

## Appendix 4D

For the half year ended 31 December 2017

(Previous corresponding period being the half year ended 31 December 2016)

### Results 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

				December 2017 \$'000
Revenues from ordinary operations	Up	22.3%	to	64,091
Profit from ordinary activities after tax attributable to securityholders	Up	2.8%	to	20,642
Net profit attributable to securityholders	Up	2.8%	to	20,642

Net Tangible Assets	December 2017	June 2017
Net Tangible Assets per Security	\$1.52	\$1.48

Distributions	Amount per security	Franked amount per security	Record Date
Interim distribution payable on 15 March 2018	3.75 cents	-	29 December 2017
Interim distribution paid on 28 February 2017	3.50 cents	-	30 December 2016

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 2 January 2018. A discount rate of 1.0% will be applied under the Distribution Reinvestment Plan.

This report is based on the 31 December 2017 Interim Financial Report which has been reviewed.

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

# **GATEWAY LIFESTYLE GROUP**

Gateway Lifestyle Operations Limited  
ABN 63 605 543 968

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

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

## **Interim Financial Report**

Half year ended 31 December 2017

**Gateway Lifestyle Group**

**Interim financial report**

**Half year ended 31 December 2017**

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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

## Gateway Lifestyle Group

### Directors' report Half year ended 31 December 2017

The Directors of Gateway Lifestyle Operations Limited (GLOL or the Company) present their report on behalf of Gateway Lifestyle Group (comprising Residential Parks No. 2 Trust and Gateway Lifestyle Operations Limited), together with the interim financial statements and the auditor's review report for the half year ended 31 December 2017 of both:

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

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

#### Gateway Lifestyle Group

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

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

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

#### Directors

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

##### Gateway Lifestyle Operations Limited

Andrew Love	Chairman (Independent Non-Executive)
Stephen Newton	Director (Independent Non-Executive)
Rachel Launders	Director (Independent Non-Executive)
Andrew Fay	Director (Independent Non-Executive)
Trent Ottawa	Executive Director and Chief Executive Officer

##### One Managed Investment Funds Limited

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

## Directors' report

### Half year ended 31 December 2017

#### Business overview

As at 31 December 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).

Key financial and operating metrics for the half year included:

- Distributable earnings of \$19.6 million, an increase of 35.3% (31 December 2016: \$14.5 million)
- 6,660 long-term occupied sites (31 December 2016: 6,277)<sup>1</sup>
- Average weekly rent per long-term site of \$146.0 per week<sup>2</sup>, an increase of 3.2% (31 December 2016: \$141.5)
- Annualised long-term rent of approximately \$51 million (31 December 2016: \$46.2m)
- Rental revenue of \$30.8 million, an increase of 12.8% (31 December 2016: \$27.3 million)
- 119 home settlements (31 December 2016: 92) and 52 committed sales (31 December 2016: 72)
- 97 display homes available for sale as at 31 December 2017 (30 June 2017: 49)
- Average profit per home settlement of \$103,000 (31 December 2016: \$97,000)

Subsequent to 31 December 2017 the following changes to the portfolio have occurred:

- The divestment of Rainbow Waters community for \$8.0 million (excluding transaction costs) settled on 6 February 2018
- An unconditional contract of sale was exchanged in relation to the Bass Hill community, with settlement expected in July 2018
- The acquisition of a DA approved greenfield site at Evans Head on the NSW North Coast for \$7.5m (excluding transaction costs) was settled in February 2018
- The two divestments transaction values were consistent with book values as at 31 December 2017

#### Review of operations

The profit for the Group after providing for income tax amounted to \$20.6 million (31 December 2016: \$20.1 million).

The result was primarily driven by an increased EBITDA contribution of \$6.4m or 39.8% on 31 December 2016 which reflected:

- continued growth in the Operations segment EBITDA, which increased by \$3.1 million (19.8%) on the prior period;
- volume driven improvement in the Development segment being an increase of \$3.3 million (36.9%) on 31 December 2016; and
- a stabilisation in corporate costs relative to the prior period.

Distributable earnings increased by \$5.1 million or 35.3% to \$19.6 million with the increase in EBITDA, in part offset by a \$1.0 million increase in finance costs to \$4.0 million (31 December 2016: \$3.0m).

Net profit after tax increased by \$0.5 million or 2.8%, driven by a \$1.5 million income tax expense (31 December 2016: \$2.4 million tax benefit) reflecting that the Group had taxable profit for the period on the GLOL side of the stapled structure. The cash taxes paid primarily relates to the settlement of the historical tax positions in July 2017 as carried forward tax losses were utilised to offset the taxable profit for the period.

Cash flow conversion in the period of 44.9% (31 December 2016: 98.8%) principally reflected the investment in display home inventory over the period, with 97 completed homes as at 31 December 2017 (30 June 2017: 49) to support 2H18 sales campaigns. Cash flow conversion is expected to improve in 2H18 as display home inventory is sold.

