

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

This document and the personalised Entitlement and Acceptance Form that accompanies it contains important information and requires your immediate attention. You should read both documents carefully and in their entirety. This document is not a prospectus or product disclosure statement under the Corporations Act and has not been lodged with the Australian Securities and Investment Commission. If you have any queries please call your professional adviser or the Gateway Offer Information Line on 1300 131 678 (from within Australia) or +61 1300 131 678 (from outside Australia) between 8.30am and 5.30pm (Sydney time), Monday to Friday during the Retail Offer Period (Wednesday, 16 March 2016 to Wednesday, 30 March 2016).



# Gateway Lifestyle Group Retail Entitlement Offer

Details of a 2 for 15 accelerated non-renounceable pro rata entitlement offer of Stapled Securities at an Issue Price of \$2.40 per New Stapled Security.  
Retail Entitlement Offer closes at 5.00pm, Wednesday (Sydney time), 30 March 2016

Gateway Lifestyle Group comprising Gateway Lifestyle Operations Limited (ABN 63 605 543 968); and One Managed Investment Funds Limited (ABN 47 117 400 987) in its capacity as responsible entity of Residential Parks No.2 Trust (ARSN 605 803 414)





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## Important Notice

This Retail Offer Booklet is dated Thursday, 10 March 2016. Capitalised terms in this section have the meaning given to them in this Retail Offer Booklet.

## Not for Distribution or Release in The United States.

This Retail Offer Booklet is issued by Gateway Lifestyle Group (**Gateway**) which is a stapled vehicle comprised of Gateway Lifestyle Operations Limited (ABN 63 605 543 968) and One Managed Investment Funds Limited (ABN 47 117 400 987) as responsible entity of Residential Parks No. 2 Trust (ARSN 605 803 414).

This Retail Entitlement Offer is being made pursuant to sections 708AA and 1012DAA of the Corporations Act (as notionally modified by ASIC Class Order 08/35) which allows rights issues to be offered without a prospectus or product disclosure statement. This Retail Offer Booklet does not contain all of the information which would be required to be disclosed in a prospectus or product disclosure statement. As a result, it is important for you to read and understand this Retail Offer Booklet in its entirety, along with the publicly available information on Gateway and the Entitlement Offer (for example, the information available on Gateway's website [www.gatewaylifestyle.com.au](http://www.gatewaylifestyle.com.au) or on the ASX's website [www.asx.com.au](http://www.asx.com.au)) prior to deciding whether to accept your Entitlement and apply for New Stapled Securities.

The Investor Presentation details important factors and risks that could affect the financial and operating performance of Gateway. Please refer to the "Key risks" section of the Investor Presentation for details. When making an investment decision in connection with this Retail Entitlement Offer, it is essential that you consider these risk factors carefully in light of your individual personal circumstances, including financial and taxation issues (some of which have been outlined in Section 3 of this Retail Offer Booklet).

Investments in Gateway are subject to investment risk, including delays in repayment and loss of income and capital invested. Gateway does not guarantee any particular rate of return on the New Stapled Securities offered under the Retail Entitlement Offer or the performance of Gateway, nor does it guarantee the repayment of capital from Gateway.

By returning an Entitlement and Acceptance Form or otherwise paying for your New Stapled Securities through Bpay® in accordance with the instructions on the Entitlement and Acceptance Form, you acknowledge that you have read this Retail Offer Booklet and you have acted in accordance and agree to the terms of the Retail Entitlement Offer detailed in this Retail Offer Booklet.

### No overseas offering

This Retail Offer Booklet, the accompanying Entitlement and Acceptance Form or any accompanying ASX announcement, do not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. In particular, this Retail Offer Booklet does not constitute an offer to Ineligible Stapled Securityholders and may not be distributed in the United States and the New Stapled Securities may not be distributed in the United States and the New Stapled Securities may not be offered or sold, directly or indirectly, to persons in the United States.

This Retail Offer Booklet is not to be distributed in, and no offer of New Stapled Securities is to be made, in countries other than Australia and New Zealand.

No action has been taken to register or qualify the Retail Entitlement Offer, the entitlements or the New Stapled Securities, or otherwise permit the public offering of the

New Stapled Securities, in any jurisdiction other than Australia and New Zealand.

The distribution of this Retail Offer Booklet (including an electronic copy) outside Australia and New Zealand, is restricted by law. If you come into possession of the information in this Retail Offer Booklet, you should observe such restrictions and should seek your own advice on such restrictions. Any non-compliance with these restrictions may contravene applicable securities laws.

Foreign exchange control restrictions or restrictions on remitting funds from your country to Australia may apply. Your Application for New Stapled Securities is subject to all requisite authorities and clearances being obtained for Gateway to lawfully receive your Application Monies.

### New Zealand

The New Stapled Securities are not being offered to the public within New Zealand other than to existing Stapled Securityholders of Gateway with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the transitional provisions of the Financial Markets Conduct Act 2013 (New Zealand) and the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand).

This document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

### United States

This Retail Offer Booklet, and any accompanying ASX announcements and the Entitlement and Acceptance Form, do not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States. Neither this Retail Offer Booklet nor the Entitlement and Acceptance Form may be distributed or released in the United States. Neither the Entitlements nor the New Stapled Securities have been, nor will be, registered under the U.S. Securities Act, as amended, or the securities laws of any state or other jurisdiction of the United States. Entitlements may not be purchased, traded, taken up or exercised by persons in the United States or by persons who are acting for the account or benefit of a person in the United States. Neither the Entitlements nor the New Stapled Securities may be offered, sold or resold in the United States or to persons acting for the account or benefit of a person in the United States except in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and the applicable securities laws of any state or other jurisdiction in the United States. The Entitlements and the New Stapled Securities in the Retail Entitlement Offer will be sold only in 'offshore transactions' (as defined in Rule 902(h) under the U.S. Securities Act) in reliance on Regulation S under the U.S. Securities Act.

### Definitions and currency

Defined terms used in this Retail Offer Booklet are contained in the Glossary. All currency amounts in this Retail Offer Booklet are in Australian dollars unless otherwise stated.

### Times and dates

All dates and times in this Retail Offer Booklet are indicative only and subject to change. Unless otherwise specified, all times and dates refer to Sydney time. Any changes to the timetable will be posted on Gateway's website at [www.gatewaylifestyle.com.au](http://www.gatewaylifestyle.com.au)

### Not investment advice

Stapled Securityholders must note that the information provided in this Retail Offer Booklet and the

accompanying Entitlement and Acceptance Form, does not constitute financial product advice. All information has been prepared without taking into account your individual investment objectives, financial circumstances or particular needs. The information contained in this Retail Offer Booklet and the accompanying Entitlement and Acceptance Form should not be considered as comprehensive or to comprise all the information which a Stapled Securityholder may require in order to determine whether or not to subscribe for New Stapled Securities. If you have any questions, please consult your professional adviser before deciding whether or not to invest.

### Past Performance

Investors should note that Gateway's past performance, including past security price performance, cannot be relied upon as an indicator of (and provides not guidance as to) Gateway's future performance including Gateway's future financial position or security price performance.

### Forward-looking statements

This Retail Offer Booklet contains certain "forward looking statements". Forward looking statements can generally be identified by use of forward looking words such as "anticipate", "expect", "likely", "intend", "should", "could", "may", "propose", "will", "believe", "forecast", "estimate", "target", "outlook", "guidance" and other similar expressions within the meaning of securities laws of applicable jurisdictions and include, but are not limited to, statements relating to the impact of the Acquisitions, the future performance of Gateway and the outcome and effects of the Entitlement Offer and use of proceeds. No representation or warranty is given as to the accuracy or likelihood of achievement of any forward-looking statement in this Retail Offer Booklet, or any events or results expressed or implied in any forward-looking statement. Forward-looking statements, opinions and estimates provided in this Retail Offer Booklet are not guarantees of future performance and are by their nature inherently uncertain and are based on assumptions and estimates which are subject to certain risks, uncertainties and change without notice, as are statements about market and industry trends, which are based on interpretation of market conditions. Actual results and performance may vary materially because events and actual circumstances frequently do not occur as forecast and future results are subject to known and unknown risk such as changes in market conditions and in regulations. Investors should form their own views as to these matters and any assumptions on which any of the forward-looking statements are based and not place reliance on such statements. To the maximum extent permitted by law, Gateway and its directors, officers, employees, advisers, agents and intermediaries disclaim any obligation or undertaking to release any updates or revisions to the information to reflect any change in expectations or assumptions.

### Risks

Refer to the "Key risks" section of the Investor Presentation included in Annexure B of this Retail Offer Booklet for a summary of general and specific risk factors that may affect Gateway.

### Trading New Stapled Securities

Gateway will have no responsibility and disclaims all liability (to the maximum extent permitted by law) to persons who trade New Stapled Securities they believe will be issued to them before they receive their holding statements, whether on the basis of confirmation of the allocation provided by Gateway or the Registry or otherwise, or who otherwise trade or purport to trade New Stapled Securities in error or which they do not hold or are not entitled to.

If you are in any doubt as to these matters, you should first consult with your professional advisers.

# Chairman's letter

## Gateway – Retail Entitlement Offer

### Dear Stapled Securityholder,

On behalf of the Board, I am pleased to invite you to participate in Gateway's recently announced fully underwritten 2 for 15 accelerated non-renounceable entitlement offer of new Gateway stapled securities (**New Stapled Securities**) to raise approximately \$80 million (**Entitlement Offer**) at an issue price of \$2.40 per New Stapled Security (**Issue Price**).

### Entitlement Offer

On Wednesday, 9 March 2016, Gateway announced its approximately \$80 million Entitlement Offer. The institutional component of the Entitlement Offer (**Institutional Entitlement Offer**) was successfully completed before trading in Gateway securities recommenced on Thursday, 10 March 2016 and raised \$62 million.

Attached to this letter is the retail offer booklet (**Retail Offer Booklet**) relating to the retail component of the Entitlement Offer (**Retail Entitlement Offer**).

