

17 November 2015

ASX Market Announcements Office  
ASX Limited  
Level 6  
20 Bridge Street  
SYDNEY NSW 2000

**GATEWAY LIFESTYLE OPERATIONS LIMITED (GTU) – PRESENTATION TO INVESTORS**

Attached is a copy of the presentation to be delivered by Managing Director and CEO, Trent Ottawa, at investor meetings during November.

Yours sincerely,



**John Wong**  
Company Secretary





Gateway Lifestyle Group  
November 2015





# Gateway Lifestyle Overview

# Overview of Gateway Lifestyle

## Providing affordable living solutions to residents through building communities in Manufactured Home Estates (MHEs)

- Founded in December 2009 and listed on ASX in June 2015
- 40 communities with over 4,400 occupied MHE sites and over 6,600 residents across NSW, QLD and VIC
- 4 new communities acquired since listing , adding 864 additional MHE sites to the Portfolio
- Development pipeline of over 2,100 MHE sites
- Demand driven by an ageing population seeking choice and living solutions to deal with increasing cost of living pressures
- Keys to the Gateway Lifestyle business model:
  - Stable income stream from long-term site rental;
  - Growth in stable income stream from the development of new manufactured homes;
  - Macro growth through new MHE acquisitions.



# Gateway Lifestyle – The Resident's Perspective

**A home, a community and a sense of belonging are the key drivers in the decision making process**



- Gateway Lifestyle's approach provides transparency and long term security to residents
- No entry or exit (deferred management) fees which simplifies decision making and reduces upfront costs to residents
- No stamp duty on home purchases increases affordability
- Continuous term site agreements provide certainty of tenure to residents and their families
- Legislative protection of residents rights

# Gateway Lifestyle Communities

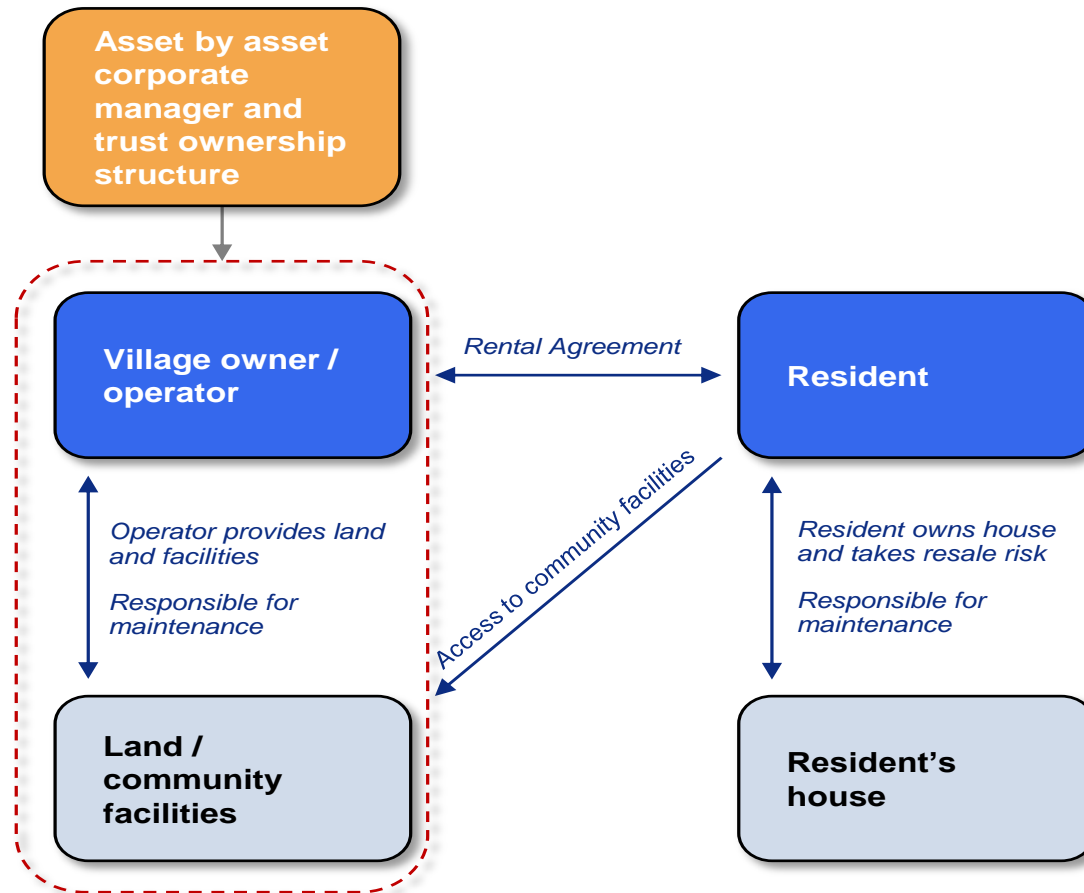
Community	Number	% Total	No. Sites	Occupied by MHE	Available for MHE Development
<b>As at 30 June 2015</b>					
MHE	13	36%	2,264	2,264	0
MHE Conversion	16	44%	2,492	885	1,477
MHE Expansion	7	19%	1,105	897	338
<b>TOTAL</b>	<b>36</b>	<b>100%</b>	<b>5,861</b>	<b>4,046</b>	<b>1,815</b>
<b>Acquired Post 30 June 2015</b>					
MHE	1	25%	95	95	0
MHE Conversion	2	50%	571	80	290
MHE Expansion	1	25%	198	198	40
<b>TOTAL</b>	<b>4</b>	<b>100%</b>	<b>864</b>	<b>373</b>	<b>330</b>
<b>COMBINED TOTAL</b>	<b>40</b>		<b>6,725</b>	<b>4,419</b>	<b>2,145</b>