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

2 This metric is based on the average weekly rent per long-term occupied sites as at 31 December 2017.

## Directors' report

### Half year ended 31 December 2017

#### Financial and Operating Metrics

Currency: Australian dollars	Unit	1H18	1H17	Change	Change%
<b>Financial metrics</b>					
Revenue	\$million	64.1	52.4	11.7	22.3
Earnings before interest, tax, depreciation and amortisation	\$million	22.5	16.1	6.4	39.8
Net profit before tax	\$million	22.1	17.7	4.4	24.9
Net profit after tax	\$million	20.6	20.1	0.5	2.8
Distributable earnings <sup>1</sup>	\$million	19.6	14.5	5.1	35.3
Operating cash flow <sup>2</sup>	\$million	10.1	15.9	(5.8)	(36.5)
Operating cash flow conversion <sup>3</sup>	%	44.9%	98.8%		
Earnings per stapled security	cents	6.87	6.71	0.16	2.4
Distribution per stapled security	cents	3.75	3.50	0.25	7.1
Gearing Ratio <sup>4</sup>	%	27.8%	21.7%	6.1	28.1
<b>Operational metrics</b>					
Rental revenue	\$million	30.8	27.3	3.5	12.8
Long-term site rental revenue	\$million	25.1	22.8	2.3	10.1
Long-term occupied sites <sup>5</sup>	No.	6,660	6,277	383	6.1
Average long term occupied site rental <sup>5</sup>	\$/week	146.0	141.5	4.5	3.2
Short-term revenue	\$million	5.7	4.5	1.2	26.7
Homes sales revenue	\$million	30.6	22.5	8.1	36.0
Average selling price	\$'000	257.0	244.0	13.0	5.3
Average profit per settlement <sup>6</sup>	\$'000	102.7	97.1	5.6	5.8
Development EBITDA margin	%	40.0%	39.8%		
Settlements	No.	119	92	27	29.3
Committed sales <sup>5</sup>	No.	52	72	(20)	(27.8)

#### Operations

Long-term site rental revenue increased by 10.1% in the period, from \$22.8 million to \$25.1 million.

The Group ended the period with 6,660 long-term occupied sites, at an average site rental of \$146.0 per week as at 31 December 2017. This equates to annualised long-term income of approximately \$51 million.

Short-term income increased by \$1.2 million (26.7%) on the prior period, with the contribution of Canberra offsetting volume taken offline at Ballarat, Beachfront and Maroochydore.

Operating margin improved on the prior period and is in line with expectations for the year taking into consideration the full period impact of the May 2017 Canberra acquisition and short term income taken offline for development. Mature assets continue to operate at c. 70% operating margin on average.

1 Distributable earnings is Net profit after tax, adjusting for non-cash, one-off and non-recurring items.

2 Operating cash flow is defined as Net cash from operating activities before interest, taxation and transactional costs.

3 Operating cash flow conversion is based on Operating cash flow divided by Earnings before interest, taxation, depreciation and amortisation. The change in cash flow conversion is expected to improve in 2H18 as display home inventory is sold.

4 Gearing Ratio is net debt (being borrowings less cash and cash equivalents) as a percentage of total tangible assets.

5 As at 31 December 2017 and 31 December 2016.

6 Average profit per settlement is presented net of selling costs payable by the Group.

## Directors' report

### Half year ended 31 December 2017

#### Development

The period to 31 December 2017 involved the highest level of development undertaken by the Group in its short history, with key infrastructure and community facility works at a number of communities. These works were necessary to support the 119 settlements for the period, and forward investment to support CY18 target settlements providing increased forward visibility of organic long-term site growth in our portfolio and in turn delivering securityholder returns.

The 119 new home settlements in 1H18 (1H17: 92) has the Group on track for circa 250 settlements for FY18. In 1H18 we noted less buoyant residential trends across our key geographies, most notably in the median house price metric in the capital cities across the eastern seaboard.

As at 31 December 2017, the Group had 52 carried forward committed sales (31 December 2016: 72), reflecting the timing of sales campaigns with key stages to be released to the market in 2H18 at high demand communities. A revised strategic approach has seen improved new home sales prices at these communities. Increasingly, potential residents are demonstrating a preference for completed ('display') homes, with over 80% of 2H18 sales expected to come from display stock. Together with our suppliers we have on site a total of 97 display homes at period end, with orders placed to ensure coverage of 2H18 settlement volume. Typically, completed stock would be circa 70 homes, with the 97 at 31 December 2017 (30 June 2017: 49) higher due to the timing of sales campaigns combined with planning to ensure homes were completed ahead of the seasonal construction holiday period.

These factors, along with product and supplier mix, have driven a movement in net working capital over the period, with this investment in the Development segment reflecting the reduction in cash conversion in this half to 44.9% (31 December 2016: 98.8%).

#### Corporate

1H18 corporate costs of \$7.7 million (adjusted for non-cash items) are trading directionally in line with expectations, and our platform continues to have capacity for growth. The competitive market for mature assets has continued in the period, and our strategy to focus on higher return expansion and greenfield assets has played out in the corporate cost base, most notably in terms of planning and due diligence costs<sup>1</sup>.

#### Capital management

In 1H18 the Group undertook a strategic review of assets, and identified approximately \$25 million of non-core assets, principally due to a combination of strategic fit, scale and potential holding returns. We are pleased to have exchanged unconditional contracts for the sale of the Bass Hill (\$10.4 million) and Rainbow Waters (\$8 million)<sup>2</sup> communities at sales prices consistent with book values as at 31 December 2017, meaning we are well on the path to achieving our objectives for FY18.

