.

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	
	30 Jun 2017	30 Jun 2016	30 Jun 2017	30 Jun 2016
	\$	\$	\$	\$
<i>Current receivables</i>				
Gateway Lifestyle Operations Limited	112,148	-	-	-
<i>Non-current receivables</i>				
Gateway Lifestyle Operations Limited	-	-	175,512,374	174,168,515
<i>Current payable</i>				
Gateway Lifestyle Operations Limited	-	77,325	-	-

Loans receivable (current and non-current) from and loans payable (current and non-current) to Gateway Lifestyle Operations Limited are subject to a 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 the 90-day Bank Accepted Bill rate published by the Reserve Bank plus 3%. The amount of the facility that is interest bearing is 60% of Gateway Lifestyle Operation Limited's net asset value less non-debt liability (FY16 facility 100% of loan balance was interest bearing). Interest charged for the year ended 30 June 2017 is \$4,236,259 (30 June 2016: \$8,281,926).

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Note 31. Related party transactions (continued)

Terms and conditions

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

Note 32. Parent entity information

Set out below is the supplementary information about the parent entities.

	Gateway Lifestyle Group		RPT2 Group	
	30 Jun 2017	30 Jun 2016	30 Jun 2017	30 Jun 2016
	\$'000	\$'000	\$'000	\$'000
<i>Statement of financial position</i>				
Total current assets	(77,040)	(78,821)	411,482	376,963
Total assets	62,433	59,922	283,746	283,746
Total current liabilities	722	463	(18,240)	(17,285)
Total liabilities	-	2,435	(178,462)	(105,964)
Net assets	(13,885)	(16,001)	498,526	537,460
Issued shares/units	(3,570)	(3,570)	587,080	587,080
Accumulated losses/trust deficiency	(10,315)	(12,431)	(88,555)	(49,621)
Total equity/(deficit)	(13,885)	(16,001)	498,525	537,459
	Gateway Lifestyle Group		RPT2 Group	
	30 Jun 2017	30 Jun 2016	30 Jun 2017	30 Jun 2016
	\$'000	\$'000	\$'000	\$'000
<i>Statement of profit or loss and other comprehensive income</i>				
Profit/(loss) after income tax	2,116	(4,480)	(38,934)	(26,211)
Total comprehensive income	2,116	(4,480)	(38,934)	(26,211)

Guarantees

The parent entities have guaranteed the debt facilities provided to Gateway Lifestyle Group by Australia New Zealand Banking Group Limited and Commonwealth Bank of Australia Limited.

Contingent liabilities

The parent entities had no contingent liabilities as at 30 June 2017 and 30 June 2016. Capital commitment The parent entities had no capital commitments as at 30 June 2017 and 30 June 2016.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in Note 1, except for the following:

- Investments in subsidiaries and joint ventures are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

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Note 33. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries with non-controlling interests in accordance with the accounting policy described in Note 1:

Name	Principal place of business/ Country of incorporation	Ownership interest 30-Jun-17 %	RPT2 Group Ownership interest 30-Jun-16 %
Entities controlled by Residential Parks No. 2 Trust (head entity within the RPT2 Group)			
Acacia Ponds Trust	Australia	100%	100%
Aspley Trust	Australia	100%	100%
Beachfront Lifestyle Resort Trust	Australia	100%	100%
Beerburum Trust	Australia	100%	100%
Benalla Gateway Trust	Australia	100%	100%
Bremer Waters Over 55's Lifestyle Resort Trust	Australia	100%	100%
Cobb Haven Property Trust	Australia	100%	100%
Edgewater Village Trust	Australia	100%	100%
Gateway Lifestyle Albury Trust	Australia	100%	100%
Gateway Lifestyle Anna Bay Trust	Australia	100%	100%
Gateway Lifestyle Birubi Trust	Australia	100%	100%
Gateway Lifestyle Canberra Trust	Australia	100%	100%
Gateway Lifestyle Casino Trust	Australia	100%	100%
Gateway Lifestyle Failford Trust	Australia	100%	100%
Gateway Lifestyle Lake Macquarie Trust	Australia	100%	100%
Gateway Lifestyle Lakes Entrance Trust	Australia	100%	100%
Gateway Lifestyle Manning Point Trust	Australia	100%	100%
Gateway Lifestyle North Haven Trust	Australia	100%	100%
Gateway Lifestyle Old Bar Beachfront Trust	Australia	100%	100%
Gateway Lifestyle Rainbow Waters Trust	Australia	100%	100%
Gateway Lifestyle Redhead Trust	Australia	100%	100%
Gateway Lifestyle Rockhampton Trust	Australia	100%	100%
Gateway Lifestyle Villages Goodna Trust	Australia	100%	100%
Gateway Lifestyle Villages Redland Trust	Australia	100%	100%
Grafton Gateway Trust	Australia	100%	100%
Gumtrees Trust	Australia	100%	100%
Hammond Village Trust	Australia	100%	100%
Harvest LSWM Bass Hill Trust	Australia	100%	100%
Homestead Lifestyle Resort Trust	Australia	100%	100%
Lakeland Park Village Trust	Australia	100%	100%
Lorikeet Resort Trust	Australia	100%	100%
LSWM Yamba Trust	Australia	100%	100%
Maroochy Palms Trust	Australia	100%	100%
Myola Lifestyle Resort Trust	Australia	100%	100%
Nepean Trust	Australia	100%	100%
Oaklands Trust	Australia	100%	100%
Ocean Breeze Village Trust	Australia	100%	100%
Parklea Trust	Australia	100%	100%
Quattro Parks NSW Trust	Australia	100%	100%
Quattro Parks Operations NSW Trust	Australia	100%	100%
Quattro Parks Operations Trust	Australia	100%	100%
Quattro Parks Operations VIC Trust	Australia	100%	100%
Quattro Parks Trust	Australia	100%	100%
Quattro Parks VIC Trust	Australia	100%	100%
Redbank Palms Resort Trust	Australia	100%	100%
Regal Waters Trust	Australia	100%	100%
Residential Parks Trust	Australia	100%	100%
Riverside Village Trust	Australia	100%	100%
Salamander Bay Trust	Australia	100%	100%

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Note 33. Interests in subsidiaries (continued)

