

INSPIRING A BETTER *lifestyle*



# 2017

## UBS Australasia Conference

13-14 November 2017



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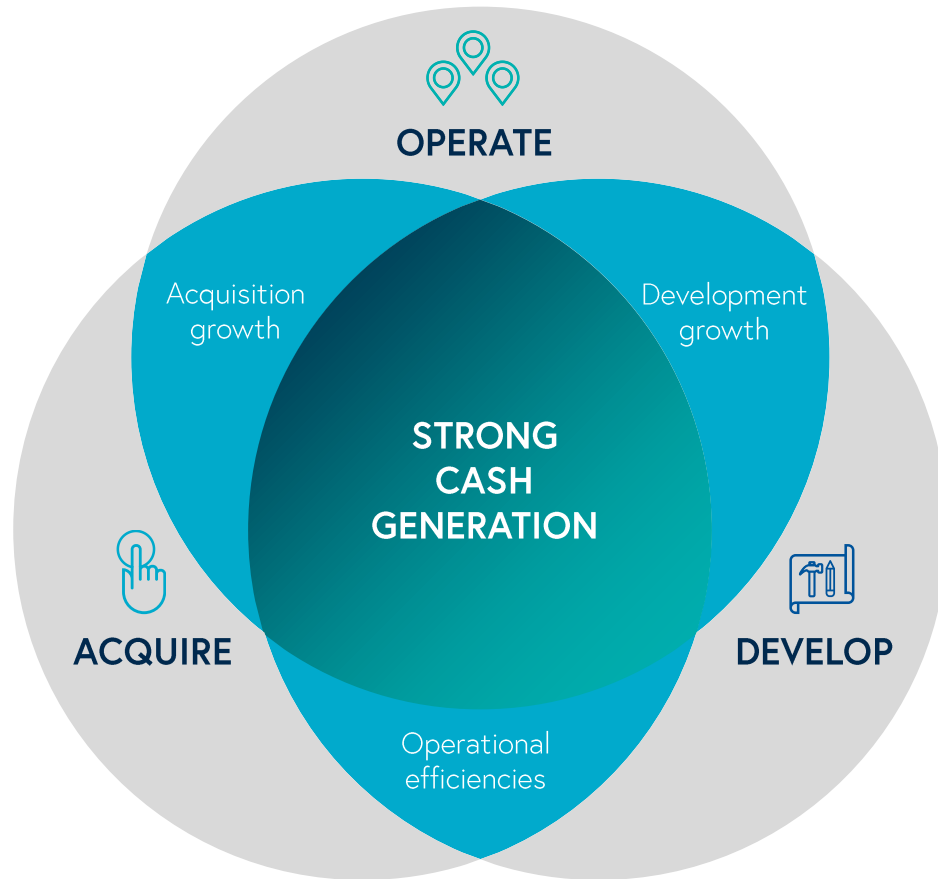
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The Group results are reported under International Financial Reporting Standards (IFRS). However, this presentation includes certain financial information that are non-IFRS financial measures for the purposes of providing a more comprehensive understanding of the performance of the Group. These non-IFRS financial measures include Distributable Earnings, EBITDA and other operating measures which provide useful information for measuring the underlying operating performance of the Group. Such non-IFRS information is unaudited, however the numbers have been extracted from audited financial statements.