The Entitlement Offer is fully underwritten by Macquarie Capital (Australia) Limited and UBS AG, Australia Branch (**Underwriters**) subject to the terms of the Underwriting Agreement (see section 4.11 for more details).

### Institutional Placement

In addition to the Entitlement Offer, Gateway also announced a \$40 million placement to Eligible Institutional Stapled Securityholders and Eligible Institutional Investors (**Institutional Placement**). The Institutional Placement was successfully completed alongside the Institutional Entitlement Offer and was conducted at an issue price of \$2.40 per New Stapled Security (consistent with the Issue Price as the Entitlement Offer).

### Use of proceeds

The proceeds of the Institutional Placement and the Entitlement Offer will be used to fund six secured manufactured home estate acquisitions (**Acquisitions**) for an aggregate consideration of \$49.3 million and to, repay debt to strengthen Gateway's financial position to deliver its business plan.

The Board is pleased to provide Eligible Retail Stapled Securityholders with an opportunity to increase their investment in Gateway and support the ongoing execution of the growth strategy.

These Acquisitions demonstrate our continued ability to source MHEs to grow our portfolio of MHE communities. We are excited about the opportunity to bring in an estimated 600 new residents into our communities, as we continue to work on our strategy of providing affordable living solutions to Australia's ageing population. Gateway continues to work towards creating and enhancing our communities to provide affordable living solutions to our residents.

On the completion of the Entitlement Offer, Gateway will use excess proceeds raised to repay debt to reduce Gateway's net debt gearing to 19.6%<sup>1</sup>, below the Group's target range of 25 – 35%. Our strong balance sheet, with circa \$141 million<sup>2</sup> in available undrawn debt capacity, will enable us to continue to execute our disciplined organic growth and acquisition strategy. We remain confident in our ability to source new MHEs that fit our long term strategic requirements for the benefit of securityholders and our current and future residents.

### Retail Entitlement Offer

This letter relates to the Retail Entitlement Offer, which will raise approximately \$18 million. Under the Retail Entitlement Offer, Eligible Retail Stapled Securityholders can subscribe for 2 New Stapled Securities for every 15 Stapled Securities they hold as at the Record Date at an Issue Price of \$2.40 per New Stapled Security. The Issue Price under the Retail Entitlement Offer is the same Issue Price as for the Institutional Placement and the Institutional Entitlement Offer, and represents:

- a discount of 10.4% to the 5 day volume-weighted average price of Stapled Securities to Tuesday, 8 March 2016;
- a discount of 7.3% to the \$2.59 closing price of Stapled Securities on Tuesday, 8 March 2016;

New Stapled Securities issued under the Institutional Placement and Entitlement Offer will rank equally with existing Stapled Securities and will be entitled to all future distributions of Gateway, including the next distribution for the half year ending 30 June 2016 should Gateway elect to proceed with that distribution.

The number of New Stapled Securities for which you are entitled to subscribe under the Retail Entitlement Offer (**Entitlement**) is set out in your personalised Entitlement and Acceptance Form that will accompany this Retail Offer Booklet when it is despatched to Eligible Retail Stapled Securityholders on Wednesday, 16 March 2016.

Eligible Retail Stapled Securityholders who take up their full Entitlement may also apply for Additional New Stapled Securities in excess of their Entitlement (to the extent available) up to 50% of their full Entitlement, at the Issue Price. In the event of oversubscriptions, the allocation of Additional New Stapled Securities will be at the discretion of Gateway and subject to scale back.

The Entitlement Offer is non-renounceable and therefore your Entitlements will not be tradeable on the ASX or otherwise transferrable. If you do not participate in the Retail Entitlement Offer, your Entitlement will lapse and you will receive no value for those lapsed Entitlements.

If you decide to take this opportunity to increase your investment in Gateway please ensure that, before 5.00pm (Sydney time) on Wednesday, 30 March 2016, you have paid your Application Monies preferably via Bpay® pursuant to the instructions that are set out in the personalised Entitlement and Acceptance Form that will accompany this Retail Offer Booklet when it is despatched to you, or otherwise that your completed Entitlement and Acceptance Form and your Application Monies are received in cleared funds by the Registry. You are encouraged to apply online at [www.gatewaylifestyle.com.au](http://www.gatewaylifestyle.com.au) but may also complete the paper Entitlement and Acceptance Form and return this with payment before the Retail Entitlement Offer closes.

### The Retail Entitlement Offer closes at 5.00pm (Sydney time) on Wednesday, 30 March 2016.

Additionally, you have the opportunity to apply and pay for your Entitlements **before 5.00pm (Sydney time) on Tuesday, 22 March 2016 (Early Retail Acceptance Due Date)**. If you have paid your Application Monies via Bpay® by the Early Retail Acceptance Due Date, your New Stapled Securities will be allotted by Wednesday, 23 March 2016, which is the same date applicable to Eligible Institutional Stapled Securityholders who took up their entitlements on Wednesday, 9 March 2016.

You should seek appropriate professional advice before making any investment decision. If you have any questions about the Retail Entitlement Offer, please do not hesitate to contact Gateway's Offer Information Line on 1300 131 678 (from within Australia) or + 61 1300 131 678 (from outside Australia) between 8.30am and 5.30pm (Sydney time), Monday to Friday during the Retail Offer Period.

If you do not wish to take up any of your Entitlement, you do not have to take any action.

The Board encourages you to consider participation in the Retail Entitlement Offer and thanks you for your continued support of Gateway.

Yours faithfully,



**Andrew Love**  
Chairman  
10 March 2016

<sup>1</sup> Pro-forma net debt LVR is calculated as, debt as at 31 December 2015, pro-forma for the acquisition of three MHEs previously announced (one settled in 2H16, and two expected to settle in 2H16), the Acquisitions and the application of the proceeds of the Offer, less pro-forma cash at bank of \$10 million, as at the date of the launch.

<sup>2</sup> Undrawn debt capacity is calculated as total facility capacity of \$250 million, less pro-forma debt accounting for the three MHEs previously announced, the Acquisitions and the application of the proceeds of the Entitlement Offer.

## Key Dates

Key event	Date
Trading halt, Institutional Placement and Institutional Entitlement Offer opens	Wednesday, 9 March 2016
Institutional Placement and Institutional Entitlement Offer closes	5.00pm, Wednesday, 9 March 2016
Trading of Stapled Securities recommences on ASX on an 'ex-entitlement' basis	Thursday, 10 March 2016
Record Date	7.00pm, Friday, 11 March 2016
Retail Offer Booklet is despatched and Retail Entitlement Offer opens	9.00am, Wednesday 16 March 2016
Early Retail Acceptance Due Date	Tuesday, 22 March 2016
Settlement of New Stapled Securities issued under the Institutional Entitlement Offer and Retail Entitlement Offer for applications received by the Early Retail Acceptance Due Date	Tuesday, 22 March 2016
Allotment and normal trading of New Stapled Securities issued under the Institutional Placement, Institutional Entitlement Offer and Retail Entitlement Offer for applications received by the Early Retail Acceptance Due Date	Wednesday, 23 March 2016
Final Retail Closing Date	5.00pm, Wednesday, 30 March 2016
Allotment of remaining New Stapled Securities issued under the Retail Entitlement Offer	Wednesday, 6 April 2016
Normal trading of remaining New Stapled Securities issued under the Retail Entitlement Offer	Thursday, 7 April 2016

All dates and times are indicative only and subject to change. Unless otherwise specified, all times and dates refer to Sydney time. Gateway reserves the right to amend any or all of these dates and times subject to the Corporations Act, the ASX Listing Rules and other applicable laws. In particular, Gateway reserves the right to extend the Final Retail Closing Date and to accept late Applications under the Retail Entitlement Offer without prior notice. Any extension of the Final Retail Closing Date will have a consequential effect on the allotment date for New Stapled Securities under the Retail Entitlement Offer. Any changes to the timetable will be posted on Gateway's website at [www.gatewaylifestyle.com.au](http://www.gatewaylifestyle.com.au). Gateway also reserves the right not to proceed with the Entitlement Offer in whole or in part at any time prior to allotment and issue of the New Stapled Securities under the Retail Entitlement Offer. In that event, the relevant Application Monies (without interest) will be returned in full to applicants.



# What Should You Do?

## 1. Read this Retail Offer Booklet and the accompanying Entitlement and Acceptance Form

This Retail Offer Booklet and the personalised Entitlement and Acceptance Form that accompanies it contain important information about the Retail Entitlement Offer. You should read both documents carefully and in their entirety before deciding whether or not to participate in the Retail Entitlement Offer. The Retail Offer Booklet and Entitlement and Acceptance Form can also be viewed at [www.gatewaylifestyle.com.au](http://www.gatewaylifestyle.com.au).

This Retail Entitlement Offer is not being made under a prospectus or product disclosure statement. This Retail Offer Booklet does not contain all of the information which would be required to be disclosed in a prospectus or product disclosure statement. As a result, it is important for you to read and understand this Retail Offer Booklet in its entirety, along with the publicly available information on Gateway and the Entitlement Offer (for example, the information available on Gateway's website [www.gatewaylifestyle.com.au](http://www.gatewaylifestyle.com.au) or on the ASX's website [www.asx.com.au](http://www.asx.com.au)) prior to deciding whether to accept your Entitlement and apply for New Stapled Securities.

If you are in doubt as to the course you should follow, you should seek appropriate professional advice before making an investment decision.

## 2. Consider the Retail Entitlement Offer in light of your particular investment objectives and circumstances

Please consult with your stockbroker, accountant or other independent professional adviser if you have any queries or are uncertain about any aspects of the Retail Entitlement Offer.

An investment in New Stapled Securities is subject to both known and unknown risks, some of which are beyond the control of Gateway. These risks include the possible loss of income and principal invested. Gateway does not guarantee any particular rate of return or the performance on the New Stapled Securities offered under the Retail Entitlement Offer or the performance of Gateway, nor does it guarantee the repayment of capital from Gateway. In considering an investment in New Stapled Securities, investors should have regard to (amongst other things) the "Key risks" section in the appendix of the Investor Presentation and the disclaimers outlined in this Retail Offer Booklet.