Name	Principal place of business/ Country of incorporation	Ownership interest 30-Jun-17	RPT2 Group Ownership interest 30-Jun-16
		%	%
Sea Winds Village Trust	Australia	100%	100%
Seed Unit Trust No 4	Australia	100%	100%
Taskers Residential Village Trust	Australia	100%	100%
Tasman Lifestyle Continuum Trust	Australia	100%	100%
Terrigal Sands Lifestyle Resort Trust	Australia	100%	100%
The Gateway Lifestyle Villages Redland Trust	Australia	100%	100%
The Pines Lifestyle Resort Trust	Australia	100%	100%
The Retreat Village Trust	Australia	100%	100%
Tweed C Trust	Australia	100%	100%
Tweed Park Trust	Australia	100%	100%
Ulladulla Gateway Trust	Australia	100%	100%
Valhalla Village Trust	Australia	100%	100%

		Gateway Lifestyle Group	
	Principal place of business/ Country of incorporation	Ownership interest 30-Jun-17 %	Ownership interest 30-Jun-16 %
Name			
Entities controlled by Gateway Lifestyle Operations Limited (head entity within the Gateway Lifestyle Group)			
Acacia Ponds Village Operations Pty Limited	Australia	100%	100%
AG No. 1 Pty Limited	Australia	100%	100%
AG No. 2 Pty Limited	Australia	100%	100%
AG No. 3 Pty Limited	Australia	100%	100%
AG No. 5 Pty Limited	Australia	100%	100%
AG No. 6 Pty Limited	Australia	100%	100%
AG No. 11 Pty Limited	Australia	100%	100%
AG No. 12 Pty Limited	Australia	100%	100%
AG No. 22 Pty Limited	Australia	100%	100%
AG No. 26 Pty Limited	Australia	100%	100%
AG No. 29 Pty Limited	Australia	100%	100%
AG No. 31 Pty Limited	Australia	100%	100%
Aspley Operations Pty Limited	Australia	100%	100%
Bass Hill Operations Pty Ltd	Australia	100%	100%
Beerburum Operations Pty Ltd	Australia	100%	100%
Benalla Operations Pty Ltd	Australia	100%	100%
Birubi Operations Pty Limited	Australia	100%	100%
Bremer Waters Over 55's Lifestyle Resort Holdings Pty Limited	Australia	100%	100%
Bremer Waters Over 55's Lifestyle Resort Management Pty Limited	Australia	100%	100%
Casino Operations Pty Limited	Australia	100%	100%
Chinderah Lakes Operations Pty Ltd	Australia	100%	100%
Chinderah Lakes Park Pty Ltd	Australia	100%	100%
Cooloola Operations Pty Limited (Deregistered)	Australia	100%	100%
Edgewater Village Operations Pty Limited	Australia	100%	100%
Failford Operations Pty Limited	Australia	100%	100%
Gateway Albury Operations Pty Limited	Australia	100%	100%
Gateway Lakes Entrance Operations Pty Limited	Australia	100%	100%
Gateway Lifestyle Beaches of Byron Pty Ltd	Australia	100%	100%
Gateway Lifestyle Employment Services Pty Ltd	Australia	100%	100%

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Note 33. Interests in subsidiaries (continued)

Name	Principal place of business/ Country of incorporation	Gateway Lifestyle Group	
		Ownership interest 30-Jun-17 %	Ownership interest 30-Jun-16 %
Gateway Lifestyle Financial Services Limited	Australia	100%	100%
Gateway Lifestyle Holdings Pty Ltd	Australia	100%	100%
Gateway Lifestyle Investments Holdings Pty Ltd	Australia	100%	100%
Gateway Lifestyle Investments Pty Ltd	Australia	100%	100%
Gateway Lifestyle Operations (Canberra) Pty Limited	Australia	100%	100%
Gateway Lifestyle Operations (NSW) Pty Limited	Australia	100%	100%
Gateway Lifestyle Operations (Qld) Pty Limited	Australia	100%	100%
Gateway Lifestyle Operations (VIC) Pty Limited	Australia	100%	100%
Gateway Lifestyle Residential Parks Holdings Pty Ltd	Australia	100%	100%
Gateway Lifestyle Residential Parks Pty Ltd	Australia	100%	100%
Gateway Lifestyle Residential Parks Realty Pty Ltd	Australia	100%	100%
Gateway Lifestyle Residential Parks Solutions Pty Ltd	Australia	100%	100%
Gateway Manning Point Operations Pty Limited	Australia	100%	100%
Gateway North Haven Operations Pty Limited	Australia	100%	100%
Gateway Redhead Operations Pty Limited	Australia	100%	100%
Gateway Rockhampton Operations Pty Limited	Australia	100%	100%
Gateway Saleco Limited	Australia	100%	100%
Gateway Ulladulla Operations Pty Limited	Australia	100%	100%
Goodna Operations Pty Ltd	Australia	100%	100%
Grafton Gateway Operations Pty Ltd	Australia	100%	100%
GTY Property Operations Pty Ltd	Australia	100%	100%
Gumtrees Operations Pty Ltd	Australia	100%	100%
Hammond Village Operations Pty Limited	Australia	100%	100%
Harvest Investment No.4 Pty Ltd	Australia	100%	100%
Harvest LSWM Investment No. 1 Pty Ltd	Australia	100%	100%
Homestead Operations Pty Limited	Australia	100%	100%
Lake Macquarie Operations Pty Limited	Australia	100%	100%
Lakeland Park Village Holdings Pty Limited	Australia	100%	100%
Lakeland Park Village Pty Limited	Australia	100%	100%
Lakes Entrance Operations Pty Limited (Deregistered)	Australia	100%	100%
Lorikeet Resort Holdings Pty Limited	Australia	100%	100%
Lorikeet Resort Pty Limited	Australia	100%	100%
Maroochy Palms Holdings Pty. Ltd.	Australia	100%	100%
Maroochy Palms Operations Pty Limited	Australia	100%	100%
Maroochy River Holdings Pty Limited	Australia	100%	100%
Maroochy Park Holdings Pty Limited	Australia	100%	100%
Nepean Operations Pty. Limited	Australia	100%	100%
Nestle Inn Brisbane Operations Pty Ltd	Australia	100%	100%
Oaklands Ops Pty Limited	Australia	100%	100%
Ocean Breeze Village Holdings Pty Limited	Australia	100%	100%
Ocean Breeze Village Management Pty Limited	Australia	100%	100%
Old Bar Beachfront Operations Pty Limited	Australia	100%	100%
Parklea Operations Pty. Limited	Australia	100%	100%
Quattro Parks NSW Pty Ltd	Australia	100%	100%
Quattro Parks Operations NSW Pty Ltd	Australia	100%	100%
Quattro Parks Operations VIC Pty Ltd	Australia	100%	100%
Quattro Parks VIC Pty Ltd	Australia	100%	100%
R & R Retirement Holdings Pty. Ltd.	Australia	100%	100%
Rainbow Waters Operations Pty Limited	Australia	100%	100%