# MHE Sector

# Manufactured Home Estates – Land Lease Model

The MHE Operator leases the land and provides access to facilities under a standard rental agreement –  
Home Owners pay rent to the MHE Operator



# Manufactured Home Estates

- **Land lease model** - the community operator leases the land and provides access to communities facilities to a resident under an industry standard site rental agreement. Residents purchase manufactured homes and enter into a residential site agreement once home is placed on site.
  - Resident pays fortnightly rental in advance typically via direct debit
  - Rents are increased annually by a minimum of CPI
  - Residents may qualify for Centrelink Rent Assistance payments due to the nature of the land lease payment
- **100% occupancy model once a site is occupied** - resident (or estate) must continue to pay rent until earlier of:
  - Resident sells house and incoming resident enters new site agreement; or
  - Resident removes house at the end of term of the site agreement
- **Resident owns and maintains house** - Resident owns the home and is responsible for maintenance of the house and surrounding garden.
- **No care services provided** – MHE provides no direct health care for residents although some residents access homecare via third party providers
- **Government Regulation** - State and Local government regulations apply



# Evolution of the MHE Industry

**Affordability was the initial driver of the industry – product enhancement and demand for affordability combined with lifestyle choice is now driving demand**

- MHEs have evolved from Caravan Parks, originally established in 1930 to provide low cost housing options
- Often occupy valuable large parcels of land in metro or regional locations
- “Cottage” industry is evolving with institutional investment
- What is driving demand:
  - Product enhancement and choice
  - Increasing cost of living as people age
  - Growing understanding of the industry by retirees
  - Acceptance of the offering as an alternative to traditional retirement living options
  - Expectations of retirees
  - Quality and range of facilities being offered rival some resorts!



A black and white photograph of two women lying on a brick ledge by a swimming pool. The woman on the left is wearing goggles on her head and has her arm around the woman on the right. Both are smiling. In the background, there are lounge chairs and trees. A large teal semi-circle is overlaid on the right side of the image, containing the text.

# Gateway Lifestyle Business Model

# Gateway Lifestyle Business Model

**Gateway Lifestyle's business model is fully internalized, capital efficient, sustainable, scalable and well positioned for future growth**



**Acquire existing income streams – improve the quality and sustainability of the income stream – grow the income stream – provide benefits to Residents and Investors**

