



Gateway Lifestyle Group
1H16 Results Presentation
11 February 2016



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A black and white photograph of two women smiling and leaning on a brick ledge by a swimming pool. The woman on the left has swim goggles on her head. The woman on the right is older. 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 'Executive Summary'.

Executive Summary

Executive Summary: 1H16

Continuing to deliver on our core business strategy of providing affordable living solutions

Key Finance Metrics

- Statutory Net Profit after Tax (NPAT) \$18.3m
- Underlying NPAT of \$18.9m
- Underlying net operating cash flow of \$11.5m
- Gross Revenue of \$53.0m
- HY Distribution of \$0.0531 per stapled security

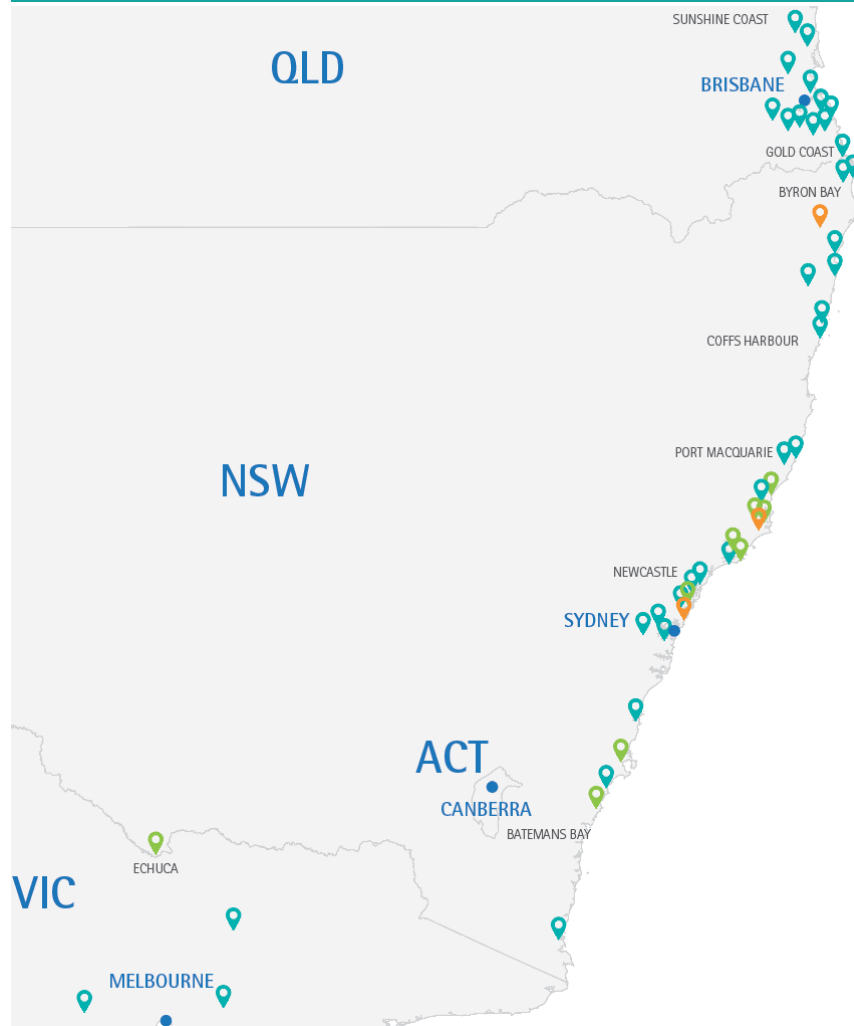
Key Operating Metrics

- 104 new home settlements achieved in 1H16
- Further 60 committed sales carried forward to 2H16
- Average gross profit per home settled \$107k
- Average holding deposit of \$59k for committed sales
- Average MHE rental of \$141 per week

Acquisitions

- 11 acquisitions (8 settled during 1H16, 3 expected to settle in 2H16)
- 2,477 sites acquired with development potential of 1,700 sites
- Acquisition pipeline remains strong heading into the 2H16

Gateway Lifestyle Communities



Community	Number	% Total
NSW	32	68%
QLD	12	26%
VIC	3	6%
Total	47	100%



Communities (36)



Communities settled 1H16 (8)



Communities expected to settle 2H16 (3)

Gateway Lifestyle Communities

Communities	Number	% Total By site	No. Sites	Sites occupied by MHE	Potential MHE Development
As at 31 December 2015					
MHE	14	32%	2,343	2,222	121
MHE Conversion	20	45%	3,451	1,398	2,053
MHE Expansion	10	23%	1,532	1,084	488
TOTAL AS AT 31 DECEMBER 2015	44	100%	7,326	4,704	2,662
Expected to Settle 2H16					
MHE	1	33%	95	95	0
MHE Conversion	0	0%	0	0	0
MHE Expansion	2	67%	914	171	743
TOTAL	3	100%	1,009	266	743
COMBINED TOTAL	47		8,335	4,970	3,405

Delivering on Strategy

Strategy

Outcome

Deliver on the conversion and regeneration of the existing communities within the portfolio



DA approval for an additional 83 MHE sites plus approval to convert 319 sites to MHE sites since July 2015.