## 3. Decide what you want to do

If you are an Eligible Retail Stapled Securityholder, you have three options available to you in relation to the Retail Entitlement Offer:

- (1) take up all of your Entitlement (refer to Section 2.2);
- (2) take up part of your Entitlement (refer to Section 2.2); or
- (3) do nothing and allow your Entitlement to lapse (refer to Section 2.3).

Ineligible Stapled Securityholders may not take up any of their Entitlements.

Eligible Retail Stapled Securityholders who take up their Entitlement in full may also apply for Additional New Stapled Securities in excess of their Entitlement (to the extent available) up to 50% of their full Entitlement. In the event of oversubscriptions, the allocation of Additional New Stapled Securities will be at the discretion of Gateway and subject to scale back.

Eligible Retail Stapled Securityholders who do not participate in the Retail Entitlement Offer, or participate for an amount less than their full Entitlement, will have their percentage holding in Gateway reduced. Eligible Retail Stapled Securityholders who participate in the Retail Entitlement Offer will see their percentage holding in Gateway reduce, increase or stay the same depending on the proportion of their Entitlement they subscribe for and the Additional New Stapled Securities applied for and allocated to them, at the sole discretion of Gateway.

**The Entitlement Offer is non-renounceable, which means that the Entitlements cannot be traded or otherwise transferred on the ASX or any other exchange or privately. If you do not participate in the Entitlement Offer, you will not receive any value for your Entitlement.**

## 4. Apply for New Stapled Securities

To participate in the Retail Entitlement Offer, please complete and lodge a valid Entitlement and Acceptance Form and Applicable Monies for New Stapled Securities, or make a payment by Bpay®, by 5.00pm (Sydney time) on Wednesday, 30 March 2016 pursuant to the instructions set out on the Entitlement and Acceptance Form. You can also apply and pay by the Early Retail Acceptance Due Date, and be allotted New Stapled Securities on Wednesday, 23 March 2016. See Section 2 for more information.

**If you take no action your Entitlement under the Retail Entitlement Offer will lapse.**

## 5. Questions

If you have any questions about the Retail Entitlement Offer, please do not hesitate to contact Gateway's Offer Information Line on 1300 131 678 (from within Australia) or + 61 1300 131 678 (from outside Australia) between 8.30am and 5.30pm (Sydney time), Monday to Friday during the Retail Offer Period.

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# 01 Overview of the Offer

## Section 1 – Overview of the Offer

### 1.1 Overview

Gateway intends to raise approximately \$120 million through the fully underwritten Institutional Placement and Entitlement Offer, which comprises the Institutional Entitlement Offer and the Retail Entitlement Offer. Under the Entitlement Offer, Gateway is offering Eligible Stapled Securityholders the opportunity to subscribe for 2 New Stapled Securities for every 15 Stapled Securities held on the Record Date. The Issue Price per New Stapled Security is \$2.40.

The Entitlement Offer is non-renounceable, which means that the Entitlements cannot be traded or otherwise transferred on the ASX or any other exchange or privately. If you do not participate in the Entitlement Offer, you will not receive any value for your Entitlement.

Please refer to the ASX Announcement and the Investor Presentation annexed to this Retail Offer Booklet for information on the rationale of the Institutional Placement and Entitlement Offer, the use of the proceeds of the Institutional Placement and Entitlement Offer, and for further information on Gateway and its strategy.

### 1.2 Institutional Placement

The Institutional Placement was conducted on Wednesday, 9 March 2016 with Eligible Institutional Stapled Securityholders and Eligible Institutional Investors offered New Stapled Securities at the fixed Issue Price of \$2.40 per security. Gateway successfully completed the Institutional Placement to raise approximately \$40 million and New Stapled Securities under the Institutional Placement are expected to be allotted on Wednesday, 23 March 2016.

### 1.3 Institutional Entitlement Offer

On Wednesday, 9 March 2016, Eligible Institutional Stapled Securityholders were given the opportunity to take up all or part of their Entitlement under the Institutional Entitlement Offer.

New Stapled Securities equivalent to the number not taken up by Eligible Institutional Stapled Securityholders under the Institutional Entitlement Offer were offered to Eligible Institutional Holders who applied for New Stapled Securities in excess of their entitlement, as well as to certain other eligible Institutional Investors.

Gateway successfully conducted the Institutional Entitlement Offer to raise approximately \$62 million, at an Issue Price of \$2.40 per New Stapled Security. New Stapled Securities are expected to be allotted under the Institutional Entitlement Offer on Wednesday, 23 March 2016.

### 1.4 Retail Entitlement Offer

Eligible Retail Stapled Securityholders are being invited to subscribe for all or part of their Entitlement and are being sent this Retail Offer Booklet with a personalised Entitlement and Acceptance Form. Eligible Retail Stapled Securityholders are also able to view the Retail Offer Booklet and participate in the Retail Entitlement Offer using the offer website at [www.gatewaylifestyle.com.au](http://www.gatewaylifestyle.com.au).

Gateway is also offering Eligible Retail Stapled Securityholders the opportunity to apply for Additional New Stapled Securities in excess of their Entitlement of up to 50% of their full Entitlement. The allocation of Additional New Stapled Securities will be at the discretion of Gateway and subject to scale back. Allotment of Additional New Stapled Securities will take place along with allotment of New Stapled Securities offered under the Retail Entitlement Offer on Wednesday, 6 April 2016 irrespective of whether an application for Additional New Stapled Securities is received before the Early Retail Acceptance Due Date on Tuesday, 22 March 2016.

The Retail Entitlement Offer constitutes an offer only to Eligible Retail Stapled Securityholders, being Stapled Securityholders on the Record Date who have a registered address in Australia or New Zealand and are eligible under all applicable laws to receive an offer under the Retail Entitlement Offer. A person in the United States or acting for the account or benefit of a person in the United States (to the extent such person holds Stapled Securities for the account or benefit of such person in the United States) or an Institutional Stapled Securityholder (other than a nominee to the extent that the nominee holds Stapled Securities on behalf of an Eligible Retail Stapled Securityholder) is not entitled to participate in the Retail Entitlement Offer.

Determination of eligibility of investors for the purposes of the Entitlement Offer is determined by reference to a number of matters, including legal requirements and the discretion of Gateway and the Underwriters. Gateway and the Underwriters disclaim any liability in respect of the exercise or otherwise of that discretion, to the maximum extent permitted by law.

Eligible Retail Stapled Securityholders have the opportunity to be allotted New Stapled Securities up to their Entitlement at the same time as Eligible Institutional Stapled Securityholders under the Institutional Entitlement Offer, on Wednesday, 23 March 2016 if they submit an Application and their relevant Application Monies are received in cleared funds by 5.00pm (Sydney time) on Tuesday, 22 March 2016 in accordance with their Entitlement and Acceptance Form. Otherwise, the Retail Entitlement Offer closes at 5.00pm (Sydney time) on Wednesday, 30 March 2016, with New Stapled Securities to be allotted on Wednesday, 6 April 2016.

No Additional New Stapled Securities will be issued on the Early Retail Entitlement Offer Allotment Date. If you accept your Entitlement and apply for Additional New Stapled Securities and your Application Monies are received in cleared funds prior to the Early Retail

Acceptance Due Date you will only be issued the New Stapled Securities the subject of your Entitlement on the Early Retail Entitlement Offer Allotment Date. If, following the Final Retail Closing Date, your application for Additional New Stapled Securities is accepted in whole or in part, the relevant Additional New Stapled Securities will be issued to you on the Final Allotment Date.

The Retail Entitlement Offer is fully underwritten, and seeks to raise approximately \$18 million. The Issue Price under the Retail Entitlement Offer is the same as the Issue Price under the Institutional Entitlement Offer.

## 1.5 Ranking of New Stapled Securities

New Stapled Securities will rank equally with existing Stapled Securities.

## 1.6 Reconciliation and fractional entitlements

In any entitlement offer, investors may believe that they own more or fewer existing Stapled Securities on the Record Date than they ultimately do. This could potentially result in the requirement for reconciliation to ensure all Eligible Retail Stapled Securityholders have the opportunity to receive their full Entitlement. If this is required, it is possible that Gateway may need to issue a small quantity of Additional New Stapled Securities to ensure all Eligible Institutional Stapled Securityholders and Eligible Retail Stapled Securityholders have the opportunity to receive their full Entitlement. The price at which these Stapled Securities will be issued will be the same as the Issue Price. Gateway also reserves the right to reduce the number of New Stapled Securities allocated to Eligible Stapled Securityholders or persons claiming to be Eligible Stapled Securityholders, if their Entitlement claims prove to be overstated, or if they or their nominees fail to provide information requested to substantiate their Entitlement claims, or if they are indeed not Eligible Stapled Securityholders.

To the extent that application of the offer ratio of 2 New Stapled Securities for every 15 existing Stapled Securities held on the Record Date results in a fractional entitlement to New Stapled Securities for a particular Stapled Securityholder, that Stapled Securityholder's Entitlement shall be rounded up to the next highest whole number of New Stapled Securities.

## 1.7 Quotation and trading

Gateway will apply to ASX for the official quotation of the New Stapled Securities in accordance with ASX Listing Rule requirements. Subject to approval being granted, it is expected that:

- normal trading of New Stapled Securities allotted under the Institutional Placement, Institutional Entitlement Offer and Early Retail Entitlement Offer will commence on Wednesday, 23 March 2016; and
- normal trading of New Stapled Securities allotted under the Retail Entitlement Offer (including any Additional New Stapled Securities) will commence on Thursday, 7 April 2016.

## 1.8 Holding Statements

Holding statements are expected to be despatched to Eligible Stapled Securityholders:

- on Wednesday, 23 March 2016 in respect of New Stapled Securities allotted under the Institutional Placement, Institutional Entitlement Offer and Early Retail Entitlement Offer; and
- on Thursday, 7 April 2016 in respect of New Stapled Securities allotted under the Retail Entitlement Offer.