Gateway Lifestyle Group
Notes to the financial statements
30 June 2017

Note 33. Interests in subsidiaries (continued)

Name	Principal place of business/ Country of incorporation	Gateway Lifestyle Group	
		Ownership interest 30-Jun-17 %	Ownership interest 30-Jun-16 %
Redbank Palms Resort Holdings Pty Limited	Australia	100%	100%
Redbank Palms Resort Pty Limited	Australia	100%	100%
Redland Park Operations Pty Ltd	Australia	100%	100%
Regal Waters Holdings Pty Limited	Australia	100%	100%
Regal Waters Retirement Community Pty. Ltd.	Australia	100%	100%
Riverside Village Holdings Pty Limited	Australia	100%	100%
Riverside Village Management Pty Limited	Australia	100%	100%
RV Parks Australia Pty Ltd	Australia	100%	100%
Salamander Bay Operations Pty Limited	Australia	100%	100%
Sea Winds Village Holdings Pty Limited	Australia	100%	100%
Sea Winds Village Management Pty Limited	Australia	100%	100%
Sea Winds Village Pty. Limited	Australia	100%	100%
Taskers Residential Village Holdings Pty Limited	Australia	100%	100%
Taskers Residential Village Management Pty Limited	Australia	100%	100%
Tasman Development Management Pty Ltd	Australia	100%	100%
Tasman Lifestyle Continuum Pty Limited	Australia	100%	100%
Tasman MHE Holdings Pty Limited	Australia	100%	100%
Terrigal Sands Operations Pty Limited	Australia	100%	100%
The Pines Lifestyle Resort Pty Limited	Australia	100%	100%
The Pines Resort Management Pty Limited	Australia	100%	100%
The Retreat Village Holdings Pty Limited	Australia	100%	100%
The Retreat Village Pty Limited	Australia	100%	100%
Tweed Operations Pty Ltd	Australia	100%	100%
Ulladulla Operations Pty Limited	Australia	100%	100%
Valhalla Village Holdings Pty Limited	Australia	100%	100%
Valhalla Village Management Pty Limited	Australia	100%	100%
Valhalla Village Pty. Limited	Australia	100%	100%
Yamba Operations Pty Ltd	Australia	100%	100%

Gateway Lifestyle Group
Notes to the financial statements
30 June 2017

Note 34. Deed of cross guarantee

The following entities are party to a deed of cross guarantee under which each company guarantees the debts of the others:

Acacia Ponds Village Operations Pty Limited	Harvest Investment No. 4 Pty Ltd
AG No. 1 Pty Limited	Harvest LSWM Investment No. 1 Pty Ltd
AG No. 11 Pty Limited	Homestead Operations Pty Limited
AG No. 12 Pty Limited	Lake Macquarie Operations Pty Limited
AG No. 2 Pty Limited	Lakeland Park Village Holdings Pty Limited
AG No. 22 Pty Limited	Lakeland Park Village Pty Limited
AG No. 26 Pty Limited	Lorikeet Resort Holdings Pty Limited
AG No. 29 Pty Limited	Lorikeet Resort Pty Limited
AG No. 3 Pty Limited	Maroochy Palms Operations Pty. Ltd
AG No. 31 Pty Limited	Nepean Operations Pty. Limited
AG No. 5 Pty Limited	Nestle Inn Brisbane Operations Pty Ltd
AG No. 6 Pty Limited	Oaklands Ops Pty Limited
Aspley Operations Pty Limited	Ocean Breeze Village Holdings Pty Limited
Bass Hill Operations Pty Ltd	Ocean Breeze Village Management Pty Limited
Beerburum Operations Pty Ltd	Old Bar Beachfront Operations Pty Limited
Benalla Operations Pty Ltd	Parklea Operations Pty. Limited
Birubi Operations Pty Limited	Quattro Parks NSW Pty Ltd
Bremer Waters Over 55's Lifestyle Resort Holdings Pty Limited	Quattro Parks Operations NSW Pty Ltd
Bremer Waters Over 55s Lifestyle Resort Management Pty Limited	Quattro Parks Operations VIC Pty Ltd
Casino Operations Pty Limited	Quattro Parks VIC Pty Ltd
Chinderah Lakes Operations Pty Ltd	R & R Retirement Holdings Pty. Ltd
Chinderah Lakes Park Pty Ltd	Rainbow Waters Operations Pty Limited
Edgewater Village Operations Pty Limited	Redbank Palms Resort Holdings Pty Limited
Failford Operations Pty Limited	Redbank Palms Resort Pty Limited
Gateway Albury Operations Pty Limited	Redland Park Operations Pty Ltd
Gateway Lakes Entrance Operations Pty Limited	Regal Waters Holdings Pty Limited
Gateway Lifestyle Beaches of Byron Pty Ltd	Regal Waters Retirement Community Pty. Ltd
Gateway Lifestyle Employment Services Pty Ltd	Riverside Village Holdings Pty Limited
Gateway Lifestyle Financial Services Limited	Riverside Village Management Pty Limited
Gateway Lifestyle Holdings Pty Ltd	Salamander Bay Operations Pty Limited
Gateway Lifestyle Investments Holdings Pty Ltd	Sea Winds Village Holdings Pty Limited
Gateway Lifestyle Investments Pty Ltd	Sea Winds Village Management Pty Limited
Gateway Lifestyle Operations (Canberra) Pty Limited	Sea Winds Village Pty. Limited
Gateway Lifestyle Operations (NSW) Pty Limited	Taskers Residential Village Holdings Pty Limited
Gateway Lifestyle Operations (Qld) Pty Limited	Taskers Residential Village Management Pty Limited
Gateway Lifestyle Operations (VIC) Pty Limited	Tasman Development Management Pty Ltd
Gateway Lifestyle Operations Pty Limited	Tasman Lifestyle Continuum Pty Limited
Gateway Lifestyle Residential Parks Holdings Pty Ltd	Tasman MHE Holdings Pty Limited
Gateway Lifestyle Residential Parks Pty Ltd	Terrigal Sands Operations Pty Limited
Gateway Lifestyle Residential Parks Realty Pty Ltd	The Pines Lifestyle Resort Pty Limited
Gateway Lifestyle Residential Parks Solutions Pty Ltd	The Pines Resort Management Pty Limited
Gateway Manning Point Operations Pty Limited	The Retreat Village Holdings Pty Limited
Gateway North Haven Operations Pty Limited	The Retreat Village Pty Limited
Gateway Redhead Operations Pty Limited	Tweed Operations Pty Ltd
Gateway Rockhampton Operations Pty Limited	Ulladulla Operations Pty Limited
Gateway Ulladulla Operations Pty Limited	Valhalla Village Holdings Pty Limited
Goodna Operations Pty Ltd	Valhalla Village Management Pty Limited
Grafton Gateway Operations Pty Ltd	Valhalla Village Pty. Limited
Gumtrees Operations Pty Ltd	Yamba Operations Pty Ltd
Hammond Village Operations Pty Limited	