With a pipeline of potential development and conversion sites, this allows the Group to recycle capital to higher returning development projects and focus on the overall quality of the portfolio.

As at 31 December 2017, gearing was 27.8% (31 December 2016: 21.7%) and on a pro forma basis for the acquisition and divestments noted above, 26.6%. The weighted average carrying cap rate was 7.9% as at 31 December 2017 (31 December 2016: 8.4%).

1 Due diligence costs for expansion or greenfield projects that do not proceed are expensed to the profit and loss. Comparably, such costs for mature assets are generally lower and in the event of any acquisition such costs are capitalised to the investment property acquisition value.

2 Settled on 6 February 2018.

**Directors' report**  
**Half year ended 31 December 2017**

**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.

	1H18	1H17		
	\$'000	\$'000	Change	Change%
Profit/(loss) after income tax	20,642	20,081	561	2.8
add backs:				
Depreciation	185	108		
Net fair value gain	(3,882)	(4,691)		
Income tax expense/(benefit)	1,499	(2,415)		
Amortisation of borrowing costs	373	329		
Security based payment expenses	528	359		
One-offs <sup>1</sup>	273	729		
<b>Distributable earnings</b>	<b>19,618</b>	<b>14,500</b>	<b>5,118</b>	<b>35.3</b>

1 One-off items represents non-recurring professional fees (1H16 \$0.7m adjustment include severance and other costs incurred as a result of restructuring along with one-off transaction and project related professional fees).

**Outlook**

The Group continues to be well positioned to support sustainable long-term growth and value creation.

The Group is on track to deliver on guidance of 7% growth in Distributable Earnings for FY18, assuming no material changes in market conditions.

**Distributions**

The distribution payable for the half year to 31 December 2017 is \$0.0375 per stapled security (31 December 2016: \$0.0350) and will be paid to securityholders on 15 March 2018. The distribution includes a 57.6% tax deferred component. The distribution amount payable at 31 December 2017 is \$11,298,570 (31 December 2016: \$10,478,924).

On 14 December 2017, the Group announced that the Distribution Reinvestment Plan would operate for the interim distribution to 31 December 2017. The Group achieved a take-up rate of approximately 17% of stapled securities on issue.

The DRP security price of \$2.0801 was determined based on the daily volume weighted average price of all GTY securities for the fifteen trading days commencing 2 January 2018, inclusive of a discount of 1% on the securities acquired under the DRP.

Our distribution policy remains unchanged at 65% to 85% of distributable earnings (FY17: 69%).



**Directors' report**  
**Half year ended 31 December 2017**

**Significant changes in the state of affairs**

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


**Rounding of amounts**

Gateway Lifestyle Group and RPT2 Group are entities of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that Instrument, amounts in the Financial Report and Directors' Report have been rounded to the nearest thousand dollars, unless otherwise stated.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

Signed in accordance with a resolution of the Directors.

A handwritten signature in blue ink, appearing to read 'Andrew Love', written over a horizontal line.

**Andrew Love**  
Chairman

A handwritten signature in blue ink, appearing to read 'Trent Ottawa', written over a horizontal line.

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

23 February 2018  
Sydney

## Auditors' independence declaration



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## Auditor's Independence Declaration

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

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

Ernst & Young

Mark Conroy  
Partner  
23 February 2018

**Statements of profit or loss and other comprehensive income**  
**Half year ended 31 December 2017**

	Note	Gateway Lifestyle Group		RPT2 Group	
		31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
		\$'000	\$'000	\$'000	\$'000
<b>Revenue</b>	3				
Rent from investment properties		30,789	27,346	16,562	21,627
Development revenue		30,550	22,457	-	-
Other revenue		2,752	2,644	2,059	4,075
<b>Total Revenue</b>		<b>64,091</b>	<b>52,447</b>	<b>18,621</b>	<b>25,702</b>
Net fair value adjustments		3,882	4,691	7,318	8,690
<b>Expenses</b>					
Investment property expenses		(8,537)	(7,437)	-	-
Development expenses		(17,921)	(13,240)	-	-
Sales and marketing expenses		(578)	(676)	-	-
Employee benefits expenses		(11,228)	(12,397)	-	-
Administration expenses		(3,545)	(2,728)	(4,412)	(5,110)
Finance costs		(4,023)	(2,994)	(3,972)	(2,670)
<b>Profit before income tax</b>		<b>22,141</b>	<b>17,666</b>	<b>17,555</b>	<b>26,612</b>
Income tax benefit/(expense)		(1,499)	2,415	(106)	(208)
<b>Net profit for the period</b>		<b>20,642</b>	<b>20,081</b>	<b>17,449</b>	<b>26,404</b>
Other comprehensive income, net of tax		-	-	-	-
<b>Total comprehensive income for the period</b>		<b>20,642</b>	<b>20,081</b>	<b>17,449</b>	<b>26,404</b>
Profit/(loss) attributable to securityholders of:					
Gateway Lifestyle Operations Limited		3,193	(6,323)	-	-
Residential Parks No.2 Trust		17,449	26,404	17,449	26,404
		20,642	20,081	17,449	26,404
Total comprehensive income attributable to securityholders of:					
Gateway Lifestyle Operations Limited		3,193	(6,323)	-	-
Residential Parks No.2 Trust		17,449	26,404	17,449	26,404
		20,642	20,081	17,449	26,404
		<b>Cents</b>	<b>Cents</b>	<b>Cents</b>	<b>Cents</b>
<b>Earnings per security</b>					
Basic earnings per stapled security	12	6.87	6.71	5.81	8.82
Diluted earnings per stapled security	12	6.87	6.71	5.80	8.82