Continue to leverage off an ageing population seeking choice to assist with cost of living pressure



In 1H16, 104 new home settlements and a further 60 committed sales carried forward to 2H16 (164 in total). On track to achieve PDS forecast of 261 home settlements for FY16, subject to no adverse change in market conditions.

Seek to identify new acquisition opportunities that compliment the current communities located across NSW, QLD and VIC



11 new MHE acquisitions in 1H16 (8 settled and 3 expected to settle in 2H16), adding 2,477 new sites to the portfolio.

Strengthen financial position to ensure growth opportunities can be diligently acted upon



Refinance secured increasing the debt facility capacity by \$70m from \$180m to \$250m.

Capitalise on brand and resident base to identify and implement cost of living savings for residents



Key partners who can provide cost savings and benefits to our residents continue to be identified. Gateway Lifestyle will diligently assess the benefits potential partners can bring to our residents before implementation.



1H16 Results

HY16 Financial Highlights

- **Underlying operating NPAT for 1H16 in line with PDS forecast:**

- Statutory NPAT is \$18.3m
- Underlying NPAT is \$18.9m
- Underlying Net operating cash flow is \$11.5m

- **Key operating metrics:**

- 104 home settlements
- Further 60 committed sales carried forward to 2H16
- Average profit per new home settled of \$107k
- Average weekly MHE site rent of \$141 per week



Key Operating Metrics

Key Operating Metrics	1H16	FY16 Full Year PDS Forecast
Rental:		
Rental Revenue \$m	\$22.9	\$45.4
Manufactured home site average weekly rate	\$141	\$141
Manufactured Home Settlements:		
Gross Home Settlements Revenue \$m	\$27.2	\$63.2
Average selling price \$000	\$261	\$242
Average development cost \$000	(\$154)	(\$144)
Net profit per manufactured home settled \$000	\$107	\$98
Manufactured homes settled	104	261
Portfolio:		
MHEs (end of period)	47*	36
Number of MHEs in development	19	24
Manufactured homes settled per MHE in development	5.5	10.9

* 3 expected to settle in 2H16

Summary Statutory Income Statement

\$ million	1H16	FY16 Full Year PDS Forecast
Revenue		
Rental and other revenue	25.9	46.8
Manufactured home settlements	27.2	63.2
Total revenue	53.1	110.0
Operating expenses	(9.5)	(17.5)
Manufactured home expenses	(16.0)	(37.6)
Corporate costs	(7.9)	(8.9)
Operating EBITDA	19.7	46.1
Depreciation and amortisation	-	(0.5)
Interest expense	(2.8)	(2.5)
Income taxes	1.4	(1.7)
Statutory NPAT	18.3	41.4

- MHE revenue now represents 70% of total rental revenue.
- Corporate costs includes a write off of a \$1.0m deferred management fee at Edgewater. This is offset by a \$1.0m increase in the fair value of Edgewater from increased rental.
- Corporate costs include a number of corporate structural efficiency costs and costs associated with ensuring resourcing capacity and capability for the future.
- Interest expense reflects additional borrowings for acquisitions.

Balance Sheet

\$ million	As at 31 Dec 2015
Total Assets	619.7
Total Liabilities	(180.4)
Net assets	439.3

Equity

Contributed equity	467.5
Accumulated Profit/(Losses)	(28.2)
Total Equity	439.3

Debt Facility and Capacity

- Gateway settled 8 assets in 1H16. As a result, as at 31 December 2015, total drawn funds is \$140.06m.
- As at 31 December 2015, net debt LVR is 28.95%, within our target gearing range.
- As at 31 December 2015, total available debt capacity for acquisition growth is \$110m.