By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare financial statements and Directors' reports under Class Order ASIC Corporations Instrument 2016/785.

The above companies represent a 'closed group' for the purposes of the Corporations Instrument, and as there are no other parties to the deed of cross guarantee that are controlled by Gateway Lifestyle Group, they also represent the 'extended closed group'.

Gateway Lifestyle Group
Notes to the financial statements
30 June 2017

Note 34. Deed of cross guarantee (continued)

Set out below is a consolidated statement of profit or loss and other comprehensive income and statement of financial position of the 'closed group'.

	30 Jun 2017 \$'000	30 Jun 2016 \$'000
Statement of profit or loss and other comprehensive income		
Revenue	112,504	104,523
Expenses		
Investment property expense	(45,068)	(44,598)
Net fair value adjustments	(7,909)	(9,795)
Manufactured home sale expense	(29,862)	(36,270)
Sales and marketing expense	(1,122)	(1,431)
Employee benefits expense	(21,061)	(17,722)
Administration expense	(2,702)	(6,533)
Finance costs	(4,252)	(9,728)
Profit or (loss) before income tax (expense)/benefit	528	(21,554)
Income tax (expense)/benefit	(216)	6,591
Profit or (loss) after income tax (expense)/benefit	312	(14,963)
Other comprehensive income for the year (net of tax)	-	-
Total comprehensive income for the year	312	(14,963)
Equity	30 Jun 2017	30 Jun 2016
Retained profits	\$'000	\$'000
Accumulated losses at the beginning of the financial year	(24,891)	(10,569)
Profit/(loss) after income tax (expense)/benefit	312	(14,963)
Adjustment due to business combination adjustment	599	6,780
Accumulated losses at the end of the financial year	(23,980)	(18,752)

Gateway Lifestyle Group
Notes to the financial statements
30 June 2017

Note 34. Deed of cross guarantee (continued)

	30 Jun 2017 \$'000	30 Jun 2016 \$'000
Statement of financial position		
Current assets		
Cash and cash equivalents	20,198	17,438
Trade and other receivables	4,955	3,057
Inventories	15,084	7,180
Other current assets	1,425	2,041
	<u>41,662</u>	<u>29,716</u>
Non-current assets		
Investment properties	49,293	31,226
Plant and equipment	494	701
Intangibles	108,084	55,362
Deferred tax	9,716	10,215
	<u>167,587</u>	<u>97,504</u>
Total assets	209,249	127,220
Current liabilities		
Trade and other payables	14,913	7,824
Borrowings	4	13
Deposits held	5,316	2,125
Income tax	-	301
Employee benefits	1,206	896
Provisions	1,253	673
	<u>22,692</u>	<u>11,832</u>
Non-current liabilities		
Trade and other payables	213,264	139,064
Borrowings	-	(2,431)
Deferred tax	-	-
Employee benefits	33	106
Provisions	178	1,187
	<u>213,475</u>	<u>137,926</u>
Total liabilities	236,167	149,758
Net liabilities	(26,918)	(22,538)
Equity		
Contributed equity	(3,874)	(3,928)
Reserves	938	142
Accumulated losses	(23,980)	(18,752)
Total deficiency in equity	(26,916)	(22,538)

The closed group has received a letter of support from the Residential Parks No. 2 Trust due to the deficiency in equity.

Gateway Lifestyle Group
Notes to the financial statements
30 June 2017

Note 35. Reconciliation of profit after income tax to net cash from operating activities

	Gateway Lifestyle Group		RPT2 Group	
	30 Jun 2017	30 Jun 2016	30 Jun 2017	30 Jun 2016
	\$'000	\$'000	\$'000	\$'000
Profit after income tax (expense)/benefit for the year	59,712	38,927	58,515	54,490
Adjustments for:				
Depreciation and amortisation	461	148	-	-
Net (gain) loss on change in fair value	(24,951)	(1,228)	(33,988)	(12,188)
Net (gain) loss on disposal of assets	(46)	(1,031)	(91)	(1,028)
Borrowing costs paid	-	1,854	-	906
Equity based payments	796	142	-	-
Transaction cost refund	-	(1,343)	-	-
Change in operating assets and liabilities:				
Decrease/(increase) in trade and other receivables	(1,669)	4,555	122	12,995
Increase in inventories	(8,961)	(2,737)	-	-
Decrease/(increase) in deferred tax assets	504	(6,973)	-	-
Decrease in prepayments	98	1,434	-	-
Decrease in other operating assets	565	374	-	58
Increase/(decrease) in trade and other payables	5,522	(3,584)	1,614	(3,057)
Increase/(decrease) in provision for income tax	(2,061)	316	(1,760)	905
Decrease in deferred tax liabilities	(427)	-	(426)	(518)
Increase/(decrease) in other provisions	(181)	213	90	(38)
Increase in other operating liabilities	2,377	709	-	612
Net cash from operating activities	31,739	31,776	20,844	53,137