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

# Statements of financial position

## As at 31 December 2017

	Note	Gateway Lifestyle Group		RPT2 Group	
		31 Dec 2017	30 Jun 2017	31 Dec 2017	30 Jun 2017
		\$'000	\$'000	\$'000	\$'000
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents		8,115	22,593	558	517
Trade and other receivables		4,504	5,930	677	655
Inventories	4	25,636	18,314	-	-
Other current assets		3,134	1,439	95	-
		41,389	48,276	1,330	1,172
Non-current assets held for sale		18,400	-	18,400	-
<b>Total current assets</b>		<b>59,789</b>	<b>48,276</b>	<b>19,730</b>	<b>1,172</b>
<b>Non-current assets</b>					
Receivables		-	-	168,966	175,511
Investment properties	5	629,090	622,807	571,283	563,565
Plant and equipment		415	494	-	-
Intangibles		140,937	140,894	85,376	85,376
Deferred tax		8,386	9,715	-	-
<b>Total non-current assets</b>		<b>778,828</b>	<b>773,910</b>	<b>825,625</b>	<b>824,452</b>
<b>Total assets</b>		<b>838,617</b>	<b>822,186</b>	<b>845,355</b>	<b>825,624</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Trade and other payables	6	28,712	38,885	15,302	21,335
Deposits held		1,596	5,516	-	-
Borrowings	7	1,092	84	77	80
Income tax		988	4,487	988	4,487
Employee benefits		1,174	1,205	-	-
<b>Total current liabilities</b>		<b>33,562</b>	<b>50,177</b>	<b>16,367</b>	<b>25,902</b>
<b>Non-current liabilities</b>					
Trade and other payables	6	39	177	-	-
Borrowings	7	197,590	178,158	197,590	178,158
Derivative financial instruments		110	174	110	174
Deferred tax		1,322	1,171	1,256	1,169
Employee benefits		164	32	-	-
<b>Total non-current liabilities</b>		<b>199,225</b>	<b>179,712</b>	<b>198,956</b>	<b>179,501</b>
<b>Total liabilities</b>		<b>232,787</b>	<b>229,889</b>	<b>215,323</b>	<b>205,403</b>
<b>Net assets</b>		<b>605,830</b>	<b>592,297</b>	<b>630,032</b>	<b>620,221</b>
<b>Equity</b>					
Issued capital	8	590,534	583,096	590,684	587,024
Reserves		655	301	(636)	(636)
Retained earnings/undistributed income		14,641	8,900	39,984	33,833
<b>Total equity</b>		<b>605,830</b>	<b>592,297</b>	<b>630,032</b>	<b>620,221</b>

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

Gateway Lifestyle Group

Statements of changes in equity  
Half year ended 31 December 2017

	Gateway Lifestyle Group					RPT2 Group			
	Issued capital	Treasury stapled securities	Reserves	Retained earnings/ (accumulated losses)	Total	Issued capital	Reserves	Undistributed income	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Gateway Lifestyle Group</b>									
Balance at 1 July 2017	583,421	(325)	301	8,900	592,297	587,024	(636)	33,833	620,221
Net profit for the period	-	-	-	20,642	20,642	-	-	17,449	17,449
Transfer of transaction costs to retained earnings	3,603	-	-	(3,603)	-	-	-	-	-
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	3,603	-	-	17,039	20,642	-	-	17,449	17,449
<i>Transactions with securityholders in their capacity as securityholders:</i>									
Expense relating to equity plans	-	175	354	-	529	-	-	-	-
Securities issued under DRP	3,660	-	-	-	3,660	3,660	-	-	3,660
Distributions	-	-	-	(11,298)	(11,298)	-	-	(11,298)	(11,298)
<b>Balance at 31 December 2017</b>	<b>590,684</b>	<b>(150)</b>	<b>655</b>	<b>14,641</b>	<b>605,830</b>	<b>590,684</b>	<b>(636)</b>	<b>39,984</b>	<b>630,032</b>

	Gateway Lifestyle Group					RPT2 Group			
	Issued capital	Treasury stapled securities	Reserves	Retained earnings/ (accumulated losses)	Total	Issued capital	Reserves	Undistributed income	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Gateway Lifestyle Group</b>									
Balance at 1 July 2016	583,421	(325)	(494)	(23,567)	559,035	587,024	(636)	2,564	588,952
Net profit for the period	-	-	-	20,081	20,081	-	-	26,404	26,404
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	20,081	20,081	-	-	26,404	26,404
<i>Transactions with securityholders in their capacity as securityholders:</i>									
Expense relating to equity plans	-	-	360	-	360	-	-	-	-
Distributions	-	-	-	(10,479)	(10,479)	-	-	(10,479)	(10,479)
<b>Balance at 31 December 2016</b>	<b>583,421</b>	<b>(325)</b>	<b>(134)</b>	<b>(13,965)</b>	<b>568,997</b>	<b>587,024</b>	<b>(636)</b>	<b>18,489</b>	<b>604,877</b>