It is the responsibility of each applicant to confirm their holding before trading in New Stapled Securities. Any applicant who sells New Stapled Securities before receiving confirmation of their holding in the form of their holding statement will do so at their own risk. Gateway and the Underwriters disclaim all liability whether in negligence or otherwise (and to the maximum extent permitted by law) to persons who trade New Stapled Securities before receiving their holding statements, whether on the basis of confirmation of the allocation provided by Gateway, the Registry or the Underwriters.

## 1.9 Withdrawal of the Entitlement Offer

Gateway reserves the right to withdraw the Entitlement Offer at any time, in which case Gateway will refund any Application Monies already received in accordance with the Corporations Act and will do so without interest.

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## 02

## How to Apply – Eligible Retail Stapled Securityholders

## Section 2 – How to Apply – Eligible Retail Stapled Securityholders

### 2.1 Choices available to Eligible Retail Stapled Securityholders

Eligible Retail Stapled Securityholders may do any one of the following:

- (1) take up all of their Entitlement (refer to Section 2.2);
- (2) take up part of their Entitlement (refer to Section 2.2); or
- (3) do nothing and allow their Entitlement to lapse (refer to Section 2.3).

Gateway is also offering Eligible Retail Stapled Securityholders who take up all of their Entitlement the opportunity to apply for Additional New Stapled Securities in excess of their Entitlement (refer to Section 2.2).

The Retail Entitlement Offer is a pro rata offer to Eligible Retail Stapled Securityholders only.

### 2.2 Take up all or part of your Entitlement, or take up all of your Entitlement and apply for Additional New Stapled Securities in excess of your Entitlement

If you wish to take up your Entitlement in full, or in part, or in full and apply for Additional New Stapled Securities in excess of your Entitlement, there are two different ways you can submit your Application and Application Monies.

#### 2.2.1 Payment via Bpay®

For payment by Bpay®, please follow the instructions on the personalised Entitlement and Acceptance Form or apply online at [www.gatewaylifestyle.com.au](http://www.gatewaylifestyle.com.au). You can only make payment by Bpay® if you are the holder of an account with an Australian financial institution that supports Bpay® transactions.

If you are paying by Bpay®, please ensure you use the specific Biller Code and your unique Customer Reference Number (**CRN**) on your personalised Entitlement and Acceptance Form or accessed online at [www.gatewaylifestyle.com.au](http://www.gatewaylifestyle.com.au). If you have multiple holdings and receive more than one personalised Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those holdings, only use the CRN specific to that holding. If you do not use the correct CRN specific to that holding, your Application will not be recognised as valid and may be rejected.

Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment of Application Monies.

To apply and pay via Bpay®, you should:

- read this Retail Offer Booklet and the Entitlement and Acceptance Form in their entirety and seek appropriate professional advice if necessary;
- make your payment in respect of the full Application Monies via Bpay® for the number of New Stapled Securities you wish to subscribe for (being the Issue Price of \$2.40 per New Stapled Security multiplied by the number of New Stapled Securities (including your Entitlement and any Additional New Stapled Securities) you are applying for) so that it is received by no later than the Final Retail Closing Date, being 5.00pm (Sydney time) on Wednesday, 30 March 2016.

If you choose to pay via Bpay® you are not required to submit the Entitlement and Acceptance Form but are taken to make the statements on that form and representations outlined below in Section 2.4 (Implications of making an Application), including the Eligible Retail Stapled Securityholder declarations referred to in the Entitlement and Acceptance Form (and included on the inside back cover of this Retail Offer Booklet).

If you wish to be allotted New Stapled Securities the subject of your Entitlement at the same time as Eligible Institutional Stapled Securityholders on the Institutional Entitlement Offer and Early Retail Entitlement Offer Allotment Date, being Wednesday, 23 March 2016, you must make payment of the Application Monies via Bpay® in time to ensure that cleared funds are received no later than 5.00pm (Sydney time) on Tuesday, 22 March 2016. If your payment of the Application Monies is received in cleared funds after 5.00pm (Sydney time) on Tuesday, 22 March 2016, but before the Final Retail Closing Date, New Stapled Securities will be allotted to you on the Final Allotment Date being Wednesday, 6 April 2016. Your payment of the Application Monies will not be accepted after the Final Retail Closing Date, being 5.00pm (Sydney time) on Wednesday, 30 March 2016, and no New Stapled Securities will be issued to you in respect of that Application.

No Additional New Stapled Securities will be issued on the Early Retail Entitlement Offer Allotment Date. If you accept your Entitlement and apply for Additional New Stapled Securities and your Application Monies are received in cleared funds prior to the Early Retail Entitlement Offer Acceptance Due Date you will only be issued the New Stapled Securities the subject of your Entitlement on the Early Retail Entitlement Offer Allotment Date. If, following the Final Retail Closing Date, your application for Additional New Stapled Securities is accepted in whole or in part, the relevant Additional New Stapled Securities will be issued to you on the Final Allotment Date.



If the amount of Application Monies is insufficient to pay in full for the number of New Stapled Securities you applied for, you will be taken to have applied for such whole number of New Stapled Securities which is covered in full by your Application Monies. Alternatively, your application will be rejected.

If you apply for Additional New Stapled Securities in excess of your Entitlement and you are not allocated all or some of the Additional New Stapled Securities applied for, the relevant Application Monies will be refunded to you after the Final Allotment Date in accordance with the Corporations Act, without interest. The allotment of Additional New Stapled Securities will be at the sole discretion of Gateway and may be subject to scale back.

### **2.2.2 Submit your completed Entitlement and Acceptance Form together with cheque, bank draft or money order for all Application Monies**

To apply and pay by cheque, bank draft or money order, you should:

- read this Retail Offer Booklet and the Entitlement and Acceptance Form in their entirety and seek appropriate professional advice if necessary;
- complete the personalised Entitlement and Acceptance Form accompanying this Retail Offer Booklet in accordance with the instructions set out on that form, and indicate the number of New Stapled Securities you wish to subscribe for); and
- return the completed Entitlement and Acceptance Form to the Registry (address details below) together with a cheque, bank draft or money order which must be:
  - in respect of the full Application Monies (being \$2.40 multiplied by the number of New Stapled Securities (including your Entitlement and any Additional New Stapled Securities) you wish to subscribe for);
  - in Australian currency drawn on an Australian branch of a financial institution; and
  - made payable to 'Gateway Lifestyle Entitlement Offer Account' and crossed 'Not Negotiable'.

You should ensure that sufficient funds are held in relevant account(s) to cover the full Application Monies as your cheque will be processed on the day of receipt.

Cash payments will not be accepted. Receipts for payment will not be issued.

If you wish to be allotted New Stapled Securities the subject of your Entitlement at the same time as Eligible Institutional Stapled Securityholders on the Institutional Entitlement Offer and Early Retail Entitlement Offer Allotment Date being Wednesday, 23 March 2016, you must make payment of the Application Monies via Bpay® (refer to section 2.2.1 above).

If you apply and pay by cheque, bank draft or money order, your Entitlement and Acceptance Form and your Application Monies in cleared funds must be received by the Registry by no later than 5.00pm (Sydney time) on Wednesday, 30 March 2016 and New Stapled Securities will be allotted to you on the Final Allotment Date being Wednesday, 6 April 2016. Entitlement and Acceptance Forms (and payments for Application Monies) will not be accepted after the Final Retail Closing Date, being 5.00pm (Sydney time) on Wednesday, 30 March 2016 and no New Stapled Securities will be issued to you in respect of that Application.

You need to ensure that your completed Entitlement and Acceptance Form and cheque, bank draft or money order in respect of the full Application Monies reaches the Registry in sufficient time so that they are received by no later than 5.00pm (Sydney time) on the closing date being Wednesday, 30 March 2016 at the following address:

#### **Postal Address**

##### **Mail to:**

Gateway Lifestyle  
C/- Link Market Services Limited  
GPO Box 3560  
Sydney NSW 2001

##### **Hand delivery to:**

Gateway Lifestyle  
C/- Link Market Services Limited  
1A Homebush Bay Drive  
Rhodes NSW 2138 *(Please do not use this address for mailing purposes)*

Entitlement and Acceptance Forms (and payments for any Application Monies) will not be accepted at Gateway's registered or corporate offices.

For the convenience of Eligible Retail Stapled Securityholders, an Australian reply paid envelope addressed to the Registry has been enclosed with this Retail Offer Booklet.



## Section 2 – How to Apply – Eligible Retail Stapled Securityholders (continued)

Note that if you have more than one holding of Stapled Securities, you will be sent more than one personalised Entitlement and Acceptance Form and you will have separate Entitlements for each separate holding. A separate Entitlement and Acceptance Form and payment of Application Monies must be completed for each separate Entitlement you hold.

### Refund of Application Monies

Any Application Monies received for more than your final allocation of New Stapled Securities and Additional New Stapled Securities will be refunded as soon as practicable after allotment. No interest will be paid to applicants on any Application Monies received or refunded.

## 2.3 Take no action and allow all of your Entitlement to lapse

If you are an Eligible Retail Stapled Securityholder and you do nothing, the Entitlements in respect of your Stapled Securities will lapse. You should also note that, if you do not take up all or part of your Entitlement, then your percentage holding in Gateway will be diluted to the extent that New Stapled Securities are issued to other Stapled Securityholders and Institutional Investors.

## 2.4 Implications of making an Application

Returning a completed Entitlement and Acceptance Form or paying any Application Monies for New Stapled Securities via Bpay® will be taken to constitute a representation by the Eligible Retail Stapled Securityholder that they:

- have received a copy of this Retail Offer Booklet accompanying the Entitlement and Acceptance Form (and included on the inside cover of this Retail Offer Booklet), and have read them in their entirety;
- make the Eligible Retail Stapled Securityholder declarations referred to in the Entitlement and Acceptance Form; and
- acknowledge that once the Entitlement and Acceptance Form is returned, or a Bpay® payment instruction is given in relation to any Application Monies, the Application may not be varied or withdrawn except as required by law.

