

25 September 2015

Manager, Market Announcements Office
ASX Limited
Level 4, Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam,

GATEWAY LIFESTYLE OPERATIONS LIMITED 2015 ANNUAL REPORT

Please find attached the 2015 Gateway Lifestyle Annual Report.

Copies of the Annual Report are also available on the Company's website at
<http://investor.gatewaylifestyle.com.au/Investor-Centre/?page=Annual-Reports>

Yours faithfully



John Wong
Company Secretary





Gateway Lifestyle

Annual Report

2015



What is Gateway Lifestyle?

Gateway Lifestyle provides affordable living solutions to Senior Australians and is Australia's largest fully integrated Manufactured Home Estate operator.



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Chairman's Report

Andrew Love, Chairman's Report

On behalf of the Board, I am pleased to present Gateway Lifestyle Group's inaugural financial report - the 2015 Annual Report.

FY15 has been a historic year for Gateway Lifestyle. The Gateway Lifestyle Group's portfolio underwent substantial growth, with the addition of 18 communities, the building of Gateway Lifestyle's management platform and brand, and the increase in our capital base.

In FY15, we were able to execute our strategy of focusing on our 6,500 residents in our communities offering them affordable independent lifestyle solutions. It was pleasing to see that this strategy is delivering value to both our residents and our investors.

We are grateful for the institutional investor and retail market support we received, culminating in the initial public offering of Gateway Lifestyle Group's securities on the Australian Securities Exchange in June 2015. The public listing of Gateway Lifestyle Group (ASX:GTY) was the start of an exciting era for our Company.

The positive FY15 financial results provide a solid foundation for 2016 and beyond. The forward outlook continues to be very encouraging as do the quality, source and number of new business opportunities. As with all new opportunities we are maintaining a disciplined approach to growth.

We welcome the establishment of the Gateway Lifestyle Board, and the new directors, Rachel Launders, Stephen Newton and Andy Fay. Together with our Executive Directors, Trent Ottawa and John Wong, the breadth of experience and collaboration in this Board provides strong expertise for the Gateway Lifestyle Group and its securityholders.

The Board is confident based on our performance to date, strong brand and dedicated employees that the Gateway Lifestyle Group is well positioned to continue to deliver the FY16 forecast in the Prospectus.

The Board sincerely thanks our employees for their commitment and contribution throughout this transitional year. Our thanks also extends to our residents and securityholders for their ongoing support.



A handwritten signature in dark ink that reads "Andrew Love". The signature is fluid and cursive, with the first name and last name clearly distinguishable.

Andrew Love
Chairman



Chief Executive Officer's Report



Trent Ottawa, Chief Executive Officer's Report

The public listing of Gateway Lifestyle Group in June 2015 was the start of an exciting time for the Company.

In a short time, we have established a solid platform. The Company is now well placed to take advantage of the growth opportunities available.

Financial Performance

We are pleased to deliver results in line with Prospectus forecast. Encouragingly a number of key financial metrics exceeded the PDS FY15 pro forma forecast. The positive FY15 financial performance provides good momentum as we move into our first full year of trading.

Operational Performance

FY15 was an incredible year of growth and maturation for Gateway Lifestyle Group. We added 18 MHEs in the year, and Gateway Lifestyle now operates 36 residential communities across Australia.

Our approach to acquiring assets remains disciplined and focused on three MHE categories: Mature MHE assets; MHE conversion assets; and MHE expansion assets (Refer to the Directors' Report for further details). At the same time we continue to be diligent and financially prudent in assessing any potential new acquisition.

Our fully internalised management platform ensures we directly manage all aspects of our communities and interaction with our residents. This platform and the location of our communities throughout Australia provides scalable opportunities over the long term.

Future Outlook

During FY2016, in enhancing stakeholder value, we plan to invest in our communities, focusing on our affordable lifestyle offering. We see our role as an important one in helping many senior citizens to be able to live independently.

We are fortunate that Gateway Lifestyle has a highly experienced Board, strong committed leadership and a dedicated team committed to this vision.

Thank you for your ongoing support.



Trent Ottawa
CEO

“ADDING
18 MHEs
IN THE
YEAR”



Directors' Report 2015

Directors' Report 30 June 2015

The Directors of Gateway Lifestyle Operations Limited and One Managed Investment Funds Limited, the responsible entity for Residential Parks No. 2 Trust, present their report, together with the financial statements and the auditor's report for the year ended 30 June 2015 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).



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 and one share in Gateway Lifestyle Operations Limited. 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 and is therefore required to comply with the reporting and disclosure

requirements under the Corporations Act 2001 and Australian Accounting Standards.

Gateway Lifestyle Operations Limited is deemed to be the parent entity under Australian Accounting Standards and the consolidated financial report is prepared on this basis.

Residential Parks No. 2 Trust is a managed investment scheme. One Managed Investment Funds Limited was appointed the responsible entity for Residential Parks No. 2 Trust on 12 May 2015.

Directors

Gateway Lifestyle Operations Limited

The following persons were Directors of Gateway Lifestyle Operations Limited during the period from appointment to the end of the financial year, and up to the date of this report, unless otherwise stated:

Andrew Love
Chairman
(Independent
Non-Executive)

Date of Appointment
15 May 2015

Stephen Newton
Director
(Independent
Non-Executive)

Date of Appointment
15 May 2015

Rachel Launders
Director
(Independent
Non-Executive)

Date of Appointment
15 May 2015

Andrew Fay
Director
(Independent
Non-Executive)

Date of Appointment
15 May 2015

Trent Ottawa
**Chief Executive
Officer**

Date of Appointment
29 April 2015

John Wong
**Chief Financial
Officer**

Date of Appointment
29 April 2015

One Managed Investment Funds Limited

The following persons were directors of One Managed Investment Funds Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

- **Frank Tearle**
Executive Director
Date of Appointment: 4 December 2008
- **Justin Epstein**
Executive Director
Date of Appointment: 15 September 2009
- **Elizabeth Reddy**
Non-Executive Director
Date of Appointment: 6 November 2009

Principal Activities

Gateway Lifestyle Group is the largest internally managed owner and operator of Manufactured Home Estates ("MHE") in Australia.

Gateway Lifestyle Group has 36 MHEs under ownership, based in Queensland (12 MHEs), New South Wales (21 MHEs), and Victoria (3 MHEs). Gateway Lifestyle Group provides affordable accommodation and other services to over 6,500 people, managing over 4,000 tenanted manufactured home sites across its portfolio.

Distributions

Distributions paid during the financial year were as follows*:

	Consolidated	Re-stated
	2015 \$'000	2014 \$'000
Stapled securities	-	-
A class units (pre conversion to stapled securities)	1,153	578
	<u>1,153</u>	<u>578</u>

*Distributions were paid to the legacy investors prior to the listing of GTY on the ASX.



Review of Operations

Financial Results

Gateway Lifestyle Group

The net loss for the Gateway Lifestyle Group after providing for income tax and non-controlling interest amounted to (\$31,134,572) (30 June 2014: \$290,164 net profit (re-stated)).

RPT 2 Group

The net loss for the RPT 2 Group after providing for income tax and non-controlling interest amounted to (\$20,566,006) (30 June 2014: \$290,164 net profit (re-stated)).

The statutory financial result reflects the IPO transaction, and is consistent with the guidance in the Prospectus.

Business Overview

On 15 June 2015, the Gateway Lifestyle Group came into existence with the initial public offering and listing of GTY stapled securities on the Australian Securities Exchange. As part of the IPO, 36 MHE assets were consolidated under one single ownership structure with the 36 MHEs operating under the brand Gateway Lifestyle, making the Gateway Lifestyle Group the largest MHE owner and operator in Australia.

Gateway Lifestyle Group's strategy is to acquire, manage and integrate MHE assets to provide affordable lifestyle solutions to senior Australians. In so doing, it provides attractive returns to investors in the form of:

- predictable and non-seasonal recurring cash flows from the rental income of its long-term sites to residents. This income stream increases annually by CPI or above;
- manufactured home sale revenue through the conversion of short term sites to long-term sites and the sale of manufactured homes to residents, using a capital efficient model; and
- other, ancillary income that is derived from the existing resident base, including revenue from the sale of third-party homes.



FY 15 Financial Performance

The Financial Statements of Gateway Lifestyle Group are prepared in accordance with the Australian Accounting Standards and the requirements of the *Corporations Act 2001* (Cth). However, given Gateway Lifestyle Group only came into existence on 15 June 2015, the information presented in the Financial Statements does not reflect Gateway Lifestyle Group's operations for the entire year, both for the current financial year and the Comparative period. Users of the financial information should familiarise themselves with Note 1: Significant accounting policies and the Basis of Preparation.

Operating results

The statutory loss after tax attributable to the Gateway Lifestyle Group for the reporting period was (\$31,134,572), and EPS for the Reporting period was (\$0.125) based on stapled securities issued as at 30 June 2015.

On a pro-forma basis where Gateway Lifestyle Group is assumed to own the MHE assets for the full financial year 2015, Gateway performed above the IPO guidance provided in the Prospectus in the key operating metrics: home sales, gross profit per home sold and average manufactured home rent per week.

Home Sales

In FY 15, Gateway Lifestyle Group continued to receive recognition as a genuine provider of alternative affordable accommodation solutions for the senior citizens of Australia. We continued to see increased demand in our product, achieving above forecasts in new home sales on a pro-forma basis (124 actual vs 117 forecast).

This is a direct result of an increase in assets available in the MHE portfolio, as well as the direct marketing and brand recognition, particularly as Gateway Lifestyle Group completed the IPO. We continue to see a positive trend in our enquiries, with broad interest in our product across the wide geographic portfolio.

Gross Profit per Home Sold

In FY 15, Gateway Lifestyle Group focused on its supply chain, including the expansion of its manufactured home suppliers to include Fleetwood and the Todd Devine group. By securing supply chain, efficiencies in bulk costs (for example travel) were able to be managed. As a result, our gross profit per home sold, on a pro-forma basis, was approximately \$6,000 above the Prospectus forecasts.

Average Manufactured Home rent per week

Gateway Lifestyle manages the financial performance of its portfolio by focusing on operational efficiency, as well as its ability to deliver above CPI increases. Through the sale of new homes, the third party re-sales and the active management of rental increases across the portfolio, Gateway Lifestyle achieved an average manufactured home rent per week of \$138. This is \$2 above the guidance provided in the Prospectus forecasts.



**“GATEWAY LIFESTYLE ACHIEVED
AN AVERAGE MANUFACTURED
HOME RENT PER WEEK OF \$138”**

Acquisitions and Investments

IN FY 15, GATEWAY LIFESTYLE GROUP SAW THE ACQUISITION OF

18

MHE ASSETS

RESULTING IN A TOTAL OF

36

MHE ASSETS UNDER GATEWAY LIFESTYLE GROUP'S OWNERSHIP.

Gateway Lifestyle's acquisition strategy, focuses on three main areas:

1

Fully mature MHE assets, that is a MHE asset that does not have any new home sales;

2

MHE conversion assets, that is a MHE asset that has both permanent rentals and short-term rentals, whereby the short-term rentals are able to be converted to long-term rentals through the sale of a new home to a new resident;

3

MHE expansion assets, that is an existing MHE asset (either conversion or fully completed), with an additional parcel of land available to be developed so that new manufactured home's can be sold to new residents.

Gateway Lifestyle has a history of acquiring and integrating new MHE assets into its portfolio, with an additional 14 new MHEs acquired in FY 14 on a pro-forma basis. Today, the 36 MHEs represents a total gross value of \$347m in MHE assets located across 3 states in Australia.

Capital Management

CASH AND CASH EQUIVALENTS AS AT 30 JUNE 2015 WERE

\$11.2M

NET OPERATING CASH USED IN OPERATING ACTIVITIES WAS

(\$30.06M)

THIS REFLECTS THE IPO TRANSACTION, INCLUDING COSTS BORNE BY THE LEGACY RPT2 TRUST INVESTORS.

Significant changes in the state of affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the Gateway Lifestyle Group or the RPT 2 Group that occurred during the financial year other than those listed above or elsewhere in the Directors' Report.

Matters subsequent to the end of the financial year

As announced, Gateway Lifestyle Group has entered into a contract to acquire the Cobb Haven park, located in Southern NSW. This transaction has not yet completed, as requirements for completion have not yet been satisfied.

On 18 September 2015, Gateway Lifestyle Group completed the acquisition of the Manufactured Home Estate Myola Lifestyle Resort, in the Jervis Bay precinct of Southern NSW.

On 24 September 2015, Gateway Lifestyle announced it had entered into a binding contract for the acquisition of the Terrigal Sands Lifestyle Village & Residential Park, located in the Central Coast cluster of NSW.

Environmental regulation

Gateway Lifestyle Group's and the RPT 2 Group's environmental responsibilities, such as waste water removal and waste water treatment, have been managed in compliance with all applicable regulations and licence requirements and in accordance with industry standards. No breaches of requirements or additional environmental issues have been identified nor brought to the Board's attention.



Board of Directors

Consistent with the ASX Corporate Governance Principles, the Company's Board is comprised of a majority of directors who are independent, being four independent non-executive directors, including the Chairman, together with two non-independent directors, being Gateway Lifestyle's CEO and CFO.

The Directors of the Company and OMIFL bring to their respective Boards relevant experience and skills, including industry and business knowledge, financial management and corporate governance experience.

Andrew Love **Independent Chairman**

Andrew has over 35 years experience in restructuring and corporate insolvency, with a particular focus on the mining sector. Andrew is currently a non-executive director of Champion Iron Limited and has served on a number of boards including ROC Oil Company Limited, Lemur Resource Limited, Riversdale Mining and Charter Hall Office Trust. Andrew was a partner at Ferrier Hodgson Chartered Accountants for over 25 years until 2008, when as a senior partner he retired and remains as consultant.

Andrew is a member of both the Institute of Chartered Accountants in Australia and the Australian Institute of Company Directors. Andrew holds a Bachelor of Commerce from the University of New South Wales.



Stephen Newton **Independent Non-Executive Director**

Stephen has over 30 years experience in property and asset management, development management and real estate investment management, with a focus on entity and asset acquisitions and management of publicly listed and private REITs.

Stephen is the Joint Managing Director and co-founder of Arcadia Funds Management Limited. Stephen was a non-executive director of Australand from 2007 to 2014.

Prior to establishing the Arcadia Group in December 2002, Stephen was a senior executive at Lend Lease Corporation and a director of a number of Lend Lease entities and managed funds.

Stephen's other directorships include Campus Living Funds Management Limited, Broadcast Australia Group of companies and the University of Notre Dame Australia.

Stephen is a member of both the Institute of Chartered Accountants in Australia and the Australian Institute of Company Directors. He holds a Bachelor of Arts (Economics and Accounting) degree from Macquarie University and a Masters of Commerce degree from the University of New South Wales.



Rachel Launders **Independent Non-Executive Director**

Rachel has over 20 years experience in corporate law.

Rachel currently holds the role of general counsel and company secretary at Nine Entertainment Co. Holdings Limited. Prior to joining Nine Entertainment in 2015, Rachel was a partner at Gilbert + Tobin for over 13 years where she specialised in mergers and acquisitions, corporate governance and compliance. Rachel is also a director of Giant Steps School, which is a school for children and young adults with autism in Sydney.

Rachel holds a Bachelor of Arts and Bachelor of Laws (Hons) from the University of Sydney. She also completed the Graduate Diploma of Applied Finance and Investment at the Securities Institute (now the Financial Services Institute of Australasia) and is a Fellow of the Financial Services Institute of Australasia.



Board of Directors (continued)

Andrew Fay **Independent Non-Executive Director**

Andrew has over 25 years experience in the financial services industry.

Andrew currently holds the role of non-executive director of ASX-listed BT Investment Management and Spark Infrastructure. Andrew is also a non-executive director of Victoria Power Networks, South Australia Power Networks, JO Hambros Capital Management (a UK funds management company) and the chairman of Deutsche Managed Investments (Australia) Limited.

Andrew also consults to Dexus Property Group in the area of capital markets and advises Microbiogen, a private company which operates in the renewal energy industry, on corporate development initiatives. Andrew has held a number of senior positions including chairman of Tasman Lifestyle Continuum Ltd and CEO Australia, Regional CIO Asia-Pacific and CIO of Deutsche Asset Management (Australia) Limited. Andrew holds a Bachelor of Agricultural Economics (Hons) from the University of Sydney and has also completed the Graduate Diploma of Applied Finance and Investment at the Securities Institute (now the Financial Services Institute of Australasia).



Trent Ottawa **CEO**

Trent has over 12 years of experience in the MHE sector, including both direct and indirect acquisitions, management of multiple property portfolios, debt advisory, sale of MHE portfolios to listed entities and industry representation.

Prior to founding Gateway Lifestyle in 2009, Trent worked at Ferrier Hodgson in business restructuring and insolvency before moving to a specialist advisory firm providing investment and restructuring services to the tourism and MHE industry.

Trent holds a Bachelor of Business from the University of Technology Sydney, and is a member of the Institute of Chartered Accountants in Australia, as well as a member of the Australian Institute of Company Directors.



John Wong **CFO**

John has 15 years of experience in accounting, tax and finance, and since joining Gateway Lifestyle in 2013 has been integral in the establishment of the management platform.

Prior to joining Gateway Lifestyle, John worked at Grant Thornton specialising in business advisory to business owners and their businesses. In 2009, he established his own accounting practice. He has also worked at Shell Financial Services and Barclays Bank in London.

John holds a Bachelor of Commerce from Macquarie University, and is a member of the Institute of Chartered Accountants in Australia, and is a Chartered Tax Advisor accredited with the Tax Institute of Australia. John is also a member of the Australia Institute of Company Directors.



OMIFL

Frank Tearle **Executive Director**

Frank joined the OMIFL Board in December 2008. Before founding One Investment Group, Frank served in various roles at Allco Finance Group, including as head of business transition and operations, managing director of the Hong Kong office, Director in the corporate finance team and general counsel.

Frank has been a non-executive director of several companies, including the manager of a Singapore listed property trust and an APRA regulated insurance company. He has more than 10 years' experience working in major law firms in Australia and the United Kingdom, specialising in mergers and acquisitions, capital markets, funds management and corporate governance.

Elizabeth Reddy **Non-Executive Director**

Elizabeth joined the OMIFL Board in November 2009.

Elizabeth spent a number of years practising law at both Herbert Smith Freehills and Atanaskovic Hartnell prior to undertaking a number of commercial roles.

Elizabeth specialises in advising on the Corporations Act, contractual disputes, mergers and acquisitions, equitable claims, trade practices and insolvency. She is also experienced in compliance and risk management issues.

Justin Epstein **Executive Director**

Justin joined the OMIFL Board in September 2009 and is a founding partner of the One Investment Group.