Note 36. Earnings per stapled security

	Gateway Lifestyle Group		RPT2 Group	
	30 Jun 2017	30 Jun 2016	30 Jun 2017	30 Jun 2016
	\$'000	\$'000	\$'000	\$'000
Profit after income tax	59,712	38,927	58,515	54,490
Profit after income tax attributable to the owners of Gateway Lifestyle Group	59,712	38,927	58,515	54,490
	Gateway Lifestyle Group		RPT2 Group	
	30 Jun 2017	30 Jun 2016	30 Jun 2017	30 Jun 2016
	Number	Number	Number	Number
Weighted average number of ordinary stapled securities in calculating basic earnings per stapled security	299,397,735	265,798,521	299,397,735	265,798,521
Weighted average number of ordinary stapled securities in calculating diluted earnings per stapled security	301,541,996	265,798,521	301,541,996	265,798,521
	Gateway Lifestyle Group		RPT2 Group	
	30 Jun 2017	30 Jun 2016	30 Jun 2017	30 Jun 2016
	Cents	Cents	Cents	Cents
Basic earnings per stapled security (based on stapled securities issued as at 30 June 2017)	19.94	14.65	19.54	20.50
Diluted earnings per stapled security (based on stapled securities issued as at 30 June 2017)	19.80	12.91	19.41	18.07

Gateway Lifestyle Group
Notes to the financial statements
30 June 2017

Note 37. Security-based payments

On 15 June 2015, stapled securities were issued as follows:

- 63,000 stapled securities were issued to employees at an issue price of \$2 per stapled security and a total transactional value of \$126,000;
- 375,000 stapled securities were issued to KMP at an issue price of \$2 per stapled security and a total transactional value of \$750,000. These securities are subject to voluntary escrow arrangements and the relevant KMP is prevented from dealing with these escrowed securities until, in respect of 50%, the day after release of FY17 financial results and for the remaining 50% the day after the FY18 results release date;
- 62,500 stapled securities were issued to an employee trust at an issue price of \$2 per stapled security and a total transactional value of \$125,000. 25,000 of these stapled securities were forfeited during the year ended 30 June 2016 as the holders ceased to be employees at the relevant release date. The remaining 37,500 stapled securities have been released from escrow on 31 August 2016 in accordance with the terms of the escrow arrangements as notified to the ASX on 18 August 2016.

During the year ended 30 June 2016 an security-based payment expense of \$75,000 was recognised in relation to these remaining 37,500 stapled securities.

A total of 100,000 stapled securities were issued to the Non-Executive Directors at an issue price of \$2 per stapled security and a total transactional value of \$200,000. Each of the Non-Executive Directors has entered into a voluntary escrow deed for the stapled securities. 50,000 of these stapled securities will be released from escrow on the first trading day after release of the preliminary final report for the year ended 30 June 2017. The remaining 50,000 of these stapled securities will be released on the first trading day after release of the preliminary final report for the year ended 30 June 2018. In addition, the voluntary escrow deeds require forfeiture of the escrowed stapled securities for a nominal amount if the Non-Executive Director leaves the Company during the escrow period. None of these stapled securities have been forfeited during the year ended 30 June 2017.

The value of these stapled securities will be recognised as an expense evenly over the three years ending 30 June 2018. During the year an equity-based payment expense of \$66,667 (2016: \$66,667) has been recognised in relation to the 100,000 stapled securities.

Executive LTI plan

During the year ended 30 June 2017, the Board of the Company adopted a Long-term Incentive Plan for Executives. During the financial year, two grants of share appreciation rights (SARs) were awarded to the CEO, which were approved at the 2016 Annual General Meeting. In addition, the CFO received an award of SARs in February 2017.

Set out below are summaries of SARs granted under the plan during the current financial year:

Grant date	Expiry date	Exercise price \$	Balance at the start of the year \$	Granted \$	Exercised \$	Expire/forfeited/other \$	Balance at the end of the year \$
18 Nov 2016	17 Nov 2020	2.3437	-	1,366,465	-	-	1,366,465
18 Nov 2016	17 Nov 2020	2.4825	-	1,159,682	-	-	1,159,682
28 Feb 2017	27 Feb 2021	2.4825	-	394,610	-	-	394,610
			-	2,920,757	-	-	2,920,757

The weighted average share price during the financial year was \$2.21 (2016: \$2.68).

Grant date	Expiry date	Share price at grant date \$	Exercise price \$	Expected volatility ¹ %	Dividend yield %	Risk-free interest rate %	Fair value at grant date \$
18 Nov 2016	17 Nov 2020	2.22	2.34	28.35	4.16	2.46	1,009,271
18 Nov 2016	17 Nov 2020	2.22	2.48	27.14	4.16	2.46	851,091
28 Feb 2017	27 Feb 2021	2.14	2.48	27.54	4.41	2.58	289,604

1. Annualised standard deviation of the log change in adjusted daily close price of Gateway shares over 1 year

Note 38. Events after the reporting period

No matter or circumstance has arisen since 30 June 2017 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

**Gateway Lifestyle Group
Directors' declaration
30 June 2017**

The Directors of Gateway Lifestyle Operations Limited declare that:

1. In the opinion of the Directors:
 - (a) the financial statements and the notes of Gateway Lifestyle Group and RPT2 Group for the year ended 30 June 2017 are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Gateway Lifestyle Group's and RPT2 Group's consolidated financial position as at 30 June 2017 and of their consolidated performance, for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001;
 - (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1;
 - (c) there are reasonable grounds to believe that the Gateway Lifestyle Group and RPT2 Group will be able to pay their debts as and when they become due and payable; and
 - (d) as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in Note 41 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.
2. The Directors have been given the declarations required by section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2017.

This declaration is made in accordance with a resolution of the Board of Directors of Gateway Lifestyle Operations Limited



Andrew Love
Chairman



Trent Ottawa
Executive Director and Chief Executive Officer

30 August 2017
Sydney

Independent auditor's report to the stapled security holders of Gateway Lifestyle Group and the unitholders of Residential Parks No. 2 Trust Group

Gateway Lifestyle Group comprises of Gateway Lifestyle Operations Limited and the entities it controlled at year's end or from time to time during the financial year and Residential Parks No. 2 Trust and the entities it controlled at year's end or from time to time during the financial year ("Gateway Group" or "the Group").

Residential Parks No. 2 Trust Group comprises of Residential Parks No. 2 Trust and the entities it controlled at year's end or from time to time during the financial year ("Trust Group").

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Gateway Group and Trust Group, which comprises the consolidated statements of financial position as at 30 June 2017, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the Directors' Declaration.

In our opinion, the accompanying financial report of Gateway Lifestyle Group and Residential Parks No.2 Trust Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's consolidated financial position as at 30 June 2017 and of its consolidated financial performance for the year ended on that date; and
- (ii) 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 *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia; and we have 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. We also note whether each key audit matter relates to our audit of the Group, the Trust Group or both.

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 these matters. 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 matters below, provide the basis for our audit opinion on the accompanying financial report.