## 2.5 Enquiries

This Retail Offer Booklet and the Entitlement and Acceptance Form that accompanies it contain important information. You should read both documents in their entirety before deciding whether or not to participate in the Retail Entitlement Offer. If you:

- have questions in relation to the existing Stapled Securities upon which your Entitlement has been calculated;
- have questions on how to complete the Entitlement and Acceptance Form or take up your Entitlement; or
- you have lost your Entitlement and Acceptance Form and would like a replacement form,

please call Gateway's Offer Information Line on 1300 131 678 (from within Australia) or +61 1300 131 678 (from outside Australia) between 8.30am and 5.30pm (Sydney time), Monday to Friday during the Retail Offer Period. If you have further questions you should contact your professional adviser.

## 03 Taxation

## Section 3 – Taxation

### 3.1 General

The section below provides a general summary of the Australian income tax, capital gains tax (CGT), goods and services tax (GST) and stamp duty implications of the Retail Entitlement Offer for certain Eligible Retail Stapled Securityholders.

The comments in this section deal only with the Australian taxation implications of the Retail Entitlement Offer if you:

- are a resident for Australian income tax purposes; and
- hold your Stapled Securities on capital account.

The comments do not apply to you if you:

- are not a resident for Australian income tax purposes;
- hold your Stapled Securities as revenue assets or trading stock (which will generally be the case if you are a bank, insurance company or carry on a business of share trading);
- are subject to the 'TOFA provisions' in Division 230 of the Income Tax Assessment Act 1997 in relation to the Stapled Securities; or
- acquired the Stapled Securities in respect of which the Entitlement Offer is issued under any employee share scheme or where the New Stapled Securities are acquired pursuant to any employee share scheme.

The taxation implications of the Retail Entitlement Offer will vary depending upon your particular circumstances. Accordingly, you should seek and rely upon your own professional advice before concluding on the particular taxation treatment that will apply to you.

Gateway and its officers, employees, taxation or other advisers do not accept any liability or responsibility in respect of any statement concerning taxation consequences, or in respect of the taxation consequences.

This taxation summary is necessarily general in nature. It is strongly recommended that each Eligible Retail Stapled Securityholder seek their own independent professional tax advice applicable to their particular circumstances.

### 3.2 Issue of Entitlements

The issue of the Entitlements should not, of itself, result in any amount being included in your assessable income.

### 3.3 Exercise of Entitlements

Eligible Retail Stapled Securityholders who exercise their Entitlements will acquire New Stapled Securities. No assessable income or capital gain should arise for you on the exercise (i.e. taking up) of your Entitlements.

If you take up all or part of your Entitlements, you will acquire New Stapled Securities. Each of the securities comprising the New Stapled Securities will constitute a separate asset for CGT purposes.

The total cost base (and reduced cost base) of the New Stapled Securities should equal the issue price for the New Stapled Securities plus certain non-deductible incidental costs incurred in acquiring the New Stapled Securities. Further information regarding how to allocate the cost base to each of the securities comprising the New Stapled Security can be found at:

<http://investor.gatewaylifestyle.com.au/investor-centre/?page=tax-information>

Each of the securities comprising the New Stapled Securities will be taken to be acquired on the day that the Entitlement in respect of the New Stapled Security is exercised.

### 3.4 Acquiring Additional New Stapled Securities

No assessable income or capital gain should arise for you from acquiring Additional New Stapled Securities.

The first element of the cost base and reduced cost base for the individual securities comprising Additional New Stapled Securities acquired under the Retail Entitlement Offer should be determined in the same manner as for New Stapled Securities acquired on exercise of your Entitlements.

Each of the securities comprising the Additional New Stapled Securities will be taken to have been acquired for CGT purposes on the day the Additional New Stapled Securities are issued to you.

### 3.5 Distributions on New Stapled Securities and Additional New Stapled Securities

Future distributions made in respect of New Stapled Securities and Additional New Stapled Securities will be subject to the same income taxation treatment as distributions made on existing Stapled Securities held in the same circumstances.

### 3.6 Disposal of New Stapled Securities and Additional New Stapled Securities

On disposal of a New Stapled Security or an Additional New Stapled Security (referred to in this section as a **Stapled Security**), you will make a capital gain if the capital proceeds on disposal exceed the total cost base of the Stapled Security. You will make a capital loss if the capital proceeds are less than the total reduced cost base of the Stapled Security.

As each individual security comprising a Stapled Security is a separate CGT asset, the disposal of a Stapled Security will constitute a disposal for CGT purposes of each individual security comprising that Stapled Security. Accordingly, the capital proceeds referable to the disposal of each individual security will need to be determined by apportioning the total capital proceeds received in respect of the disposal of the Stapled Security on a reasonable basis. Further information on allocating the capital proceeds can be found at:

<http://investor.gatewaylifestyle.com.au/investor-centre/?page=tax-information>

Individuals, complying superannuation entities or trustees that have held Stapled Securities for at least 12 months (not including the dates of acquisition and disposal of the Stapled Securities) should be entitled to discount the amount of any capital gain resulting from the disposal of the Stapled Securities (after the application of any current year or carry forward capital losses).

The CGT discount applicable is currently one-half for individuals and trustees and one-third for complying superannuation entities. The CGT discount is not available for companies that are not trustees. Trustees should seek specific tax advice regarding the tax consequences arising to beneficiaries because of the CGT discount.

If a capital loss arises on disposal of the Stapled Securities, the capital loss can only be used to offset capital gains; the capital loss cannot be used to offset taxable income on revenue account. However, the capital loss can be carried forward to use in future income years if the loss cannot be used in a particular income year it, providing certain tests are satisfied.

### 3.7 Entitlements not taken up

As described in Section 2.3, any Entitlement not taken up under the Retail Entitlement Offer will lapse and the Eligible Retail Stapled Securityholder will not receive any consideration for those Entitlements. In these circumstances, there should not be any tax implications for the Eligible Retail Stapled Securityholder.

### 3.8 Tax file number

If a Stapled Securityholder has quoted their Australian business number (**ABN**), tax file number (**TFN**) or an exemption from quoting their tax file number in respect of an existing Stapled Security, this quotation or exemption will also apply in respect of any New Stapled Securities or Additional New Stapled Securities acquired by that Stapled Securityholder.

Tax may be required to be deducted by Gateway from any distributions at the highest marginal tax rate if an ABN or TFN has not been not quoted, or an appropriate TFN exemption has not been provided.

### 3.9 Other Australian taxes

No Australian GST or stamp duty will be payable by Eligible Retail Stapled Securityholders in respect of the issue or exercise of the Entitlements or the acquisition of New Stapled Securities pursuant to the Retail Entitlement Offer or Additional New Stapled Securities.

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## 04

## Important information for Stapled Securityholders



## Section 4 – Important information for Stapled Securityholders

### 4.1 Retail Offer Booklet availability

Those Eligible Retail Stapled Securityholders with a registered address in Australia or New Zealand will receive a copy of this Retail Offer Booklet and their personalised Entitlement and Acceptance Form in the mail. Please read the Retail Offer Booklet and the Entitlement and Acceptance Form together in their entirety.

A copy of this Retail Offer Booklet can be obtained during the Retail Offer Period at Gateway's website at [www.gatewaylifestyle.com.au](http://www.gatewaylifestyle.com.au) or by calling Gateway's Offer Information Line on 1300 131 678 (from within Australia) or +61 1300 131 678 (from outside Australia) between 8.30am and 5.30pm (Sydney time), Monday to Friday during the Retail Offer Period.

If this Retail Offer Booklet is being viewed electronically, please ensure that you download the Retail Offer Booklet in its entirety (including the annexures to this Retail Offer Booklet). Eligible Retail Stapled Securityholders can apply online when the Retail Entitlement Offer opens on Wednesday, 16 March 2016.

It is important to note that you will only be entitled to accept the Entitlement Offer by completing your personalised Entitlement and Acceptance Form which accompanies this Retail Offer Booklet, or by making a payment of Application Monies via Bpay® using the information contained on your personalised Entitlement and Acceptance Form or accessed at [www.gatewaylifestyle.com.au](http://www.gatewaylifestyle.com.au) (see Section 2.2.2 for further information). Please carefully read the instructions on the accompanying Entitlement and Acceptance Form.

Stapled Securityholders in foreign jurisdictions need to refer to Section 4.8.

### 4.2 Continuous disclosure requirements

Under the Corporations Act, Gateway is considered a disclosing entity and is subject to ongoing reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules, including the preparation of annual reports and half yearly reports.

Under ASX Listing Rules, Gateway has an obligation (subject to certain exceptions) to notify the ASX immediately of any information of which it is or becomes aware which a reasonable person would expect to have a material effect on the price or value of the Group's Stapled Securities. Such information is available to the public from the ASX at [www.asx.com.au](http://www.asx.com.au).

Gateway is also required to lodge certain documents with ASIC. Such documents can be inspected and obtained from an ASIC office.

### 4.3 Retail Offer Booklet does not constitute investment advice

Stapled Securityholders must note that the information provided in this Retail Offer Booklet and the accompanying Entitlement and Acceptance Form, does not constitute financial product advice. All information has been prepared without taking into account your individual investment objectives, financial circumstances or particular needs. The information contained in this Retail Offer Booklet and the accompanying Entitlement and Acceptance Form should not be considered as comprehensive or to comprise all the information which a Stapled Securityholder may require in order to determine whether or not to subscribe for New Stapled Securities. If you have any questions, please consult your professional adviser before deciding whether or not to invest.

### 4.4 Risks factors

The Investor Presentation details important factors and risks that could affect the financial and operating performance of Gateway. Please refer to the "Key risks" section in the Investor Presentation for details. When making an investment decision in connection with this Retail Entitlement Offer, it is essential that you consider these risk factors carefully in light of your individual personal circumstances, including financial and taxation issues (some of which have been outlined in Section 3 of this Retail Offer Booklet).

### 4.5 No authorisation beyond information contained within this Retail Offer Booklet

Any information or representation not contained in this Retail Offer Booklet may not be relied on as having been authorised by Gateway in connection with the Entitlement Offer. No person is authorised to give any information or make any representation in connection with the Entitlement Offer, which is not contained in this Retail Offer Booklet.