Prior to joining OMIFL, Justin was the investment director of the LCJB Investment Group, where he was responsible for sourcing and leading investment opportunities. Justin has previously worked in group strategy and business development for a major Australian investment bank, for the corporate finance and restructuring division of Ernst & Young and for a specialised property finance and investment group.

Company Secretary

Gateway Lifestyle Operations Limited

John Wong has held the role of Company Secretary since April 2015.

One Managed Investment Funds Limited

Frank Tearle has held the role of Company Secretary since 2008.

Meeting of Directors

The number of meetings of the companies' Boards of Directors ('the Boards') and of each Board committee held during the year ended 30 June 2015, and the number of meetings attended by each director were:

	Full Board		Remuneration & Nomination Committee		Audit & Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
Gateway Lifestyle Operations Limited^(*)						
Andrew Love	2	2	-	-	-	-
Stephen Newton	2	2	-	-	-	-
Rachel Launderers	2	2	-	-	-	-
Andrew Fay	2	2	-	-	-	-
Trent Ottawa	2	2	-	-	-	-
John Wong	2	2	-	-	-	-
One Managed Investment Funds Limited						
Frank Tearle	2	2	-	-	-	-
Justin Epstein	2	2	-	-	-	-
Elizabeth Reddy	2	2	-	-	-	-

(*) The table sets out the Board and Board committee meetings since 29 April 2015 (being the date the first directors were appointed to Gateway Lifestyle Operations Limited) to 30 June 2015 and Director's attendance.

	Audit & Risk Committee	Remuneration & Nomination Committee
Gateway Lifestyle Operations Limited		
Andrew Love	√	√ (Chairman)
Rachel Launderers	√	√
Andrew Fay	√ (Chairman)	√
Stephen Newton	-	-

Stapled securities under option

There are no unissued stapled securities of Gateway Lifestyle Group under option at the date of this report.

Stapled securities issued on the exercise of options

No stapled securities of Gateway Lifestyle Group were issued during the year ended 30 June 2015 and up to the date of this report on the exercise of options granted.

Indemnity and insurance of officers

Gateway Lifestyle Group and RPT 2 Group have indemnified their directors and executives for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, to the extent permitted by law. The deeds of indemnity stipulate that Gateway Lifestyle Group will meet the full amount, including reasonable legal costs and expenses.

During the financial year, Gateway Lifestyle Group and RPT 2 Group paid a premium in respect of a contract to insure the directors and executives against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnification of auditors

To the extent permitted by law, the Company and OMIFL have agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

Proceedings on behalf of the entity

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of Gateway Lifestyle Group or RPT 2 Group, or to intervene in any proceedings to which Gateway Lifestyle Group or RPT 2 Group is a party for the purpose of taking responsibility on behalf of Gateway Lifestyle Group or RPT 2 Group for all or part of those proceedings.

Non-audit services

During the financial year the Gateway Lifestyle Group and RPT2 Group's auditor, Ernst & Young received \$1,600,000 for the provision of non-audit services. Full details of the amounts paid or payable to the auditors for audit and non-audit services provided during the financial year, are set out in note 32.

The Gateway Lifestyle Group and RPT2 Group's auditor has provided the Directors with an Auditor's Independence Declaration in relation to the audit, a copy of which immediately follows this Directors' Report.

Based on these factors, the Audit and Risk Committee of the Company has no reason to believe that there has been any compromise in the independence of the auditor due to the provision of these non audit services, and has advised the Board accordingly.

In accordance with the advice of the Audit and Risk Committee of the Company, the Board of Directors are satisfied that the provision of non-audit services during the financial year by the auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The provision of non-audit services during the financial year did not compromise the auditor independence requirements of the Corporations Act 2001.

Officers of the company who are former partners of Ernst & Young

There are no officers of Gateway Lifestyle Group or RPT 2 Group who are former partners of Ernst & Young.

Corporate Governance Statement

The Gateway Lifestyle Group and RPT2 Group's Corporate Governance Statement discloses how the Company complies with the recommendations of the ASX Corporate Governance Council (3rd Edition) and sets out the Company's main corporate governance practices. This statement has been approved by the Board and is current as at 25 September 2015. The Corporate Governance Statement of the Gateway Lifestyle Group can be found on the Company's website.

Remuneration Report

The Remuneration Report is set out on pages 24 to 31 and forms part of the Directors' Report.

Director's Interests

The Remuneration Report on page 31 contains details of the security holdings of the Directors and KMPs as at 30 June 2015.

Rounding of amounts

Gateway Lifestyle Group and RPT 2 Group are entities of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

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 on the following page.

Auditor

Ernst & Young continues in office in accordance with section 327 of the *Corporations Act 2001*.

Signed in accordance with the resolutions of the Board of directors of Gateway Lifestyle Operations Limited pursuant to section 298(2) of the *Corporations Act 2001*.



Andrew Love
Chairman

25 September 2015
Sydney



Trent Ottawa
Chief Executive Officer

25 September 2015
Sydney



Auditor's Independence Declaration



Ernst & Young
680 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Auditor's Independence Declaration

In relation to our audit of the financial report of Gateway Lifestyle Operations Limited and its controlled entities and Residential Parks No. 2 Trust and its controlled entities for the financial year ended 30 June 2015, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

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
25 September 2015

A black and white photograph of a woman with blonde hair, smiling and looking down at a table. On the table are several bags of snacks, including one labeled 'C&R Soft'. To her right, a young boy is sitting on the floor, looking down at something in his hands. A large teal circle is overlaid on the right side of the image, containing the title 'Remuneration Report' in white text.

Remuneration Report

5. Remuneration Report 2015

The directors of Gateway Lifestyle Operations Limited (GTY or the Company) present the Remuneration Report for the year ended 30 June 2015 outlining the key management personnel remuneration arrangements of the Company in accordance with the requirements of the *Corporations Act 2001* (Act), including section 300A, and its regulations. The disclosures in this remuneration report have been audited as required by section 308(3C) of the Act.

The Gateway Lifestyle group was established for the purpose of a joint quotation of Gateway Lifestyle Operations Limited and its controlled entities, and Residential Park No. 2 Trust and its controlled entities, and admitted to the official list on the Australian Securities Exchange (ASX) on 11 June 2015.

5.1 What is in the Remuneration Report?

This Remuneration Report is presented under the following sections:

- Remuneration Governance Framework
- Key Management Personnel
- Remuneration Policy and Link to Company Performance
- The Board Role in Remuneration and Remuneration Governance
- Description and Statutory Details of Non-Executive Director Remuneration
- Description of Executive Remuneration
- Company Performance and Remuneration Outcomes for Senior Executives in 2015
- Statutory Details Executive Remuneration 2015
- Summary of Service Agreements

5.2 Remuneration Governance Framework

The Remuneration and Nomination Committee is responsible for making recommendations to the Board on remuneration policies and employment practices applicable to directors, senior executives and other employees. Further details on the role of the Board and the Committee are set out below.

The objective of the Company's executive remuneration framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performing directors, executives and other employees. The Company has established incentive arrangements to assist in the attraction, motivation and retention of management and employees. Incentive measures have been determined by the Board and are benchmarked against a range of financial measures, including achievement and out-performance against forecast, EBITDA and cash flow per share (CFPS).

Further details regarding the short term cash based incentives (STI) are set out in this report. It is anticipated that within the first year post listing a senior executive equity based long term incentive plan (LTI) will be developed and implemented by the Board.

5.3 Key Management Personnel

For the purposes of this report KMP of the Company are defined as those persons having authority and responsibility for planning directing and controlling the major activities of the Company directly or indirectly. KMP includes both Non-Executive Directors and the following who have been identified as KMPs for the purposes of this Remuneration Report. In this report a reference to Senior Executives includes the CEO, CFO and the COO. It does not include Non-Executive Directors.

Non-Executive Directors

Mr A J Love	Chairman (Non-Executive) (Appointed Chairman 15 May 2015)
Ms R Launders	Director (Non-Executive) (Appointed 15 May 2015)
Mr A Fay	Director (Non-Executive) (Appointed 15 May 2015)
Mr S Newton	Director (Non-Executive) (Appointed 15 May 2015)

CEO and Executive Director

Mr T Ottawa	Chief Executive Officer and Executive Director (Appointed 29 April 2015)
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CFO and Executive Director

Mr J Wong	Chief Financial Officer and Executive Director (Appointed 29 April 2015)
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Senior Executive

Mr R Nichols	Chief Operating Officer (Appointed 1 June 2015)
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5.4 Remuneration Policy and Link to Company Performance

Remuneration Policy

The Company's Remuneration Policy was adopted by the Board on 15 May 2015 and will be reviewed at least annually. The purpose of the Remuneration Policy is to establish a framework for remuneration that is designed to:

- ensure that coherent remuneration policies and practices are observed which enable the attraction and retention of directors and management who will create value for securityholders;
- fairly and responsibly reward directors and senior management having regard to the Gateway Lifestyle Group's performance, the performance of the senior management and the general pay environment; and
- comply with all relevant legal and regulatory provisions.

Link to Performance

The remuneration framework is designed to reward performance by:

- attracting, motivating and retaining high performing individuals focused upon achieving the Company's objectives by offering fixed remuneration commensurate with the respective roles and responsibilities and accounting for market factors;
- linking the reward for Senior Executives with "at risk" incentives based on short term performance goals aligned and linked with Company goals and financial metrics which are set and reviewed annually; and
- aligning the longer term "at risk" incentive rewards with expectations and outcomes that match shareholder objectives and interests by assessing the performance over a longer period of time.

The Company's remuneration policy in relation to Non-Executive Directors is to offer a level of remuneration having regard for the Company's need to retain appropriately experienced and qualified directors and in accordance with competitive remuneration levels in the marketplace. Non-Executive Directors are remunerated by way of cash and superannuation and are not provided with performance based incentives.

5.5 The Board's Role in Remuneration and Remuneration Governance

The Board has overall responsibility for making decisions about the remuneration of KMPs.

The Board engages with shareholders, management and other stakeholders as required to update and improve Company remuneration policies and practices and ensure remuneration practices are aligned with Company strategy and objectives. In support of the Board's role the Board has established a Remuneration and Nomination Committee which operates under a Remuneration and Nomination Committee Charter and the Remuneration Policy.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee comprises of three independent Non-Executive Directors and meets throughout the year. Details of the Remuneration Committee meetings and attendance are outlined in the Directors' Report.

The Remuneration and Nomination Committee is established by the Board and is responsible for assisting the Board by reviewing and making recommendations to the Board in relation to:

- the Company's Remuneration Policy
- Board succession issues and planning
- the appointment and re-election of people as members of the Board and its committees
- inductions and continuing professional development of Directors
- remuneration packages of KMP
- the Company's superannuation arrangements
- the Company's recruitment, retention and termination policies
- succession planning for the KMP
- the process for evaluation of the performance of the Board
- KPIs for the Managing Director and assessing performance against those KPIs
- the review of performance of KMP
- those aspects of the Company's remuneration policy which should be subject to securityholders approval
- the size and composition of the Board and strategies to address Board diversity

Remuneration levels are reviewed annually by the Remuneration and Nomination Committee through a process which evaluates the appropriateness of remuneration packages given market practice in comparative companies and the objectives of the Company's remuneration strategy. Fixed remuneration levels and remuneration packages are benchmarked against independently provided remuneration data of comparable Australian companies to ensure salary packages are reasonable and competitive, but not excessive. Total reward potential is targeted to provide employees with the opportunity to earn top percentile benefits versus the relevant industry benchmarks, assuming consistently outstanding performance versus personal and business objectives set.

Further details of the Company's remuneration policy are included in the Corporate Governance Statement and copies of the Remuneration and Nomination Committee Charter and Remuneration Policy are available at www.gatewaylifestyle.com.au

Remuneration Consultant

Following year end the Board and the Remuneration Committee have engaged an independent external remuneration consultant, Guerdon Associates (**Consultant**) to provide input on the structure of the Company's LTI plan. No remuneration recommendations were received by the Board during the reporting period. The Consultant was not paid any fees during the reporting period.

Description and Statutory Details of Non-Executive Director Remuneration

The Company's Remuneration Policy in relation to Non-Executive Directors is to offer a level of remuneration having regard for the Company's need to retain appropriately experienced and qualified directors and in accordance with competitive remuneration levels in the marketplace. The aggregate remuneration for all Non-Executive Directors has been set at \$750,000 per annum. Fees paid to Non-Executive Directors are set based on review of external market information in relation to fees paid to Non-Executive Directors of comparable companies. The amounts to be paid will be as follows:

- Chairman –\$120,000 per annum
- Non-Executive Directors – \$100,000 per annum

No fees were paid to Non-Executive Directors for FY15. Each of the Non-Executive Directors was issued 25,000 stapled securities as being an amount equivalent to \$50,000 worth of Stapled Securities at the time of Listing. Each of the Non-Executive Directors have entered into a voluntary escrow deed for these Stapled Securities. During the relevant escrow period, the Non-Executive Directors may only deal with their Stapled Securities in accordance with the voluntary escrow deed. The restriction on dealing is broad. In addition, the voluntary escrow deeds for the Non-Executive Directors require forfeiture of their escrow stapled securities for a nominal amount if they leave as a Director of the Company during the escrow period.

Non-Executive Directors may be paid such additional or special remuneration or provided benefits as may be appropriate where a Non-Executive director performs extra or special services, including being a member of additional committees. Non-Executive Directors do not receive any incentive-based remuneration or employee share rights or options and do not receive any retirement benefits other than statutory superannuation contributions.

The Remuneration and Nomination Committee may, from time to time, receive advice from independent remuneration consultants to ensure Non-Executive Directors' fees and payments are appropriate and in line with the market. The Chairman's fees are determined independently of the fees of other Non-Executive Directors based on comparative roles in the external market.

The following table sets out the remuneration paid to the Non-Executive Directors for the financial year ended 30 June 2015.

		Short-term benefits			Post-employment benefits	Equity compensation	
		Fees A\$	Cash bonus A\$	Non-monetary A\$	Superannuation A\$	Stapled securities A\$	Total A\$
Gateway Lifestyle Group:							
Mr A Love	2015	-	-	-	-	50,000	50,000
	2014	-	-	-	-	-	-
Mr A Fay	2015	-	-	-	-	50,000	50,000
	2014	-	-	-	-	-	-
Mr S Newton	2015	-	-	-	-	50,000	50,000
	2014	-	-	-	-	-	-
Ms R Launders	2015	-	-	-	-	50,000	50,000
	2014	-	-	-	-	-	-
Total	2015	-	-	-	-	200,000	200,000
	2014	-	-	-	-	-	-
RPT2 Group							
	2015	-	-	-	-	-	-
	2014	-	-	-	-	-	-

5.6 Description of Senior Executive Remuneration

This section provides details of the current remuneration structure for executive members of the KMP.

Remuneration mix

What is the balance between fixed and 'at risk' remuneration?

The remuneration structure and packages offered to Senior Executives will comprise:

- Fixed remuneration; and
- Performance based remuneration consisting of an 'at risk' component comprising:
 - Short term incentive (STI) - an annual bonus set as a percentage of base salary linked to Company performance and paid in cash in two tranches over a two year period following announcement of year end financial results. The payment of the second tranche is subject to additional performance conditions relating to out-performance and
 - LTI – a long term incentive plan will be developed during FY16

Fixed Remuneration mix

What is fixed remuneration?

Fixed remuneration consists of base salary, as well as employer contributions to superannuation funds and non-monetary benefits.

How is fixed remuneration reviewed?

Fixed remuneration levels are reviewed annually through a process which considers external data and takes into account the overall performance of the Company and the Senior Executive to ensure that remuneration is appropriate and competitive. Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) provided it does not create any additional costs to the consolidated entity and provides additional value to the Senior Executive.

Short term incentive (STI)

What is the STI?

The STI is a variable performance based cash incentive plan designed to reward Senior Executives for performance following the end of the financial year. The amount of any STI award is determined by the Board having regard to certain performance incentives over the preceding twelve month period (**Performance Year**).

What is the purpose of the STI Plan?

The STI forms part of the company's performance-based remuneration system and provides "at risk" incentives based on short term performance goals aligned and linked with the Company goals and objectives.

How does the STI link to the company's objectives?

The company's objectives are set by the Board on an annual basis and key performance and financial objectives are set annually for all Senior Executives to support the Company objectives.

What are the performance conditions?

The Company and senior executive performance conditions reflect the financial and operational goals of the Company and delivery is essential in meeting the Company's short and long term strategy and building shareholder value. The conditions have been set and relate to financial performance metrics following admission to the ASX. For FY16 the first 50% of the STI is based on EBITDA and the forecasted cash flow per share (**CFPS**) exceeding the guidance set out in the Prospectus. The remaining 50% of the STI is to reward out-performance beyond the CFPS forecast and there are 3 tranches of CFPS targets that set out a scaled performance base. As per below:

CFPS	%STI
Up to 7.5%	Up to 15%
> 7.5% < 12.5%	Up to 20%
> 12.5%	Up to 15%

What is the maximum value of the STI opportunity?

STI is calculated each year as a percentage of the eligible employee's base salary (**Base Salary**). The maximum award payable is 100% of the Base Salary in two tranches. The second tranche of up to 50% of the STI (**Deferred Cash**) is payable on the second anniversary of release of year end financial results.

Are there performance conditions on Deferred Cash?

Deferred Cash is designed to reward past performance and encourage retention. There are further performance conditions attached to the Deferred Cash as outlined above.

Is there a claw back mechanism?

A claw back operates such that if the performance conditions are satisfied in one year but are not met in the immediately following year, some or all of the second tranche of the STI (Deferred Cash) can be reduced.

5.7 Company Performance and Remuneration Outcomes for Senior Executives in 2015

The Group's remuneration framework is designed to align the interests of employees and stakeholders by linking individual and company performance with remuneration outcomes, to reward employees for financial and non-financial performance aligned with business objectives and to drive behaviour and focus performance in alignment with business objectives by setting key performance measures and targets for individuals and the Company aligned with these objectives.

Incentive measures are benchmarked against a range of financial measures including achievement and out performance against forecast, CFPS and EBITDA. Remuneration for certain individuals is directly linked to the performance of the Gateway Lifestyle Group. A portion of cash bonus and incentive payments are dependent on defined earnings per share targets being met.

Fixed Remuneration Outcomes for Senior Executives in 2015

All Senior Executives will be reviewed in accordance with the Company's performance management plan and in accordance with the Remuneration and Nomination Committee Charter. Their performance is measured against the specific goals and objectives for the relevant Performance Year and in accordance with the Remuneration Policy and benchmarking processes.