## **Resident benefits from the Gateway Lifestyle business model:**

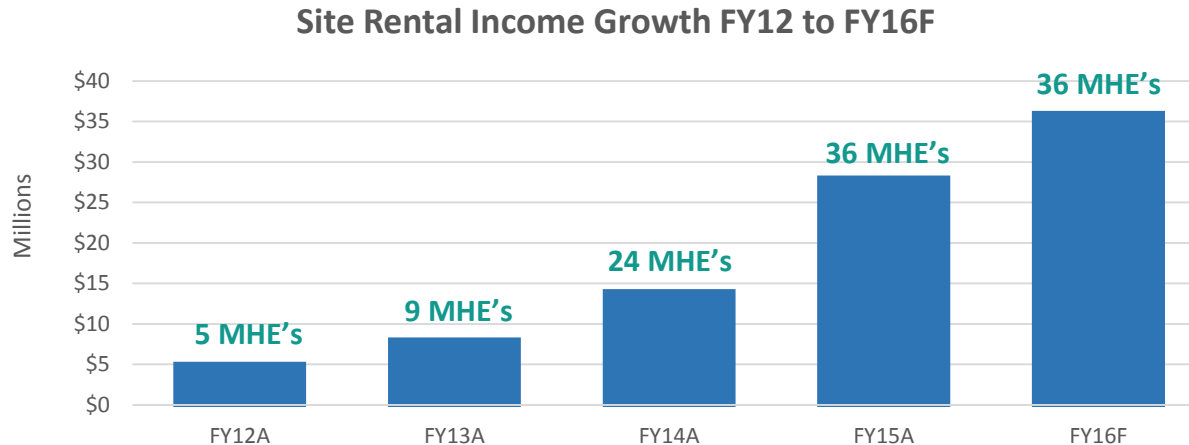
- Transparency and certainty
- Security of tenure
- Rental assistance improves affordability
- Communities are created or enhanced through regeneration or conversion

## **Investor benefits of the Gateway Lifestyle business model:**

- Stable revenue base with organic growth
- Incremental growth to the revenue base
- Attractive development profits
- Consolidation growth opportunities
- Strong demand drivers

# Gateway Lifestyle Business Model

**Long term annuity style income streams which have consistently grown since inception**



Note. FY15 site rental income is an actual figure and is not provided on an annualized basis.

- Site Rental income grown from \$5M in FY12 to \$36M FY16F
- Organic growth in base MHE rental with average growth in site rental of 5.5% p.a since FY12
- Incremental growth with the delivery of each new home – at a site rent of \$140 per week each new home adds \$7.3K to the MHE revenue base
- Pipeline of 2,100 future development MHE sites allows for incremental MHE income growth
- “Cottage” industry provides consolidation opportunities – 40 MHE acquired in 6 years

## Transforming original dwellings.....



## To new MHE



## Facilities are improved...



# Sustainable communities for Residents and Investors

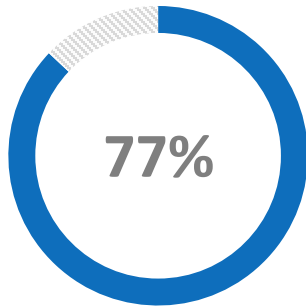




# Gateway Lifestyle Looking Forward

# Demand Drivers – “The Grey Tsunami”

The population is ageing, but what does that really mean?



Of Australians aged over 65 receive some form of Government income support (70% receive the Age Pension).

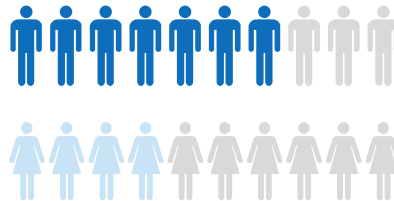
**46%**

**Of Retirees**

Are not confident in their ability to maintain a comfortable living standard.

**4.8 Million Australians aged between 55-75**

**Projected to be 8.8 Million by 2055**



**\$620,000**

Is the mean household wealth of lone person aged 65.

**\$95,000**

Is the Median superannuation balance for person aged 60 not yet retired.

## Key feedback from our Residents

- They know that they will most likely live longer than they expected which means they have to stretch their savings
- The cost of living is increasing at a greater rate than their income
- Freeing up equity from the family home is not a negative if they can still own a home
- The sense of belonging to a community is key in their decision making

## Key Concerns

- Health
- Happiness
- Cost of living increases (savings gap)
- Companionship
- Families liabilities on death

# Gateway Lifestyle moving forward.....

## Well positioned to take advantage of positive demand drivers

- Established and committed management team
- Scale with MHEs across NSW, QLD and VIC, enables growth and operational efficiency opportunities
- Established key supplier arrangements
- Financial capacity to grow following IPO
- Fragmented MHE industry provides acquisition opportunities

## How Residents will benefit

- Transparent corporate structure giving benefits, tenure and security
- Continued investment in the sector and in communities will see improved and additional offerings
- Improved social interaction within and across communities
- Live better and easier for longer



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