

**ASX Release**  
2 July 2018

**HOMETOWN TAKEOVER OFFER FOR GATEWAY AT \$2.25 PER STAPLED SECURITY  
WITH PROPOSAL TO LIFT TO \$2.30 PER STAPLED SECURITY  
UPON EXECUTION OF BID IMPLEMENTATION AGREEMENT**

A wholly-owned subsidiary of Hometown Australia Holdings Pty Ltd and Hometown America Holdings, L.L.C., A.C.N. 626 522 085 Pty Ltd (collectively "Hometown") is pleased to announce an intention to make a conditional, off-market, cash takeover offer for 100% of the stapled securities in Gateway Lifestyle Group ("Gateway") at \$2.25 per stapled security (the "Offer"), representing \$2.3035 per stapled security before being adjusted for the 5.35 cent distribution for which the ex date was 28 June 2018 ("5.35cps Distribution").

The Offer will be subject to the fulfilment of a number of conditions that are customary in a change of control situation and are set out in the annexure to today's announcement, including a minimum acceptance condition that Hometown acquires a relevant interest in more than 50% of the stapled securities in Gateway. Hometown presently has a relevant interest in 18.2% of Gateway's stapled securities. Hometown's offer is not subject to due diligence.

***Potential to increase with Gateway Board recommendation***

In addition, Hometown is willing to increase the offer price of the off-market takeover to \$2.30 per stapled security, representing \$2.3535 per stapled security before being adjusted for the 5.35cps Distribution ("Proposed Higher Offer Price") upon execution of a bid implementation agreement by Gateway on terms satisfactory to Hometown. The bid implementation agreement would contain customary terms, including customary deal protection provisions, a unanimous commitment by Gateway's Board to recommend the bid and equal access to information.

The Proposed Higher Offer Price is 5.35 cents per stapled security higher than the indicative, non-binding proposal received by Gateway from Brookfield Property Group ("Brookfield") and announced by Gateway on 21 June 2018 (the "Brookfield Proposal") of \$2.2465 per stapled security (post adjustment for the 5.35cps Distribution).

The Proposed Higher Offer Price also represents a:

- 30.4% premium to the last undisturbed closing price of A\$1.805 per stapled security on Friday, 8 June 2018;
- 33.5% premium to the one month volume weighted average price of Gateway of A\$1.763 per stapled security up to Friday, 8 June 2018; and
- 54.8% premium to Gateway's net tangible assets ("NTA") of A\$1.52 per stapled security as at 31 December 2017.

In addition to delivering superior value, Hometown's offer is not subject to due diligence, has lower completion risk and delivers a shorter timeframe to completion than the Brookfield Proposal.

Hometown looks forward to continuing discussions with Gateway to reach agreement in relation to the Proposed Higher Offer Price.

***Advisers***

Hometown has retained Morgan Stanley as financial adviser and MinterEllison as legal adviser.

### ***Next Steps***

Detailed information in relation to the Offer will be set out in a Bidder's Statement which will be lodged with the Australian Securities and Investments Commission ("ASIC") and provided to Gateway's security holders and the Australian Securities Exchange ("ASX"). Hometown expects to mail the Bidder's Statement to Gateway's security holders approximately two weeks after it is provided to Gateway.

### ***Enquiries***

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## ANNEXURE

### Defeating conditions

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This Offer and any contract resulting from a Target Stapled Securityholder's acceptance of this Offer is subject to the fulfilment of the following defeating conditions, any of which may be waived at the election of the Bidder in accordance with the Corporations Act.

**(a) Minimum acceptance**

During, or at the end of, the Offer Period, the number of Target Stapled Securities in which the Bidder and its Related Entities together have Relevant Interests is more than 50% of all the Target's Stapled Securities (on a fully diluted basis).

**(b) FIRB approval**

One of the following occurs before the end of the Offer Period:

- (i) the Bidder receives a no objection notification under the *Foreign Acquisitions and Takeovers Act 1975* (Cth) (as amended) (**FATA**) from the Treasurer of the Commonwealth of Australia (**Treasurer**) or his or her delegate to the effect that there is no objection to the acquisition of the Target Stapled Securities by the Bidder or one of its Related Entities (by any means permitted by the Corporations Act), such notification being unconditional or subject to conditions acceptable to the Bidder (in the Bidder's absolute discretion); or
- (ii) the Treasurer is, by reason of lapse of time, no longer empowered to make an order under FATA in respect of the acquisition of Target Stapled Securities by the Bidder or one of its Related Entities (by any means permitted under the Corporations Act).