STI and LTI Outcomes for Senior Executives in 2015

Due to the short duration of the reporting period, Senior Executives were not considered for an STI for 2015 and there is no LTI currently in place. However, Mr John Wong was issued 375,000 Stapled Securities for extraordinary performance over a sustained period of time and exceptional contribution by Mr Wong in respect of all the activities leading to the successful Listing of the Gateway Lifestyle Group on the Australian Securities Exchange in June 2015. This represents an amount equivalent to \$750,000 as a one off grant. Mr Wong has entered into a voluntary escrow deed for these Stapled Securities. During the escrow period, Mr Wong may only deal, at the time of listing with these Stapled Securites in accordance with this deed. The restrictions on dealing are broad. These escrow arrangements prevent Mr Wong from dealing with any of the escrowed securities from the date of admission of the Company to the Official list of the ASX until FY17 results release date and for 50% until FY18 results release date. In certain prescribed circumstances the relevant securities may be released (for example death or incapacity).

5.8 Statutory Details of Executive Remuneration 2015

The table below outlines the remuneration of senior executives for the reporting period for year ended 30 June 2015

	Short-term benefits			Post-employment benefits	Long-term benefits	Equity-based payments
	Cash salary and fees A\$	Motor vehicle allowance A\$	Salary sacrifice A\$	Superannuation A\$	Long service leave A\$	Equity-settled A\$
Gateway Lifestyle Group - 2015						
Trent Ottawa	23,076.92	461.54	-	722.00	-	-
John Wong	18,635.52	461.54	1,317.69	-	-	750,000
Robert Nichols	19,230.77	461.54	-	722.00	-	-
Total	60,943.21	1,384.62	1,317.69	1,444.00	-	750,000
RPT2 Group - 2015						
	-	-	-	-	-	-
RPT2 Group - 2014						
	-	-	-	-	-	-

5.9 Summary of Senior Executive Contractual Arrangements

Remuneration and other terms of employment for the CEO and other executive KMPs are formalised in Service Agreement. Each of these Service Agreements contains the key provisions set out below:

Key terms

Contract Duration	Commenced 1 June 2015, open-ended.
Fixed Remuneration	Total Fixed Remuneration includes base salary, superannuation and other non-cash benefits. Mr Ottawa will be paid a base salary of \$600,000 per annum Each of Mr Wong and Mr Nichols will be paid a base salary of \$500,000 per annum.
Variable Remuneration Eligibility	Eligible for STI of up to 100% of the executive's total cost fixed annual remuneration. Eligible for LTI (plan to be adopted) The Board may withdraw or vary the STI or LTI plans at any time by written notice to the executive, provided that the plan cannot be varied or withdrawn part way through a financial year in respect of that same financial year.
Non-compete	12 months following expiry of the notice period
Notice by Executive or Company	6 months
Termination for Misconduct	Immediate
Payment on Termination	Benefit on early termination by the Company in the period up to June 2018, other than for gross misconduct, equal to 12 months remuneration

5.10 Shareholding of Key Management Personnel

The following table details the number of Stapled Securities held by KMPs, either directly or indirectly or beneficially during the reporting period ended 30 June 2015:

	Opening Balance @ 11 June 2015	Number of escrowed	Closing Balance @ 30 June 2015
Mr A J Love	275,000	25,000	275,000
Ms R Launderers	40,000	25,000	40,000
Mr A Fay	75,000	25,000	75,000
Mr S Newton	35,000	25,000	35,000
Mr T Ottawa	12,875,878	12,875,878	12,875,878
Mr J Wong	375,000	375,000	375,000
Mr R Nichols	4,608,970	4,608,970	4,608,970

The number of escrowed securities for each of the KMPs is listed in the table above. Each of the KMPs has entered into a voluntary escrow deed for these stapled securities. During the relevant escrow period, the KMPs may only deal with their stapled securities in accordance with the voluntary escrow deed. The restriction on dealing is broad.

The Company's Securities Trading Policy applies to all Directors, Executive Directors and their related parties and sets out the procedures and principles that apply to trading in Gateway Lifestyle Securities. A copy of the Securities Trading Policy is available on the website at www.gatewaylifestyle.com.au

Other Transactions with KMPs

There are no other transactions between any of the KMPs with any of the companies which are related to or provide services to the Company unless disclosed in this report.



Consolidated Financial Statements

6. Consolidated Financial Statements

6.1 General information

The financial statements cover 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”)

The financial statements are presented in Australian dollars, which is Gateway Lifestyle Group's functional and presentation currency.

As permitted by Class Order 13/1050 “Financial reporting by stapled entities”, issued by the Australian Securities and Investments Commission (“ASIC”), these financial statements are combined consolidated financial statements of Gateway Lifestyle Group and consolidated financial statements of RPT2 Group.

Gateway Lifestyle Group is a stapled ASX listed Australian Investment Trust, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

Suite 303, 7-9 Irvine Place
Bella Vista
New South Wales 2153

Principal place of business

Suite 303, 7-9 Irvine Place
Bella Vista
New South Wales 2153

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.

A description of the nature of the consolidated entities' operations and principal activities are included in the Directors' Report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 25 September 2015. The Directors have the power to amend and reissue the financial statements.

6.2 Consolidated statements of profit or loss and other comprehensive income for the year ended 30 June 2015

	Note	Gateway Lifestyle Group		RPT2 Group	
		2015 \$'000	Restated 2014 \$'000	2015 \$'000	Restated 2014 \$'000
Revenue from continuing operations	5	5,957	1,713	5,127	1,713
Other income	6	125	-	474	-
Expenses					
Investment property expenses	7	968	485	334	485
Manufactured home sale expenses	7	361	-	-	-
Employee benefits expense		1,834	107	238	107
Administration expenses		4,107	164	3,841	164
Net loss on disposal of assets		17	-	17	-
Transaction expenses		26,893	-	18,544	-
Finance costs	7	2,711	592	2,181	592
Profit (loss) before income tax expense from continuing operations		(30,809)	365	(19,554)	365
Income tax benefit (expense)	8	36	-	(651)	-
Profit (loss) after income tax expense from continuing operations		(30,773)	365	(20,205)	365
Profit (loss) after income tax expense for the year		(30,773)	365	(20,205)	365
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss		-	-	-	-
Items that may be reclassified subsequently to profit or loss		-	-	-	-
Other comprehensive income for the year, net of tax		-	-	-	-
Total comprehensive income for the year		(30,773)	365	(20,205)	365
Total comprehensive income (loss) for the year attributable to:					
Shareholders of Gateway Lifestyle Operations Limited		(10,568)	-	-	-
Unitholders of the Residential Parks No.2 Trust		(20,566)	290	(20,566)	290
Total comprehensive income (loss) attributable to stapled securityholders		(31,134)	290	(20,566)	290
Non-controlling interest	38	361	75	361	75
Total comprehensive income (loss) for the year		(30,773)	365	(20,205)	365
Earnings per stapled security		Cents	Cents	Cents	Cents
Basic/diluted earnings (loss) per stapled security (based on securities issued as at 30 June 2015)	44	(12.5)	1.5	n/a	n/a
Basic/diluted earnings (loss) per unit (based on units issued as at 30 June 2015)	44	n/a	n/a	(8.2)	1.5
Basic/diluted earnings (loss) per stapled security (weighted average)		(161.7)	3.0	n/a	n/a
Basic/diluted earnings (loss) per unit (weighted average)		n/a	n/a	(106.8)	3.0

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

6.3 Consolidated statements of financial position as at 30 June 2015

	Gateway Lifestyle Group			RPT2 Group	
	Note	2015 \$'000	Restated 2014 \$'000	2015 \$'000	Restated 2014 \$'000
Assets					
Current assets					
Cash and cash equivalents	9	11,252	1,622	1,598	1,622
Trade and other receivables	10	7,342	1,231	13,772	1,231
Inventories	11	6,616	9	-	9
Other	12	2,476	7	58	7
Total current assets		27,686	2,869	15,428	2,869
Non-current assets					
Receivables	13	-	392	112,367	392
Investment properties	14	347,166	32,776	309,966	32,776
Plant and equipment	15	305	-	-	-
Intangibles	16	140,322	-	80,132	-
Deferred tax	17	2,662	-	-	-
Total non-current assets		490,455	33,168	502,465	33,168
Total assets		518,141	36,037	517,893	36,037
Liabilities					
Current liabilities					
Trade and other payables	18	22,190	420	11,929	420
Borrowings	19	716	-	23	-
Income tax	20	6,588	84	5,342	84
Employee benefits	21	789	23	38	23
Provisions	22	515	-	-	-
Total current liabilities		30,798	527	17,332	527
Non-current liabilities					
Borrowings	23	53,028	16,977	52,500	16,977
Total non-current liabilities		53,028	16,977	52,500	16,977
Total liabilities		83,826	17,504	69,832	17,504
Net assets		434,315	18,533	448,061	18,533

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

6.3 Consolidated statements of financial position as at 30 June 2015 (continued)

	Note	Gateway Lifestyle Group		RPT2 Group	
		2015 \$'000	Restated 2014 \$'000	2015 \$'000	Restated 2014 \$'000
Equity					
Equity attributable to members of the Company					
Contributed equity	24	(2,853)	-	-	-
Treasury stapled securities	24	(325)	-	-	-
Retained profits (accumulated losses)	26	(10,568)	-	-	-
		(13,746)	-	-	-
Equity attributable to unitholders of the Trust					
Contributed equity	24	470,704	15,800	470,704	15,800
Reserves	25	(636)	-	(636)	-
Surplus (deficiency)	26	(22,007)	(288)	(22,007)	(288)
		448,061	15,512	448,061	15,512
Equity attributable to non-controlling interest	27	-	3,021	-	3,021
Total Equity		434,315	18,533	448,061	18,533

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

6.4 Consolidated statements of changes in equity for the year ended 30 June 2015

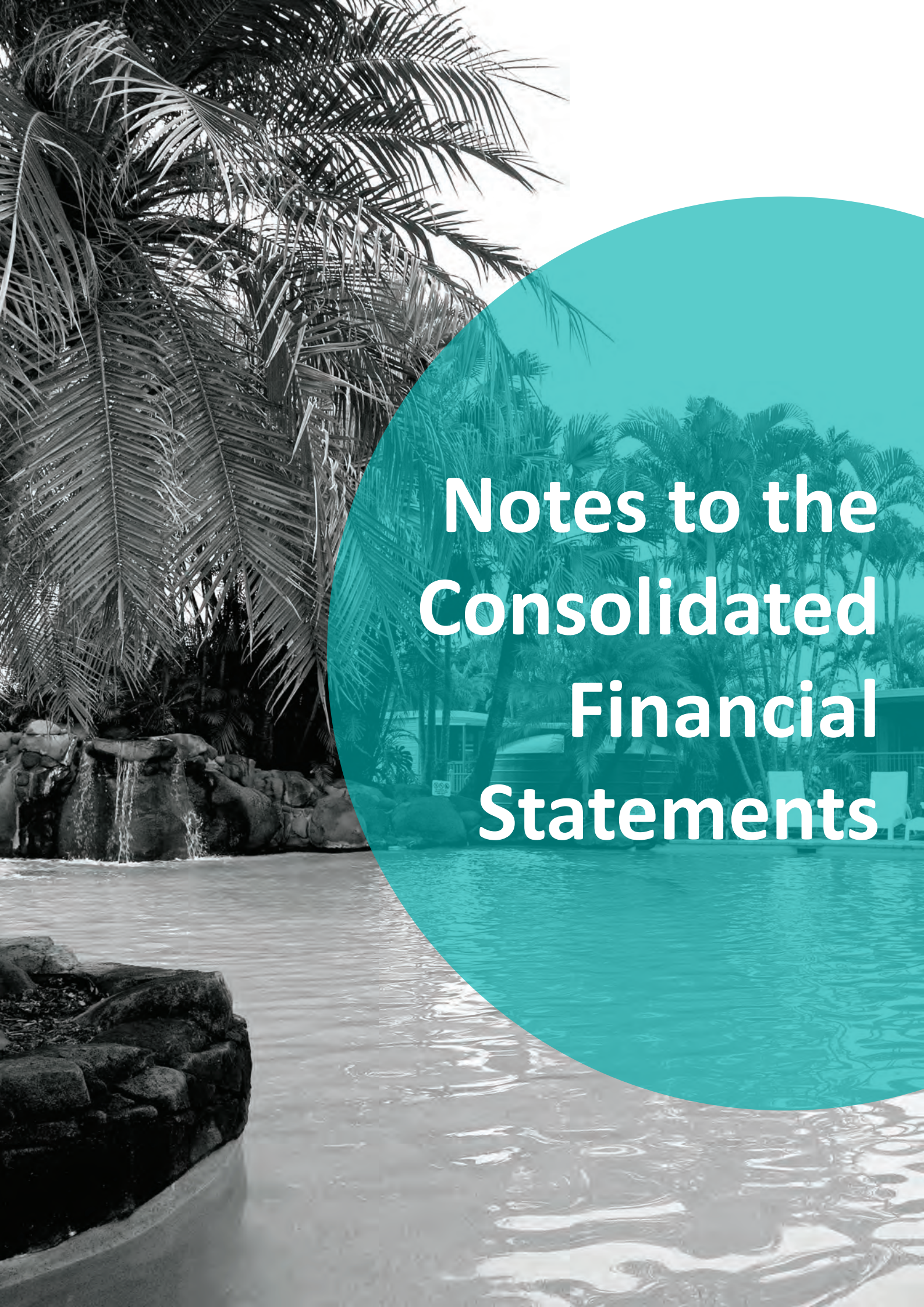
	Attributable to Members of the Company				Attributable to Unitholders of the Trust				Non-controlling Interest	Gateway Lifestyle Group Total Equity \$'000
	Contributed Equity \$'000	Treasury Stapled Securities \$'000	Retained Profits (Accumulated Losses) \$'000	Total \$'000	Contributed Equity \$'000	Reserves \$'000	Retained Profits (Accumulated Losses) \$'000	RPT2 Group Total Equity \$'000		
Gateway Lifestyle Consolidated										
Balance at 1 July 2014	-	-	-	-	15,800	-	(288)	15,512	3,021	18,533
Total comprehensive income (loss) for the year attributable to:										
Non-controlling interest	-	-	-	-	-	-	-	-	361	361
Members of the Company	-	-	(10,568)	(10,568)	-	-	-	-	-	(10,568)
Unitholders of the Trust	-	-	-	-	-	-	(20,566)	(20,566)	-	(20,566)
Total comprehensive income (loss) for the year	-	-	(10,568)	(10,568)	-	-	(20,566)	(20,566)	361	(30,773)
Transactions with members recorded directly in equity:										
Trust units issued	-	-	-	-	11,787	-	-	11,787	-	11,787
Other contributed capital	-	-	-	-	4,095	-	-	4,095	-	4,095
Stapled securities issued in business combination	-	-	-	-	63,288	-	-	63,288	-	63,288
Stapled securities issued in Initial Public Offer	-	-	-	-	389,281	-	-	389,281	-	389,281
Equity raising costs	(2,853)	-	-	(2,853)	(16,696)	-	-	(16,696)	-	(19,549)
Return of capital	-	-	-	-	(57)	-	-	(57)	-	(57)
Distribution	-	-	-	-	-	-	(1,153)	(1,153)	(1,942)	(3,095)
Equity based payments	-	(325)	-	(325)	1,201	-	-	1,201	-	876
Acquisition of non-controlling interest	-	-	-	-	2,005	(636)	-	1,369	(1,440)	(71)
Balance at 30 June 2015	(2,853)	(325)	(10,568)	(13,746)	470,704	(636)	(22,007)	448,061	-	434,315
Balance at 1 July 2013	-	-	-	-	-	-	-	-	-	-
Total comprehensive income (loss) for the year attributable to:										
Non-controlling interest	-	-	-	-	-	-	-	-	75	75
Unitholders of the Trust	-	-	-	-	-	-	290	290	-	290
Total comprehensive income (loss) for the year	-	-	-	-	-	-	290	290	75	365
Transactions with unitholders recorded directly in equity:										
Trust units issued	-	-	-	-	15,800	-	-	15,800	-	15,800
Distribution	-	-	-	-	-	-	(578)	(578)	-	(578)
Non-controlling interest contributed equity (net of drawings)	-	-	-	-	-	-	-	-	2,946	2,946
Balance at 30 June 2014	-	-	-	-	15,800	-	(288)	15,512	3,021	18,533

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

6.5 Consolidated statements of cash flows for the year ended 30 June 2015

		Gateway Lifestyle Group		RPT2 Group	
	Note	2015 \$'000	Restated 2014 \$'000	2015 \$'000	Restated 2014 \$'000
Cash flows from operating activities					
Receipts from customers (inclusive of GST)		5,211	548	5,447	548
Payments to suppliers and employees (inclusive of GST)		(33,243)	(283)	(26,235)	(283)
Interest received		94	18	94	18
Interest and other finance costs paid		(1,815)	(806)	(1,305)	(806)
Income taxes paid		(308)	-	-	-
Net cash from (used in) operating activities	41	(30,061)	(523)	(21,999)	(523)
Cash flows from investing activities					
Payment for purchase of business, net of cash acquired	37	(157,077)	-	(110,726)	-
Payments for purchase of investment properties		(29,006)	(30,148)	(29,006)	(30,148)
Payments for additions to investment properties		(893)	-	(882)	-
Proceeds from sale of investment properties		6,124	-	8,430	-
Purchase of plant and equipment		(59)	-	-	-
Advance of loan to related parties		(445)	(308)	(94,230)	(308)
Repayment of loans by related parties		308	-	308	-
Net cash from (used in) investing activities		(181,048)	(30,456)	(226,106)	(30,456)
Cash flows from financing activities					
Proceeds from issue of equity		405,163	15,800	405,163	15,800
Payment for equity issue costs		(20,835)	-	(16,697)	-
Return of capital to equity holders		(57)	-	(57)	-
Distribution to equity holders	28	(1,341)	(390)	(1,341)	(390)
Distribution to non-controlling equity holders		(1,942)	-	(1,942)	-
Acquisition of non-controlling interest		(71)	-	(71)	-
Proceeds of loans from related parties		-	151	-	151
Repayment of loans from related parties		(16,030)	-	(151)	-
Proceeds from borrowings		62,290	17,040	62,290	17,040
Payments for borrowing costs		(2,000)	-	(661)	-
Repayment of borrowings		(205,154)	-	(198,475)	-
Net cash from (used in) financing activities		220,023	32,601	248,058	32,601
Net increase (decrease) in cash and cash equivalents		8,914	1,622	(47)	1,622
Cash and cash equivalents at the beginning of the financial year		1,622	-	1,622	-
Cash and cash equivalents at the end of the financial year	9	10,536	1,622	1,575	1,622

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

The background of the slide is a photograph of a tropical resort. On the left, there are several tall palm trees with long, feathery fronds. Below the trees, a small waterfall flows over dark, jagged rocks into a pool of water. In the foreground, there are more dark rocks. To the right, a swimming pool with light blue water is visible, with lounge chairs and a building in the background. A large, semi-transparent teal circle is overlaid on the right side of the image, containing the title text.