### 4.6 No cooling-off rights

Cooling-off rights do not apply to a subscription for New Stapled Securities under the Entitlement Offer. This means that you cannot withdraw your Application once it has been accepted.

### 4.7 Forward-looking statements

No representation or warranty is given as to the accuracy or likelihood of achievement of any forward-looking statement in this Retail Offer Booklet, or any events or results expressed or implied in any forward-looking statement. These statements can generally be identified by the use of words such as "anticipate", "believe", "expect", "project", "forecast", "estimate", "likely", "intend", "should", "could", "may", "target", "predict", "guidance", "plan" and other similar expressions. Indications of, and guidance on, future earnings



and financial position and performance are also forward-looking statements. Such forward-looking statements are not guarantees of future performance and are by their nature subject to significant uncertainties, risks and contingencies. Actual results or events may differ materially from any expressed or implied in any forward-looking statement and deviations are normal and to be expected. Past performance is not a reliable indicator of future performance. Please refer to the "Key risks" section in the Investor Presentation and the disclaimers outlined in this Retail Offer Booklet for more information.

## 4.8 Offer jurisdictions – restrictions and limitations

The Retail Entitlement Offer will not be made to Stapled Securityholders with registered addresses outside Australia and New Zealand. This document does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. Return of the Entitlement and Acceptance Form or payment by Bpay® of Application Monies shall be taken by Gateway to constitute a representation by you that there has been no breach of any such laws.

The New Stapled Securities are not being offered or sold to the public in New Zealand other than to Stapled Securityholders with registered addresses in New Zealand. The offer of New Stapled Securities to such Stapled Securityholders is being made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand).

This Retail Offer Booklet is not an investment statement or prospectus for the purpose of New Zealand law, and has not been registered, filed with or approved by any New Zealand regulatory authority under or in accordance with the Securities Act 1978 (New Zealand). This Retail Offer Booklet is not required to, and may not, contain all the information that an investment statement or prospectus is required to contain under New Zealand law.

The distribution of this document outside Australia and New Zealand may be restricted by law. If you come into possession of this document you should observe any such restrictions and should seek your own advice on those restrictions. A failure to comply with such restrictions may contravene applicable securities laws.

## 4.9 Offer Jurisdictions – United States restrictions and limitations

This Retail Offer Booklet, and any accompanying ASX announcements and the Entitlement and Acceptance Form, do not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States.

Neither the Entitlements nor the New Stapled Securities have been, nor will be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States. Entitlements may not be purchased, taken up or exercised by persons in the United States or by persons who are acting for the account or benefit of a person in the United States. Neither the Entitlements nor the New Stapled Securities may be offered, sold or resold in the United States or to persons acting for the account or benefit of a person in the United States except in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and the applicable securities laws of any state or other jurisdiction in the United States. The Entitlements and the New Stapled Securities in the Retail Entitlement Offer will be sold only in 'offshore transactions' (as defined in Rule 902(h) under the U.S. Securities Act) in reliance on Regulation S under the U.S. Securities Act. Because of these legal restrictions, you must not distribute, release or send this Retail Offer Booklet or the Entitlement and Acceptance Form, or copies thereof, or any other material relating to the Retail Entitlement Offer to any person in the United States.

## 4.10 Notice to nominees and custodians

The Retail Entitlement Offer is being made to all Eligible Retail Stapled Securityholders. Nominees with registered addresses in the eligible jurisdictions, irrespective of whether they participate under the Institutional Entitlement Offer, may also be able to participate in the Retail Entitlement Offer in respect of some or all of the beneficiaries on whose behalf they hold Stapled Securities, provided that the applicable beneficiary would satisfy the criteria for an Eligible Retail Stapled Securityholder.

Nominees and custodians who hold Stapled Securities as nominees or custodians will have received, or will shortly receive, a letter from Gateway in respect of the Entitlement Offer. Nominees and custodians should consider carefully the contents of that letter and note in particular that the Retail Entitlement Offer is not available to, and they must not purport to accept the Retail Entitlement Offer in respect of:

- (a) beneficiaries on whose behalf they hold Stapled Securities who would not satisfy the criteria for an Eligible Retail Stapled Securityholder;
- (b) Eligible Institutional Stapled Securityholders who were invited to participate in the Institutional Entitlement Offer (whether they accepted their Entitlement or not);
- (c) Ineligible Stapled Securityholders who were ineligible to participate in the Institutional Entitlement Offer; or
- (d) Stapled Securityholders who are not eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

## Section 4 – Important information for Stapled Securityholders (continued)

In particular, persons acting as nominees for other persons must not take up any Entitlements on behalf of, or send any documents related to the Entitlement Offer to, any person in the United States or any person that is acting for the account or benefit of a person in the United States.

Gateway is not required, and does not undertake to, determine whether or not any Stapled Securityholder or investor is acting as a nominee or custodian or the identity or residence of any beneficial owners of existing Stapled Securities or Entitlements. Where any person is acting as a nominee or custodian for a foreign person, that person, in dealing with its beneficiary, will need to assess whether indirect participation in the Entitlement Offer by the beneficiary complies with applicable foreign laws. Gateway is not able to advise on foreign laws. Eligible Retail Stapled Securityholders who are nominees or custodians are therefore advised to seek independent advice as to how to proceed.

### 4.11 Underwriting arrangements and fees

Macquarie Capital (Australia) Limited and UBS AG, Australia Branch are acting as joint lead managers and joint underwriters and joint bookrunners of the Entitlement Offer (**Underwriters**). Gateway has entered into an Underwriting Agreement with the Underwriters in respect of the Entitlement Offer.

Gateway must pay the Underwriters an underwriting fee of 2.20% of the proceeds of the Institutional Placement and Entitlement Offer and a management and selling fee of 0.55% of the proceeds of the Institutional Placement and Entitlement Offer. Gateway may also pay an incentive fee of up to 0.25% of the offer, in its sole discretion, at completion of the Retail Entitlement Offer. Gateway must also reimburse the Underwriters for its reasonably incurred costs in connection with the Institutional Placement and Entitlement Offer, including legal fees (up to an agreed cap) and disbursements, bookbuild expenses, travel expenses and stamp duty or similar taxes payable in respect of the Underwriting Agreement. Subject to certain exceptions, Gateway has agreed to indemnify the Underwriters, their affiliates and related bodies corporate, and their respective directors, officers, employees, agents and advisers (each an **Indemnified Party**) from and against all losses directly or indirectly incurred by an Indemnified Party in connection with the Institutional Placement and Entitlement Offer.

The Underwriting Agreement contains representations and warranties and indemnities in favour of the Underwriters. Each Underwriter may also, in certain circumstances, terminate their obligations under the Underwriting Agreement on the occurrence of certain termination events including, but not limited to, where:

- there are certain declines in the S&P/ASX200 or the S&P/ASX200 A-REIT indices against their levels as at the last trading day prior to announcement of the Entitlement Offer or for two or more consecutive days during the Retail Offer Period;
- a material statement in this Retail Offer Booklet or other Entitlement Offer is or became misleading or deceptive or likely to mislead or deceive, or omits any information they are required to contain under the Corporations Act;
- any acquisition agreement in respect of the Acquisitions is terminated, rescinded, repudiated or is purported to be so, is amended in a material respect, or is or becomes void or voidable;
- there are certain delays in the timetable for the Entitlement Offer without the Underwriters' consent; or
- any material adverse change occurs in the assets, liabilities, financial position or performance, profits, losses or prospects of Gateway.

If an Underwriter terminates the Underwriting Agreement, that Underwriter will not be obliged to perform any of their obligations which remain to be performed under the Underwriting Agreement.

None of the Underwriters nor any of their respective related bodies corporate and affiliates, nor any of their respective directors, officers, partners, employees, representatives, agents or advisers (the **Limited Parties**) have authorised or caused the issue of this Retail Offer Booklet and they do not take responsibility for any statements made in this Retail Offer Booklet or any action taken by you on the basis of such information. To the maximum extent permitted by law, each Limited Party disclaims all liability for any expenses, losses, damages or costs incurred by you as a result of your participation in the Entitlement Offer and this information being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise. None of the Limited Parties make any recommendations as to whether you or your related parties should participate in the Entitlement Offer, nor do they make any representations or warranties to you concerning this Entitlement Offer or any such information and you represent, warranty and agree that you have not relied on any statements made by the Underwriters or any of their respective related bodies corporate and affiliates or any of their respective directors, officers, partners, employees, representatives or agents in relation to the New Stapled Securities or the Entitlement Offer generally.

### 4.12 Consents

Statements included in this Retail Offer Booklet or any statement on which a statement in this Retail Offer Booklet is based are not made by the directors, officers, employees, partners, agents and advisers of Gateway, but by Gateway itself.

To the maximum extent permitted by law each of these parties expressly disclaims and takes no responsibility for any statements in or omissions from this Retail Offer Booklet other than references to its name.

## 4.13 Governing law

This Retail Offer Booklet, the Entitlement Offer and the contracts formed on acceptance of the Entitlement and Acceptance Forms are governed by the law applicable in New South Wales, Australia. Each Stapled Securityholder who applies for New Stapled Securities submits to the jurisdiction of the courts of New South Wales, Australia.

## 4.14 ASX Confirmation

ASX has confirmed that the Entitlement Offer timetable shown on page 4 is acceptable to ASX.