# Gateway Lifestyle business model

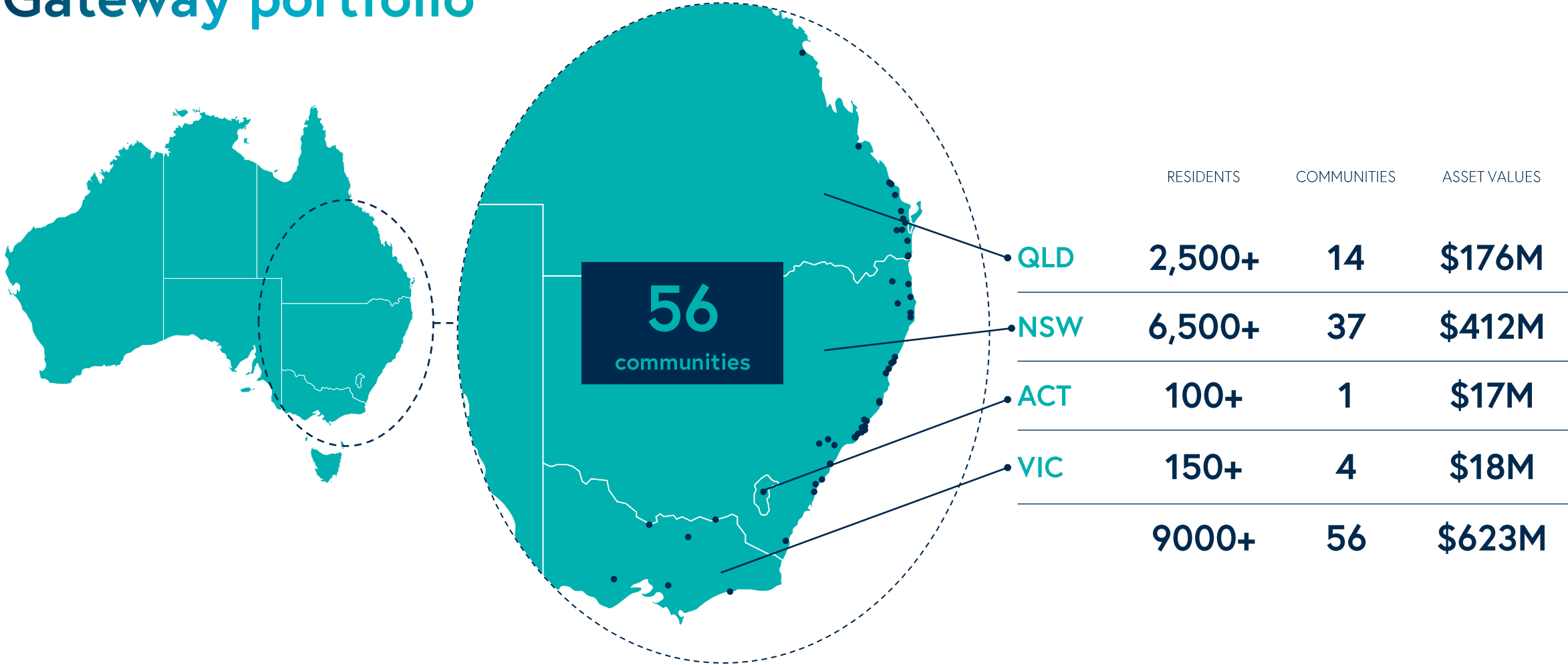


## STRATEGY

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

- Grow the long-term compounding revenue
- Deliver sustainable long-term returns
- Operate and develop quality land lease communities
- Create affordable and sustainable living solutions for an aging population
- Provide simple resident contracts with no entry/exit fees