Notes to the Consolidated Financial Statements

7.0 Notes to the consolidated financial statements

Note 1. Significant accounting policies

As permitted by Class Order 13/1050 issued by the ASIC, these financial statements are combined consolidated financial statements of Gateway Lifestyle Group and consolidated financial statements of RPT2 Group.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for:

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

The head company and legal parent for Gateway Lifestyle Group is Gateway Lifestyle Operations Limited.

The Gateway Lifestyle Group was established on 15 June 2015 for the purpose of a joint quotation of Gateway Lifestyle Operations Limited and its controlled entities, and Residential Parks No. 2 Trust and its controlled entities, on the Australian Securities Exchange, which was achieved by stapling an Ordinary share of the newly incorporated Gateway Lifestyle Operations Limited and an Ordinary unit of the Residential Parks No. 2 Trust.

Prior to the reorganisation of assets to facilitate the Initial Public Offering, Gateway Lifestyle Residential Parks Pty Limited was the external manager to 25 Manufactured Home Estates ("MHE"), held in 11 syndicated trust structures. As part of the Initial Public Offering, the reorganisation of the structure included:

- the acquisition of 41 legacy trusts by Residential Parks No. 2 Trust, totalling 25 MHE assets, and
- the acquisition of 30 companies associated with the syndicated trusts, by Gateway Lifestyle Operations Limited, including the internalisation of the management of MHEs through the acquisition of Gateway Lifestyle Residential Parks Pty Limited.

In addition, as part of the Initial Public Offering, the Residential Parks No. 2 Trust acquired an additional 11 MHE assets formerly referred to as the Tasman Group. On completion of the Initial Public Offering, the Gateway Lifestyle Group consisted of 36 MHEs located in Queensland, NSW and Victoria.

In accordance with Australian Accounting Standards, the stapling of RPT 2 Group to Gateway Lifestyle Operations Limited represents a business combination by contract and the Residential Parks No 2 Trust is identified as the accounting acquirer for the stapled group. The consolidated financial statements of Gateway Lifestyle Group represents a continuation of the RPT 2 Group and as a consequence the restated 2014 comparative figures for Gateway Lifestyle Group are the same as for RPT 2 Group. Following the stapling, the legal parent of Gateway Lifestyle Group, Gateway Lifestyle Operations Limited, is considered under Australian Accounting Standards to control the stapled group and as a result is presented as the accounting parent for Gateway Lifestyle Group .

The Residential Parks No. 2 Trust is a managed investment scheme. One Managed Investment Funds Limited was appointed the responsible entity for the Residential Parks No. 2 Trust on 12 May 2015.

The financial report was authorised for issue by the Directors of Gateway Lifestyle Operations Limited and One Managed Investment Funds Limited on 25 September 2015.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

Note 1. Significant accounting policies (continued)

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets

The consolidated entity has applied AASB 2013-3 from 1 July 2014. The disclosure requirements of AASB 136 'Impairment of Assets' have been enhanced to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposals. Additionally, if measured using a present value technique, the discount rate is required to be disclosed.

AASB 2014-1 Amendments to Australian Accounting Standards (Parts A to C)

The consolidated entity has applied Parts A to C of AASB 2014-1 from 1 July 2014. These amendments affect the following standards: AASB 2 'Share-based Payment': clarifies the definition of 'vesting condition' by separately defining a 'performance condition' and a 'service condition' and amends the definition of 'market condition'; AASB 3 'Business Combinations': clarifies that contingent consideration in a business combination is subsequently measured at fair value with changes in fair value recognised in profit or loss irrespective of whether the contingent consideration is within the scope of AASB 9 'Financial Instruments'; AASB 8 'Operating Segments': amended to require disclosures of judgements made in applying the aggregation criteria and clarifies that a reconciliation of the total reportable segment assets to the entity's assets is required only if segment assets are reported regularly to the chief operating decision maker; AASB 13 'Fair Value Measurement': clarifies that the portfolio exemption applies to the valuation of contracts within the scope of AASB 9 'Financial Instruments' and AASB 139 'Financial Instruments: Recognition and Measurement'; AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets': clarifies that on revaluation, restatement of accumulated depreciation will not necessarily be in the same proportion to the change in the gross carrying value of the asset; AASB 124 'Related Party Disclosures': extends the definition of 'related party' to include a management entity that provides KMP services to the entity or its parent and requires disclosure of the fees paid to the management entity; AASB 140 'Investment Property': clarifies that the acquisition of an investment property may constitute a business combination.

AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle

This standard is applicable to annual reporting periods beginning on or after 1 January 2016. The standard clarifies the provisions of AASB 119 relating to the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations, which should be denominated in the same currency as the liability. Further it clarifies that the depth of the market for high quality corporate bonds should be assessed at the currency level.

Basis of preparation

This report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. The consolidated financial reports of Gateway Lifestyle Group and the RPT 2 Group also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of investment properties, inventory measured at lower of cost or net realisable value and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entities only. Supplementary information about the parent entities, Gateway Lifestyle Operations Limited and the Residential Parks No. 2 Trust, are disclosed in note 36.

Note 1. Significant accounting policies (continued)

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Gateway Lifestyle Group and the RPT 2 Group as at 30 June 2015 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which Gateway Lifestyle Group and the RPT 2 Group have control. Gateway Lifestyle Group or the RPT 2 Group control an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to Gateway Lifestyle Group or the RPT 2 Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Gateway Lifestyle Group and the RPT 2 Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of Gateway Lifestyle Group. Losses incurred by Gateway Lifestyle Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where Gateway Lifestyle Group or the RPT 2 Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. Gateway Lifestyle Group or the RPT 2 Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ("CODM"). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation

The financial statements are presented in Australian dollars, which is Gateway Lifestyle Group's functional and presentation currency.

Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to Gateway Lifestyle Group or the RPT 2 Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Sale of inventory

Sale of inventory revenue is recognised when settlement has occurred and the significant risks and rewards of ownership have passed to the buyer, usually when a contract for the sale becomes unconditional. Amounts disclosed as revenue are net of sales returns and trade discounts.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Rent

Rent revenue from investment properties is recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as part of the rental revenue.

Note 1. Significant accounting policies (continued)

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax

Effective from 1 July 2015, under current income tax legislation Residential Parks No.2 Trust is not liable to pay tax provided its taxable income and taxable realised capital gains are distributed to unitholders. For the year ended 30 June 2015 Residential Parks No. 2 Trust was a public trading trust and tax is payable at 30% on the Trust's assessable income for income tax purposes.

In relation to Gateway Lifestyle Operations Limited, the Australian corporate tax rate is assessed at 30%.

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable. The tax payable is further adjusted for the estimated impact of those trusts having paid distributions during the year ended 30 June 2015.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Gateway Lifestyle Operations Limited and its wholly-owned Australian subsidiaries, and Maroochydhore Park Holdings Pty Limited and its wholly-owned Australian subsidiaries, have formed two income tax consolidated groups under the tax consolidation regime. Gateway Lifestyle Operations Limited and Maroochydhore Park Holdings Pty Limited are the head entities in each of the groups.

The head entities and each subsidiary in the tax consolidated groups continue to account for their own current and deferred tax amounts. The tax consolidated groups have applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated groups.

In addition to their own current and deferred tax amounts, the head entities also recognise the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated groups.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated groups. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Note 1. Significant accounting policies (continued)

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities 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 statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment. Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

Inventories

Inventory (manufactured homes under construction) includes property under construction or re-development for sale in the ordinary course of business, measured at the lower of cost and net realisable value.

Cost primarily includes amounts paid to contractors for construction, construction overheads and other related costs. Non-refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when paid.

Net realisable value is the estimated selling price in the ordinary course of business, based on market prices at the reporting date and discounted for the time value of money if material, less costs to completion and the estimated costs of sale.

The estimated 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.

Note 1. Significant accounting policies (continued)

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

Impairment of financial assets

The consolidated entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for financial assets carried at cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for similar financial assets.

Available-for-sale financial assets are considered impaired when there has been a significant or prolonged decline in value below initial cost. Subsequent increments in value are recognised in other comprehensive income through the available-for-sale reserve.

Investment properties

Investment properties comprise completed property that is 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 initially recognised at cost, which includes purchase price and any directly attributable expenditure such as property transfer duty, professional fees and other transaction costs, and are subsequently remeasured annually at fair value. Movements in fair value are recognised directly to profit or loss.

Investment properties are derecognised when disposed of or when there is no future economic benefit expected.

Investment properties also include properties under construction for future use as investment properties. These are carried at fair value, or at cost where fair value cannot be reliably determined and the construction is incomplete.

Chattels are included as part of investment properties in Gateway Lifestyle Group. Entities in RPT2 Group do not hold any chattels.

Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated to write off the net cost of each item of plant and equipment over their expected useful lives as follows:

Motor vehicles	8 to 12 years – straight line
Office and computer equipment	3 to 10 years – straight line
Office furniture and fittings	10 to 20 years – straight line

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Note 1. Significant accounting policies (continued)

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the consolidated entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Intangible assets

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the consolidated entities' cash-generating units, or groups of cash generating units, that is expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the consolidated entities are assigned to those units or groups of units.

Impairment of non-financial assets

Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest 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.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Note 1. Significant accounting policies (continued)

Provisions

Provisions are recognised when the consolidated entities have a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entities will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date, and superannuation contributions for employees are measured at the amounts expected to be paid based on present obligation to pay resulting from the employees' services rendered and are accrued to balance date.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are 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 corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Equity-based payments

Equity-settled compensation benefits are provided to employees. Equity-settled transactions are awards of stapled securities that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. For equity-settled transactions in the year ended 30 June 2015 fair value was determined based on the issue price of the stapled securities under the initial public offering.

The cost of vested equity-settled transactions are recognised as an expense. The cost of equity-settled transactions that have not yet vested are recognised in reserves, and will be transferred from reserves to expense when vested.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Note 1. Significant accounting policies (continued)

Issued capital

All classes of trust units and stapled securities are classified as equity.

Incremental costs directly attributable to the issue of new equity instruments are shown in equity as a deduction, net of tax, from the proceeds.

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entities assess the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entities' operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entities remeasure the previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Earnings per stapled security

Basic earnings per stapled security

Basic earnings per stapled security is calculated by dividing the profit attributable to the owners of Gateway Lifestyle Group, excluding any costs of servicing equity other than stapled securities, by the weighted average number of stapled securities since the date of establishment of the Gateway Lifestyle Group.

Diluted earnings per stapled security

Diluted earnings per stapled security adjusts the figures used in the determination of basic earnings per stapled security to take into account the after income tax effect of interest and other financing costs associated with dilutive potential stapled securities and the weighted average number of stapled securities assumed to have been issued for no consideration in relation to dilutive potential stapled securities.

Note 1. Significant accounting policies (continued)

Goods and Services Tax ("GST") and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Rounding of amounts

The consolidated entities are of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2015. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101

This standard is applicable to annual reporting periods beginning on or after 1 January 2016. The standard makes amendments to AASB 101 Presentation of Financial Statements arising from the IASB's Disclosure Initiative project. The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in the financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. The amendments also clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures. The consolidated entity has assessed this standard but has decided to defer adoption of this standard until such time approved by the Board of Directors.

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch).

New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The consolidated entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

Note 1. Significant accounting policies (continued)

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone

selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods.

For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment.

Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Equity-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by reference to the issue price at the time of the initial public offering. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Provision for impairment of receivables

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position.

Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Fair value measurement hierarchy

The fair value of investment properties classified as level 3 is determined by the use of valuation models. These include the use of observable inputs that require significant adjustments based on unobservable inputs.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Goodwill and other indefinite life intangible assets

The consolidated entities test annually, or more frequently if events or changes in circumstances indicate impairment, goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units is determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entities consider it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Employee benefits provision

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Business combinations

As discussed in note 1, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entities taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Note 3. Change in Accounting Policy

Investment property

Prior to the year ended 30 June 2015, investment property was measured under the cost model, involving the systematic depreciation of assets on a 5-40% reducing balance method and recognition of impairment where appropriate.

In the year ended 30 June 2015 the Gateway Lifestyle Group and RPT 2 Group has elected that investment properties be measured under the fair value model, which reflects market conditions at the reporting date, and revalued on an annual basis. Gains or losses arising from changes in the fair value of investment properties are recognised in the Income Statement in the period in which they arise. Gateway Lifestyle Group and RPT2 Group have applied the change in accounting policy retrospectively and adjusted the comparative amounts disclosed for prior period presented as if the new accounting policy had always been applied. No adjustments were required for the earliest prior period presented being 1st July 2014 as the consolidated entities were not in existence as at that date. The change of accounting policy did not have a material impact on the prior period financial statements.

Note 4. Operating segments

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 (who are identified as the CODM) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews EBITDA (“Earnings Before Interest, Tax, Depreciation and Amortisation”). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

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 at least a monthly basis.

Intersegment transactions

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

Comparative period

During comparative period, the Gateway Lifestyle Group’s one reportable segment is the manufactured home operations with revenue generated through the collection of rental income from sites. The total of the reportable segments’ revenue and profit is the same as that of the Group as a whole and as disclosed in the Consolidated Income Statement.

Reportable segment revenue and profit

The total of reportable segment revenue and profit is the same as that of Gateway Lifestyle Group’s as a whole and as disclosed in the Consolidated Income Statement.

Note 4. Operating segments (continued)

Gateway Lifestyle Group

Operating segment information

	Manufactured Home Operations \$'000	Manufactured Home Development \$'000	Intersegment eliminations/ unallocated \$'000	Total \$'000
Consolidated - 2015				
Rental revenue	5,404	-	-	5,404
Operating expense	(4,894)	-	-	(4,894)
Manufactured home sales	-	455	-	455
Manufactures home expenses	-	(361)	-	(361)
Other revenue	-	-	98	98
Corporate costs	-	-	(2,028)	(2,028)
Transaction costs	-	-	(26,893)	(26,893)
EBITDA	510	94	(28,823)	(28,219)
Depreciation and amortisation	-	-	(4)	(4)
Fair value gains (losses)	-	-	125	125
Finance costs	(2,711)	-	-	(2,711)
Profit (loss) before income tax expense	(2,201)	94	(28,702)	(30,809)
Income tax benefit		36		36
Profit (loss) after income tax expense	(2,201)	130	(28,702)	(30,773)

Geographical information

Gateway Lifestyle Group operates in Australia only. The amount of revenue from external customers in Australia is as disclosed in note 5.

Note 5. Revenue

	Gateway Lifestyle Group		RPT2 Group	
	2015 \$'000	Restated 2014 \$'000	2015 \$'000	Restated 2014 \$'000
From continuing operations				
Sales revenue				
Manufactured home sales	455	-	-	-
	455	-	-	-
Other revenue				
Interest	98	18	94	18
Rent from investment properties	5,404	1,695	5,033	1,695
	5,502	1,713	5,127	1,713
Revenue from continuing operations	5,957	1,713	5,127	1,713

Note 6. Other Income

	Gateway Lifestyle Group		RPT2 Group	
	2015 \$'000	Restated 2014 \$'000	2015 \$'000	Restated 2014 \$'000
Net fair value gain on investment properties	125	-	474	-
Other income	125	-	474	-

Note 7. Expenses

Profit before income tax from continuing operations includes the following specific expenses:

Cost of sales				
Cost of manufactured homes sold	361	-	-	-
Depreciation				
Property, plant and equipment	4	-	-	-
Finance costs				
Borrowing costs	894	57	876	57
Interest	1,817	535	1,305	535
Finance costs expensed	2,711	592	2,181	592
Rental expense relating to operating leases				
Minimum lease payments	8	-	-	-
Net fair value loss				
Investment properties	-	318	-	318
Superannuation expense				
Superannuation guarantee charge	59	8	17	8
Equity-based payments expense				
Stapled securities issued	876	-	-	-
Expenses on investment properties				
Direct operating expenses from property that generated rental income	968	485	334	485

Note 8. Income tax expense

	Gateway Lifestyle Group		RPT2 Group	
	2015 \$'000	Restated 2014 \$'000	2015 \$'000	Restated 2014 \$'000
Income tax expense				
Current tax	728	-	651	-
Deferred tax - origination and reversal of temporary differences	(764)	-	-	-
Adjustment recognised for prior periods	-	-	-	-
Aggregate income tax expense(benefit)	(36)	-	651	-
Income tax expense (benefit) is attributable to:				
Profit from continuing operations	(36)	-	651	-
Aggregate income tax expense (benefit)	(36)	-	651	-
Deferred tax included in income tax expense comprises:				
Decrease (increase) in deferred tax assets (Note 17)	(764)	-	-	-
Deferred tax - origination and reversal of temporary differences	(764)	-	-	-
Profit (loss)before income tax expense from continuing operations	(30,809)	365	(19,554)	365
Tax at the statutory tax rate of 30%	(9,243)	110	(5,866)	110
Tax effect amounts which are not deductible (taxable) in calculating taxable income:				
Entertainment expenses	1	-	-	-
Performance and disposition fees	941	-	941	-
Equity-based payments	263	-	-	-
Transaction cost	2,412	-	-	-
Other non-deductible costs	80	-	60	-
Accounting trust/partnership distribution	(434)	-	(434)	-
Taxable trust/partnership distribution	172	-	172	-
Assessable trust income	348	-	348	-
Non assessable trust income	-	(87)	-	(87)
Temporary differences not recognised (Note (i))	3,258	-	3,264	-
Tax losses not recognised	2,274	-	2,274	-
Net loss (profit) attributable to non-controlling interest	(108)	(23)	(108)	(23)
	(36)	-	651	-
Adjustment recognised for prior periods	-	-	-	-
Income tax expense (benefit)	(36)	-	651	-
Amounts charged (credited) directly to equity				
Deferred tax assets (Note 17)	1,286	-	-	-

Note (i): Temporary differences not recognised relate to transaction costs expensed within trusts.

Note 9. Current Assets – Cash and Cash Equivalents

	Gateway Lifestyle Group		RPT2 Group	
	2015 \$'000	Restated 2014 \$'000	2015 \$'000	Restated 2014 \$'000
Cash on hand	16	-	-	-
Cash at bank	11,236	1,622	1,598	1,622
	11,252	1,622	1,598	1,622

Reconciliation to cash and cash equivalents at the end of the financial year:

The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

Balances as above	11,252	1,622	1,598	1,622
Bank overdraft (Note 19)	(716)	-	(23)	-
Balance as per statement of cash flows	10,536	1,622	1,575	1,622

Note 10. Current assets - trade and other receivables

Trade receivables	2,061	1,228	13,182	1,228
Less: Provision for impairment of receivables	-	-	-	-
	2,061	1,228	13,182	1,228
GST receivable	2,688	-	540	-
Related party receivable	528	-	-	-
Other receivables	2,065	3	50	3
	7,342	1,231	13,772	1,231

Impairment of receivables

The consolidated entities have recognised a loss of \$nil (2014: \$nil) in profit or loss in respect of impairment of receivables for the year ended 30 June 2015.