### ELIGIBLE RETAIL STAPLED SECURITYHOLDER DECLARATIONS

In making your application for New Stapled Securities as part of the Retail Entitlement Offer, you will be making the declarations to Gateway that you:

- have read and understand the Retail Offer Booklet and your personalised Entitlement and Acceptance Form in their entirety;
- agree to be bound by the terms of the Retail Entitlement Offer, the provisions of this Retail Offer Booklet, and the constitutions of Gateway Lifestyle Operations Limited (ABN 63 605 543 968) and the Residential Parks No.2 Trust (ARSN 605 803 414);
- acknowledge the statement of risks in the "Key risks" section of the Investor Presentation, and that investments in Gateway are subject to risks;
- agree to be bound by the terms of the Retail Entitlement Offer;
- authorise Gateway to register you as the holder of New Stapled Securities allotted to you under this Retail Entitlement Offer;
- declare that all details on the Entitlement and Acceptance Form are complete, accurate and up to date;
- are over 18 years of age and that you have full legal capacity and power to perform all your rights and obligations under the Entitlement and Acceptance Form;
- accept that there is no cooling off period under the Retail Entitlement Offer and that once Gateway receives either your personalised Entitlement and Acceptance Form, your payment of Application Monies via Bpay® or both, that you may not withdraw or change your Application;
- agree to apply for and be issued with up to the number of New Stapled Securities and Additional New Stapled Securities (if any) shown on the Entitlement and Acceptance Form, or for which you have submitted payment of Application Monies via Bpay®, at the Issue Price of \$2.40 per Stapled Security;
- authorise Gateway, the Underwriter, the Registry and respective officers or agents, to do anything on your behalf necessary for the New Stapled Securities to be issued to you, including to act on instructions of the Registry upon using the contact details set out in the Entitlement and Acceptance Form;
- represent and warrant (for the benefit of Gateway, the Underwriters and their respective related bodies corporate and affiliates) that you did not receive an invitation to participate in the Institutional Entitlement Offer either directly or through a nominee, are not an Ineligible Stapled Securityholder and are otherwise eligible to participate in the Retail Entitlement Offer;
- acknowledge that the information contained in this Retail Offer Booklet and the Entitlement and Acceptance Form does not constitute investment advice, nor a recommendation that New Stapled Securities are suitable for you given your individual investment objectives, financial situation or particular needs;
- understand that this is not a prospectus or product disclosure statement, does not contain all of the information that you may require in order to assess an investment in Gateway and is given in the context of Gateway's past and ongoing continuous disclosure obligations under the Corporations Act and the ASX Listing Rules;
- acknowledge that neither Gateway, its directors, officers, employees, agents, consultants nor advisers, nor the Underwriters, guarantee the performance of the New Stapled Securities offered under the Retail Entitlement Offer or the performance of Gateway, nor do they guarantee the repayment of capital from Gateway;
- represent and warrant that you are an Eligible Retail Stapled Securityholder and the law of any other jurisdiction does not prohibit you from being given the Retail Offer Booklet or making an Application;
- represent and warrant that you are not in the United States and are not acting for the account or benefit of a person in the United States (to the extent you hold Stapled Securities for the account or benefit of such person in the United States);
- understand and acknowledge that the New Stapled Securities and Additional New Stapled Securities have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdictions in the United States, or in any other jurisdiction outside Australia. Notwithstanding the foregoing, the Entitlements may not be taken up by persons in the United States or by persons who are, or are acting for the account or benefit of, a person in the United States. Neither the Entitlements nor the

## Section 4 – Important information for Stapled Securityholders (continued)

New Stapled Securities may be offered, sold or resold in the United States except in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and the applicable securities laws of any state or other jurisdiction in the United States;

- are subscribing for or purchasing Entitlements or New Stapled Securities in an "offshore transaction" (as defined in Rule 902(h) under the U.S. Securities Act) in reliance on Regulation S under the U.S. Securities Act;
- have not and will not send this Retail Offer Booklet or the Entitlement and Acceptance Form, or copies thereof, or any other material relating to the Retail Entitlement Offer to any person in the United States or any other country outside Australia and New Zealand;
- if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the Entitlement and Acceptance Form is resident in Australia or New Zealand and is not in the United States and is not acting for the account or benefit of a person in the United States, and you have not sent this Retail Offer Booklet, the Entitlement and Acceptance Form or any information relating to the Retail Entitlement Offer to any such person;
- if in the future you decide to sell or otherwise transfer the New Stapled Securities, you will only do so in regular transactions on ASX where neither you nor any person acting on your behalf knows, or has reason to know, that the sale has been prearranged with, or that the purchaser is, a person in the United States;
- make all other representations and warranties set out in the Retail Offer Booklet; and
- agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Retail Entitlement Offer and/or of your holding of Stapled Securities on the Record Date.



A black and white photograph of a modern, single-story house with a covered porch. The house has horizontal siding and several windows with curtains. A dark downspout is visible on the left side of the porch. The porch has a white railing. In the foreground, there is a paved driveway and a landscaped area with small plants and mulch. The house number '310' is visible on the driveway.

# A

## ASX announcement

## Annexure A – ASX announcement

9 March 2016

### GATEWAY LIFESTYLE GROUP (GTY) ANNOUNCES ACQUISITIONS AND EQUITY RAISING

#### NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

Gateway Lifestyle Group (Gateway) today announces the secured acquisitions of six Manufactured Home Estates (MHEs) (Acquisitions) for a combined consideration of \$49.3 million (excluding transaction costs)<sup>1</sup>, funded via an equity raising.

The Acquisitions:

- include four MHEs in New South Wales, one in Queensland, and one in Victoria;
- add a total of 1,180 MHE sites comprising 428 sites occupied by existing manufactured homes and 752 potential sites for new manufactured homes<sup>2</sup>;
- are a combination of established, conversion and expansion MHEs and are consistent with Gateway's business strategy and investment criteria; and
- are expected to settle within 2 months.

In addition, Gateway is also currently in advanced due diligence and exclusive negotiations with regards to two further MHEs – a MHE Conversion asset for a purchase price of circa \$9.5 million (excluding transaction costs) and a further MHE asset for a purchase price of circa \$23 million (excluding transaction costs)<sup>3</sup>.

Gateway is undertaking a fully underwritten \$120.0 million equity raising comprising a \$40.2 million institutional placement and \$79.8 million 2 for 15 entitlement offer to fund the Acquisitions and to repay debt to strengthen Gateway's financial position to deliver its business plan.

Commenting on the Acquisitions and equity raising, Gateway's CEO, Trent Ottawa said, "these Acquisitions demonstrate our continued ability to source MHEs to grow our portfolio of MHE communities. The Acquisitions increase our pipeline of potential sites available for new manufactured homes to 4,157.

We are excited about the opportunity to bring in an estimated 600 new residents into our communities, as we continue to work towards creating and enhancing our communities by providing affordable living solutions to our residents.

On the completion of the equity raising, Gateway will use excess proceeds raised to repay debt, which will enable us to continue our disciplined organic growth and acquisition strategy. We remain confident in our ability to source new MHEs that fit our long term strategic requirements for the benefit of securityholders and our current and future residents."

<sup>1</sup> Subject to customary completion conditions

<sup>2</sup> Some of the potential MHE sites may be subject to various regulatory and other approvals, including planning approvals from relevant local government authorities.

<sup>3</sup> Future acquisitions may be funded through cash, debt or equity issued to vendors, or a combination of these.



## Acquisitions

The Acquisitions comprise a combination of established, conversion and expansion MHEs providing an aggregate of 1,180 sites as set out in the table below:

Communities	Number	% Total	Total sites	MHE occupied sites	Potential for new MHE sites <sup>4</sup>
MHE	2	33%	230	230	0
MHE Conversion	3	50%	799	92	707
MHE Expansion	1	17%	151	106	45
<b>TOTAL ACQUISITIONS</b>	<b>6</b>	<b>100%</b>	<b>1,180</b>	<b>428</b>	<b>752</b>

## Impact of the Acquisitions and equity raising

The equity raising, acquisitions and debt paydown is neutral to the FY16 underlying EPS guidance provided by Gateway at its 1H16 results, on a volume weighted number of securities (VWS) basis.<sup>5</sup>

Given New Stapled Securities are fully entitled to the 2H16 distribution despite only being on issue for part of the period, maintaining a payout ratio of 75% of Gateway's adjusted net profit after tax (being the mid-point of the range as set out in the PDS) implies an expected 2H16 DPS of 5.52 cents.

Post the equity raising and settlement of the Acquisitions, pro forma net debt LVR will reduce from 28.9% (as at 31 December 2015) to 19.6%<sup>6</sup>, below Gateway's target gearing range of 25% - 35%. Furthermore Gateway's undrawn debt capacity increases from \$110 million to \$141 million<sup>7</sup>. The additional equity raised strengthens Gateway's financial position to enable it to deliver on its pipeline of growth opportunities. Gateway continues to assess potential acquisitions to further expand its portfolio of MHEs in line with its investment criteria and stated business strategy.

Gateway reaffirms that it remains on track to deliver the PDS forecast of 261 home settlements in FY16, supported by an increased trend in new home sales evidenced in 2H16.

<sup>4</sup> Some of the potential MHE sites may be subject to various regulatory and other approvals, including planning approvals from relevant local government authorities and applicable conversion ratios.

<sup>5</sup> Assumes the six secured MHE acquisitions settle within 2 months of this announcement and the balance of the net amount raised is applied to debt paydown. VWS is calculated based upon the absolute number securities on issue pre and post the equity raise. For statutory accounting purposes the FY16 EPS will be impacted by a number of factors including application of the Theoretical ex-Rights Price adjustment to the weighted average number of securities.

<sup>6</sup> Pro forma net debt LVR is calculated as, debt as at 31 December 2015, adjusted for the acquisition of three MHEs previously announced (one settled in 2H16, and two expected to settle in 2H16), acquisition of six secured Acquisitions and the application of the proceeds of the Entitlement Offer, less pro forma cash at bank of \$10 million, as at the date of this announcement.

<sup>7</sup> Undrawn debt capacity is calculated as total facility capacity of \$250 million, less pro forma debt accounting for the three MHEs previously announced and the six secured Acquisitions and the application of the proceeds of the Offer.





## Annexure A – ASX announcement (continued)

### Equity raising

Gateway is undertaking a fully underwritten \$120.0 million equity raising comprising a \$40.2 million institutional placement (Institutional Placement) and \$79.8 million 2 for 15 accelerated non-renounceable entitlement offer (Entitlement Offer) at \$2.40 per New Stapled Security (Offer Price).