# Gateway portfolio



LONG-TERM  
OCCUPIED SITES

FY15 4,351

FY16 5,944

FY17 6,539





# Land lease communities

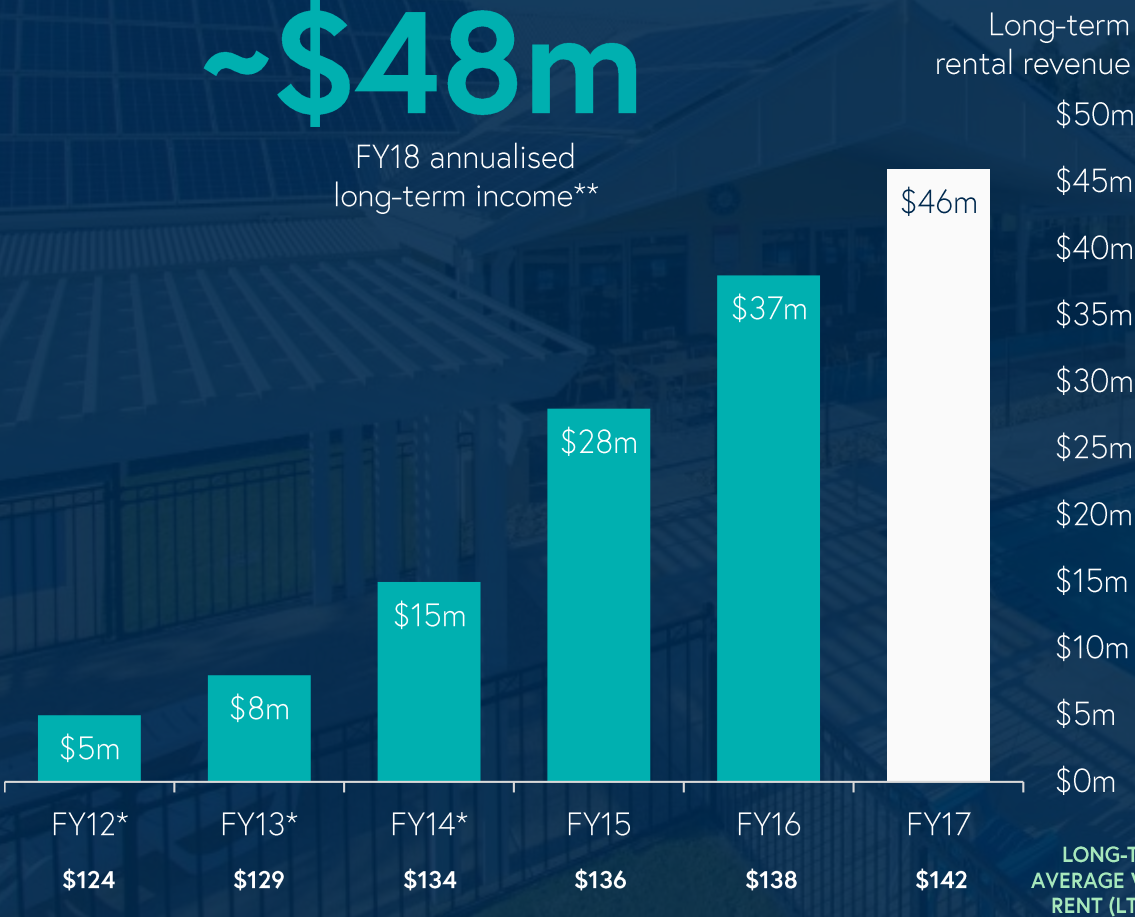




# Compounding long-term revenue growth

~\$48m

FY18 annualised  
long-term income\*\*



6,539

long-term occupied  
sites in FY17

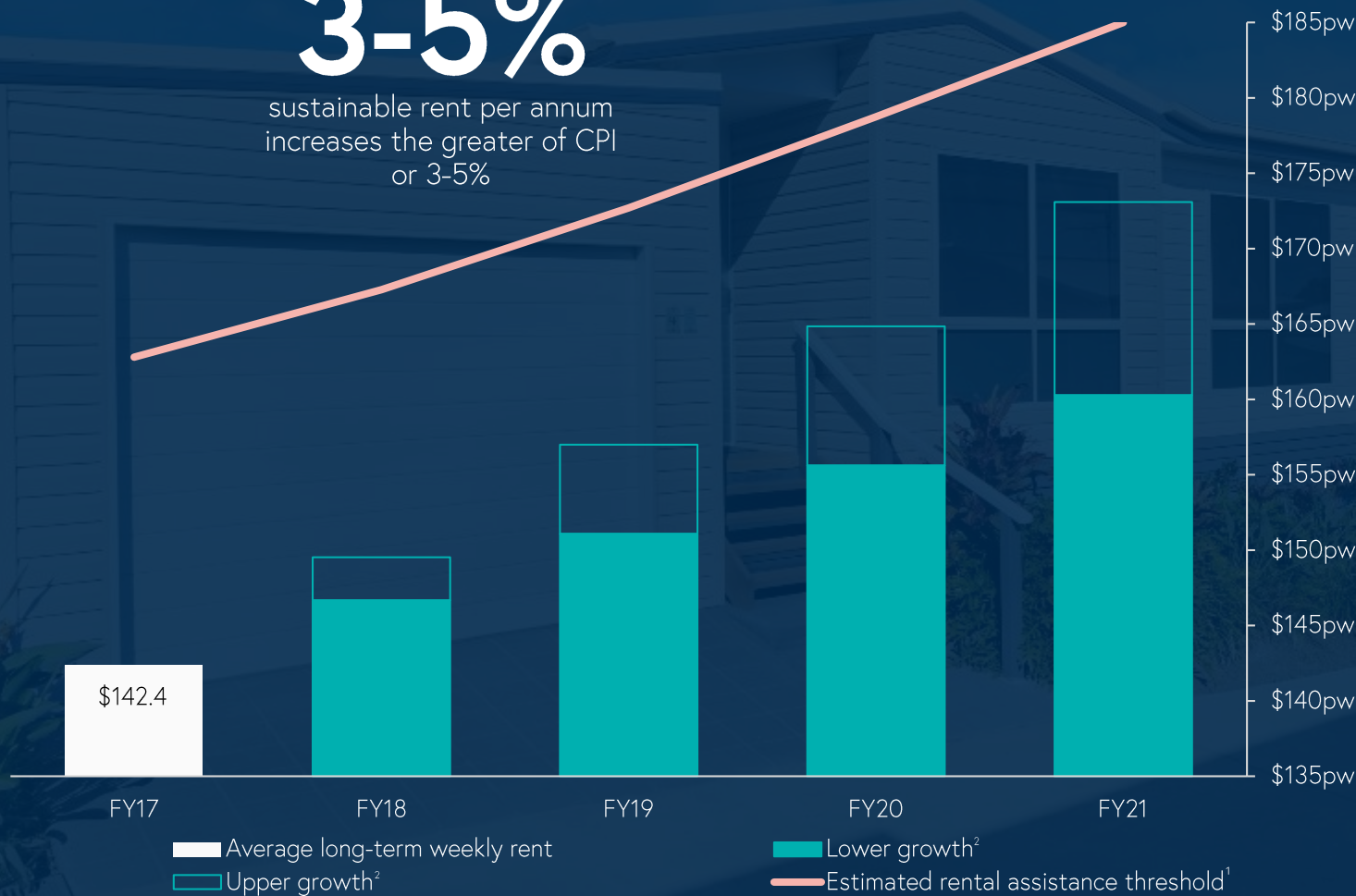


\* Pro-forma data is based on historical information for the assets comprising Gateway Lifestyle as at 15 June 2015, being the date of listing of the stapled security on the ASX.  
 \*\* Annualised rental revenue product of average weekly rent of \$142.4 and 6,539 long-term occupied sites

# Sustainable long-term rental growth

## 3-5%

sustainable rent per annum  
increases the greater of CPI  
or 3-5%



1. Rental assistance threshold of \$163 per week based on blended average of singles and couples receiving full entitlements. Rental assistance growth based on forecast wages growth.
2. Lower growth assumes 3% growth; upper rental increase assumes 5% growth.