Past due but not impaired

Customers with balances past due but without provision for impairment of receivables amount to \$0.45m as at 30 June 2015 (\$nil as at 30 June 2014).

The consolidated entity did not consider there to be a credit risk on the aggregate balances after reviewing the credit terms of customers based on recent collection practices.

The ageing of the past due but not impaired receivables are as follows:

0 to 3 months overdue	76	-	-	-
3 to 6 months overdue	147	-	-	-
Over 6 months overdue	227	-	-	-
Refer Note 29 (d)	450	-	-	-

Note 11. Current assets - inventories

Manufactured homes under construction	6,616	9	-	9
	6,616	9	-	9

Note 12. Current assets - Other

	Gateway Lifestyle Group		RPT2 Group	
	2015 \$'000	Restated 2014 \$'000	2015 \$'000	Restated 2014 \$'000
Prepayments	940	7	58	7
Deposits paid	1,536	-	-	-
	2,476	7	58	7

Note 13. Non-current assets – receivables

Related party receivable	-	392	112,367	392
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The related party receivable is repayable on demand but not expected to be repaid in the next 12 months. This receivable is not past due nor impaired.

Note 14. Non-current assets - investment properties**(a) Summary of carrying amounts**

Manufactured home estates – at fair value	347,166	32,776	309,966	32,776
	347,166	32,776	309,966	32,776

Note 14. Non-current assets – investment properties (continued)

(b) Individual valuations and carrying amounts

	Date of Original Purchase	Latest external valuation date	Valuation	Gateway Lifestyle Group Carrying amount		RPT 2 Group Carrying amount	
Manufactured home estates			\$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Bayside	Dec-09	28/07/2015	11,700	11,700	-	10,908	-
Bass Hill	Aug-10	16/02/2015	9,000	9,000	-	6,856	-
Stanhope Gardens	Sep-11	16/02/2015	27,000	27,000	-	25,330	-
Brisbane River Terraces	Sep-11	16/03/2015	4,700	4,700	-	4,615	-
Nepean Shores	Jun-12	16/02/2015	16,000	16,000	-	11,640	-
Redlands (Note (i))	Aug-12	16/03/2015	6,250	8,250	-	7,807	-
Grafton	Oct-12	17/02/2015	10,250	10,250	-	8,518	-
Aspley	Dec-12	17/03/2015	10,750	10,750	-	6,973	-
Oaklands	Jun-13	23/02/2015	15,000	15,000	-	12,890	-
Yamba	Aug-13	17/02/2015	6,600	6,600	-	5,548	-
Regal Waters	Oct-13	16/03/2015	10,900	10,900	-	10,397	-
Hammond	Oct-13	16/03/2015	14,700	14,700	14,292	13,975	14,292
Maroochy (Note (ii))	Dec-13	17/03/2015	15,000	16,669	-	14,388	-
Edgewater (Note (iii))	Dec-13	17/03/2015	16,000	14,882	14,939	13,411	14,939
Tweed Heritage	May-14	18/02/2015	7,500	7,500	-	6,190	-
Acacia Ponds	May-14	24/02/2015	3,750	3,750	3,545	2,889	3,545
Chinderah Lakes	May-14	18/02/2015	4,000	4,000	-	3,060	-
Benalla	Jun-14	06/07/2015	4,615	4,615	-	3,539	-
Salamander Bay	Aug-14	20/02/2015	8,250	8,250	-	7,088	-
Healesville	Oct-14	30/07/2015	3,500	3,500	-	1,889	-
The Dunes	Oct-14	24/02/2015	5,750	5,750	-	5,025	-
Snappy Gums	Oct-14	24/02/2015	3,750	3,750	-	3,212	-
Ballarat	Nov-14	21/05/2015	8,000	8,000	-	4,633	-
Gumtrees	Nov-14	20/05/2015	5,300	5,476	-	4,636	-
Twin Cedars	Dec-14	30/07/2015	4,700	4,700	-	3,871	-
The Retreat	Apr-14	26/02/2015	13,000	13,000	-	12,991	-
Taskers Residential Estate	Apr-14	26/02/2015	4,300	4,300	-	4,297	-
Ocean Breeze	Apr-14	25/02/2015	3,350	3,350	-	3,327	-
Redbank Palms Resort	Apr-14	20/05/2015	9,800	9,800	-	9,756	-
Lakeland Park Estate	Apr-14	25/02/2015	11,350	11,350	-	11,331	-
Bremer Waters	May-14	20/05/2015	12,000	12,024	-	11,969	-
Sea Winds	Dec-14	25/02/2015	7,550	7,550	-	7,399	-
Valhalla Village	Nov-14	25/02/2015	29,000	29,000	-	28,880	-
The Pines	Dec-14	11/03/2015	7,100	7,100	-	7,014	-
Lorikeet Park	Dec-14	11/03/2015	6,500	6,500	-	6,227	-
Riverside Village	Dec-14	11/03/2015	7,500	7,500	-	7,487	-
Total investment properties			344,415	347,166	32,776	309,966	32,776

Notes:

- (i) The MHE known as Gateway Lifestyle Redlands was subject to an independent valuation. The valuation focused only on the parcel of land on which the MHE is currently conducting operations, specifically excluding the adjoining parcel of land, west of the MHE. The adjoining parcel of land is currently going through a development approval process for an additional circa 40 sites. The Directors attribute a value of \$50K per site, and a total value of \$2.0m for the adjoining parcel of land.
- (ii) the MHE known as Gateway Lifestyle Maroochy was subject to an independent valuation. The valuation focused only on the parcel of land on which the MHE is currently conducting operations, specifically excluding the adjoining parcel of land that has received a development approval for a residential subdivision. Gateway Lifestyle received an unsolicited offer of \$1.5m to acquire the adjoining parcel of land. As at the date of this report, the adjoining parcel of land has not been sold. The Directors have attributed a value of \$1.5m for the adjoining parcel of land.
- (iii) The MHE known as Gateway Lifestyle Edgewater was subject to an independent valuation. Included in this independent valuation is a value of approximately \$1.1m for a capital contribution that is receivable from the existing residents of the MHE on the sale of their Manufactured Home. In accordance with Australian Accounting standards, this receivable has been re-classified to current receivables.

Note 14. Non-current assets – investment properties (continued)

(c) Movement in carrying amounts

Reconciliation of the fair value at beginning and end of the current financial year are set out below:

	Gateway Lifestyle Group		RPT2 Group	
	2015 \$'000	Restated 2014 \$'000	2015 \$'000	Restated 2014 \$'000
Opening fair value	32,776	-	32,776	-
Disposals	(6,142)	-	(8,448)	-
Additions through business combinations (Note 37)	290,507	-	255,275	-
Acquisition	29,006	32,990	29,006	32,990
Capitalised expenditure	894	104	883	104
Revaluation increments (decrements) recognised in profit	125	(318)	474	(318)
Closing fair value	347,166	32,776	309,966	32,776

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 Directors 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, and
- 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 30 for further information on fair value measurement.

The consolidated entities have no restrictions on the realisable value of their investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

Lessor commitments

Future minimum lease repayments under current leases from tenants are:

	Gateway Lifestyle Group		RPT2 Group	
	2015 \$'000	Restated 2014 \$'000	2015 \$'000	Restated 2014 \$'000
Within one year	1,108	-	26,855	-
One to five years	4,373	-	53,710	-
More than 5 years	4,709	-	-	-
	10,190	-	80,565	-

Note 15. Non-current assets – plant and equipment

	Gateway Lifestyle Group		RPT2 Group	
	2015 \$'000	Restated 2014 \$'000	2015 \$'000	Restated 2014 \$'000
Asset under construction – at cost	97	-	-	-
Office furniture and fittings - at cost	38	-	-	-
Less: Accumulated depreciation	-	-	-	-
	38	-	-	-
Office and computer equipment- at cost	83	-	-	-
Less: Accumulated depreciation	1	-	-	-
	82	-	-	-
Motor vehicles – at cost	89	-	-	-
Less: Accumulated depreciation	1	-	-	-
	88	-	-	-
	305	-	-	-

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Asset under construction \$'000	Office furniture and fittings \$'000	Office and computer equipment \$'000	Motor vehicles \$'000	Total \$'000
Gateway Lifestyle Group					
Balance at 1 July 2013	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Depreciation expense	-	-	-	-	-
Balance at 30 June 2014	-	-	-	-	-
Additions	39	-	17	-	56
Additions through business combinations (Note 37)	58	38	66	89	251
Depreciation expense	-	-	(1)	(1)	(2)
Balance at 30 June 2015	97	38	82	88	305

The RPT 2 Group held no plant and equipment in either the year ended 30 June 2015 or 30 June 2014.

Note 16. Non-current assets - intangibles

	Gateway Lifestyle Group		RPT2 Group	
	2015 \$'000	Restated 2014 \$'000	2015 \$'000	Restated 2014 \$'000
Goodwill	140,322	-	80,132	-

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Gateway Lifestyle Group	Goodwill \$'000	Total \$'000
Balance at 1 July 2013	-	-
Balance at 30 June 2014	-	-
Additions through business combinations (Note 37)	140,322	140,322
Impairment of assets	-	-
Balance at 30 June 2015	140,322	140,322
RPT 2 Group	Goodwill \$'000	Total \$'000
Balance at 1 July 2013	-	-
Balance at 30 June 2014	-	-
Additions through business combinations (Note 37)	80,132	80,132
Impairment of assets	-	-
Balance at 30 June 2015	80,132	80,132

Impairment testing

AASB 3 allows a measurement period after a business combination to provide the acquirer a reasonable time to obtain the information necessary to identify and measure all of the various components of the business combination as of the acquisition date. The period cannot exceed one year from the acquisition date.

The business acquisitions by the Gateway Lifestyle Group and RPT 2 Group occurred close to the year end and therefore, the acquisition accounting is provisional, which results in the allocation of the goodwill to cash generating unit or a group of cash generating units not having been completed as at the date of this report.

Management has determined that the goodwill relates to different cash generating units within the Gateway Lifestyle Group and RPT2 Group. The allocation of goodwill to cash generating unit or a group of cash generating units is to facilitate the testing of goodwill for impairment. The Gateway Lifestyle Group have assessed that there are no indicators for impairment of the provisional goodwill recognised.

The allocation of goodwill to specific cash generating units will be completed over the next reporting period. To the extent that any of the goodwill recognised on business combinations in the RPT 2 Group relates to synergies that will be realised in the cash generating units of the wider Gateway Lifestyle Group, this may be recorded as an equity transaction with its parent in the consolidated financial statements of the RPT 2.

Any equity transaction recognised in the RPT 2 Group will have no impact on goodwill recognised in the Gateway Lifestyle Group.

Note 17. Non-current assets – deferred tax

	Gateway Lifestyle Group		RPT2 Group	
	2015	Restated 2014	2015	Restated 2014
	\$'000	\$'000	\$'000	\$'000
Deferred tax asset comprises temporary differences attributable to:				
Amounts recognised in profit or loss:				
Accrued expenses	394	-	-	-
Employee benefits	304	-	-	-
Expenses deductible over 5 years for tax purposes	95	-	-	-
Tax losses attributable to corporate group post consolidation	841	-	-	-
	1,634	-	-	-
Amounts recognised in equity:				
Transaction costs on issue of stapled securities	1,028	-	-	-
Deferred tax asset	2,662	-	-	-
Movements:				
Opening balance	-	-	-	-
Credited to profit or loss (Note 8)	764	-	-	-
Credited (charged) to equity (Note 8)	1,286	-	-	-
Additions through business combinations (Note 37)	612	-	-	-
Closing balance	2,662	-	-	-

Note 18. Current liabilities - trade and other payables

Trade payables	3,566	63	191	63
Deposits held	2,421	-	5	-
Stamp duty payable	10,761	-	-	-
Accruals	4,368	98	1,887	98
Related party payables	-	188	9,760	188
Other payables	1,074	71	86	71
	22,190	420	11,929	420

Refer to note 29 for further information on financial instruments.

Note 19. Current liabilities – borrowings

Bank overdraft	716	-	23	-
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Bank overdraft represents unpaid cheques at reporting date.

Note 20. Current liabilities – income tax

	Gateway Lifestyle Group		RPT2 Group	
	2015	Restated 2014	2015	Restated 2014
	\$'000	\$'000	\$'000	\$'000
Provision for income tax	6,588	84	5,342	84

Note 21. Current liabilities - employee benefits

Employee benefits	789	23	38	23
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Amounts not expected to be settled within the next 12 months

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the consolidated entity does not have an unconditional right to defer settlement. Based on past experience, the consolidated entity expects all employees to take the full amount of accrued leave or require payment within the next 12 months.

Note 22. Current liabilities - provisions

Stamp duty – provision for contingent liability assumed in business combination

	515	-	-	-
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Movements in provisions

Movements in the provision for stamp duty payable is set out below:

Gateway Lifestyle Group

	\$'000
Carrying amount at the start of the year	-
Additional provisions recognised	515
Carrying amount at the end of the year	515

The provision for stamp duty payable relates to the estimated stamp duty on acquisition of certain controlled entities. The amount will be paid upon assessment by the relevant state taxation office.

Note 23. Non-current liabilities - borrowings

	Gateway Lifestyle Group		RPT2 Group	
	2015	Restated 2014	2015	Restated 2014
	\$'000	\$'000	\$'000	\$'000
Bank loans (Note (i))	50,180	16,825	52,500	16,825
Deferred consideration payable to vendor (Note (ii))	2,848	-	-	-
Related party loan	-	152	-	152
	53,028	16,977	52,500	16,977

Refer to note 29 for further information on financial instruments.

Notes:

- (i) On completion of the Initial Public Offering the RPT 2 Group established a total loan facility of \$180m with a syndicated financing arrangement between Australia and New Zealand Banking Group and Commonwealth Bank of Australia Limited.

Total transactions costs were \$2,331,796 including an accrual for \$1m of anticipated costs unpaid at 30 June 2015. Unamortised transaction costs of \$2,320,108 have been offset against the bank loan in the Gateway Lifestyle Group.

- (ii) Deferred consideration payable to the vendor is the acquisition price comprising of a deferred payment to the vendor when the Tasman Group first acquired the Valhalla Village, ie. before business combination (Note 37). It is based on an earn-out arrangement depending on the construction, installation, renovation and sale of manufactured homes on the land held by Valhalla Village Pty Ltd. The earn-out arrangement commenced on 25 June 2014 for a period of 8 years and capped at a maximum of \$3m.

Total secured liabilities

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

Bank loans	50,180	16,825	52,500	16,825
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Assets pledged as security

The bank loans are secured by a general security deed in respect of all of the assets of the consolidated entities and a first ranking real property mortgage in respect of each manufactured home estate.

Financing arrangements

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

Total facilities				
Bank loans	180,000	16,825	180,000	16,825
Used at the reporting date				
Bank loans	52,500	16,825	52,500	16,825
Unused at the reporting date				
Bank loans	127,500	-	127,500	-

Note 24. Equity - Contributed equity

	Gateway Lifestyle Group		RPT 2 Group	
	2015 \$'000	Restated 2014 \$'000	2015 \$'000	Restated 2014 \$'000
Ordinary stapled securities / trust units – fully paid	467,851	15,800	470,704	15,800
Treasury stapled securities	(325)	-	-	-
	467,526	15,800	470,704	15,800

The shares and stapled securities do not have a par value, under the terms of the Stapling Agreement, one ordinary share and one ordinary unit were issued to each security holder. Ordinary securities entitle the holder to participate in dividends and the proceeds on a winding up of the Gateway Lifestyle Group in proportion to the number of, and amounts paid on, the shares held.

The basis of allocation of any issue prices, withdrawal prices or associated costs between the stapled securities is determined in accordance with the Residential Parks No. 2 Trust's constitution and the Stapling Deed.

Treasury stapled securities are issued in relation to equity based payments as set out in note 45.

Movements in contributed equity:

	Gateway Lifestyle Group				RPT 2 Group	
	No. of securities	The Company \$'000	The Trust \$'000	Total \$'000	The Trusts No. of units	\$'000
2015						
On issue at 1 July 2014	20,000,001	-	15,800	15,800	20,000,001	15,800
Issue of A Class units	12,000,000	-	11,787	11,787	12,000,000	11,787
Return of capital	-	-	(57)	(57)	-	(57)
Other capital contribution	-	-	4,095	4,095	-	4,095
Conversion of A and B Class units to ordinary stapled securities at conversion ratio of 1:0.67	21,510,000	-	-	-	21,510,000	-
Issue of ordinary stapled securities in business combinations	31,644,271	-	63,288	63,288	31,644,271	63,288
Issue of ordinary stapled securities for acquisition of non-controlling interest	1,002,500	-	2,005	2,005	1,002,500	2,005
Issue of ordinary stapled securities under Initial Public Offer	195,240,964	-	390,482	390,482	195,240,964	390,482
Transaction costs, net of tax	-	(2,853)	(16,696)	(19,549)	-	(16,696)
On issue at 30 June 2015	249,397,735	(2,853)	470,704	467,851	249,397,735	470,704

Note 24. Equity - Contributed equity (continued)

	Gateway Lifestyle Group				RPT 2 Group	
	No. of securities	The Company \$'000	The Trust \$'000	Total \$'000	The Trusts No. of units	No. of \$'000
2014						
On issue at 1 July 2013	-	-	-	-	-	-
Issue of A Class units	20,000,000	-	15,800	15,800	20,000,000	15,800
Issue of B Class units	1	-	-	-	1	-
On issue at 30 June 2014	20,000,001	-	15,800	15,800	20,000,001	15,800

Capital risk management

The consolidated entities aim to meet their strategic objectives and operational needs through the appropriate use of debt and equity, while taking account of the additional financial risks of higher debt levels.

In determining the optimal capital structure, the consolidated entities take into account a number of factors, including the views of investors and the market in general, the capital needs of the portfolio, the relative cost of debt versus equity, the execution risk of raising equity or debt, and the additional financial risks of debt including increased volatility of earnings due to exposure to interest rate movements, the liquidity risk of maturing debt facilities and the potential for acceleration prior to maturity.

In assessing this risk, the consolidated entities take into account the relative security of their income flows, the predictability of their expenses, their debt profile, the degree of hedging and the overall level of debt as measured by gearing.

The consolidated entities primarily monitor their capital position through the Loan to Value Ratio (LVR) and Interest Cover Ratio (ICR), which are the key covenants under the Group's \$180.0 million multilateral debt facility.