1. Goodwill impairment testing (the Group)

Why significant	How our audit addressed the key audit matter
<p>Goodwill of \$140.4m represents 17% of the total assets of the Group at 30 June 2017.</p> <p>As disclosed in Note 13 to the financial report, the Goodwill impairment testing undertaken by the Group involved critical accounting estimates and assumptions, specifically judgments concerning forecast cash flows, long term growth rates and discount rates.</p> <p>Accordingly, we considered this to be a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> ▶ Considered whether the year-end impairment model was prepared in accordance with the requirements of Australian Accounting Standard AASB 136 <i>Impairment of Assets</i>. ▶ Assessed the cash flow forecasts based on the 2018 Board approved budget by considering the key assumptions including comparisons with current year performance and historical accuracy of previous forecasts. ▶ Assessed the mathematical accuracy of the Group's impairment model. ▶ Assessed the discount rates, growth rates and the terminal growth rates applied, with involvement from our valuation specialists. ▶ Evaluated the sensitivity analysis performed by the Group focusing on the Cash-Generating Units where a reasonably possible change in assumptions could cause the carrying amount to exceed its recoverable amount. ▶ Assessed the adequacy of the financial report disclosures contained in Note 13.

2. Valuation of investment properties (the Group & Trust Group)

Why significant	How our audit addressed the key audit matter
<p>The investment property assets of the Group and Trust Group consists of 56 Manufactured Home Estates (MHE) and represents 76% of the Group's total assets and 68% of the Trust Group's total assets as at 30 June 2017.</p> <p>These assets are carried at fair value. As disclosed in Note 12 to the financial report, fair value is determined by the directors with reference to external independent property valuations or internal directors' valuations. Independent valuations are conducted on a rotational basis across the portfolio over a three year period or when the directors consider there to be a reason to believe that the fair value of a MHE has materially changed from its carrying value.</p> <p>We consider this a key audit matter due to the number of judgments required in determining fair value. As disclosed in Note 26 to the financial report, these judgments include assessing the capitalisation rate, and estimating future maintainable operating earnings based on historical and forecast financial information. Minor changes in certain assumptions can lead to significant changes in the valuation.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> ▶ Involved our real estate valuation specialists to assess the valuation methodologies adopted, the competence, independence and the objectivity of the external valuers, the assumptions used in the external and internal valuations and a broader assessment of the capitalisation rates observed across the portfolio. ▶ Tested the accuracy of the data used in a sample of the external and internal valuations by comparing inputs including the net operating income used in the valuations to actual financial performance in the audited trial balances. ▶ Assessed whether any macro or site specific factors impacted the MHE valuations individually or collectively since the last external independent valuation. ▶ Assessed the adequacy of the disclosures relating to the sensitivity of the key assumptions as detailed in Note 26 to the financial report.

3. Home sales revenue and margin (the Group)

Why significant	How our audit addressed the key audit matter
<p>The Group recognised \$57.5m in manufactured home sales revenue arising from 241 settled homes for the year ended 30 June 2017, generating a gross margin of \$25.1m.</p> <p>As disclosed in Note 1 to the financial report, home sales revenue is recognised when the significant risks and rewards of ownership have passed to the customer. This is upon settlement of the relevant property sale.</p> <p>The gross margin recognised on these sales is based upon the costs attributed to the inventory asset prior to sale and which can be subject to judgment.</p> <p>We have determined home sales revenue to be a key audit matter due to the quantum of home sales revenue, the margin recognised during the year; and risk associated with recording revenue and margin in the incorrect period.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> ▶ Assessed and tested the design and operating effectiveness of the controls associated with the recording of home sales revenue and cost of sales. ▶ Assessed whether the accounting policies applied by the Group relating to the recognition of revenue and cost of sales is in accordance with Australian Accounting Standard AASB 118 <i>Revenue</i> and AASB 102 <i>Inventories</i>. ▶ Considered the Group's allocation of costs to inventory and investment property and the consequent application of the relevant Australian Accounting Standards. ▶ Selected a sample of home sales revenue recognised prior to and subsequent to year end to assess whether revenue and the related cost of sales was recognised in the correct period. ▶ Selected a sample of home sales revenue transactions recorded during the year and agreed the revenue recorded to cash received.

4. Recoverability of deferred tax assets (the Group)

Why significant	How our audit addressed the key audit matter
<p>Deferred tax assets amount to \$9.7m for the Group at 30 June 2017.</p> <p>As disclosed in Note 1 to the financial report, the Group evaluates the recoverability of these deferred tax assets by reference to their forecast future taxable income against which these deferred tax assets can be utilised.</p> <p>We consider recoverability of deferred tax assets to be a key audit matter due to the complexity of the tax arrangements within the Group and the level of judgment involved in forecasting taxable income in future years.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> ▶ Tested the mathematical accuracy of the calculation of the amount of deferred tax assets recorded, relating to tax losses carried forward. ▶ Evaluated the Group's assumptions and estimates in relation to the likelihood of generating sufficient future taxable profits based on budgets and business plans. This included an assessment of the historical accuracy of the Group's forecasts of future taxable income. ▶ Involved our taxation specialists to analyse and assess the assumptions used to determine tax positions and to review the underlying management fee and loan agreements. ▶ Evaluated whether the income tax related disclosures in the financial report met the requirements of Australian Accounting Standards.

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

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 other information. The other information comprises the information in the Annual Report of Gateway Lifestyle Group and Residential Parks No.2 Trust Group for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

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 upon 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 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 Groups' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Groups or 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 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 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 entity'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 in the preparation of the financial report. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events and conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the disclosures in the financial report about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial report. However, future events or conditions may cause an entity 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 consolidated financial report represent 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, related safeguards.

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.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the Directors' Report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Gateway Lifestyle Operations Limited for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of Gateway Lifestyle Operations Limited 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.