# Strong cashflow

**\$119m**

Revenue<sup>1</sup>

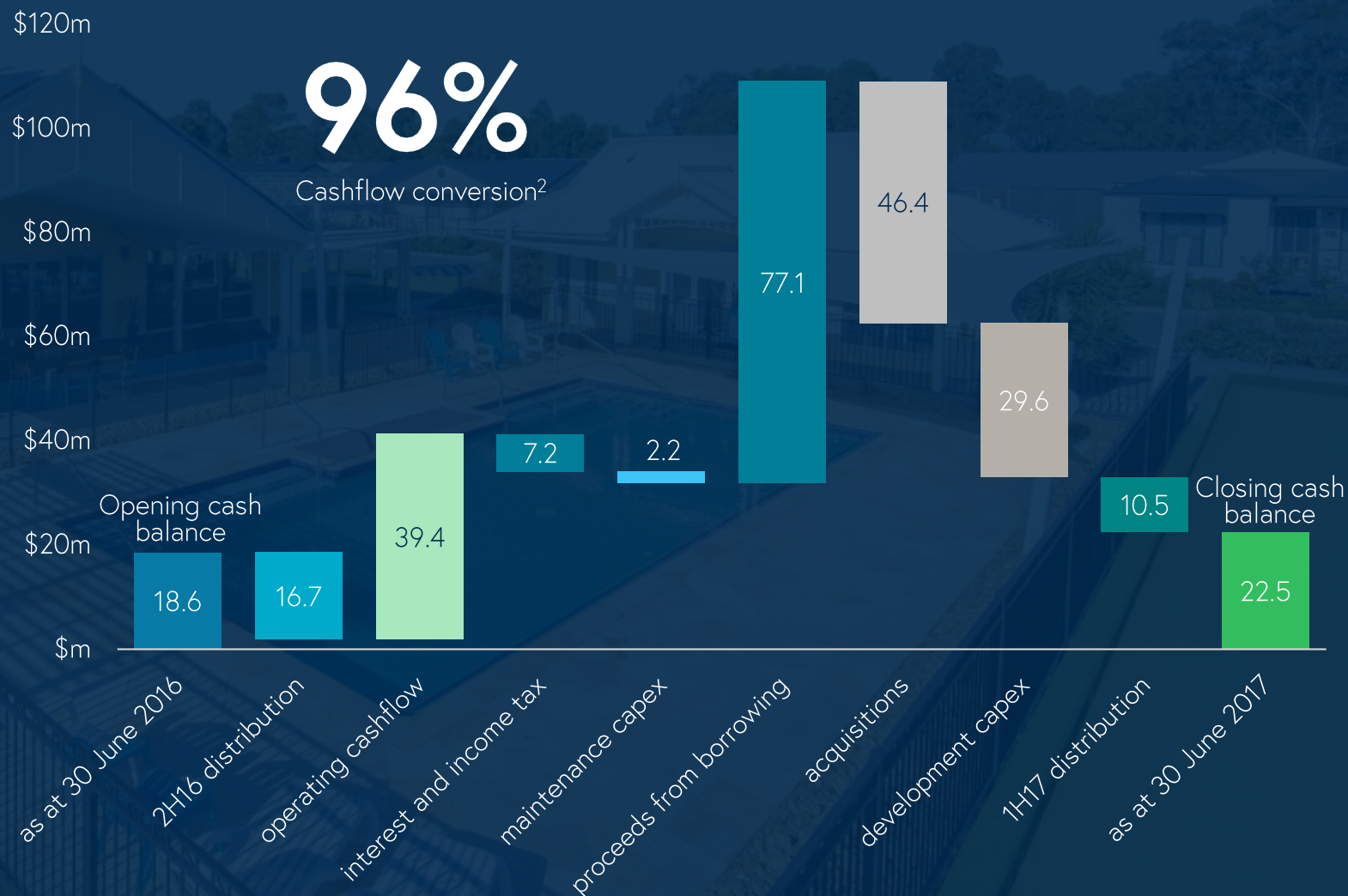
**\$45m**

EBITDA<sup>1</sup>

**\$40m**

Distributable earnings<sup>1</sup>

Investing for  
**growth**



1. Financial Year 2017

2. Calculated as operating cashflow divided by statutory EBITDA



# Positioned to provide an attractive lifestyle proposition

## MACRO ECONOMIC DRIVERS

**1/3**

of Australians  
forecast to be  
**over 55 by 2040**

**77%**

of Australians over  
the age of 65 receive  
some form of  
**government pension**

**~1%**

of retirees live in  
**land lease  
communities**

**\$110k**

median household  
**super balance** at  
retirement (60-64yrs)

**30 years**

before most individuals will fully benefit  
from a **mature superannuation guarantee**

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

## Gateway's solution

LAND LEASE COMMUNITIES  
SECURE HOME OWNERSHIP  
AFFORDABLE HOMES  
SUSTAINABLE RENTS  
SOCIAL INTERACTION  
NO DEFERRED MANAGEMENT FEES

## WHY WE KNOW IT WORKS

Over

**9,000**

residents now call  
a Gateway Lifestyle  
**community home**

**440**

total new  
homes and  
resales in FY17

**56**

communities  
across **NSW,  
QLD and VIC**

**89%**

of residents would  
**recommend** living in  
a Gateway Lifestyle  
community to a friend

**Strong**

ongoing local,  
state and federal  
**government support**

**Simple**

pricing structured  
with **no deferred  
management fees**

# Providing long-term certainty

67

average entry age of  
new residents

\$110k

median household **super  
balance** at retirement  
(60-64yrs)

**decision**

quality of life decision at  
a key juncture in life



\$656k

average Australian  
residential dwelling price

~\$275k

average price of new  
Gateway Lifestyle home<sup>1</sup>

**community**

facilities designed to  
promote social interaction  
and a strong sense of  
security



10+

average tenure of a  
Gateway Lifestyle  
resident

\$163

commonwealth rent  
assistance threshold  
for couples and singles  
per week<sup>2</sup>