LVR is calculated as the sum of drawn-down bank debt, as a percentage of the fair value of properties pledged as security. The consolidated entities' strategy is to maintain an LVR range of 25%-35%. The debt facility provides for a LVR position of 50%. As at 30 June 2015, the consolidated entity LVR is 15%.

In addition, the consolidated entities also monitor ICR as defined under the multilateral debt facility. This is defined as Operating Earnings Before Interest Tax Depreciation and Amortisation as a ratio to interest expense over the relevant 12 month period. The debt facility provides for and ICR of 2:1. ICR is not required to be measured at 30 June 2015.

Note 25. Equity – reserves

	Gateway Lifestyle Group		RPT 2 Group	
	2015 \$'000	Restated 2014 \$'000	2015 \$'000	Restated 2014 \$'000
Acquisition of non-controlling interest reserve	636	-	636	-

Acquisition of non-controlling interest reserve

The reserve is used to recognise the loss arising from the excess of consideration and the derecognition of the non-controlling interest's share of equity in the acquisition by the parent entity of the non-controlled interest in a partly owned subsidiary.

Note 25. Equity – reserves (continued)

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

	Gateway Lifestyle Group		RPT 2 Group	
	2015	Restated 2014	2015	Restated 2014
	\$'000	\$'000	\$'000	\$'000
Acquisition of non-controlling interest reserve				
Balance at 1 July	-	-	-	-
Balance arising on acquisition of remaining 20% of Edgewater from non-controlling interest on 15 June 2015	636	-	636	-
Balance at 30 June	636	-	636	-

Note 26. Retained profits (accumulated losses) of the Company and deficiency of the Trust

Retained profits (accumulated losses)

	The Company	
	2015	Restated 2014
	\$'000	\$'000
Balance at the beginning of year	-	-
Profit (loss) attributable to members of the Company	(10,568)	-
Dividends declared/paid	-	-
Balance at the end of the financial year	(10,568)	-

Deficiency in trust

	RPT 2 Group	
	2015	Restated 2014
	\$'000	\$'000
Balance at the beginning of the financial year	(288)	-
Profit/(loss) attributable to members of the Trust	(20,566)	290
Distribution	(1,153)	(578)
Balance at the end of the financial year	(22,007)	(288)

Note 27. Equity - non-controlling interest

	Gateway Lifestyle Group		RPT 2 Group	
	2015	Restated 2014	2015	Restated 2014
	\$'000	\$'000	\$'000	\$'000
Balance at beginning of year	3,021	-	3,021	-
Equity contribution	-	2,964	-	2,964
Share of profit for the year (Note 38)	361	75	361	75
Distributions payable to non-controlling interests	(1,942)	(18)	(1,942)	(18)
Derecognition of non-controlling interest	(1,440)	-	(1,440)	-
Balance at end of year (Note 38)	-	3,021	-	3,021

Note 28. Distributions / Dividends

Details of dividends / distributions proposed or being paid are:

	Cents per Security	Total Amount \$'000	Date of Payment	Franked Tax rate	% franked
2015					
RPT2 Trust distribution	0.89	179	24/10/2014	30%	0%
RPT2 Trust distribution	0.62	199	24/10/2014	30%	0%
RPT2 Trust distribution	1.77	355	14/01/2015	30%	0%
RPT2 Trust distribution	1.31	420	06/05/2015	30%	0%
		<u>1,153</u>			
2014					
RPT2 Trust distribution	0.52	104	16/01/2014	30%	0%
RPT2 Trust distribution	1.43	286	17/07/2014	30%	0%
RPT2 Trust distribution	0.94	188	21/07/2014	30%	0%
		<u>578</u>			

	Gateway Lifestyle Group		RPT 2 Group	
	2015 \$'000	Restated 2014 \$'000	2015 \$'000	Restated 2014 \$'000
Franking Credits				
Balance of franking account at year end	637	-	394	-

Note 29. Financial Instruments

(a) Introduction

The consolidated entities' principal financial instruments comprise cash and short-term deposits, receivables, payables, interest bearing liabilities, and other financial liabilities. The main risks arising from the consolidated entities' financial instruments are interest rate risk, credit risk and liquidity risk.

The consolidated entities manage their exposure to these risks primarily through their risk management policy. The policy sets guidance on restricting the financial risk taken by the consolidated entities, including targets on gearing ratios (25% to 35% LVR) and distribution policies (65% - 85% of distributable earnings).

Management reviews actual positions of the consolidated entities against these guidance/targets on a regular basis. If the actual positions are not in line with the guidance/target, or the forecast is unlikely to be achieved, a plan of action is, where appropriate, put in place with the aim of meeting the guidance/target within an agreed timeframe.

Depending on the circumstances of the consolidated entities at a point in time, it may be that positions outside of the risk management policy are accepted and no plan of action is put in place to remedy these positions, because, for example, the risks associated with bringing the consolidated entities in line with the policy outweigh the benefits.

The adequacy of the risk management policy in addressing the risks arising from the consolidated entities' financial instruments is reviewed on a regular basis.

Note 29. Financial Instruments (continued)

(b) Interest rate risk

The consolidated entities' exposure to the risk of changes in market interest rates arises primarily from their use of borrowings. The main consequence of adverse changes in market interest rates is higher interest costs, reducing the consolidated entities' profits. In addition, the consolidated entities' syndicated facility agreement includes a minimum interest cover covenant. Higher interest costs resulting from increases in market interest rates may result in these covenants being breached, providing the lender the right to call in the loan or to increase the interest rate applied to the loan.

Gateway Lifestyle intends to use derivative financial instruments to hedge its risk associated with interest rate fluctuations. It will manage this exposure by:

- the use of derivative contracts and/or other agreements to fix interest payment obligations; and
- seeking different maturity dates for the fixed rate hedging agreements to reduce the reset risk.

(c) Interest rate risk exposure

At 30 June 2015 the consolidated entities' bank loans are on 3-month rolling facility with interest rate fixed at the commencement of each rollover. Interest is payable in arrears on maturity of each rollover period. The principal component is subject to continuous rollover for a 5-year term.

(d) Credit risk

Credit risk refers to the risk that a counterparty defaults on its contractual obligations resulting in a financial loss to the consolidated entities.

The major credit risk for the consolidated entities is default by tenants, resulting in a loss of rental income. Gateway Lifestyle has a disciplined arrears management policy with no material instances of non-payment of rent since inception. An increasing number of Gateway Lifestyle residents are paying their rent via direct debit arrangements, which automates the payment process and reduces the risk of non-payment.

The consolidated entities believe that their receivables that are past due do not give rise to any significant credit risk.

The consolidated entities' maximum exposure to credit risk at reporting date in relation to each class of financial instrument is its carrying amount as reported in the balance sheet.

(e) Liquidity risk

The main objective of liquidity risk management is to reduce the risk that the consolidated entities do not have the resources available to meet their financial obligations and working capital and committed capital expenditure requirements.

At 30 June 2015 the consolidated entity has undrawn loan facilities of \$127.5m.

The consolidated entities may also be exposed to contingent liquidity risk under its syndicated facility agreement, which include covenants which if breached give the lender the right to call in the loan, thereby accelerating a cash flow which otherwise was scheduled for the loan maturity. The consolidated entities monitor adherence to loan covenants on a regular basis.

The contractual maturities of the Group's non-derivative financial liabilities at reporting date are reflected in the following table. It shows the undiscounted contractual cash flows required to discharge the liabilities at market rates.

Financing arrangements

Unused bank borrowing facilities at the reporting date amount to \$127.5m. Subject to the terms of the syndicated facility agreement, the bank loan facilities may be drawn at any time to June 2020.

Note 29. Financial Instruments (continued)

Remaining contractual maturities

The following tables detail the consolidated entities' remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Gateway Lifestyle Group – 2015	Weighted average interest rate %	1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Remaining contractual maturities \$'000
Non-interest bearing						
Trade payables		3,566	-	-	-	3,566
Stamp duty payable		10,761	-	-	-	10,761
Accruals		4,368	-	-	-	4,368
Other payables		1,074	-	-	-	1,074
Bank overdraft		716	-	-	-	716
Deferred consideration payable		-	499	1,880	469	2,848
Interest-bearing – fixed rate						
Bank loan	3.26%	431	-	52,500	-	52,931
Total non-derivatives		20,916	499	54,380	469	76,264

Gateway Lifestyle Group – 2014	Weighted average interest rate %	1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Remaining contractual maturities \$'000
Non-interest bearing						
Trade payables		63	-	-	-	63
Accruals		98	-	-	-	98
Related party payables - current		188	-	-	-	188
Related party payables – non current		-	152	-	-	152
Other payables		71	-	-	-	71
Interest-bearing – variable rate						
Bank loans	3.78%	-	-	7,765	-	7,765
Interest-bearing – fixed rate						
Bank loans	4.35%	-	-	9,060	-	9,060
Total non-derivatives		420	152	16,825	-	17,397

Note 29. Financial Instruments (continued)

	Weighted average interest rate %	1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Remaining contractual maturities \$'000
RPT 2 Group - 2015						
Non-interest bearing						
Trade payables		191	-	-	-	191
Accruals		1,887	-	-	-	1,887
Related party payables – current		9,760	-	-	-	9,760
Other payables		86	-	-	-	86
Interest-bearing – fixed rate						
Bank loan	3.26%	431	-	52,500	-	52,931
Total non-derivatives		12,355	-	52,500	-	64,855
RPT 2 Group – 2014						
Non-interest bearing						
Trade payables		63	-	-	-	63
Accruals		98	-	-	-	98
Related party payables – current		188	-	-	-	188
Related party payables – non current		-	152	-	-	152
Other payables		71	-	-	-	71
Interest-bearing – variable rate						
Bank loans	3.78%	-	-	7,765	-	7,765
Interest-bearing – fixed rate						
Bank loans	4.35%	-	-	9,060	-	9,060
Total non-derivatives		420	152	16,825	-	17,397

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

(f) Fair value of financial instruments

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

Note 30. Fair value measurement

The carrying value of Gateway Lifestyle Group's financial assets and financial liabilities approximate their fair values as at 30 June 2015.

Fair value hierarchy

The following tables detail the assets and liabilities, 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
2015				
Assets				
Investment properties	-	-	347,166	347,166
Total assets	-	-	347,166	347,166
2014				
Assets				
Investment properties	-	-	32,776	32,776
Total assets	-	-	32,776	32,776

RPT 2 Group

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
2015				
Assets				
Investment properties	-	-	309,966	309,966
Total assets	-	-	309,966	309,966
2014				
Assets				
Investment properties	-	-	32,776	32,776
Total assets	-	-	32,776	32,776

There were no transfers between levels during the financial year.

Valuation techniques for fair value measurements categorised within level 2 and level 3

Completed operational investment properties have been valued using the Net Income Capitalisation Approach. Under this method, fair value is estimated using assumptions regarding the expectation of future benefits. The capitalisation method involves applying a capitalisation rate into perpetuity to maintainable operating earnings before interest, taxation, depreciation and amortisation (EBITDA), based on historical and forecast financial information. The capitalisation rate is based on current market evidence. Vacant sites have been valued using a direct comparison approach.

Level 3 assets

Movements in level 3 assets being investment properties during the current and previous financial year are set out in note 14.

Note 30. Fair value measurement (continued)

The level 3 assets (Investment properties) unobservable inputs and sensitivity are as follows:

Valuation technique	Unobservable inputs	Range	Sensitivity
Capitalisation method	Capitalisation rate applied to historical operating EBITDA	8.0% to 10.25%	Capitalisation rate has an inverse relationship to valuation
Direct comparison method	Current market value per site	\$30,000 to \$100,000	Current market value has a direct correlation to valuation

Note 31. Key management personnel disclosures

Key Management Personnel

The names and positions held by key management personnel in Gateway Lifestyle Operations Limited and One Managed Investment Funds Limited (the Responsible Entity for the Residential Parks No.2 Trust) during the year to 30 June 2015 were:

Gateway Lifestyle Operations Limited

Independent Non-executive Directors:

Andrew Love (Chairman)

Stephen Newton

Rachel Launder

Andrew Fay

One Managed Investment Funds Limited

Frank Tearle – Executive Director

Justin Epstein – Executive Director

Elizabeth Reddy – Director

Current Senior Executives

Trent Ottawa – Executive Director and Chief Executive Officer

John Wong – Executive Director and Chief Financial Officer

Robert Nichols – Chief Operating Officer

Under the provisions of AASB 124 Related Party Disclosures there are no further employees or other members of the organisation who would fit the definition of key management personnel.

No amount is paid by the Trust directly to the Directors of the Responsible Entity. Consequently, no compensation as defined in AASB 124 is paid by the Trust to the Directors as Key Management Personnel.

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entities is set out below:

	Gateway Lifestyle Group		RPT 2 Group	
	2015 \$	Restated 2014 \$	2015 \$	Restated 2014 \$
Short-term employee benefits	63,645	-	-	-
Post-employment benefits	1,444	-	-	-
Long-term benefits	-	-	-	-
Equity-based payments	750,000	-	-	-
	815,089	-	-	-

Note 32. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Ernst & Young, the auditor of Gateway Lifestyle Group and RPT 2 Group:

	Gateway Lifestyle Group		RPT 2 Group	
	2015 \$'000	Restated 2014 \$'000	2015 \$'000	Restated 2014 \$'000
Audit services				
In accordance with the Corporations Act 2001:				
Audit and review of financial reports	250	-	200	-
Other assurance services				
Due diligence and assurance services for IPO	1,600	-	1,280	-
	1,850	-	1,480	-

Note 33. Contingent assets and contingent liabilities

Other than stamp duty contingent liability of \$515,000 assumed as part of the business combination (Note 22), Gateway Lifestyle Group and RPT 2 Group are unaware of any other contingent assets or contingent liabilities as at 30 June 2015.

Note 34. Commitments

Capital commitments

Committed at the reporting date but not recognised as liabilities, payable:

Investment properties	-	-	-	-
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Lease commitments - operating

Committed at the reporting date but not recognised as liabilities, payable:

Within one year	199	-	-	-
One to five years	686	-	-	-
More than five years	-	-	-	-
	885	-	-	-

Operating lease commitments includes contracted amounts for various offices and carpark under non-cancellable operating leases expiring within one to five years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Note 35. Related party transactions

Related Party Disclosures

Responsible Entity

The Responsible entity of RPT 2 Group is One Managed Investments Funds Limited (OMIFL).

Transactions involving the Responsible Entity

Set out below are the fees paid or payable by the trust to the Responsible Entity during the year:

	Gateway Lifestyle Group		RPT 2 Group	
	2015 \$'000	Restated 2014 \$'000	2015 \$'000	Restated 2014 \$'000
Fees paid or payable to One Managed Investment Funds Limited				
Establishment fee	30	-	-	-
Responsible entity fee	300	-	-	-
	330	-	-	-

At balance date, there was \$nil owing to the Responsible entity (2014 \$nil).

Other transactions with related parties

Set out below are other transactions between the Gateway Lifestyle Group and RPT 2 Group and associated entities during the year:

Leasehold rent received from related parties (Note (i))	1,855	806	3,094	806
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Note (i):

- Leasehold rent received from related parties for RPT 2 Group represents rent for investment properties paid by operating entities in the Gateway Lifestyle Group to property owning entities in the RPT 2 Group for the full year.
- Leasehold rent received from related parties for Gateway Lifestyle Group represents rent for investment properties paid by operating entities in the Gateway Lifestyle Group to property owning entities in the RPT 2 Group prior to the date on which the Gateway Lifestyle Group acquired the MHE assets as set out in note 37.

Loans to (from) related parties

Related party loans receivable – current

GTY Property Operations Pty Limited	528	-	-	-
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Related party loans receivable – non-current

Gateway Lifestyle Operations Limited	-	-	90,342	-
Gateway Lifestyle Operations (Qld) Pty Limited	-	-	8,065	-
Quattro Parks Operations (NSW) Trust	-	-	1,216	-
Quattro Parks Operations (VIC) Trust	-	-	5,048	-
Regal Water Holdings Pty Limited	-	-	6,207	-
Tasman Lifestyle Continuum Pty Limited	-	-	1,489	-
Hammond Village Operations Pty Limited	-	64	-	64
Acacia Ponds Village Operations Pty Limited	-	244	-	244
Div 6C exposure recoverable from RPT2 syndicate investors	-	84	-	84
	-	392	112,367	392

Related party loans payable – current

Tasman Lifestyle Continuum Pty Ltd	-	-	9,760	-
Distribution payable to RPT2 syndicate investors	-	188	-	188
	-	188	9,760	188

Related party loans payable – non-current

Residential Parks Operations No. 2 Pty Ltd	-	152	-	152
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Note 35. Related party transactions (continued)

Related party loans receivable (payable) as at 30 June 2014 were not on fixed terms and were interest free.

All related party loans from (to) RPT 2 Group as at 30 June 2015 arose during the period commencing 15 June 2015 and for the reporting period. Loans receivable from Gateway Lifestyle Operations Limited are subject to 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 a market rate as determined by OMIFL plus 3%. OMIFL has yet to advise the applicable interest rate for the June 2015 quarter. All other related party loans as at 30 June 2015, whilst currently not subject to the same terms as note above, will be operating under the same loan arrangements effective from the establishment of the loans.

None of the related party loans are impaired.

Controlled entities

Interests in controlled entities are set out in Note 38.

Note 36. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of financial position

	Gateway Lifestyle Operations Limited		Residential Parks No. 2 Trust	
	2015 \$'000	Restated 2014 \$'000	2015 \$'000	Restated 2014 \$'000
Current assets	6,003	-	1,064	77
Total assets	57,786	-	502,166	16,085
Current liabilities	69,643	-	2,316	274
Total liabilities	69,643	-	54,816	290
Issued shares / units	(4,138)	-	470,704	15,800
Retained profits (accumulated losses / trust deficiency)	(9,004)	-	(23,354)	(5)
Total equity (deficit)	(11,857)	-	447,349	15,795

Statement of profit or loss and other comprehensive income

	Gateway Lifestyle Operations Limited		Residential Parks No. 2 Trust	
	2015 \$'000	Restated 2014 \$'000	2015 \$'000	Restated 2014 \$'000
Profit (loss) of the parent entity	(9,004)	-	(22,197)	573
Total comprehensive income of the parent entity	(9,004)	-	(22,197)	573

Guarantees

The parent entities have guaranteed the debt facilities provided to Gateway Lifestyle Group by Australia New Zealand Banking Group Limited and Commonwealth Bank of Australia Limited.

Contingent liabilities

The parent entities had no contingent liabilities as at 30 June 2015 and 30 June 2014.

Note 36. Parent entity information (continued)

Capital commitment

The parent entities had no capital commitments for investment property as at 30 June 2015 and 30 June 2014.