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

**Statements of cash flows**  
**Half year ended 31 December 2017**

	Gateway Lifestyle Group		RPT2 Group	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>				
Rental and other property income	34,251	32,855	16,598	21,585
Payments to employees and other suppliers	(22,483)	(22,841)	(4,901)	(4,722)
Proceeds from sale of manufactured homes	28,389	22,161	-	-
Purchase of manufactured homes	(30,008)	(16,320)	-	-
	10,149	15,855	11,697	16,863
Interest received	15	91	2,021	4,075
Interest and other finance costs paid	(3,747)	(2,604)	(3,696)	(2,679)
Transactional costs paid	(164)	(1,553)	(158)	(1,398)
Income tax paid	(2,120)	(300)	(2,120)	-
Net cash flows from operating activities	4,133	11,489	7,744	16,861
<b>Cash flows from investing activities</b>				
Payments for investment properties	(1,667)	(20,902)	(95)	(16,244)
Payments for improvements and additions to investment properties	(22,707)	(15,610)	(20,115)	(18,115)
Payments for plant and equipment and intangibles	(192)	(301)	-	-
Advance of loans to related parties	-	(179)	-	(839)
Repayment of loans by related parties	-	-	6,547	-
Net cash flows used in investing activities	(24,566)	(36,992)	(13,663)	(35,198)
<b>Cash flows from financing activities</b>				
Proceeds from borrowings	19,098	35,000	19,098	35,000
Distributions paid	(13,106)	(16,676)	(13,106)	(16,676)
Repayment of finance leases	(37)	(54)	(32)	(53)
Net cash flows from financing activities	5,955	18,270	5,960	18,271
Net increase/(decrease) in cash and cash equivalents	(14,478)	(7,233)	41	(66)
Cash and cash equivalents at the beginning of the period	22,593	18,563	517	200
<b>Cash and cash equivalents at the end of the period</b>	<b>8,115</b>	<b>11,330</b>	<b>558</b>	<b>134</b>

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

## Notes to the financial statements

### Half year ended 31 December 2017

#### 1. Significant accounting policies

##### *The Group*

As permitted by Class Order 13/1050 'Financial reporting by stapled entities', issued by the Australian Securities and Investment Commission, the financial statements of Gateway Lifestyle Group represent the stapling of Gateway Lifestyle Operations Limited and its controlled entities and Residential Parks No. 2 Trust and its controlled entities (RPT 2 Group). 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.

Gateway Lifestyle Operations Limited and Residential Parks No.2 Trust are both for profit entities that were incorporated, formed and domiciled in Australia.

The interim financial statements for the half year ended 31 December 2017 were authorised for issue, in accordance with a resolution of Directors, on 23 February 2018.

##### *Basis of Preparation*

The interim financial statements have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The financial statements are presented in Australian dollars and all values are rounded to the nearest thousand dollars unless otherwise stated.

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

##### *New and revised accounting standards and interpretations*

There have been no new or revised accounting standards or interpretations which are effective from the period on or after 1 July 2017 that materially impact the interim financial results.

##### *Comparatives*

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

**Notes to the financial statements**  
**Half year ended 31 December 2017**

**2. Segment information**

*Identification of reportable operating segments*

**Gateway Lifestyle Group**

Gateway Lifestyle Group is organised into two operating segments:

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

**RPT 2 Group**

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

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

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

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

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

*Intersegment transactions*

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

*Reportable segment revenue and profit*

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



Notes to the financial statements  
Half year ended 31 December 2017

2. Segment information (continued)

Segment information

Gateway Lifestyle Group 31 December 2017	Operations \$'000	Development \$'000	Corporate \$'000	Total \$'000
<b>Revenue</b>				
Rent from investment properties	30,789	-	-	30,789
Development revenue	-	30,550	-	30,550
Other revenue	2,701	-	51	2,752
<b>Total revenue</b>	<b>33,490</b>	<b>30,550</b>	<b>51</b>	<b>64,091</b>
<b>EBITDA</b>	<b>18,789</b>	<b>12,225</b>	<b>(8,547)</b>	<b>22,467</b>
Depreciation and amortisation	-	-	(185)	(185)
Net fair value gain	-	-	3,882	3,882
Finance costs	-	-	(4,023)	(4,023)
<b>Profit/(loss) before income tax</b>	<b>18,789</b>	<b>12,225</b>	<b>(8,873)</b>	<b>22,141</b>
Income tax expense				(1,499)
<b>Profit after income tax</b>				<b>20,642</b>
<i>add back:</i>				
Depreciation				185
Net fair value gain				(3,882)
Income tax expense				1,499
Amortisation of borrowing costs				373
Security based payment expenses				528
One-offs				273
<b>Distributable earnings</b>				<b>19,618</b>
<b>Gateway Lifestyle Group 31 December 2016</b>	<b>Operations \$'000</b>	<b>Development \$'000</b>	<b>Corporate \$'000</b>	<b>Total \$'000</b>
<b>Revenue</b>				
Rent from investment properties	27,346	-	-	27,346
Development revenue	-	22,457	-	22,457
Other revenue	1,856	-	767	2,623
<b>Total revenue</b>	<b>29,202</b>	<b>22,457</b>	<b>767</b>	<b>52,426</b>
<b>EBITDA</b>	<b>15,686</b>	<b>8,933</b>	<b>(8,542)</b>	<b>16,077</b>
Depreciation and amortisation	-	-	(108)	(108)
Net fair value gain	-	-	4,691	4,691
Finance costs	-	-	(2,994)	(2,994)
<b>Profit/(loss) before income tax</b>	<b>15,686</b>	<b>8,933</b>	<b>(6,953)</b>	<b>17,666</b>
Income tax benefit				2,415
<b>Profit after income tax</b>				<b>20,081</b>
<i>add back:</i>				
Depreciation				108
Net fair value gain				(4,691)
Income tax benefit				(2,415)
Amortisation of borrowing costs				329
Security based payment expenses				359
One-offs				729
<b>Distributable earnings</b>				<b>14,500</b>

## Notes to the financial statements

### Half year ended 31 December 2017

#### 2. 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 and 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.

#### 3. Revenue

	Gateway Lifestyle Group		RPT2 Group	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
	\$'000	\$'000	\$'000	\$'000
<b>Rent from investment properties</b>				
Long-term rental revenue	25,087	22,806	16,562	21,627
Short-term rental revenue	5,702	4,540	-	-
<b>Total rent from investment properties</b>	<b>30,789</b>	<b>27,346</b>	<b>16,562</b>	<b>21,627</b>
Development revenue				
<b>Development revenue</b>	<b>30,550</b>	<b>22,457</b>	<b>-</b>	<b>-</b>
<b>Other revenue</b>				
Recharges	1,616	1,341	-	-
Other	1,085	1,212	37	-
Interest	51	91	2,022	4,075
<b>Total other revenue</b>	<b>2,752</b>	<b>2,644</b>	<b>2,059</b>	<b>4,075</b>

#### 4. Inventories

	Gateway Lifestyle Group		RPT2 Group	
	31 Dec 2017	30 Jun 2017	31 Dec 2017	30 Jun 2017
	\$'000	\$'000	\$'000	\$'000
<b>Manufactured homes</b>				
Completed	14,420	4,440	-	-
Under construction	11,216	13,874	-	-
<b>Total inventories</b>	<b>25,636</b>	<b>18,314</b>	<b>-</b>	<b>-</b>

## Notes to the financial statements

### Half year ended 31 December 2017

#### 5. Investment properties

	Gateway Lifestyle Group		RPT2 Group	
	31 Dec 2017	30 Jun 2017	31 Dec 2017	30 Jun 2017
	\$'000	\$'000	\$'000	\$'000
Residential land lease communities - at fair value	629,090	622,807	571,283	563,565
<i>Reconciliation</i>				
Reconciliation of the fair values at the beginning and end of the current and previous periods are set out below:				
Opening fair value	622,807	516,145	563,565	461,167
Acquisitions	-	45,181	-	36,539
Disposals	-	(690)	-	(690)
Net change in fair value	3,823	24,688	7,259	37,641
Capitalised expenditure	20,860	37,483	18,859	28,908
<b>Closing fair value</b>	<b>647,490</b>	<b>622,807</b>	<b>589,683</b>	<b>563,565</b>
Less non-current assets held for sale	(18,400)	-	(18,400)	-
<b>Closing Balance</b>	<b>629,090</b>	<b>622,807</b>	<b>571,283</b>	<b>563,565</b>

#### 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 10 for further information on fair value measurement.

Notes to the financial statements  
Half year ended 31 December 2017

6. Trade and other payables

	Gateway Lifestyle Group		RPT2 Group	
	31 Dec 2017	30 Jun 2017	31 Dec 2017	30 Jun 2017
	\$'000	\$'000	\$'000	\$'000
<b>Current</b>				
Trade payables	3,828	9,185	456	1,176
Accruals	11,801	10,386	-	2,675
Other payables	1,132	1,295	3,548	718
Deferred consideration	625	1,225	-	-
Lease incentives	28	28	-	-
Distribution payable	11,298	16,766	11,298	16,766
<b>Total current trade and other payables</b>	<b>28,712</b>	<b>38,885</b>	<b>15,302</b>	<b>21,335</b>
<b>Non-current</b>				
Lease incentives	39	53	-	-
Deferred consideration	-	124	-	-
<b>Total non-current trade and other payables</b>	<b>39</b>	<b>177</b>	<b>-</b>	<b>-</b>

7. Borrowings

	Gateway Lifestyle Group		RPT2 Group	
	31 Dec 2017	30 Jun 2017	31 Dec 2017	30 Jun 2017
	\$'000	\$'000	\$'000	\$'000
<b>Current</b>				
Insurance funding agreement	1,015	-	-	-
Lease liability	77	84	77	80
<b>Total current borrowings</b>	<b>1,092</b>	<b>84</b>	<b>77</b>	<b>80</b>
<b>Non-current</b>				
Bank loans	199,048	179,950	199,048	179,950
Borrowing costs	(1,808)	(2,181)	(1,808)	(2,181)
Lease liability	350	389	350	389
<b>Total non-current borrowings</b>	<b>197,590</b>	<b>178,158</b>	<b>197,590</b>	<b>178,158</b>

The Group currently has a \$250,000,000 syndicated financing arrangement between Australia and New Zealand Banking Group and Commonwealth Bank of Australia Limited.

