

RESIDENTIAL PARKS OPERATIONS NO 2 PTY LTD
A.B.N. 32 165 860 391

ANNUAL FINANCIAL REPORT
FOR THE PERIOD ENDED
30 JUNE 2014

DIRECTORS' REPORT

For the period ended 30 June 2014

The consolidated financial report comprises the financial statements of the consolidated entity ('the Group') consisting of Residential Parks Operations No 2 Pty Ltd ('Parent') ('the Company') and its controlled entities and Residential Parks No. 2 Trust ('the Trust') and its controlled entities. Residential Parks Operations No 2 Pty Ltd has been identified as the accounting parent of the stapled group.

Your Directors submit their report for the period ended 30 June 2014 being the period from 17 September 2013 to 30 June 2014.

The Company was incorporated on 17 September 2013 and commenced operations on 14 October 2013.

DIRECTORS

The names of the Directors of the Company at the date of this report are:

Paul Platus
Trevor Loewensohn
Morris Symonds

All Directors held office from 17 September 2013 until the date of this report.

PRINCIPAL ACTIVITIES

The principal activity of the Group during the period was to provide affordable living solutions to Senior Australians.

The principal place of business of the Group is Level 16, 20 Hunter Street, Sydney NSW 2000.

The registered office of the Company is Suite 511, Level 5, 434 St Kilda Road, Melbourne VIC 3004.

RESULTS AND DISTRIBUTIONS

The operating profit after tax amounted to \$330,603.

Directors declared \$729,639 of distributions paid during the period.

No options to stapled securities in the Group have been granted during the financial period and there were no options outstanding at the end of the financial period.

REVIEW OF OPERATIONS

The Directors of the Company believe that the Group's results for the period were satisfactory in the prevailing economic climate.

DIRECTORS' REPORT (continued)

For the period ended 30 June 2014

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The Group was incorporated during the period ended 30 June 2014, with the business model to operate the parks as fully converted manufactured home estates (MHEs) – that is parks that only have long term sites. This strategy provides immediate cash flow benefits in addition to the growth opportunities with the sale of new manufactured homes.

During the period ended 30 June 2014, there were 4 MHE acquisitions, some already fully converted, while others with some conversion opportunities. There are some activities expected in the future to convert the small number of the short term sites to long term sites.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

The Group forms part of the 36 MHEs that are intended to be restructured for initial public offering (IPO). The IPO is expected to be completed by 30 June 2015.



Trevor Loewensohn
Director

Sydney
21 May 2015

STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June 2014

	Note	2014 \$
REVENUE		
Permanent rental income		3,025,624
Tourist rental income		-
Utilities recharge		82,587
Other operational income		18,683
Manufactured homes sales		-
Finance income		28,688
Total Revenue		3,155,582
Property expenses and outgoings		(646,732)
General and administrative expenses		(494,722)
Management fees		(164,910)
Cost of manufactured home sales		-
Depreciation, amortisation and impairment expenses		(443,993)
Finance costs		(828,779)
Other expenses		(143,173)
PROFIT BEFORE TAX		433,273
Income tax benefit (expense)	4	(27,548)
NET PROFIT AFTER TAX		405,725
PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTEREST		75,122
PROFIT ATTRIBUTABLE TO MEMBERS		330,603

STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

	Note	2014 \$
CURRENT ASSETS		
Cash	3	2,853,418
Trade and other receivables		1,040,572
Related party receivables		83,527
Inventories		84,039
Current tax receivable		25,387
Other assets		48,501
TOTAL CURRENT ASSETS		4,135,444
NON-CURRENT ASSETS		
Investment properties		42,050,342
Deferred tax assets	4	22,880
TOTAL NON-CURRENT ASSETS		42,073,222
TOTAL ASSETS		46,208,666
CURRENT LIABILITIES		
Trade and other payables	5	618,144
Interest bearing liabilities	6	5,580,000
Provisions		579,960
Deposits held		4,520
TOTAL CURRENT LIABILITIES		6,782,624
NON-CURRENT LIABILITIES		
Interest bearing liabilities	6	16,762,769
Provisions		41,127
Deferred tax liabilities	4	-
TOTAL NON-CURRENT LIABILITIES		16,803,896
TOTAL LIABILITIES		23,586,520
NET ASSETS		22,622,146
EQUITY		
Contributed equity	7	20,000,001
Retained earnings (Accumulated losses)		(399,036)
Non-controlling interest		3,021,181
TOTAL EQUITY		22,622,146

STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2014

	Security Holders		External	
	Issued capital \$	Retained earnings \$	Non- Controlling Interest \$	Total Equity \$
As at 17 September 2013	-	-	-	-
Net profit/(loss) for the period after income tax	-	330,603	75,122	405,725
Equity raising	20,000,001	-	3,058,749	23,058,750
Distribution to security holders	-	(729,639)	(112,690)	(842,329)
As at 30 June 2014	20,000,001	(399,036)	3,021,181	22,622,146

STATEMENT OF CASH FLOWS

For the period ended 30 June 2014

	Note	2014 \$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Receipts from customers		2,160,125
Payments to suppliers and employees		(1,136,644)
Interest received		28,688
Borrowing costs paid		(1,106,010)
Income tax refunded (paid)		(159,342)
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	8	(213,183)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Purchase of investment properties		(38,869,790)
Additions to investment properties		(163,210)
Purchase of plant and equipment		-
Advance of loans to related parties		-
Repayment of loans by related parties		-
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(39,033,000)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Proceeds from issuing equity		20,000,001
Payments for equity issue costs		-
Return of capital to equity holders		-
Distributions to equity holders		(520,400)
Proceeds from loans from related parties		-
Repayment of loans from related parties		-
Proceeds from borrowings		22,620,000
Repayment of borrowings		-
NET CASH FLOWS FROM FINANCING ACTIVITIES		42,099,601
NET INCREASE (DECREASE) IN CASH HELD		2,853,418
Opening cash brought forward		-
CLOSING CASH CARRIED FORWARD	3	2,853,418

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2014

1. CORPORATE INFORMATION

The consolidated financial report comprises the financial statements of the consolidated entity ('the Group') consisting of Residential Parks Operations No 2 Pty Ltd ('Parent') ('the Company') and its controlled entities and Residential Parks No. 2 Trust ('the Trust'), and its controlled entities. Residential Parks Operations No 2 Pty Ltd has been identified as the accounting parent of the stapled group.

The annual financial report of Residential Parks Operations No 2 Pty Ltd for the period ended 30 June 2014 being the period from 17 September 2013 to 30 June 2014, was authorised for issue in accordance with a resolution of the Directors of the Company on 20 May 2015.

Residential Parks Operations No 2 Pty Ltd is a company, incorporated and domiciled in Australia. The Company was incorporated on 17 September 2013 and commenced operations on 14 October 2013.

The nature of the operations and principal activities of the Group are described in the Directors' Report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation

This special purpose financial report has been prepared for distribution as a consequence of the planned initial public offering ("IPO") of Gateway Lifestyle. The accounting policies used in the preparation of this financial report, as described below, are in the opinion of the Directors, appropriate to meet the needs of the members:

- i) The financial report has been prepared on the going concern assumption, applying an accrual basis of accounting on a historical cost basis; and
- ii) The Group is not a reporting entity because in the opinion of the Directors there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to specifically satisfy all their information needs.