**(c) Other regulatory approvals**

During the Offer Period all Regulatory Approvals which are required by law or by a Regulatory Authority in order to permit the Offer to be made to and accepted by the Target Securityholders and the lawful completion of the Offer if it is accepted and becomes unconditional (other than the approval referred to in paragraph (b) (FIRB approval)), are obtained.

**(d) Conduct of business**

During the period from the Announcement Date to the end of the Offer Period (each inclusive), the Target's business and the business of the Target's Subsidiaries (considered in aggregate) is carried on in the ordinary course with any transactions occurring on an arms' length basis, except as approved in writing by the Bidder.

**(e) No material adverse event**

Except as publicly announced to ASX prior to the Announcement Date or to the extent the information is generally available (within the meaning of section 1042C of the Corporations Act) prior to the Announcement Date, none of the following has happened on or after the Announcement Date or happens, is announced, disclosed or otherwise becomes known to Bidder (whether it becomes public or not) during the period from and including the Announcement Date to the end of the Offer Period:

- (i) any event, action, proceeding, circumstance or change in circumstance that (individually or with others) has or is reasonably likely to have a material adverse effect on the business, assets, liabilities, financial or trading position, profitability, future prospects of Target and its subsidiaries taken as a whole, including but not limited to any one or more of the following effects:
  - (A) when considered together with any related events, occurrences or matters, but disregarding the effects of any unrelated events, occurrences or matters, a diminution in the net tangible assets of the consolidated Target Group by an

amount equal to 10% or more of the value of the net tangible assets of the consolidated Target Group as shown in the Target's 2018 Interim Financial Report for the half year ended 31 December 2017 as disclosed to ASX on 23 February 2018; or

- (B) whether individually or when aggregated with all such other events, a negative impact on recurring EBITDA of Target Group of at least \$3 million.

**(f) No issue of Target Stapled Securities or Security Appreciation Rights**

Between the Announcement Date and the end of the Offer Period:

- (i) no securities are issued (including without limitation, Target Stapled Securities) other than an issue of Target Stapled Securities on the vesting of a Target Convertible Security in accordance with the disclosed terms of the relevant Target Convertible Security as at the Announcement Date; and
- (ii) no security appreciation rights or other incentives are granted or issued under Target's equity incentive plan or any other incentive plan.

**(g) No material change to personnel expenses outside of the ordinary**

Between the Announcement Date and the end of the Offer Period Target makes no change to the fees, costs, expenses or benefits (of any kind) that are payable or granted to its personnel except in the ordinary course of business.

**(h) No Prescribed Occurrences**

Between the Announcement Date and the end of the Offer Period, no Prescribed Occurrence occurs.

**(i) No material acquisitions, disposals, commitments, etc.**

- (i) Between the Announcement Date and the end of the Offer Period, neither Target nor any of its Subsidiaries, without the prior written consent of the Bidder:
  - (A) enters into or announces an intention or proposal to enter into or offers to enter into;
  - (B) discloses the existence of; or
  - (C) incurs, becomes subject to, or brings forward the time for performance of (or is reasonably likely to incur, become subject to or bring forward the time for performance of),
    - an obligation or arrangement (other than pursuant to and in the proper discharge of a legally binding obligationfully disclosed to the ASX prior to the Announcement Date) or a decision by it, whether conditional or otherwise:
  - (D) to acquire an interest in property or other assets for an amount or having a market value in aggregate greater than \$30 million;
  - (E) to dispose of an interest in any property or other assets for an amount, or in respect of which the book value is, in aggregate, greater than \$30 million;
  - (F) to perform or acquire the benefit of any services or supplies of goods or services in relation to any asset, business or interest where the aggregate financial liability of the Target Group in respect of those services exceeds or may exceed \$4 million or the term of the arrangement exceeds and cannot be terminated within 12 months;
  - (G) to enter into or terminate, or, in any material respect, amend or waive, any of the terms applicable to, or rights (including any rights of pre-emption or first or last refusal) under, any supply contract, arrangement, understanding, shareholders agreement, joint-venture, asset or profit sharing agreement, partnership or joint-selling agreement, merger of business or of corporate

entities, or dual listed company structure, pursuant to which the Target is, or is reasonably likely to incur, a liability of more than \$4 million in any one year, other than:

- (I) in the ordinary course of the Target's business; and
  - (II) provided that the contract, undertaking or arrangement or understanding may be terminated by the Target on no more than 30 days' notice without any penalty or payment required as a result of such termination; or
- (ii) This paragraph (i) shall apply notwithstanding that the prospect of such an arrangement or obligation may have been disclosed to the ASX prior to the Announcement Date, it being the intent that any additional obligation or liability incurred by a member of the Target Group, even if contemplated in a prior document such as a memorandum of understanding, will be covered by this paragraph (i) unless there has been full disclosure to the ASX prior to the Announcement Date of the inurrence of that additional liability or obligation.

