



17 November 2015

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

**GATEWAY LIFESTYLE OPERATIONS LIMITED (GTY) – 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



# 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

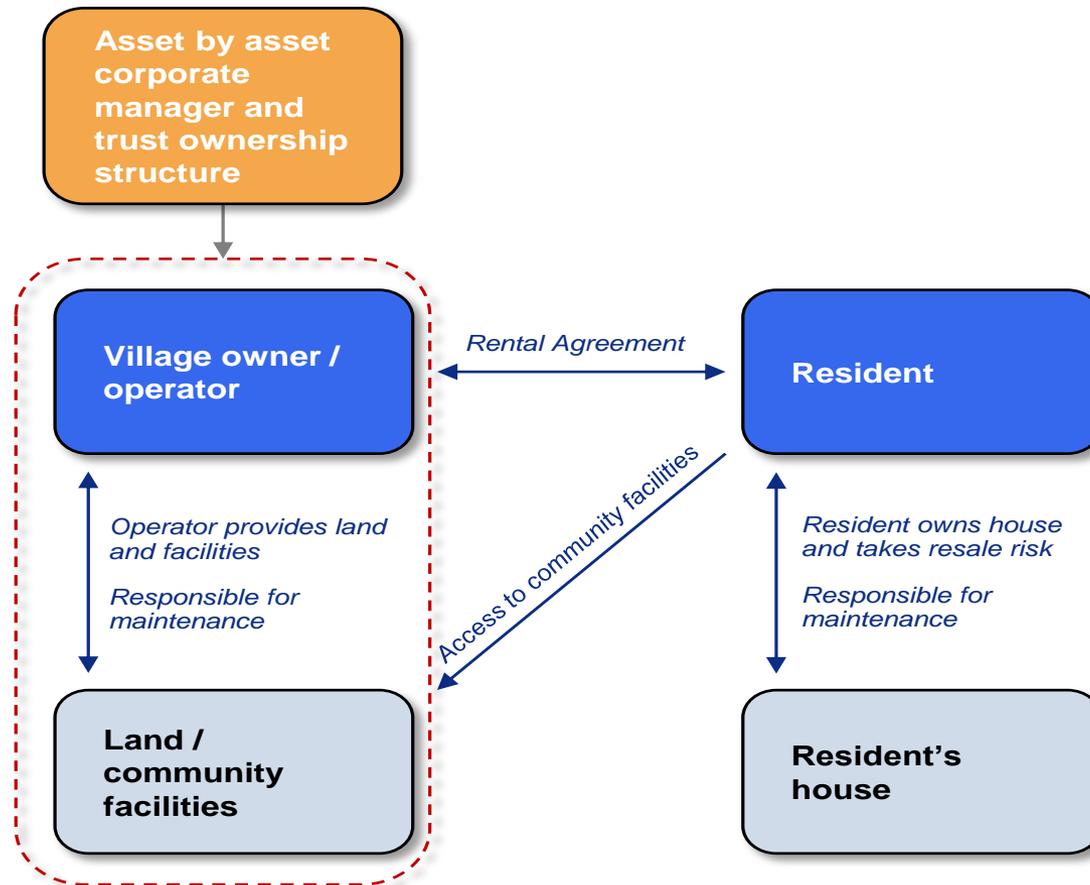
Community	Number	% Total	No. Sites	Occupied by MHE	Available for MHE Development
<b>As at 30 June 2015</b>					
MHE	13	36%	2,264	2,264	0
MHE Conversion	16	44%	2,492	885	1,477
MHE Expansion	7	19%	1,105	897	338
<b>TOTAL</b>	<b>36</b>	<b>100%</b>	<b>5,861</b>	<b>4,046</b>	<b>1,815</b>
<b>Acquired Post 30 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!





# 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:**

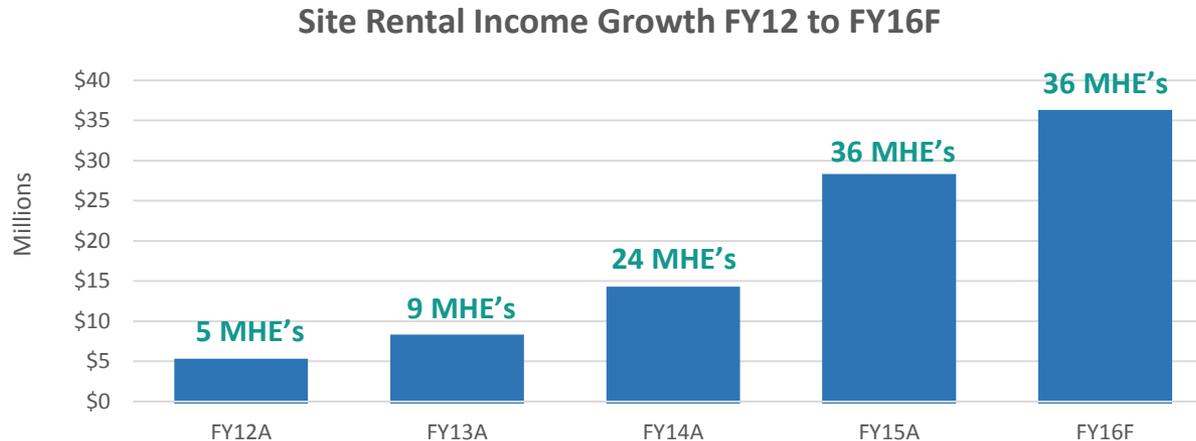
- Transparency and certainty
- Security of tenure
- Rental assistance improves affordability
- Communities are created or enhanced through regeneration or conversion

## **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

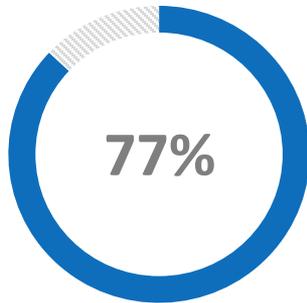




# Gateway Lifestyle Looking Forward

# Demand Drivers – “The Grey Tsunami”

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



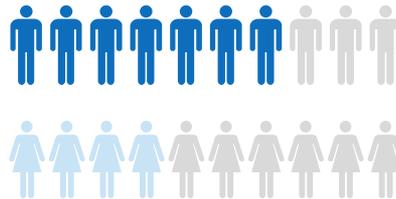
Of Australians aged over 65 receive some form of Government income support (70% receive the Age Pension).

**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

Source: All statistics from ABS and Intergenerational Report 2015

# 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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