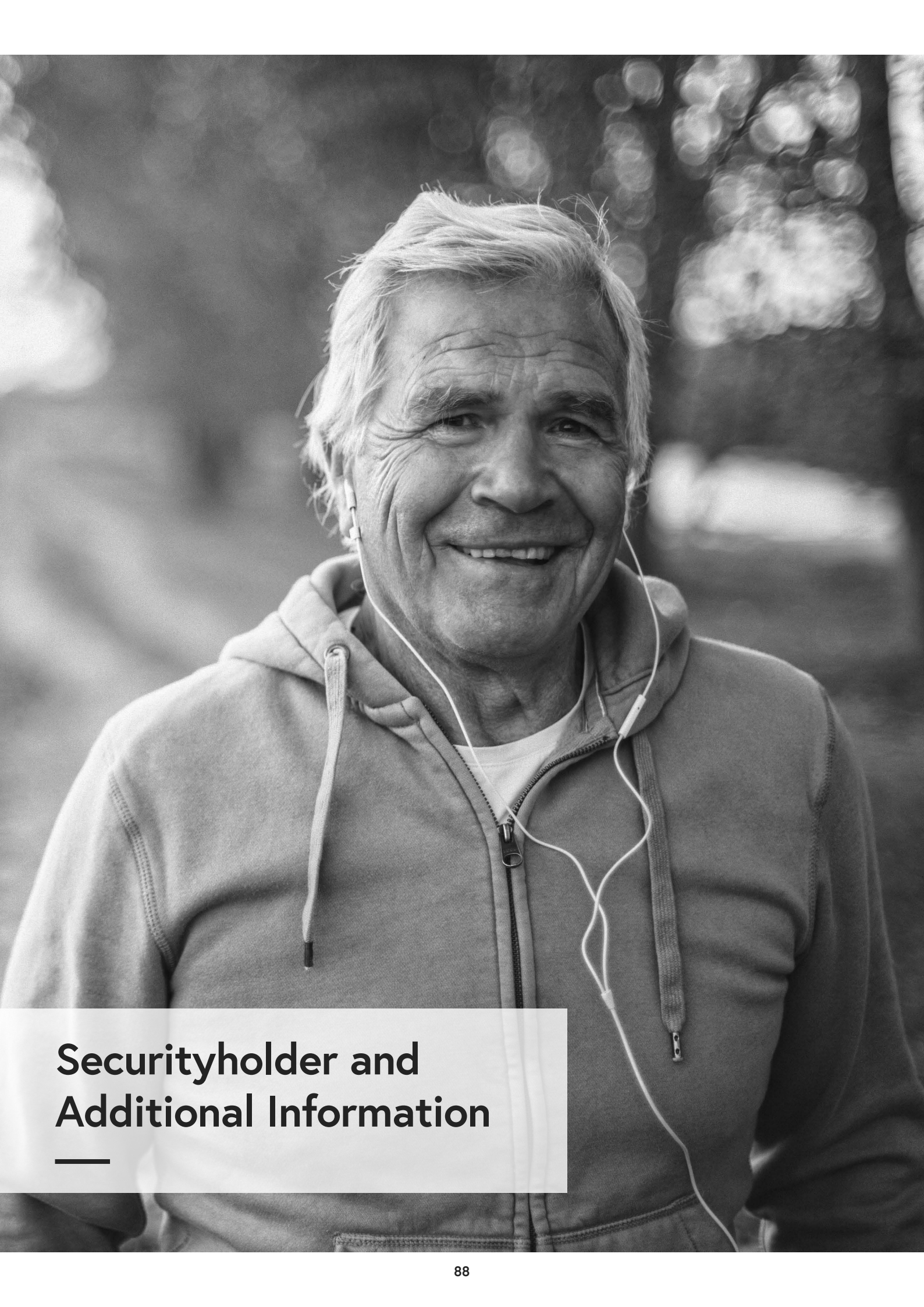


Ernst & Young



Mark Conroy
Partner

Sydney
Date: 30 August 2017



Securityholder and Additional Information

Securityholder Information

The securityholder information set out below was applicable as at 31 July 2017

Distribution of security holdings

	Number of holders of Stapled Securities	%	Number of Stapled Securities	%
1 to 1,000	368	14.1	181,756	0.1
1,001 to 5,000	877	33.6	2,734,408	0.9
5,001 to 10,000	514	19.7	3,997,342	1.3
10,001 to 100,000	743	28.5	21,074,790	7.0
100,001 and over	106	4.1	271,409,439	90.7

Top 20 securityholders as at 31 July 2017

As at 31 July 2017, there were 299,379,735 stapled securities on issue and the top 20 securityholders as at 31 July 2017 is set out in the table below. There is no on-market buy-back currently.

	Stapled Securities	
	Number held	% of total stapled Securities issued
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	67,037,379	22.39
J P MORGAN NOMINEES AUSTRALIA LIMITED	41,955,116	14.01
CITICORP NOMINEES PTY LIMITED	35,645,583	11.91
NATIONAL NOMINEES LIMITED	35,639,068	11.90
OTTAWA & CO PTY LTD	12,796,401	4.27
CITICORP NOMINEES PTY LIMITED	11,842,174	3.96
BNP PARIBAS NOMINEES PTY LTD	10,037,026	3.35
BNP PARIBAS NOMS PTY LTD	5,762,861	1.92
BUONCOMPAGNI INVESTMENTS PTY LIMITED	4,708,970	1.57
J K M SECURITIES PTY LIMITED	4,400,000	1.47
CS THIRD NOMINEES PTY LIMITED	3,051,726	1.02
PEPPER INVESTMENT HOLDINGS PTY LTD	3,041,476	1.02
SCJ PTY LTD	2,500,000	0.84
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	2,236,741	0.75
PEPPER INVESTMENT HOLDINGS PTY LTD	2,070,000	0.69
RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LTD	1,837,600	0.61
UBS NOMINEES PTY LTD	1,717,909	0.57
MIRRABOOKA INVESTMENTS LIMITED	1,581,000	0.53
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,388,452	0.46
RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED	1,153,298	0.39
Total for the Top 20 securityholders	250,402,780	83.64
Balance of register	48,994,955	16.36
Grand total	299,397,735	100.00

Substantial securityholders

As disclosed in substantial holding notices lodged with the ASX as at 31 July 2017

	Stapled Securities		
	Date of change	Number of securities held	% of total stapled Securities issued
National Australia Bank Limited	26/06/2017	15,277,311	5.10
IOOF Holdings Limited	5/01/2017	35,183,086	11.75
SAS Trustee Corporation	1/09/2016	16,316,948	5.45
Commonwealth Bank of Australia	6/07/2017	40,517,895	13.53

Voting Rights

Subject to the Constitutions of Gateway Lifestyle Operations Limited and Residential Parks No. 2 Trust and to any rights or restrictions for the time being attached to any class or classes of shares, units or stapled securities:

- on a show of hands, each Member present in person or by proxy, attorney or representative has one vote;
- on a poll, each Member has:
 - o in the case of a resolution of Gateway Lifestyle Operations Limited, one vote for each share in Gateway Lifestyle Operations Limited held; and
 - o in the case of a resolution of Residential Parks No. 2 Trust, one vote for each unit in Residential Parks No. 2 Trust held.