The requirements of Australian Accounting Standards which include Australian equivalents to International Financial Reporting Standards and other financial reporting requirements in Australia do not have applicability to the Group because it is not a reporting entity. However, the Directors have determined that in order for the financial report to give a true and fair view of the Group's performance, cash flows and financial position, the requirements of Australian Accounting Standards and other financial reporting requirements in Australia relating to the recognition and measurement of assets, liabilities, revenues, expenses and equity should be complied with.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the period ended 30 June 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accordingly the Directors have prepared the financial report in accordance with the basis of accounting specified by all Australian Accounting Standards and Interpretations with the exception of the presentation and disclosure requirements of the following standards:

AASB 3:	<i>Business Combinations</i>
AASB 7:	<i>Financial Instruments: Disclosure</i>
AASB 12:	<i>Disclosure of Interests in Other Entities</i>
AASB13:	<i>Fair Value Measurements</i>
AASB 101:	<i>Presentation of Financial Statements</i>
AASB 102:	<i>Inventories</i>
AASB 107:	<i>Cash Flow Statements</i>
AASB 108:	<i>Changes in Accounting Estimates and Errors</i>
AASB 112:	<i>Income Taxes</i>
AASB 117:	<i>Leases</i>
AASB 119:	<i>Employee Benefits</i>
AASB 124:	<i>Related Party Disclosures</i>
AASB 132:	<i>Financial Instruments: Presentation</i>
AASB 136:	<i>Impairment of Assets</i>
AASB 137:	<i>Provisions, Contingent Liabilities and Contingent Assets</i>
AASB 140:	<i>Investment Property</i>

The financial report is presented in Australian Dollars.

b. New accounting standards and interpretations

Other new accounting standards and amendments and interpretations have been published that are not mandatory for the current reporting period and have not been adopted by the Group. The Directors have not determined the impact on the financial report of these amendments.

c. Consolidation

The Company and the Trust have been stapled together to form the Group. In accordance with AASB 3 Business Combinations, the stapling arrangement is regarded as a consolidated group and the Company has been identified as the parent entity for preparing consolidated financial statements.

Where an entity either began or ceased to be a controlled entity during the reporting period, the results are included only from the date control commenced or up to the date control ceased. Non-controlling interests are shown as a separate item in the consolidated financial statements. The financial statements of controlled entities are prepared for the same reporting period as the parent entity, using consistent accounting policies.

All inter-entity balances and transactions, including unrealised profits from intra-Group transactions, have been eliminated in full. Unrealised losses are eliminated unless the costs cannot be recovered in full.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the period ended 30 June 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Investment Properties

Investment properties comprise completed properties that are held to earn rentals or for capital appreciation or both. Property held under a lease is classified as investment property when it is held to earn rentals or for capital appreciation or both, rather than for sale in the ordinary course of business or for use in production or administrative functions.

Investment properties are measured at cost, including transaction costs less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated using the diminishing value method in respect of all depreciable assets based on their estimated useful lives between 2.5 to 20 years.

At each reporting date the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The assets' useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end.

Derecognition

Investment properties are derecognised upon disposal, retirement or when no further future economic benefits are expected from its use or disposal.

The gain or loss arising on the disposal or retirement of investment properties is determined as the difference between the net sales proceeds received and the carrying amount of the asset and recognised in profit and loss as income if a profit and as an expense if a loss.

e. Inventories

The Group holds inventory in relation to the acquisition and development of manufactured homes at the lower of cost and net realisable value.

Costs of inventories comprise all acquisition costs, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Inventory includes work in progress and raw materials used in the production of manufactured home units. Non-refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when paid.

Net realisable value is determined on the basis of an estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventory property recognised in profit or loss on disposal is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the period ended 30 June 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectable debt. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debt is written off as incurred.

Receivables from related parties are recognised and carried at the nominal amount receivable and where appropriate interest is taken up as income on an accruals basis.

g. Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Cash on hand and in banks and short-term deposits are stated at face value.

h. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date.

i. Employee benefits

Wages, salaries, and sick leave

Liabilities for wages and salaries, including non-monetary benefits, and accumulating sick leave which are expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the period ended 30 June 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Long service leave and annual leave

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

Superannuation contributions

Contributions to defined contribution superannuation plans are expensed to profit and loss when contributions are paid or become payable.

j. Revenue recognition

Revenue is recognised at the fair value of consideration received or receivable, net of Goods and Services Tax ("GST"). Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. Revenue brought to account but not received at balance date is recognised as a receivable.