**(j) Financing**

Between the Announcement Date and the end of the Offer Period, in respect of any financing arrangement, agreement or instrument which the Target has with any other person, the Target does not:

- (i) breach any covenants or make any misrepresentations which are not remedied in accordance with the cure rights under the arrangement, agreement or instrument;
- (ii) rely on any waiver or amendment to avoid the potential breach of any covenant or to avoid the making of any misrepresentation or to avoid an event of default or potential event of default occurring;
- (iii) allow an event of default or potential event of default to occur which is not remedied in accordance with the relevant cure rights under the arrangement, agreement or instrument,
- (iv) allow an obligation to pay any amount to be accelerated; or
- (v) permanently reduce the amount of debt ahead of a maturity date.

**(k) No change in laws**

None of the following occur after the Announcement Date that would materially increase the costs for the Bidder of the Offer, such material increase being an amount more than \$5 million:

- (i) any legislation not in force or in effect on the Announcement Date comes into force or effect; or
- (ii) a change occurs after the Announcement Date to any;
  - (A) Law or interpretation of Law; or
  - (B) policy or administrative practice of any Regulatory Authority.

**(l) No change in accounting policies**

There is no change to the accounting policies of the Target existing as of the Announcement Date other than required by the law or the relevant Australian Accounting Standards.

**(m) No change in management arrangements**

- (i) Between the Announcement Date and the end of the Offer Period, the Target or a Subsidiary of Target enters into or amends any contract or commitment (or any series of related contracts or commitments) which relates to the provision of investment

management, administration or related services to Target or any Subsidiary of Target (including, without limitation, the Services Agreement);

(ii) Between the Announcement Date and the end of the Offer Period, none of the following occur:

- (A) OMIFL ceases to be the responsible entity of RPT2;
- (B) the trustee of any Trust Subsidiary as at the Announcement Date ceases to be the trustee of that Trust Subsidiary;
- (C) the Target Unitholders resolve to remove or replace OMIFL as responsible entity of RPT2;
- (D) a meeting is convened to consider a resolution for the removal, retirement or replacement of OMIFL as the responsible entity of RPT2; or
- (E) any application is made in any court for the appointment of a temporary responsible entity of RPT2 in accordance with the Corporations Act.
- (F) OMIFL (or any of its representatives) doing, or failing to do, anything that could restrict OMIFL's right to indemnity from the assets of RPT2;
- (G) OMIFL (or any of its representatives) effects or facilitates the termination or winding up of RPT2;
- (H) OMIFL (or any of its representatives) effects or facilitates the resettlement of RPT2;
- (I) OMIFL (or any of its representatives) effects or facilitates, or takes any steps to effect or facilitate, the deregistration of RPT2 as a managed investment scheme; and
- (J) the trustee of any Trust Subsidiary that is, as at the Announcement Date, a registered managed investment scheme, effects or facilitates, or takes any steps to effect or facilitate, the deregistration of that Trust Subsidiary as a managed investment scheme.

**(n) No untrue statements**

Between the Announcement Date and the end of the Offer Period, Bidder does not become aware of:

- (i) any statement that is untrue or misleading in any material respect; or
- (ii) any fact that is required to be stated to make a statement not misleading in any material respect,

in any document filed by or on behalf of the Target with ASX, other than changes, events or conditions fully and publicly announced or fully and publicly disclosed by the Target prior to the Announcement Date.

**(o) No regulatory action**

Between the Announcement Date and the end of the Offer Period:

- (i) there is not in effect any preliminary or final decision, order or decree issued by a Regulatory Authority;
- (ii) no action or investigation is announced, commenced or threatened by any Regulatory Authority with respect to the Target or the Target Group; and
- (iii) no application is made to any Regulatory Authority (other than by Bidder or any associate of Bidder),

in consequence of or otherwise relating to the Offer (other than an application or determination by ASIC or the Takeovers Panel in exercise of the powers and discretions conferred by the Corporations Act or if the regulatory action results from action or inaction of Bidder or its associates) which is reasonably likely to or purports or threatens to:

- (iv) restrain, prohibit or impede, or otherwise materially adversely impact on, the making of the Offer or the completion of any transaction contemplated by the Bidder's Statement (including the acquisition of Target Stapled Securities) or the continued ownership and operation of the business of the Target and its subsidiaries or any Project; or
- (v) require the variation of the terms of the Offer; or
- (vi) require or approve the divestiture of any Target Stapled Securities or the divestiture of any assets of any member of the Target Group or the Bidder Group.