**certainty**

long-term secure tenure  
with perpetual right of  
occupancy provides  
certainty to residents

1. Includes GST  
2. Based on Department of Social Services minimum rent to get maximum rent assistance payment as at 20 September 2017

# Resident trends and needs



## COMMUNITY SATISFACTION

**89%**

would recommend Gateway Lifestyle to a friend or relative

**1 in 7**

new home sales are generated through referrals

**95%**

of existing residents feel safe

## NEW RESIDENT TRENDS

**2+**

strong demand for home designs facilitating 2+ bedrooms with ability to adapt for ageing in place

**60%**

residents migrate within 10-30km

**67**

average entry age of new residents

## COMMUNITY HEALTH AND WELLBEING

**70%**

felt their wellbeing had improved since moving into a Gateway Lifestyle Community

**92%**

feel connected to their community

**86%**

of residents are satisfied with their community's recreational activities

## INCREASING AWARENESS

**70%**

increase in enquiries

**60%**

of enquiries are female

**91%**

enquiries are generated through digital channels

\* Research conducted by Spark Strategy in conjunction with Gateway Lifestyle



# Product and positioning

## COMMUNITY AND LIVEABILITY

- Innovative home designs
- Community and home designs to incorporate ageing in place
- Promote engagement and sense of belonging

## SAFETY AND AFFORDABILITY

- Accessible, affordable and quality homes for over 50s
- Built to provide safety and security for our residents

## SOCIAL ENGAGEMENT

- Strong community provides connection for residents
- Facilities designed to encourage socialisation

## SUSTAINABILITY

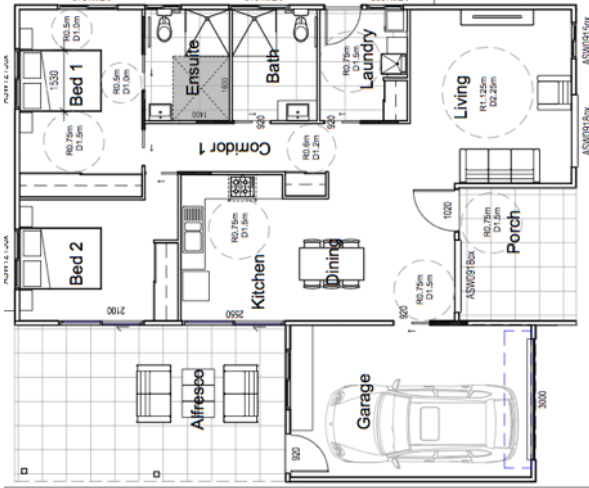
- Homes designed to provide solar access, cross ventilation and privacy
- Increasing emphasis on energy and water efficiency





# The Housing Range

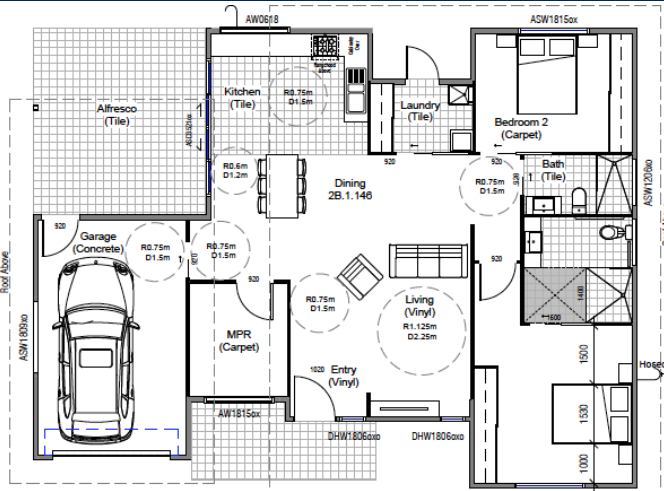
## The Miller





# The Housing Range

## The Walker





# The Housing Range

## The Ferguson





# Today and the long-term play

FY17

**6,539**

long-term occupied sites<sup>1</sup>

**\$142.4**

average long-term weekly rent<sup>1</sup>

**\$39.6m**

distributable earnings for FY17

**7%**

growth in distributable earnings  
**guidance remains unchanged** for FY18  
assuming no material changes in market  
conditions and excluding further  
acquisitions