Revenue is recognised for the major business activities as follows:

Rental revenue

Rental income from operating leases is recognised on a straight-line basis over the lease term. Contingent rentals are recognised as income in the financial year that they are earned. Rent paid in advance is recognised as unearned income.

Manufactured Home Sales revenue

Revenue from the sale of manufactured homes is recognised on final settlement when construction is complete, legal title to the property has been transferred and the resident has right of access to the manufactured home and other risks and rewards related to ownership.

Interest

Revenue from interest and dividends is recognised when the right to receive payment has been established.

k. Income tax

Under current income tax legislation the Trust is not liable to pay tax provided its taxable income and taxable realised capital gains are distributed to unitholders.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the period ended 30 June 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred income tax assets are recognised for all deductible temporary differences, carried forward unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carried forward unused tax assets and unused tax losses can be utilised. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability where they arose in a transaction, other than a business combination, that did not affect either accounting profit or taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the rates that are expected to apply to the year when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to the items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

l. Other taxes

Revenue, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of the acquisition of the asset or as part of the expenses item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The amount of GST recoverable from or payable to, the taxation authority is included as part of receivables and payables in the Statement of Financial Position.

m. Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid, whether billed or not billed to the Group. Trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the period ended 30 June 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Trade and other payables are normally paid within 7-30 days of recognition.

Payables to related parties are recognised and carried at the nominal amount due and where appropriate interest is recognised as an expense on the accruals basis.

n. Interest bearing liabilities

Borrowings are initially recorded at the fair value of the consideration received less directly attributable transaction costs associated with the borrowings. After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest rate method. Under this method fees, costs, discounts and premiums that are yield related are included as part of the carrying amount of the borrowing and amortised over its expected life.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement to more than twelve months after reporting date.

Borrowing costs are expensed as incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. When this is the case, they are capitalised as part of the acquisition cost of that asset.

o. Net current deficit

The Group is in a net current liability position of \$2,647,180 as at 30 June 2014, due to an interest bearing loan which has been classified as current. The Directors are in negotiation with financiers for the refinancing of all debt facilities held by the Group in conjunction with the IPO. Therefore the Group's financial statements have been prepared on a going concern basis as the Directors consider the Group will be able to discharge its obligations as they fall due and payable.

p. Contributed equity

Issued and paid up capital is recognised at the fair value of the consideration received by the Group. Any transactions costs, net of tax, arising in the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

q. Accounting estimates and judgements

The presentation of these financial statements requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Group's accounting policies.

Estimates and judgments are continually evaluated and are on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the period ended 30 June 2014

	Note	2014 \$
3. CASH		
Current		
Cash at bank and on hand		2,853,418
TOTAL CASH		2,853,418

For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise of the following at the end of the financial year:

	Note	2014 \$
Cash at bank and on hand		2,853,418
TOTAL CASH AND CASH EQUIVALENTS		2,853,418

	Note	2014 \$
4. INCOME TAX		
(a) Income tax expense/(benefit)		
The major components of the income tax expense/(benefit) are:		
<i>Current income tax</i>		
Current income tax expense/(benefit)		50,428
<i>Deferred income tax</i>		
Relating to the origination and reversal of temporary differences		(22,880)
Income tax expense/(benefit) reported in the Statement of Comprehensive Income		27,548

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the period ended 30 June 2014

	Note	2014 \$
5. TRADE AND OTHER PAYABLES		
Current		
Trade payables		52,218
Other payables		356,686
		408,904
Related party payables:		
Unsecured loans from related parties		-
Distribution payable		209,240
TOTAL TRADE AND OTHER PAYABLES		618,144

Due to the short-term nature of these payables, their carrying amount is assumed to approximate their fair value.