**Total secured liabilities**

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

	Gateway Lifestyle Group		RPT2 Group	
	31 Dec 2017	30 Jun 2017	31 Dec 2017	30 Jun 2017
	\$'000	\$'000	\$'000	\$'000
Bank loans	199,048	179,950	199,048	179,950
Lease liability	427	472	427	469
	<b>199,475</b>	<b>180,422</b>	<b>199,475</b>	<b>180,419</b>

## Notes to the financial statements

### Half year ended 31 December 2017

#### 7. Borrowings (continued)

##### 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.

##### Financing arrangements

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

	Gateway Lifestyle Group		RPT2 Group	
	31 Dec 2017	30 Jun 2017	31 Dec 2017	30 Jun 2017
	\$'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	199,048	179,950	199,048	179,950
<i>Unused at reporting date</i>				
Bank loans	50,952	70,050	50,952	70,050

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

#### 8. Issued capital

	Gateway Lifestyle Group		RPT2 Group	
	31 Dec 2017	30 Jun 2017	31 Dec 2017	30 Jun 2017
	\$'000	\$'000	\$'000	\$'000
Ordinary securities	590,684	583,421	590,684	587,024
Treasury stapled securities	(150)	(325)	-	-
	<b>590,534</b>	<b>583,096</b>	<b>590,684</b>	<b>587,024</b>

The following table provides details of securities issued

	Gateway Lifestyle Group			
	31 Dec 2017	30 Jun 2017	31 Dec 2017	30 Jun 2017
	No securities	No securities	\$'000	\$'000
Ordinary stapled securities - issued and fully paid	301,295,195	299,397,735	590,684	583,421
Treasury securities	(75,000)	(125,000)	(150)	(325)
	<b>301,220,195</b>	<b>299,272,735</b>	<b>590,534</b>	<b>583,096</b>

Movements in ordinary securities of Gateway Lifestyle Group

Details	Date	Securities	Issue price	\$'000
Opening balance as at	01 Jul 2017	299,397,735		583,421
<i>Issue of ordinary stapled securities</i>		1,897,460	1.93	3,660
<i>Transfer of transaction cost to retained earnings</i>				3,603
Balance as at	31 Dec 2017	301,295,195		590,684

## Notes to the financial statements

### Half year ended 31 December 2017

#### 9. Distributions

Details of distributions proposed or paid during the period were as follows:

	31 Dec 2017 \$'000	31 Dec 2016 \$'000
Interim distribution from RPT2 Trust for the half year ended 31 December 2017 of 3.75 cents (2016: 3.50 cents) per security.	11,299	10,479
<i>Franking credits</i>	<b>31 Dec 2017 \$'000</b>	<b>30 Jun 2017 \$'000</b>
Franking credits available for subsequent periods based on a tax rate of 30%	3,753	3,756

A final distribution from RPT 2 Trust for the year ended 30 June 2017 of 5.6 cents per stapled security, the equivalent value of \$16,766,000, was paid on 15 September 2017.

#### 10. 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

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>31 December 2017</b>				
Assets				
Non-current assets held for sale	-	18,400	-	18,400
Investment properties	-	-	629,090	629,090
<b>Total assets</b>	<b>-</b>	<b>18,400</b>	<b>629,090</b>	<b>647,490</b>
Liabilities				
Derivative financial instruments	-	110	-	110
Lease liabilities (crown leases)	-	-	427	427
Deferred consideration payable	-	-	625	625
<b>Total liabilities</b>	<b>-</b>	<b>110</b>	<b>1,052</b>	<b>1,162</b>

##### Gateway Lifestyle Group

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>30 June 2017</b>				
Assets				
Investment properties	-	-	622,807	622,807
<b>Total assets</b>	<b>-</b>	<b>-</b>	<b>622,807</b>	<b>622,807</b>
Liabilities				
Derivative financial instruments	-	174	-	174
Lease liabilities (crown leases)	-	-	473	473
Deferred consideration payable	-	-	1,349	1,349
<b>Total liabilities</b>	<b>-</b>	<b>174</b>	<b>1,822</b>	<b>1,996</b>

## Notes to the financial statements

### Half year ended 31 December 2017

#### 10. Fair value measurement (continued)

RPT2 Group 31 December 2017	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Assets</b>				
Investment properties	-	-	571,283	571,283
<b>Total assets</b>	-	-	571,283	571,283
<b>Liabilities</b>				
Derivative financial instruments	-	110	-	110
Lease liabilities (crown leases)	-	-	427	427
<b>Total liabilities</b>	-	110	427	537
<b>RPT2 Group 30 June 2017</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
<b>Assets</b>				
Investment properties	-	-	563,565	563,565
<b>Total assets</b>	-	-	563,565	563,565
<b>Liabilities</b>				
Derivative financial instruments	-	174	-	174
Lease liabilities (crown leases)	-	-	469	469
<b>Total liabilities</b>	-	174	469	643

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.