**(p) Non-existence or exercise of certain rights**

Between the Announcement Date and the end of the Offer Period, there is no person (other than a member of the Bidder Group) having any rights, being entitled to or exercising any rights, alleging an entitlement, or expressing or announcing an intention (whether or not that intention is stated to be a final or determined decision of that person) and in all cases whether subject to conditions or not, as a result of any change of control event in respect of the Target (including Bidder acquiring shares in Target) or any of its Subsidiaries or assets, to:

- (i) terminate, alter or demand payment of an amount no less than \$10 million under any material contract to which Target or any of its Subsidiaries is a party;
- (ii) require the termination, modification or disposal or offer to dispose of any material interest or asset, corporate body, other entity, partnership or joint venture (incorporated or unincorporated); or
- (iii) accelerate or adversely modify the nature or performance of any material obligations of the Target or any of its Subsidiaries under any material contract (other than any contract between a financial institution and a member of the Target Group for the provision of financial accommodation to the Target Group.)

**(q) No break fees**

- (i) That, subject to paragraph (q)(ii) below, from the Announcement Date until the end of the Offer Period, neither Target nor any member of Target Group (whether conditionally or contingently) agrees to pay or provide any benefit to any person, or to forego or otherwise reduce any payment or benefit to which it would otherwise be entitled, in connection with any person other than Bidder making or agreeing to participate in, or enter into negotiations concerning a Competing Proposal.

(ii) Paragraph (q)(i) above does not apply to a payment:

- (A) for providing professional advisory services to Target;
- (B) which is approved in writing by Bidder;
- (C) lawfully made to any Target directors, officers or employees (subject to paragraph (g)); or
- (D) which is approved by a resolution passed at a general meeting of Target.



## Definitions

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**Announcement** means this public announcement made by the Bidder concerning the Takeover Bid.

**Announcement Date** means the date on which the Announcement is made.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited ACN 008 624 691 or the financial market operated by it, as the context requires.

**Australian Accounting Standards** means:

- (a) the accounting standards approved under the Corporations Act and its requirements about the preparation and contents of accounts; and
- (b) generally accepted accounting principles, policies, practices and procedures in Australia.

**Bidder** means A.C.N. 626 522 085 Pty Ltd (ACN 626 522 085).

**Bidder Group** means Bidder and each of its Related Entities.

**Bidder's Statement** means the bidder's statement to be prepared and issued by the Bidder in respect of the Offer.

**Business Day** means a day that is not a Saturday, Sunday, public holiday or bank holiday in New South Wales, Australia or Chicago, The United States of America.

**Competing Proposal** means any proposal, offer or transaction by a third party (other than Bidder or its Related Entities) that, if completed, would mean:

- (a) a person would acquire a relevant interest or voting power in 15% or more of Target Stapled Securities or of the securities of any member of the Target Group;
- (b) a person would enter into, buy, dispose of, terminate or otherwise deal with any cash settled equity swap or other synthetic, economic or derivative transaction connected with or relating to 15% or more of Target Stapled Securities or of the securities of any member of the Target Group;
- (c) a person would directly or indirectly acquire or obtain an interest (including an economic interest) in all or a substantial part or material part of the business conducted by, or assets or property of, Target or any member of the Target Group;
- (d) a person would acquire Control of Target or any member of the Target Group;
- (e) a person may otherwise acquire, or merge with, Target or any member of the Target Group (including by way of takeover bid, scheme of arrangement, capital reduction, sale of assets, sale of securities, strategic alliance, dual listed company structure, joint venture or partnership); or
- (f) Target will issue, on a fully diluted basis, 10% or more of its capital as consideration for the assets or share capital or another person,

or any proposal by Target to implement any reorganisation of capital or dissolution. Each successive material modification or variation of any proposal, offer or transaction in relation to a Competing Proposal will constitute a new Competing Proposal.

**Control** has the meaning given under section 50AA of the Corporations Act. **Controlled** has the same meaning.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**EBITDA** means earnings before interest tax depreciation and amortisation.

**FIRB** means Foreign Investment Review Board.

**Law** means any law, whether state or federal, and includes tax and stamp duty laws.



**Offer** means each offer to acquire Target Stapled Securities to be made to each Target Stapled Securityholder under the Takeover Bid on terms consistent with this agreement.