Loans with related entities are unsecured, interest free and are repayable on demand.

	Note	2014 \$
6. INTEREST BEARING LIABILITIES		
Current		
Bank debts		5,580,000
Non-current		
Bank debts		17,040,000
Other debts		-
Prepaid borrowing costs		(277,231)
Total non-current		16,762,769

	Note	2014 \$
7. CONTRIBUTED EQUITY		
Ordinary shares		4,200,000
Ordinary units		15,800,001
TOTAL CONTRIBUTED EQUITY		20,000,001

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the period ended 30 June 2014

	Note	2014 \$
8. CASH FLOW STATEMENT		
(a) Reconciliation of net profit/(loss) after income tax to net cash flows from/(used in) operating activities		
Net profit/(loss) after tax		405,725
<i>Non-cash items:</i>		
Depreciation and amortisation - investment property		443,993
<i>Changes in assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables		(1,040,572)
(Increase)/decrease in related party receivables		(83,527)
(Increase)/decrease in inventories		(84,039)
(Increase)/decrease in current tax receivable		(25,387)
(Increase)/decrease in other assets		(48,501)
(Increase)/decrease in deferred tax assets		(22,880)
Increase/(decrease) in trade and other payables (excluding related party)		408,904
Increase/(decrease) in provisions		105,812
Increase/(decrease) in deposits held		4,520
(Increase)/decrease in prepaid borrowing costs		(277,231)
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		(213,183)

9. EVENTS AFTER BALANCE SHEET DATE

The Group forms part of the 36 MHEs that are intended to be restructured for initial public offering (IPO). The IPO is expected to be completed by 30 June 2015.

DIRECTORS' DECLARATION

For the period ended 30 June 2014

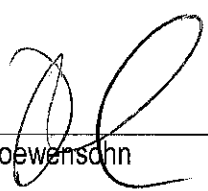
In accordance with a resolution of the Directors of Residential Parks Operations No 2 Pty Ltd, I state that:

In the opinion of the Directors:

1. The Group is not a reporting entity as defined in the Australian Accounting Standards;
2. The special purpose financial report is prepared to comply with the requirements of the prospective initial public offering;
3. The financial statements and notes of the Group set out on pages 6 to 19 present fairly, in accordance with the accounting policies described in Note 2 to the financial statements, the Group's financial position as at 30 June 2014 and its performance for the period ended on that date; and
4. There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

On behalf of the Board of Directors of Residential Parks Operations No 2 Pty Ltd



Trevor Loewenschon
Director

Sydney
21 May 2015

Independent auditor's report to the members of Residential Parks Operations No 2 Pty Limited

We have audited the accompanying special purpose financial report of Residential Parks Operations No 2 Pty Limited, which comprises the consolidated statement of financial position as at 30 June 2014, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the entity and the entities it controlled at the year's end or from time to time during the financial period.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report and have determined that the basis of preparation described in Note 2 to the financial report is appropriate to meet the financial reporting requirements of the directors and is appropriate to meet the needs of the members. The directors are also responsible for such controls as they determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have complied with the independence requirements of the Australian professional accounting bodies.

Opinion

In our opinion the financial report presents fairly, in all material respects, the consolidated entity's financial position as of 30 June 2014 and its financial performance and cash flows for the period then ended in accordance with the accounting policies described in Note 2 to the financial statements.

Basis of Accounting and Restriction on Distribution

Without modifying our opinion, we draw attention to Note 2 to the financial report which describes the basis of accounting. The financial report is prepared to assist Residential Parks Operations No 2 Pty Limited to meet the requirements of the directors as a consequence of the planned Initial Public Offering. As a result the financial report may not be suitable for another purpose. Our report is intended solely for Residential Parks Operations No 2 Pty Limited and should not be distributed to parties other than Residential Parks Operations No 2 Pty Limited.



Ernst & Young
Sydney
20 May 2015