#### 11. Related party transactions

##### *Responsible entity*

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

##### *Transactions with related parties*

The following transactions occurred with related parties:

	Gateway Lifestyle Group		RPT2 Group	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
	\$	\$	\$	\$
<i>Fees paid or payable to One Managed Investment Funds Limited:</i>				
Responsible entity fee	255,928	249,626	255,928	249,626
Custodian service fee	194,072	126,788	194,072	126,788
<i>Other transactions:</i>				
Leasehold rent received from related parties	-	-	16,561,940	21,626,733

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.

**Notes to the financial statements**  
**Half year ended 31 December 2017**

**11. Related party transactions (continued)**

*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:

	31 Dec 2017 \$	30 Jun 2017 \$	31 Dec 2017 \$	30 Jun 2017 \$
<i>Current receivables</i>				
Gateway Lifestyle Operations Limited	112,148	112,148	-	-
<i>Non-current receivables</i>				
Gateway Lifestyle Operations Limited	-	-	168,965,581	175,511,374

Loans receivable (current and non-current) from 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%.

*Terms and conditions*

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

**12. Earnings per stapled security**

	31 Dec 2017 \$'000	31 Dec 2016 \$'000	31 Dec 2017 \$'000	31 Dec 2016 \$'000
Net profit for the period	20,642	20,081	17,449	26,404
Net profit for the period attributable to securityholders	20,642	20,081	17,449	26,404
	<b>Gateway Lifestyle Group</b>	<b>Gateway Lifestyle Group</b>	<b>RPT2 Group</b>	<b>RPT2 Group</b>
	<b>31 Dec 2017</b>	<b>31 Dec 2016</b>	<b>31 Dec 2017</b>	<b>31 Dec 2016</b>
	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary stapled securities in calculating basic earnings per stapled security	300,447,527	299,327,223	300,447,527	299,327,223
Weighted average number of ordinary stapled securities in calculating diluted earnings per stapled security	300,622,265	299,327,223	300,622,265	299,327,223
	<b>Gateway Lifestyle Group</b>	<b>Gateway Lifestyle Group</b>	<b>RPT2 Group</b>	<b>RPT2 Group</b>
	<b>31 Dec 2017</b>	<b>31 Dec 2016</b>	<b>31 Dec 2017</b>	<b>31 Dec 2016</b>
	<b>Cents</b>	<b>Cents</b>	<b>Cents</b>	<b>Cents</b>
Basic earnings per stapled security (based on stapled securities outstanding)	6.87	6.71	5.81	8.82
Diluted earnings per stapled security (based on stapled securities outstanding)	6.87	6.71	5.80	8.82



**Notes to the financial statements**  
**Half year ended 31 December 2017**

**13. Subsequent events**

On 2 February 2018, the Group entered into an unconditional contract for the divestment of Gateway Lifestyle Bass Hill NSW for a sale price of \$10.4 million, expected settlement in July 2018.

On 6 February 2018, the Group settled the sale of Gateway Lifestyle Rainbow Waters for a sale price of \$8 million.

On 8 February 2018, the Group acquired a DA approved greenfield site at Evans Head on the NSW North Coast for \$7.5m (excluding transaction costs).

No other matter or circumstance, other than as already noted, has arisen since 31 December 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.

**Directors' declaration**  
**Half-year ended 31 December 2017**

The Directors of Gateway Lifestyle Operations Limited declare that:

1. The financial statements and the notes of Gateway Lifestyle Group and RPT2 Group for the half year ended 31 December 2017 are in accordance with the Corporations Act 2001, including:
  - a. Giving a true and fair view of the Gateway Lifestyle Group's and RPT 2 Group's consolidated financial position as at 31 December 2017 and of their consolidated performance, for the half year ended on that date; and
  - b. Complying with Australian Accounting Standards AASB134 Interim Financial Reporting and the Corporations Regulations 2001; and
2. There are reasonable grounds to believe that the Gateway Lifestyle Group and RPT 2 Group will be able to pay their debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors of Gateway Lifestyle Operations Limited pursuant to section 303 (1)(c)



**Andrew Love**  
Chairman



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

23 February 2018  
Sydney

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



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

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

### Report on the Half-Year Financial Reports

#### Conclusion

We have reviewed the accompanying half-year financial reports of Gateway Group and Trust Group, which comprises the statements of financial position as at 31 December 2017, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial reports of the Gateway Group and Trust Group are not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of Gateway Group and Trust Group as at 31 December 2017 and of its consolidated financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Directors' Responsibility for the Half-Year Financial Reports

The directors of the Group are responsible for the preparation of the half-year financial reports that give 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 half-year financial reports that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial reports based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial reports are not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Gateway Group's and Trust Group's consolidated financial position as at 31 December 2017 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Gateway Group and Trust Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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



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

### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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

Ernst & Young

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

Mark Conroy  
Partner  
Sydney  
23 February 2018