Growth drivers

**~2,150**

development sites delivering an  
estimated portfolio build out of  
8,700 long-term occupied sites

**3-5%**

rental growth per  
annum of 3-5% or CPI

**~250**

settlements per annum on average  
and gross margin of c.\$100k

**\$70m**

debt capacity

Target

**10,000**

long term occupied  
sites

**~70%**

operating margin

1. As at 30 June 2017

# Appendices





# Portfolio mix

		QTY	TOTAL SITES	LONG-TERM SITES	SHORT-TERM SITES	DEVELOPMENT SITES <sup>1</sup>	ASSET VALUE	VALUE PER SITE
MATURE	NSW	11	1,750	1,689	-	61	\$148m	\$85k
	QLD	6	1,037	1,031	-	6	\$81m	\$78k
	VIC	1	50	50	-	-	\$3m	\$52k
	Subtotal/average	18	2,837	2,770	-	67	\$232m	\$81k
EXPANSION	NSW	9	2,165	1,223	201	741	\$119m	\$55k
	QLD	4	592	450	-	142	\$42m	\$42k
	VIC	-	-	-	-	-	-	-
	Subtotal/average	14	2,757	1,673	201	883	\$162m	\$59k
CONVERSION	NSW	16	2,547	1,579	752	216	\$144m	\$56k
	QLD	4	878	357	434	87	\$52m	\$60k
	VIC	3	256	69	117	70	\$16m	\$61k
	ACT	1	193	91	102	-	\$17m	\$88k
	Subtotal/average	24	3,874	2,096	1,405	373	\$229m	\$59k
TOTAL/AVERAGE		56	9,468	6,539	1,606	1,323	\$623m	\$66k
				69%	17%	14%		

1. Calculated as total number of manufactured home sites available for new manufactured homes.

# Profit and loss

	FY17 (\$m)	FY16 (\$m)	Change (%)
Rental and other income	60.9	49.7	22.5 ▲
Development revenue	57.5	64.1	(10.3) ▼
<b>Revenue</b>	<b>118.4</b>	<b>113.8</b>	<b>4.0 ▲</b>
Operations expenses <sup>1</sup>	(26.2)	(18.5)	(41.6) ▼
Development expenses	(32.3)	(37.8)	14.7 ▲
Corporate expenses	(14.6)	(14.3)	2.1 ▲
<b>Adjusted EBITDA<sup>2</sup></b>	<b>45.3</b>	<b>43.2</b>	<b>4.9 ▲</b>
<b>Segment<sup>3</sup></b>			
Operations	30.3	26.9	12.7 ▲
Development	15.0	16.3	(7.8) ▼
<b>Adjusted EBITDA<sup>1</sup></b>	<b>45.3</b>	<b>43.2</b>	<b>4.9 ▲</b>

1. Operating expenses impacted by full year impact of FY16 acquisitions and changes in classification to align all community related operating expenditure in the operations. For the avoidance of doubt, FY16 has not been restated.
2. Adjusted EBITDA reflects the adjustment for one-off items and other reconciling items to Distributable Earnings. Adjusted EBITDA reconciliation for FY17 and FY16 is provided in Appendix 2.
3. Incorporates illustrative allocation of corporate costs, allocated at 30% to operations and 70% to development.

# Capital Management

	FY17	FY16	Change
Investment Properties	\$622.8m	\$516.1m	20.7%▲
Total Tangible Assets	\$671.6m	\$550.9m	21.9%▲
Net Debt	\$156.9m	\$86.7m	81.0%▲
Gearing <sup>1</sup>	23.4%	15.3%	8.1%▲
Drawn debt	\$180m	\$105m	71.4%▲
Debt capacity	\$70m	\$145m	(51.7%)▼
LVR <sup>2</sup>	28.9%	20.3%	8.6%▲
ICR <sup>3</sup>	4.1x	5.4x	1.3x▼
Weighted average debt maturity	2.5yrs	3.5yrs	(1.0 yrs)▼
Hedging	57%	19%	38%▲
Cost of debt	4.0%	3.9%	0.1%▲

1. Gearing calculated as net debt divided by total tangible assets.

2. LVR is calculated as gross borrowings divided by investment properties based on the most recent independent valuation. Bank facility provides for up to 50% LVR.

3. ICR covenant is 2.0x.



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