Significant accounting policies

The accounting policies of the parent entities are consistent with those of the consolidated entities, as disclosed in note 1, except for the following:

- Investments in controlled entities are accounted for at cost, less any impairment, in the parent entity.
- Distributions / dividends received from controlled entities are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 37. Business combinations

Acquisitions in 2015: Gateway Group and Tasman Group

Gateway Lifestyle Group was formed through the stapling of the newly incorporated Gateway Lifestyle Operations Limited to the RPT 2 Group. In accordance with Australian Accounting Standards, the stapling represents a business combination by contract and the Residential Parks No 2 Trust is identified as the accounting acquirer for the stapled group. Following the stapling, the legal parent of Gateway Lifestyle Group, Gateway Lifestyle Operations Limited, is considered under Australian Accounting Standards to control the stapled group and as a result is presented as the accounting parent for Gateway Lifestyle Group.

On 15 June 2015 Gateway Lifestyle Group and RPT 2 Group acquired all of the units and shares in various companies and trusts comprising the "Gateway Group" and the "Tasman Group" as indicated in Note 38.

Due to the identification of the Residential Parks no 2 Trust as the accounting acquirer, the consolidated financial reports of the Gateway Lifestyle Group for the year ended 30 June 2015 reflect a continuation of the RPT2 Group and as a result, does not represent the financial performance of the entities of the consolidated Gateway Lifestyle Group for the full year ended 30 June 2015. The financial statements of Gateway Lifestyle Group reflects the results of the RPT 2 Group for the full year ended 30 June 2015 and incorporates the consolidated results of the acquired Gateway Group and Tasman Group entities for the period commencing from 15 June 2015 to 30 June 2015.

As a consequence of the business combination, goodwill is recognisable on the premium to the fair value of the separable assets and liabilities acquired by the Residential Parks No. 2 Trust.

Under the provisions of AASB 3 Business Combinations, the amounts recognised in the financial statement for the business combination have been determined on a provisional basis.

The primary reason for the business combination was to enable Gateway Lifestyle Group to acquire 36 MHEs and the related management platform, and enhance its financial flexibility to pursue its business strategies.

The goodwill represents the intangible assets associated with the brand 'Gateway Lifestyle' as part of the acquisition of Gateway management, and comprises of the management platform and the scalable benefits from this platform. In addition, the second component of Goodwill reflects the development profile of the Gateway Lifestyle Group, and its ability to continue generate Manufactured Home development net profits.

The amounts of revenue and profit of the acquired businesses included in the consolidated statement of comprehensive income for the reporting period are:

	Revenue \$'000	Profit (loss) \$'000
Gateway Lifestyle Group	2,066	(468)
RPT 2 Group	1,150	1,053

It has not been practical to determine the amount of the revenue and profit or loss of the combined entities for the current reporting period as though the acquisition date for all business combinations that occurred during the year had been as of the beginning of the annual reporting period. This is because of the difficulty in estimating the necessary adjustments to historical revenue and profit numbers to properly reflect the improvements in performance that would have been achieved if the combined entity had been in place as of the beginning of the annual reporting period.

Note 37. Business combinations (continued)

Details of the acquisitions are as follows:

Groups acquired (100%)	Gateway Group Fair value \$'000	Tasman Group Fair value \$'000	Total Fair value \$'000
Cash and cash equivalents	2,637	627	3,264
Trade and other receivables – Current	13,452	9,494	22,946
Inventories	4,809	1,439	6,248
Other assets	779	139	918
Trade and other receivables - Non-current	49,229	39,442	88,671
Investment Properties	179,060	111,447	290,507
Plant and equipment	251	0	251
Deferred tax assets	549	63	612
Trade and other payables – Current	(44,299)	(12,718)	(57,017)
Interest bearing liabilities – Current	(843)	-	(843)
Provisions – Current	(616)	(116)	(732)
Provisions for contingent liability - Current	(515)	-	(515)
Current tax payables	(5,605)	(478)	(6,083)
Trade and other payables - Non-current	(44,178)	(56,020)	(100,198)
Interest bearing liabilities - Non-current	(98,673)	(82,500)	(181,173)
Net assets acquired	56,037	10,819	66,856
Goodwill	115,760	24,562	140,322
Acquisition-date fair value of the total consideration transferred	171,797	35,381	207,178
Representing:			
Cash paid or payable to vendors	117,727	26,163	143,890
Stapled securities issued	54,070	9,218	63,288
	171,797	35,381	207,178
	No.	No.	No.
Number of stapled securities issued for 100% acquisitions	27,035,000	4,609,000	31,644,000

The fair value of the stapled securities was calculated by reference to the issue price under the initial public offering.

Note 37. Business combinations (continued)

The following table presents the fair value of assets and liabilities acquired by the Residential Parks No. 2 Trust for the Gateway Lifestyle Group and the RPT2 Group

By acquirer

	Gateway Lifestyle Group Fair value \$'000	RPT 2 Group Fair value \$'000
Cash and cash equivalents	3,264	713
Trade and other receivables – Current (Note (i))	22,946	14,067
Inventories	6,248	256
Other assets	918	73
Trade and other receivables - Non-current (Note (i))	88,671	71,930
Investment Properties (Note 14 (c))	290,507	255,275
Plant and equipment (Note 15)	251	-
Deferred tax assets	612	45
Trade and other payables – Current	(57,017)	(23,567)
Interest bearing liabilities – Current	(843)	(27)
Provisions – Current	(732)	(98)
Provisions for contingent liability – Current (Note 22)	(515)	-
Current tax payables	(6,083)	(4,636)
Trade and other payables - Non-current	(100,198)	(65,838)
Interest bearing liabilities - Non-current	(181,173)	(171,645)
Net assets acquired	66,856	76,548
Goodwill (Note 16)	140,322	80,132

Acquisition-date fair value of the total consideration transferred

Note (i): The fair value of trade and other receivables is not materially different to their gross amount. None of the trade other receivables have been impaired and it is expected that the full contractual amounts can be collected.

	Gateway Lifestyle Group \$'000	RPT 2 Group \$'000
Representing:		
Cash paid or payable to vendors	143,890	93,392
Stapled securities issued	63,288	63,288
	207,178	156,680

Acquisition costs expensed to profit and loss

	23,973	16,620
Cash used to acquire businesses, net of cash acquired:		
Cash paid to vendor	143,890	93,392
Less: cash and cash equivalents acquired	3,264	713
Net cash used	140,626	92,679

Note 37. Business combinations (continued)

Acquisitions in 2015: Edgewater

In June 2015 RPT 2 Group acquired an additional 20% interest in Edgewater, increasing its ownership interest to 100%. Consideration of \$2.06m (being \$2.005m stapled securities and \$0.055m cash) was paid to the holder of the non-controlling interest. The carrying value of the net assets of Edgewater was \$6.16m. The following is a schedule of additional interest acquired in Edgewater:

	<u>\$'000</u>
Consideration paid to the holder of the non-controlling interest and associated costs	2,075
Carrying value of the additional interest	(1,232)
Amount owed to non-controlling interest	<u>(207)</u>
Difference recognised in equity	<u>636</u>

Acquisition in 2014: Edgewater

In December 2013 RPT 2 Group acquired an 80% interest in Edgewater, a partnership established on that date based in Australia operating a MHE. The group acquired this business to enlarge its portfolio of MHE interests.

The group elected to measure the non-controlling interest in the acquiree at the proportionate share of its interest in the acquiree's identifiable net assets.

	<u>\$'000</u>
The fair value of the identifiable assets and liabilities of Edgewater at the date of acquisition were:	
Investment property	<u>15,000</u>
Non-controlling interest (20% of net assets)	<u>3,000</u>
Purchase consideration transferred:	<u>12,000</u>

From the date of acquisition, Edgewater contributed \$0.871m of revenue and \$0.376m to profit before tax from continuing operations of the RPT 2 Group.

Note 38. Interests in controlled entities

	Acquisition group	Principal place of business / Country of incorporation	Ownership interest 2015 %	2014 %
Entities controlled by Residential Parks No. 2 Trust (head entity within the RPT 2 Group)				
Tasman Lifestyle Continuum Trust	Tasman Group	Australia	100	-
Sea Winds Village Trust	Tasman Group	Australia	100	-
Valhalla Village Trust	Tasman Group	Australia	100	-
Riverside Village Trust	Tasman Group	Australia	100	-
The Pines Lifestyle Resort Trust	Tasman Group	Australia	100	-
Lorikeet Resort Trust	Tasman Group	Australia	100	-
Ocean Breeze Village Trust	Tasman Group	Australia	100	-
Lakeland Park Village Trust	Tasman Group	Australia	100	-
Redbank Palms Resort Trust	Tasman Group	Australia	100	-
Taskers Residential Village Trust	Tasman Group	Australia	100	-
The Retreat Village Trust	Tasman Group	Australia	100	-
Bremer Waters Over 55s Lifestyle Resort Trust	Tasman Group	Australia	100	-
Residential Parks Trust	Gateway Group	Australia	100	-
Parklea Trust	Gateway Group	Australia	100	-
Nepean Trust	Gateway Group	Australia	100	-
Aspley Trust	Gateway Group	Australia	100	-
Oaklands Trust	Gateway Group	Australia	100	-
Quattro Parks Trust	Gateway Group	Australia	100	-
Quattro Parks NSW Trust	Gateway Group	Australia	100	-
Quattro Parks VIC Trust	Gateway Group	Australia	100	-
Hammond Village Trust		Australia	100	100
Edgewater Village Trust		Australia	100	100
Acacia Ponds Trust		Australia	100	100
Salamander Bay Trust		Australia	100	-
Gumtrees Trust		Australia	100	-
Beerburrum Trust		Australia	100	-
Regal Water Trust		Australia	100	-
Maroochy Palms Trust	Gateway Group	Australia	100	-
Maroochydhore Park Holdings Pty Limited	Gateway Group	Australia	100	-
Maroochy River Holdings Pty Limited	Gateway Group	Australia	100	-
Maroochy Palms Holdings Pty Limited	Gateway Group	Australia	100	-
Seed Unit Trust No 4	Gateway Group	Australia	100	-
Gateway Lifestyle Villages Goodna Trust	Gateway Group	Australia	100	-
The Gateway Lifestyle Villages Redland Trust	Gateway Group	Australia	100	-
Harvest LSWM Bass Hill Trust	Gateway Group	Australia	100	-
Grafton Gateway Trust	Gateway Group	Australia	100	-
LSWM Yamba Trust	Gateway Group	Australia	100	-
Tweed Park Trust	Gateway Group	Australia	100	-
Tweed C Trust	Gateway Group	Australia	100	-
Benalla Gateway Trust	Gateway Group	Australia	100	-

Note 38. Interests in controlled entities (continued)

	Acquisition group	Principal place of business / Country of incorporation	Ownership interest 2015 %	2014 %
Entities controlled by Gateway Lifestyle Operations Limited (head entity within the Gateway Lifestyle Group)				
Gateway Lifestyle Residential Parks Pty Limited	Gateway Group	Australia	100	-
Hammond Village Operations Pty Limited	Gateway Group	Australia	100	-
Acacia Ponds Village Operations Pty Limited	Gateway Group	Australia	100	-
Salamander Bay Operations Pty Limited	Gateway Group	Australia	100	-
Gumtrees Operations Pty Limited	Gateway Group	Australia	100	-
Beerburum Operations Pty Limited	Gateway Group	Australia	100	-
Nestle Inn Brisbane Operations Pty Limited	Gateway Group	Australia	100	-
Redland Park Operations Pty Limited	Gateway Group	Australia	100	-
Bass Hill Operations Pty Limited	Gateway Group	Australia	100	-
Grafton Gateway Operations Pty Limited	Gateway Group	Australia	100	-
Yamba Operations Pty Limited	Gateway Group	Australia	100	-
Tweed Operations Pty Limited	Gateway Group	Australia	100	-
Chinderah Lakes Operations Pty Limited	Gateway Group	Australia	100	-
Benalla Operations Pty Limited	Gateway Group	Australia	100	-
Quattro Parks Operations Trust	Gateway Group	Australia	100	-
Quattro Parks Operations NSW Trust	Gateway Group	Australia	100	-
Quattro Parks Operations VIC Trust	Gateway Group	Australia	100	-
Parklea Operations Pty Limited	Gateway Group	Australia	100	-
Nepean Operations Pty Limited	Gateway Group	Australia	100	-
Aspley Operations Pty Limited	Gateway Group	Australia	100	-
Oaklands Ops Pty Limited	Gateway Group	Australia	100	-
Gateway Lifestyle Financial Services Limited	Gateway Group	Australia	100	-
Gateway Lifestyle Beaches of Byron Pty Limited	Gateway Group	Australia	100	-
Gateway Lifestyle Residential Parks Holdings Pty Limited	Gateway Group	Australia	100	-
Gateway Lifestyle Holdings Pty Limited	Gateway Group	Australia	100	-
Gateway Lifestyle Residential Parks Holdings Pty Ltd	Gateway Group	Australia	100	-
Edgewater Village Operations Pty Limited	Gateway Group	Australia	100	80
Maroochy Palms Operations Pty Limited	Gateway Group	Australia	100	-
Goodna Operations Pty Limited	Gateway Group	Australia	100	-
Regal Waters Holdings Pty Limited	Gateway Group	Australia	100	-
R & R Retirement Holdings Pty Limited	Gateway Group	Australia	100	-
Regal Waters Retirement Community Pty Limited	Gateway Group	Australia	100	-
Tasman MHE Holdings Pty Limited	Tasman Group	Australia	100	-
Gateway Lifestyle Residential Parks Realty Pty Limited	Gateway Group	Australia	100	-
Gateway Lifestyle Employment Services Pty Limited	Gateway Group	Australia	100	-
Gateway Lifestyle Residential Parks Solutions Pty Limited	Gateway Group	Australia	100	-
Gateway Lifestyle Operations (QLD) Pty Limited		Australia	100	-
Gateway Lifestyle Operations (NSW) Pty Limited		Australia	100	-
Gateway Lifestyle Operations (VIC) Pty Limited		Australia	100	-
Tasman Lifestyle Continuum Pty Limited	Tasman Group	Australia	100	-
Sea Winds Village Management Pty Limited	Tasman Group	Australia	100	-
Sea Winds Village Pty Limited	Tasman Group	Australia	100	-
Valhalla Village Management Pty Limited	Tasman Group	Australia	100	-
Valhalla Village Pty Limited	Tasman Group	Australia	100	-
Ocean Breeze Village Management Pty Limited	Tasman Group	Australia	100	-
Lakeland Park Village Pty Limited	Tasman Group	Australia	100	-
Redbank Palms Resort Pty Limited	Tasman Group	Australia	100	-
Taskers Residential Village Management Pty Limited	Tasman Group	Australia	100	-
The Retreat Village Pty Limited	Tasman Group	Australia	100	-
Bremer Waters Over 55s Lifestyle Resort Management Pty Limited	Tasman Group	Australia	100	-
Tasman Development Management Pty Limited	Tasman Group	Australia	100	-
Lorikeet Resort Pty Limited	Tasman Group	Australia	100	-
The Pines Resort Management Pty Limited	Tasman Group	Australia	100	-
Riverside Village Management Pty Limited	Tasman Group	Australia	100	-

Note 38. Interests in controlled entities (continued)

Name	Principal place of business / Country of incorporation	Principal activities	Parent		Non-controlling interest	
			Ownership interest 2015 %	Ownership interest 2014 %	Ownership interest 2015 %	Ownership interest 2014 %
Edgewater Partnership	Australia	MHE park operator	100%	80%	-	20%

Summarised financial information

Summarised financial information of the subsidiary with non-controlling interests that are material to the consolidated entity are set out below:

	Edgewater 2015 \$'000	2014 \$'000
Summarised statement of financial position		
Current assets	-	1,313
Non-current assets	-	13,902
Total assets	-	15,215
Current liabilities	-	109
Non-current liabilities	-	-
Total liabilities	-	109
Net assets	-	15,106
Summarised statement of profit or loss and other comprehensive income		
Revenue	2,902	871
Expenses	1,096	495
Profit before income tax expense	1,806	376
Income tax expense	-	-
Profit after income tax expense	1,806	376
Other comprehensive income	-	-
Total comprehensive income	1,806	376
Other financial information		
Profit attributable to non-controlling interests	361	75
Accumulated non-controlling interests at the end of reporting period	-	3,021

Note 39. Deed of Cross guarantee

The following entities are party to a deed of cross guarantee under which each entity guarantees the debts of the others:

Alceon Group No 12 Pty Limited	Lorikeet Resort Holdings Pty Limited
Alceon Group No 2 Pty Limited	Lorikeet Resort Pty Limited
Alceon Group No 22 Pty Limited	Maroochy Palms Holdings Pty Limited
Alceon Group No 26 Pty Limited	Nepean Operations Pty Limited
Alceon Group No 29 Pty Limited	Nestle Inn Brisbane Operations Pty Limited
Alceon Group No 3 Pty Limited	Oaklands Ops Pty Limited
Alceon Group No 31 Pty Limited	Ocean Breeze Village Holdings Pty Limited
Alceon Group No 5 Pty Limited	Ocean Breeze Village Management Pty Limited
Alceon Group No 6 Pty Limited	Parklea Operations Pty Limited
Aspley Operations Pty Limited	Quattro Parks NSW Pty Limited
Bass Hill Operations Pty Limited	Quattro Parks Operations NSW Pty Limited
Beerburum Operations Pty Limited	Quattro Parks Operations VIC Pty Limited
Benalla Operations Pty Limited	Quattro Parks VIC Pty Limited
Bremer Waters Over 55's Lifestyle Resort Holdings Pty Limited	R & R Retirement Holdings Pty Limited
Bremer Waters Over 55s Lifestyle Resort Management Pty Limited	Redbank Palms Resort Holdings Pty Limited
Chinderah Lakes Operations Pty Limited	Redbank Palms Resort Pty Limited
Chinderah Lakes Park Pty Limited	Redland Park Operations Pty Limited
Edgewater Village Operations Pty Limited	Regal Waters Holdings Pty Limited
Gateway Lifestyle Beaches of Byron Pty Limited	Regal Waters Retirement Community Pty Limited
Gateway Lifestyle Employment Services Pty Limited	Riverside Village Holdings Pty Limited
Gateway Lifestyle Financial Services Limited	Riverside Village Management Pty Limited
Gateway Lifestyle Holdings Pty Limited	Salamander Bay Operations Pty Limited
Gateway Lifestyle Investments Holdings Pty Limited	Sea Winds Village Holdings Pty Limited
Gateway Lifestyle Investments Pty Limited	Sea Winds Village Management Pty Limited
Gateway Lifestyle Operations (NSW) Pty Limited	Sea Winds Village Pty Limited
Gateway Lifestyle Operations (QLD) Pty Limited	Taskers Residential Village Holdings Pty Limited
Gateway Lifestyle Operations (VIC) Pty Limited	Taskers Residential Village Management Pty Limited
Gateway Lifestyle Residential Parks Holdings Pty Ltd	Tasman Development Management Pty Limited
Gateway Lifestyle Residential Parks Pty Limited	Tasman Lifestyle Continuum Pty Limited
Gateway Lifestyle Residential Parks Realty Pty Limited	Tasman MHE Holdings Pty Limited
Gateway Lifestyle Residential Parks Solutions Pty Limited	The Pines Lifestyle Resort Pty Limited
Goodna Operations Pty Limited	The Pines Resort Management Pty Limited
Grafton Gateway Operations Pty Limited	The Retreat Village Holdings Pty Limited
Gumtrees Operations Pty Limited	The Retreat Village Pty Limited
Hammond Village Operations Pty Limited	Tweed Operations Pty Limited
Harvest Investment No 4 Pty Limited	Valhalla Village Holdings Pty Limited
Harvest LSWM Investment No 1 Pty Limited	Valhalla Village Management Pty Limited
Lakeland Park Village Holdings Pty Limited	Valhalla Village Pty Limited
	Yamba Operations Pty Limited

By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare financial statements and directors' reports under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission ('ASIC').