Escrowed Securities

Class	Expiry date	Number of stapled securities
Stapled securities	FY17 release date	6,675,440
Stapled securities	FY18 release date	6,675,438

FY release date refers to the first trading day after the release of the preliminary final report for the financial year ended then.

Additional Information

The Gateway Lifestyle website, www.gatewaylifestyle.com.au contains important information on the Group including recent annual reports and Australian Securities Exchanges (ASX) announcements, historical information about distributions paid, security pricing and securities on issue. While visiting the site, securityholders can access Link Market Services' website, the registry provider for Gateway Lifestyle Group. Link Market Services manages the Gateway Lifestyle Group registry and can assist with investment details including holding balances and payment history.

ASX Listing

Gateway Lifestyle Group is listed on the ASX. The ASX code for the Group is "GTY". Securityholders wishing to trade their securities will need to use the services of a stockbroker or online broking facility.

Annual Taxation Statement

The Group produces the annual tax statement in September each year. This statement advises the taxable income for the financial year ended 30 June. Securityholders may view their financial year 2017 annual taxation statement by visiting investor.gatewaylifestyle.com.au/Investor-Centre and accessing "Investor Login" on the landing page.

Distribution Payments

The Group pays distributions half-yearly.

Distribution Reinvestment Plan

The distribution reinvestment plan (DRP) is currently active. Further details on the DRP are available on our website.

Key Dates

Distribution paid for half year ended 30 June 2017	15 September 2017
FY2017 Annual Taxation Statements available	15 September 2017
Annual General Meeting	28 November 2017
Half year results for six months to 31 December 2017 released to ASX	February 2018
Distribution payment for half year ended 31 December 2017	February/March 2018
Annual results for year to 30 June 2018 released to ASX	August 2018

¹ These timings are indicative only

Securityholder Enquiries

If a Securityholder wishes to advise of a change of address, altered or closed bank account to which distributions are directed, or wishes to advise a tax file number, then please contact Gateway Lifestyle Group's registry provider as follows:

Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235

P Freecall (+61) 1300 554 474
F 61 2 9287 0303
E registrars@linkmarketservices.com.au
W linkmarketservices.com.au

Enquiries about Gateway can be directed to the Investor Relations representative as follows:

Gateway Lifestyle Group

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

P +61 2 8818 9600
E investor@gatewaylifestyle.com.au

Glossary of Terms

Term	Meaning
ARSN	Australian Registered Scheme Number
ASX	Australian Securities Exchange, ASX Limited ABN 98 008 624 691, or the financial market operated by it, as the context requires
ASX Corporate Governance Recommendations	Revised in 2014, the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd Edition)
Board	The board of directors of the Company or the Responsible Entity, as applicable.
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COO	Chief Operation Officer
Company	Gateway Lifestyle Operations Limited A.C.N. 605 543 968
Constitution	The constitution of the Company and/or the Trust (as the context requires)
Corporations Act	Corporations Act 2001 (Cth)
CPI	consumer price index
Director	A member of the board of directors of the Company or OIMFL from time to time
Distributable earnings	Net profit after tax, adjusting for non-cash, one-off and non-recurring items.
FY17	Financial year ended 30 June 2017
Gateway Lifestyle Group or the Group	The Company and the Trust together
LTAWR	Long-term average weekly rent
LTIFR	Lost time injury frequency rate
MH/MHE	Manufactured home estate
NPAT	Net profit after tax
OMIFL or Responsible Entity	One Managed Investment Funds Limited ABN 47 117 400 987 in its capacity as responsible entity of the Trust
Registry	Link Market Services Limited ABN 54 283 214 537
RLLC	Residential Land Lease Community
Shares	Shares in the Company
Stapled Securities	A stapled security consisting of a share and a unit
Stapled Securityholder	Holder of Stapled Securities
Trust or RPT 2	Residential Parks No. 2 Trust
Unit	An ordinary fully paid unit in Residential Parks No.2 Trust

Corporate Directory

Head Office

Gateway Lifestyle Group

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

P 02 8818 9600

E investor@gatewaylifestyle.com.au

Corporate Website

www.gatewaylifestyle.com.au

Directors

Andrew Love (Chairman)

Rachel Launder

Stephen Newton

Andrew Fay

Trent Ottawa (Chief Executive Officer)

Directors of OMIFL

Frank Tearle

Justin Epstein

Elizabeth Reddy

Registered Office of OMIFL

Level 11, 20 Hunter Street, Sydney, NSW, 2000, Australia

Company Secretary

Leanne Nolan

ASX Code

GTY

Registry

Link Market Services Limited Level 12, 680 George Street, Sydney, NSW, 2000, Australia

T +61 1300 554 474

F 61 2 9287 0303

E registrars@linkmarketservices.com.au

Auditors

Ernst & Young

The EY Centre, 200 George Street, Sydney NSW 2000, Australia

Bankers

Australia and New Zealand Banking Group Limited

Commonwealth Bank of Australia

Disclaimer

This Annual Report has been prepared by the Company and contains summary information about the Group's activities.

One Managed Investments Funds Limited (ACN 117 400 987 (AFSL 297042) (OMIFL) is the responsibility entity of the Residential Parks No 2 Trust (ARSN 605 803 414). The information in this Annual Report was not prepared by OMIFL. While OMIFL has no reason to believe that the information is inaccurate, the truth or accuracy of the information cannot be warranted or guaranteed by OMIFL. The information in the Annual Report is of a general background nature and does not purport to be complete or contain all the information security holders would require to evaluate their investment in GTY. Past performance information is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance. Forward-looking statements, opinions and estimates provided in this report are inherently uncertain and are based on assumptions and estimates which are subject to change without notice, as are statements about market and industry trends, which are based on interpretation of market conditions. Actual results and performance may vary materially because events and actual circumstances frequently do not occur as forecast and future results are subject to known and unknown risk such as changes in market conditions and in regulations. Investors should form their own views as to these matters and any assumptions on which any of the forward-looking statements are based and not place reliance on such statements. Information in this report, including forecast financial information, should not be considered as advice or a recommendation to investors or potential investors in relation to holding, purchasing or selling securities. Before acting on any information, you should consider the appropriateness of the information having regard to these matters, any relevant offer document and in particular, you should seek independent financial advice

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gatewaylifestyle.com.au