Operating Cash Flow

\$ million	As at 31 Dec 2015
Statutory net operating cash flow	1.1
Add: IPO related expenses paid in FY16	12.5
Less: stamp duty refunds and lease allocations	(2.1)
Net Underlying Operating Cash flow	11.5
Working capital adjustments:	
Inventory movement	8.9
Net movements in Receivables/Creditors	(2.1)
Total Working Capital Adjustments	6.8
Statutory NPAT	18.3
Net Fair value movement	-
Income Tax	(1.4)
Finance Costs	2.8
EBITDA	19.7

- Statutory net operating cash flow is impacted by \$12.5m of IPO related expenses accrued in FY15 but paid in 1H16, and stamp duty refunds of \$1.5m.
- Net underlying cash flow achieved for the period is a surplus of \$11.5m.
- Increase in inventory reflects the current committed orders carried forward for 2H16, as we ensure supply of display homes for 2H16 sales.

A photograph of a man and a woman sitting on the edge of a swimming pool, looking at each other and smiling. The man is wearing a light-colored polo shirt, shorts, and a straw hat. The woman is wearing a dark top, sunglasses, and a straw hat. They are both holding glasses. The background shows lush tropical foliage. A large teal semi-circle is overlaid on the right side of the image, containing the text.

Outlook FY2016

FY16 Outlook

FOCUSED ON STRATEGY

We remain committed to providing affordable lifestyle solutions to Australia's aging population in a sustainable manner that provides positive outcomes for both residents and investors.

REAFFIRMS PDS HOME SETTLEMENT FORECAST FOR FY16

On target to achieve PDS forecast of 261 home settlements for FY16, subject to no adverse change in market conditions.

DELIVERING ON ACQUISITION STRATEGY

11 new communities acquired in 1H16 (3 communities expected to settle in 2H16), adding 2,477 MHE sites to the Gateway group. Pipeline for further acquisitions remains strong.

POSITIONED FOR FUTURE GROWTH

Internal systems upgrades and resources continue to be advanced to meet the needs of the growing business.

FORECAST GUIDANCE UPGRADE

Taking into consideration the 1H16 performance and the impact of the 11 acquisitions, GTY expects to be ahead of the full year underlying PDS EPS forecast by at least 3.6% to \$0.172 (VWA).

A photograph of a stone wall with a tree logo and text, overlaid with a teal semi-circle graphic. The wall is made of dark, stacked stones. On the wall, there is a white tree logo with many branches. Below the logo, the text "GATEWAY LIFESTYLE" is written in a serif font, followed by "EDGEWATER" in a smaller serif font, and "171" in a small sans-serif font. The background shows a grassy area, a hedge, and trees. A teal semi-circle graphic is overlaid on the right side of the image.

GATEWAY LIFESTYLE
EDGEWATER
171

Appendices

Statutory Income Statement

\$ million	1H16	FY16 Full Year PDS Forecast
Revenue		
Rental revenue	22.9	45.4
Manufactured home settlements	27.2	63.2
Other revenue	3.0	1.4
Total revenue	53.1	110.0
Operating expenses	(9.5)	(17.5)
Manufactured home expenses	(16.0)	(37.6)
Corporate costs	(7.9)	(8.9)
Operating EBITDA	19.7	46.1
Net Gain/(Loss) on Fair Value	-	-
Depreciation and Amortisation	-	(0.5)
Finance Costs	(2.8)	(2.5)
Income Taxes	1.4	(1.7)
NPAT	18.3	41.4

Consolidated Balance Sheet

\$ million	1H16	30 June 2015
Assets		
Cash	16.2	11.3
Other Current Assets	26.9	16.4
Investment properties	428.5	347.2
Goodwill	142.8	140.3
Other non-current assets	5.29	3.0
Total assets	619.7	518.1
Liabilities		
Borrowings	(137.6)	(50.2)
Other liabilities	(42.8)	(33.6)
Total liabilities	(180.4)	(83.8)
Net assets	439.3	434.3
Equity		
Contributed equity	467.5	467.9
Accumulated Profit/(Losses)	(28.2)	(33.5)
Total equity	439.3	434.3

Consolidated Cashflow Statement

\$ million	1H16	30 June 2015
Net cash flows from operating activities	1.1	(30.1)
Net cash flows from (used in) investing activities	(81.5)	(181.0)
Net cash flows from (used in) financing activities	86.1	220.0
Net increase (decrease) in cash held	5.7	8.9
Opening cash brought forward	10.5	1.6
Closing cash carried forward	16.2	10.5

A black and white photograph of three women smiling and leaning on a brick ledge by a swimming pool. The woman on the left has swim goggles on her head. The woman in the middle is older with white hair. The woman on the right is partially obscured by a teal circular overlay. In the background, there are lounge chairs and trees. The text "Thank you" is written in white on the teal overlay.

Thank you