



3 August 2018

GATEWAY LIFESTYLE GROUP (ASX: GTY)

Chairman's Letter to Securityholders

Please find attached a letter from Gateway Lifestyle's Chairman to be dispatched to the Group's securityholders today.

Leanne Nolan

Company Secretary



3 August 2018

Dear Securityholder,

Gateway Lifestyle securityholders should TAKE NO ACTION in relation to Hometown Offer

As you may be aware, Hometown Australia (**Hometown**) has made a conditional off-market takeover offer for all the stapled securities of Gateway Lifestyle Group (**Gateway Lifestyle**) at \$2.25 per stapled security (**Hometown Offer**). It is expected that Hometown's Bidder's Statement will be sent to Gateway Lifestyle securityholders on or around 6 August 2018.

At this stage, the Board of Gateway Lifestyle (**Board**) advises securityholders to **TAKE NO ACTION** in relation to the Hometown Offer or Bidder's Statement.

The Board, together with its advisers, is preparing a detailed response to Hometown's Bidder's Statement. This response, Gateway Lifestyle's Target's Statement, is expected to be mailed to you on or around 21 August 2018. You should consider this Target's Statement in detail before determining your position in relation to the Hometown Offer.

Whilst the Board has not finalized its review of the Hometown Offer, securityholders should understand that the Hometown Offer is currently subject to a significant number of conditions, and whilst the Hometown Offer remains conditional, there is no certainty that securityholders who accept the Hometown Offer will receive the consideration. Gateway Lifestyle has continued to engage with Hometown to improve the terms and certainty of the Hometown Offer.

Before the Hometown Offer was made, the Board was progressing a number of operational, development and portfolio initiatives. These initiatives include refinancing the Gateway Lifestyle debt facility to provide greater financial capacity to Gateway Lifestyle, and several asset acquisition and disposal opportunities with the objective of improving the quality of the Gateway Lifestyle portfolio. The Board will continue to assess these initiatives.

The Board will continue to keep securityholders informed of any material developments. If you have questions before receiving the Target's Statement, I encourage you to call our information line:

In Australia: 1800 667 648
Overseas: +61 1800 667 648

The Board remains committed to acting in the best interests of all securityholders and thank you for your ongoing support of the business.

Yours sincerely,

Andrew Love
Chairman