The above companies represent a 'Closed Group' for the purposes of the Class Order, and as there are no other parties to the deed of cross guarantee that are controlled by Gateway Lifestyle Group, they also represent the 'Extended Closed Group'.

Set out below is a consolidated statement of profit or loss and other comprehensive income and statement of financial position of the 'Closed Group'.

Note 39. Deed of Cross guarantee (continued)

	2015 \$'000	2014 \$'000
Statement of profit or loss and other comprehensive income		
Revenue	2,069	-
Expenses		
Investment property expenses	1,985	-
Manufactured home sale expenses	361	-
Employee benefits expense	1,596	-
Administration expenses	153	-
Net loss on disposal of assets	-	-
Transaction expenses	8,349	-
Finance costs	530	-
Net fair value loss on investment properties	350	-
Profit (loss) before income tax expense	(11,255)	-
Income tax benefit (expense)	687	-
Profit (loss) after income tax expense	(10,568)	-
Other comprehensive income	-	-
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income (loss) for the year	(10,568)	-
Equity – Retained profits (accumulated losses)		
Retained profits (accumulated losses) at the beginning of the financial year	-	-
Total comprehensive income (loss) for the year	(10,568)	-
Retained profits (accumulated losses) at the end of the financial year	(10,568)	-

Note 39. Deed of Cross guarantee (continued)

	2015 \$'000	2014 \$'000
Statement of financial position		
Current assets		
Cash and cash equivalents	9,655	-
Trade and other receivables	11,829	-
Inventories	6,616	-
Other	2,417	-
	<u>30,517</u>	<u>-</u>
Non-current assets		
Receivables	18,211	-
Investment properties	37,199	-
Plant and equipment	305	-
Intangibles	60,190	-
Deferred tax	2,662	-
	<u>118,567</u>	<u>-</u>
Total assets	<u>149,084</u>	<u>-</u>
Current liabilities		
Trade and other payables	159,096	-
Borrowings	693	-
Income tax	1,247	-
Employee benefits	751	-
Provisions	515	-
	<u>162,302</u>	<u>-</u>
Non-current liabilities		
Borrowings	528	-
	<u>528</u>	<u>-</u>
Total liabilities	<u>162,830</u>	<u>-</u>
Net assets (liabilities)	<u>(13,746)</u>	<u>-</u>
Equity		
Issued capital	(2,853)	-
Reserves	(325)	-
Retained profits (accumulated losses)	<u>(10,568)</u>	<u>-</u>
Total equity (deficit) (Note (i))	<u>(13,746)</u>	<u>-</u>

Note (i) The Closed Group has received letter of support from the Residential Parks No. 2 Trust.

Note 40. Events after the reporting period

Gateway Lifestyle Group has been reviewing and conducting feasibility studies of independently owned parks with the purpose of adding to the current portfolio of 36 MHEs, which is in line with its strategy. Through the reviews and studies conducted, the negotiation process on a few of the parks have commenced and are at various stages. One of which is Cobb Haven park where Gateway Lifestyle Group has entered into a contract to acquire the park, located in Southern New South Wales as announced previously. This transaction has not yet completed, as requirements for completion have not yet been satisfied. In addition, the MHE located in Myola, in the Jervis Bay precinct of Southern New South Wales was acquired on 18 September 2015. On 24 September 2015, Gateway Lifestyle announced it had entered into a binding contract for the acquisition of Terrigal Sands Lifestyle Village & Residential Park, located in the Central Coast cluster of NSW.

As part of its measure to mitigate the interest rate risk, Gateway Lifestyle Group has entered into an interest rate capped arrangement with its bank for \$26m, which is effective from July 2015.

No other matter or circumstance has arisen since 30 June 2015 that has significantly affected, or may significantly affect the consolidated entities' operations, the results of those operations, or the consolidated entities state of affairs in future financial years.

Note 41. Reconciliation of profit after income tax to net cash from operating activities

	Gateway Lifestyle Group		RPT2 Group	
	2015 \$'000	Restated 2014 \$'000	2015 \$'000	Restated 2014 \$'000
Profit (loss) after income tax expense for the year	(30,773)	365	(20,205)	365
Adjustments for:				
Depreciation	4	-	-	-
Net gain (loss) on change in fair value	(125)	318	(474)	318
Net gain (loss) on disposal of assets	17	-	17	-
Borrowing costs paid	894	-	876	-
Equity based payments	876	-	-	-
Transaction costs	26,869	-	18,520	-
Changes in working capital:				
Decrease (increase) in trade and other receivables	171	(1,231)	3,527	(1,231)
Decrease (increase) in inventories	(359)	(9)	265	(9)
Decrease (increase) in deferred tax assets	(764)	-	45	-
Decrease (increase) in prepaid expenses	-	(214)	-	(214)
Decrease (increase) in other assets	(1,551)	(7)	22	(7)
Increase (decrease) in trade and other payables	(25,777)	232	(25,131)	232
Increase (decrease) in current tax payable	422	-	622	-
Increase (decrease) in provisions	35	23	(83)	23
Net cash from (used in) operating activities	(30,061)	(523)	(21,999)	(523)

Note 42. Non-cash investing and financing activities

Stapled securities issued under employee share plan	1,201	-	-	-
	1,201	-	-	-

Note 43. Changes to Appendix 4E

As a result of more detailed analysis undertaken in the preparation of these financial statements, a number of changes have been made to the presentation of the Statement of Cash Flows from that included in the Appendix 4E lodged with the ASX on 31 August 2015.

These changes relate only to the classification and description of certain cash inflows and outflows, and do not impact the previously disclosed Net increase/(decrease) in cash and cash equivalents for the year ended 30 June 2015. The impact of these changes are as follows:

	2015	
	Disclosed in financial statements \$'000	Disclosed in Appendix 4E \$'000
Gateway Lifestyle Group		
Net cash from (used in) operating activities	(30,061)	(25,425)
Net cash from (used in) investing activities	(181,048)	(311,633)
Net cash from (used in) financing activities	220,023	345,972
Net cash increase (decrease) in cash and cash equivalents	8,914	8,914

Note 44. Earnings per stapled security/unit

	Gateway Lifestyle Group		RPT 2 Group	
	2015 \$'000	Restated 2014 \$'000	2015 \$'000	Restated 2014 \$'000
Earnings per stapled security				
Profit (loss) after income tax	(30,773)	365	(20,205)	365
Non-controlling interest	(361)	(75)	(361)	(75)
Profit (loss) after income tax attributable to the owners of Gateway Lifestyle Group / RPT 2 Group	(31,134)	290	(20,566)	290

	Gateway Lifestyle Group		RPT 2 Group	
	Number	Number	Number	Number
Weighted average number of stapled securities/units used in calculating basic earnings per stapled security	19,249,455	9,797,363	19,249,455	9,797,363
Adjustments for calculation of diluted earnings per share:				
Options over stapled securities	-	-	-	-
Weighted average number of stapled securities/units shares used in calculating diluted earnings per stapled security	19,249,455	9,797,363	19,249,455	9,797,363

	Gateway Lifestyle Group		RPT 2 Group	
	Cents	Cents	Cents	Cents
Basic/diluted earnings (loss) per stapled security/unit	(161.7)	3.0	(106.8)	3.0
Basic/diluted earnings (loss) per stapled security/unit (based on securities/units issued as at 30 June 2015)	(12.5)	1.5	(8.2)	1.5

Note 45. Equity-based payments

On 15 June 2015, stapled securities were issued as follows:

63,000 stapled securities were issued to employees at an issue price of \$2 per stapled security and a total transactional value of \$126,000.

62,500 stapled securities were issued to an employee trust at an issue price of \$2 per stapled security and a total transactional value of \$125,000. These stapled securities vest with employees on the first trading day after release of the preliminary final report for the year ended 30 June 2016, provided employment is not terminated prior to vesting date.

If employment is terminated prior to vesting date the Group is required to repurchase the stapled securities from the employee trust for \$1 per stapled security.

375,000 stapled securities were issued to key management personnel at an issue price of \$2 per stapled security and a total transactional value of \$750,000.

100,000 stapled securities were issued to an employee trust at an issue price of \$2 per stapled security and a total transactional value of \$200,000. 50,000 of these stapled securities vest with key management personnel on the first trading day after release of the preliminary final report for the year ended 30 June 2017, provided employment is not terminated prior to vesting date. 50,000 of these stapled securities vest with key management personnel on the first trading day after release of the preliminary final report for the year ended 30 June 2018, provided employment is not terminated prior to vesting date.

If employment is terminated prior to vesting date the Group is required to repurchase the stapled securities from the employee trust for \$1 per stapled security.



Directors' Declaration

8.0 Directors' Declaration

For and on behalf of Gateway Lifestyle (comprising of Residential Parks No.2 Trust and Gateway Lifestyle Operations Limited), Gateway Lifestyle Operations Limited declare that:

1. in the directors opinion the consolidated financial statements and notes 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 30 June 2015 and of their consolidated performance, for the financial year ended on that date; and
 - b. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and *Corporations Regulations 2001*.
2. the consolidated financial statements and notes also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the consolidated financial statements; and
3. 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; and
4. at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 39 to the financial statements.

The directors have been given the declarations required by section 295A of the *Corporations Act 2001* by the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2015.

Signed in accordance with the resolutions of the Board of directors of Gateway Lifestyle Operations Limited pursuant to section 295A of the *Corporations Act 2001*.



Andrew Love
Chairman

Dated this 25 day of September 2015
Sydney



Trent Ottawa
Chief Executive Officer

Dated this 25 day of September 2015
Sydney



Independent Auditor's Report

9.0 Independent Auditor's Report



Ernst & Young
680 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Independent auditor's report to the stapled securityholders of Gateway Lifestyle Group and the unitholders of Residential Parks No. 2 Trust Group

We have audited the accompanying financial report which comprises the consolidated statements of financial position as at 30 June 2015, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declarations for Gateway Lifestyle Group, being the consolidated stapled entity (comprising of Gateway Lifestyle Operations Limited and the entities it controlled at year's end or from time to time during the financial year, including Residential Parks No. 2 Trust and the entities it controlled at year's end or from time to time during the financial year), and for Residential Parks No. 2 Trust Group (comprising of Residential Parks No. 2 Trust and the entities it controlled at year's end or from time to time during the financial year).

Directors' responsibility for the financial report

The directors of Gateway Lifestyle Operations Limited and the directors of One Managed Investment Funds Limited, the Responsible Entity of Residential Parks No. 2 Trust, (collectively referred to as "the directors") are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors 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 the auditor's 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, the auditor considers internal controls relevant to the Gateway Lifestyle Group and Residential Parks No. 2 Trust Group'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 Gateway Lifestyle Group and Residential Parks No. 2 Trust Group'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 *Corporations Act 2001*. We have given to the directors a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Opinion

In our opinion:

- a. the financial report of Gateway Lifestyle Group and Residential Parks No.2 Trust Group is in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the Gateway Lifestyle Group and Residential Parks No.2 Trust Group's financial positions as at 30 June 2015 and of their performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the remuneration report

We have audited the Remuneration Report of Gateway Lifestyle Operations Limited included in the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Gateway Lifestyle Operations Limited for the year ended 30 June 2015, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Mark Conroy
Partner
25 September 2015

A modern, bright living room with a white kitchen island, grey chairs, and a grey sofa. A large teal circle is overlaid on the right side of the image, containing the text "Securityholder Information".

Securityholder Information

10. Securityholder Information

The securityholder information set out below was applicable as at 11 September 2015.

10.1 Distribution of quoted equity securities

Analysis of number of equitable security holders by size of holding:

	Number of holders of Stapled Securities	Number of Stapled Securities
1 to 1,000	157	95,054
1,001 to 5,000	376	1,311,646
5,001 to 10,000	316	2,729,783
10,001 to 100,000	573	17,733,040
100,001 and over	130	227,528,212
	1,552	249,397,735

10.2 Equity securityholders

Twenty largest quoted equity securityholders

The names of the twenty largest securityholders of quoted equity securities are listed below:

	Number held	Stapled Securities % of total stapled Securities issued
CITICORP NOMINEES PTY LIMITED	34,586,929	13.87%
NATIONAL NOMINEES LIMITED	32,030,495	12.84%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	18,519,873	7.43%
UBS NOMINEES PTY LTD	17,950,567	7.20%
J P MORGAN NOMINEES AUSTRALIA LIMITED	15,479,065	6.21%
OTTAWA & CO PTY LTD <THE OTTAWA INVEST NO 1 A/C>	12,796,401	5.13%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 3	10,110,497	4.05%
UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	5,624,460	2.26%
PEPPER INVESTMENT HOLDINGS PTY LTD <PEPPER FAMILY A/C>	5,234,809	2.10%
BNP PARIBAS NOMS PTY LTD <DRP>	4,781,797	1.92%
BUONCOMPAGNI INVESTMENTS PTY LIMITED	4,608,970	1.85%
J K M SECURITIES PTY LIMITED <LJK NOMS P/L PEN FUND A/C>	4,215,000	1.69%
RBC INVESTOR SERVICES AUSTRALIA PTY LIMITED <VFA A/C>	4,068,207	1.63%
BRISPOT NOMINEES PTY LTD <HOUSE HEAD NOMINEE NO. 1 A/C>	3,395,049	1.36%
BOND STREET CUSTODIANS LIMITED <MACQ HIGH CONV FUND>	3,118,630	1.25%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	2,884,475	1.16%
MORGAN STANLEY AUSTRALIA SECURITIES (NOMINEE) PTY LIMITED <NO 1 ACCOUNT>	2,364,371	0.95%
RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LTD <BKMINI A/C>	2,178,253	0.87%
CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	1,709,410	0.69%
GOLP INVESTMENTS PTY LTD <GREEN FAMILY SUPER FUND A/C>	1,472,512	0.59%
	187,129,770	75.03%

10.3 Substantial securityholders

Substantial securityholders in the group are set out below:

	Stapled Securities	
	Number held	% of total stapled Securities issued
Commonwealth Bank of Australia and its related bodies corporate	19,881,753	7.97%
Paradice Investment Management Pty Ltd	12,926,176	5.18%
Trent Ottawa and related entities	12,875,878	5.16%

10.4 Voting Rights

Gateway Lifestyle Group only has stapled securities on issue. Each stapled security carries the right to vote at any members' meeting.

10.5 Securities subject to voluntary escrow

Class	Expiry date	Number of stapled Securities
Stapled securities	FY 16 release date	4,671,470
Stapled securities	FY 17 release date	6,675,440
Stapled securities	FY 18 release date	6,675,438

FY release date refers to the first trading day after release of the preliminary final report for the financial year then ended.



Glossary

11. Glossary

Term	Meaning
AASB	Australian Accounting Standards Board
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited ABN 98 008 624 691, or the financial market operated by it, as the context requires
ASX Corporate Governance Recommendations	Revised in 2014, the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3 rd Edition)
Board	The board of directors of the Company or the Responsible Entity, as applicable and Board means both of them acting jointly as the board of Gateway Lifestyle
CEO	Chief Executive Officer
CFO	Chief Financial Officer
Company or GTY Constitution	Gateway Lifestyle Operations Limited A.C.N. 605 543 968
COO	The constitution of the Company and/or the Trust (as the context requires)
Corporations Act	Chief Operating Officer
Director	Corporations Act 2001 (Cth)
EBITDA	A member of the board of Gateway Lifestyle, the Company or OIMFL from time to time
EPS	Earnings before interest, tax, depreciation and amortisation
FY	Earnings per Share
Gateway Lifestyle	Financial year ended 30 June
IPO	The Company and the Trust together
Listing	Initial public offering
KMP	Admission of the Company to the official list of ASX
MHE	Key management personnel
OMIFL or Responsible Entity	Manufactured home estate
Prospectus	One Managed Investment Funds Limited ABN 47 117 400 987 in its capacity as responsible entity of the Trust
Registry	The prospectus and product disclosure statement dated and lodged with ASIC on 21 May 2015
Senior Australian	Link Market Services Limited ABN 54 283 214 537
Shares	An Australian who is aged over 55 years
Stapled Securities	Shares in the Company
Stapled Securityholder	A stapled security consisting of a Share and a Unit
Trust or RPT 2	Holder of Stapled Securities
Unit	Residential Parks No. 2 Trust
	An ordinary fully paid unit in Residential Parks No.2 Trust



Directory

12. Directory

Registered office

Gateway Lifestyle
Suite 303, 7-9 Irvine Place, Bella Vista NSW 2153, Australia
Telephone: 1300 361 311

Principal place of business

Gateway Lifestyle
Suite 303, 7-9 Irvine Place, Bella Vista NSW 2153, Australia
Telephone: +61 1300 361 311

Directors

Andrew Love (Chairman)
Trent Ottawa (Managing Director and Chief Executive Officer)
Rachel Lauanders
Stephen Newton
Andrew Fay
John Wong (Chief Financial Officer)

Company Secretary

John Wong

Share Registry

Link Market Services Limited
Level 12, 680 George Street, Sydney, NSW, 2000 Australia
Telephone: +61 1300 554 474
Fax +61 2 9287 0303
Fax +61 2 9287 0309 (for proxy voting)

Auditor

Ernst & Young
680 George Street, Sydney NSW 2000, Australia

Legal Advisers

Herbert Smith Freehills
ANZ Tower, 161 Castlereagh Street, Sydney NSW 2000

Bankers

Australian and New Zealand Banking Group Limited
Commonwealth Bank of Australia

Corporate Website

<http://www.gatewaylifestyle.com.au>

www.gatewaylifestyle.com.au

TELEPHONE

1300 361 311

02 8818 9600 (SYDNEY)

ADDRESS

Suite 303

7-9 Irvine Place

Bella Vista NSW 2153