**Offer Period** means the period during which the Offer is open for acceptance.

**OMIFL** means One Managed Investment Funds Limited (ACN 117 400 987).

**Prescribed Occurrence** means the occurrence of any of the following events:

- (a) the Target converts all or any of its Target Stapled Securities into a larger or smaller number of Target Stapled Securities;
- (b) the Target or a Subsidiary resolves to reduce its capital in any way;
- (c) the Target or a Subsidiary:
  - (i) enters into a buyback agreement; or
  - (ii) resolves to approve the terms of a buy-back agreement under section 257C(1) or 257D(1) of the Corporations Act;
- (d) the Target or a Subsidiary of the Target issues securities (including without limitation Target Stapled Securities) or grants an option over securities (including without limitation Target Stapled Securities), or agrees to make such an issue or grant such an option;
- (e) the Target or a Subsidiary issues, or agrees to issue, convertible notes;
- (f) the Target or a Subsidiary disposes, or agrees to dispose, of the whole, or a substantial part, of the business or property;
- (g) the Target or a Subsidiary grants, or agrees to grant, a security interest in the whole, or a substantial part, of the business or property;
- (h) the Target or a Subsidiary resolves to be wound up;
- (i) a liquidator or provisional liquidator of the Target or a Subsidiary is appointed;
- (j) a court makes an order of the winding up of the Target or a Subsidiary;
- (k) an administrator of the Target, or a Subsidiary is appointed under section 436A, 436B or 436C of the Corporations Act;
- (l) the Target or a Subsidiary executes a deed of company arrangement; or
- (m) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of the Target or of a Subsidiary.

**Regulatory Approvals** means such consents, approvals, instruments or other acts made or given by a Regulatory Authority required for the Takeover Bid.

**Regulatory Authority** includes:

- (a) a government or governmental, semi-governmental, administrative, fiscal or judicial entity or authority;
- (b) a minister, department, office, commission, delegate, instrumentality, tribunal, agency, board, authority or organisation of any government;
- (c) any regulatory organisation established under a statute;
- (d) in particular, ASX, ASIC and the Foreign Investment Review Board.

**Related Entity** means in relation to a party, any entity that is related to that party within the meaning of section 50 of the Corporations Act or which is an entity that is Controlled by that party.

**Relevant Interest** has the meaning given in the Corporations Act.

**RPT2** means Residential Parks No.2 Trust (ARSN 605 803 414).

**Security Appreciation Rights** or **SARS** means security appreciation rights issued under the Target's long term incentive plan.

**Services Agreement** means the service agreement between Gateway Lifestyle Operations Limited and One Managed Investment Funds Limited as responsible entity of RPT2 under which certain services are provided by Gateway Lifestyle Operations Limited to One Managed Investment Funds Limited in respect of the management of RPT2.

**Subsidiary** has the meaning given in the Corporations Act and includes any sub trust of any trust.

**Takeover Bid** means an off-market takeover bid by Bidder (or a member of the Bidder Group) for all of the Target Stapled Securities to be implemented in compliance with Chapter 6 of the Corporations Act (which, at the election of Bidder, may extend to Target Stapled Securities that come to be in the bid class during the Offer Period because of the conversion or exercise of any Target Convertible Securities).

**Takeovers Panel** means the Takeovers Panel established under section 171 of the Australian Securities and Investments Commission Act.

**Target** means:

- (a) Gateway Lifestyle Operations Limited (ABN 63 605 593 968); and
- (b) One Managed Investment Funds Limited (ABN 47 117 400 987) in its capacity as responsible entity of Residential Parks No.2 Trust (ARSN 605 803 414).

**Target Convertible Security** means:

- (a) 1,366,465 SARs issued under the Executive Incentive Plan for the FY16 LTI Grant;
- (b) 1,554,292 SARs issued under the Executive Incentive Plan for the FY17 LTI Grant; and
- (c) 866,469 Security Rights issued under the Executive Incentive Plan for the FY18 LTI Grant.

**Target Group** means the Target and its Related Entities.

**Target Stapled Security** means one ASX-listed fully paid stapled security consisting of one share in Gateway Lifestyle Operations Limited (ABN 63 605 593 968) and one unit in Residential Parks No.2 Trust (ARSN 605 803 414), and for the avoidance of doubt does not include the Target Convertible Securities.

**Target Stapled Securityholder** means a holder of one or more Target Stapled Securities as at the date of the Offer or a person who is issued Target Stapled Securities as a result of the vesting of the Target Convertible Securities.

**Target Units** means a unit in RPT2.

**Target Unitholder** means a holder of one or more Target Units as at the date of the Offer or a person who is issued Target Units as a result of the vesting of Target Convertible Securities.

**Trust Subsidiary** means each Subsidiary which is a trust.