The Offer Price represents a 6.5% discount to TERP of \$2.57<sup>8</sup>, and 7.3% discount to the \$2.59 closing price on Tuesday 8 March 2016.

The proceeds of the Equity Raising will be applied to:

- fund the secured acquisition of the six identified MHE acquisitions; and
- repay debt to strengthen Gateway's financial position to deliver its business plan.

The Entitlement Offer is non-renounceable and rights will not be traded on the ASX or be otherwise transferable. Eligible Stapled Securityholders who do not take up their entitlement under the Entitlement Offer in full or in part, will not receive any value in respect of those entitlements not taken up.

New Stapled Securities will rank *pari passu* with existing stapled securities.

The Offer is fully underwritten by Macquarie Capital (Australia) Limited and UBS AG, Australia Branch as Joint Lead Managers and Underwriters.

### Institutional Offer

Eligible Institutional Stapled Securityholders will be invited to participate in the Institutional Placement and Institutional Entitlement Offer (together, the Institutional Offer) which is being conducted today Wednesday, 9 March 2016. Eligible Institutional Stapled Securityholders can choose to take up all, part or none of their entitlement. Institutional entitlements cannot be traded on market.

Together with the Institutional Placement, institutional entitlements that Eligible Institutional Stapled Securityholders do not take up by the close of the Institutional Entitlement Offer, and institutional entitlements that would otherwise have been offered to Ineligible Institutional Stapled Securityholders, will be offered to Eligible Institutional Stapled Securityholders who apply for New Stapled Securities in excess of their entitlement, as well as to certain other Eligible Institutional Investors.

### Retail Entitlement Offer

Eligible Retail Stapled Securityholders will be invited to participate in the Retail Entitlement Offer at the same Offer Price and offer ratio as the Institutional Entitlement Offer. The Retail Entitlement Offer will open on 9:00am (Sydney time) on Wednesday, 16 March 2016 and close at 5:00pm (Sydney time) on Wednesday, 30 March 2016. Eligible Retail Stapled Securityholders may also apply for additional New Stapled Securities in excess of their Entitlement up to a maximum of 50% of their Entitlement.

Further details about the Retail Entitlement Offer will be set out in a booklet (Retail Offer Booklet), which Gateway expects to lodge with the ASX on Thursday, 10 March 2016, in advance of the despatch date (as detailed further below). For Eligible Retail Stapled Securityholders who wish to take up all or part of their Entitlement, payment must

<sup>8</sup> The Theoretical Ex-Rights Price (TERP) is the theoretical price at which Gateway securities should trade after the ex-date for the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which Gateway securities trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to TERP. TERP is calculated exclusive of the Institutional Placement, and by reference to Gateway's last closing price on Tuesday, 8 March 2016.



be made via BPAY® or by cheque by following the instructions set out on the personalised Entitlement and Acceptance Form. Payment is due by no later than 5:00pm (Sydney time) on Wednesday, 30 March 2016. The Retail Offer Booklet and accompanying Entitlement and Acceptance Form are expected to be despatched on Wednesday, 16 March 2016.

## Key Dates\*

Key event	Date
Trading halt and announcement of Offer	Wednesday, 9 March 2016
Institutional Placement and Institutional Entitlement Offer conducted	Wednesday, 9 March 2016
Trading halt lifted – stapled securities recommence trading on ASX on an “ex-entitlement” basis	Thursday, 10 March 2016
Record date for determining entitlement to subscribe for New Stapled Securities	7:00pm Friday, 11 March 2016
Retail Entitlement Offer opens	9:00am Wednesday, 16 March 2016
Retail Offer Booklet despatched	Wednesday, 16 March 2016
Settlement of Institutional Placement, Institutional Entitlement Offer and early Retail Entitlement Offer acceptances	Tuesday, 22 March 2016
Allotment and normal trading of New Stapled Securities under the Institutional Placement, Institutional Entitlement Offer and early Retail Entitlement Offer acceptances	Wednesday, 23 March 2016
Retail Entitlement Offer closes	5:00pm Wednesday, 30 March 2016
Allotment of New Stapled Securities under the Retail Entitlement Offer	Wednesday, 6 April 2016
Despatch of holding statements and normal trading of New Stapled Securities issued under the Retail Entitlement Offer	Thursday, 7 April 2016

\* All dates and times are indicative only and subject to change. Unless otherwise specified, all times and dates refer to Sydney time. Gateway reserves the right to amend any or all of these dates and times subject to the Corporations Act, the ASX Listing Rules and other applicable laws. In particular, Gateway reserves the right to extend the closing date for the Retail Entitlement Offer, to accept late applications under the Retail Entitlement Offer without prior notice. Any extension of the closing date will have a consequential effect on the allotment date for New Stapled Securities under the Retail Entitlement Offer. Any changes to the timetable will be posted on Gateway's website at [www.gatewaylifestyle.com.au](http://www.gatewaylifestyle.com.au).

Gateway also reserves the right not to proceed with the Entitlement Offer in whole or in part at any time prior to allotment and issue of the New Stapled Securities under the Retail Entitlement Offer. In that event, the relevant Application Monies (without interest) will be returned in full to Applicants.

## Additional Information

Additional information regarding the Acquisitions and Entitlement Offer is contained in the investor presentation released to the ASX today. The Retail Offer Booklet will be released separately and mailed to Eligible Retail Stapled Securityholders.

Nothing contained in this announcement constitutes investment, legal, tax or other advice. You should seek appropriate professional advice before making any investment decision. If you have any questions about the Retail Entitlement Offer, please do not hesitate to contact Gateway's Information Line on 1300 131 678 (from within Australia) or + 61 1300 131 678 (from outside Australia) between 8:30am and 5:30pm (Sydney time), Monday to Friday during the Retail Offer Period.



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# B

## Investor Presentation





# Gateway Lifestyle Group

## Acquisitions and equity raising



9 March  
**2016**





# Important Notices and Disclaimer

## Acquisitions and equity raising

This Presentation has been prepared by One Managed Investment Funds Limited (ABN 47 117 400 987) as responsible entity of the Residential Parks No.2 Trust (Trust) and Gateway Lifestyle Operations Limited (ABN 63 605 543 968) (Company) (together Gateway Lifestyle Group (Gateway)).

### Summary Information

Gateway Lifestyle Group (Gateway) is a stapled group comprising shares in the Company and units in the Trust. Each share in the Company is stapled to one unit in the Trust, and quoted on the ASX (ASX code: GTY). Shares in the Company and units in the Trust are stapled and cannot be traded separately. As a result of the stapling and in accordance with certain arrangements between the Company and the Trust, the operations of Gateway are coordinated under the management of the Company.

This Presentation contains summary information about Gateway's activities current as at the date of this Presentation. The information in this Presentation is of a general background nature and does not purport to be complete or contain all the information securityholders would require to evaluate their investment in Gateway, nor does it contain all the information which would be required in a prospectus or product disclosure statement prepared in accordance with the Corporations Act (Cth) 2001. This Presentation should be read in conjunction with Gateway's other periodic and continuous disclosure announcements which are available at [www.gatewaylifestyle.com.au](http://www.gatewaylifestyle.com.au). To the maximum extent permitted by law, Gateway, the underwriters, their, and their respective affiliates' and related bodies corporates', officers, employees, agents partners, agents and advisors make no representation or warranty (express or implied) as to the currency, accuracy, reliability or completeness of the information in this Presentation and disclaim all responsibility and liability for the information (including without limitation, liability for negligence).

Neither the underwriters nor any of their affiliates, or their respective related bodies corporate, or any of their respective directors, officers, partners, employees and agents (Underwriter Group) have caused or authorised the issue, submission, dispatch or provision of this Presentation, nor do they make any recommendation as to whether any potential investor should participate in the offer of New Stapled Securities (as defined in this Presentation) referred to in this Presentation. None of Gateway's advisors or the Underwriter Group makes or purports to make any statement in this Presentation and there is no statement in this Presentation which is based on any statement by them. Further, no member of the Underwriter Group accepts any fiduciary obligations to or relationship with any investor or potential investor in connection with the offer of New Stapled Securities or otherwise. Determination of eligibility of investors for the purposes of the Offer is determined by reference to a number of matters, including legal requirements and the discretion of Gateway and the underwriters. Gateway and the underwriters disclaim any liability in respect of the exercise or otherwise of that discretion, to the maximum extent permitted by law.

### Past performance

Past performance information given in this Presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance.

### Future performance

This Presentation contains certain "forward-looking statements". Forward looking statements can generally be identified by the use of forward looking words such as "anticipate", "expect", "likely", "intend", "should", "could", "may", "propose", "will", "believe", "forecast", "estimate", "target", "outlook", "guidance" and other similar expressions within the meaning of securities laws of applicable jurisdictions and include, but are not limited to, statements relating to the impact of the acquisition of the Manufactured Home Estates (MHEs), the future performance of Gateway and the outcome and effects of the entitlement offer and use of proceeds. Forward-looking statements, opinions and estimates provided in this Presentation are inherently uncertain and are based on assumptions and estimates which are subject to certain risks, uncertainties and change without notice, as are statements about market and industry trends, which are based on interpretation of market conditions. Actual results and performance may vary materially because events and actual circumstances frequently do not occur as forecast and future results are subject to known and unknown risk such as changes in market conditions and in regulations. Investors should form their own views as to these matters and any assumptions on which any of the forward-looking statements are based and not place reliance on such statements. To the maximum extent permitted by law, Gateway and its directors, officers, employees, advisers, agents and intermediaries disclaim any obligation or undertaking to release any updates or revisions to the information to reflect any change in expectations or assumptions.

An investment in Gateway's New Stapled Securities is subject to investment and other known and unknown risks, some of which are beyond the control of Gateway, including possible loss of income and capital invested. Please see the "key risks" section of this Presentation for further details about some of those risks. Gateway does not guarantee any particular rate of return or the performance of Gateway, nor does it guarantee the repayment of capital from Gateway or any particular tax treatment. Persons should have regard to the risks outlined in this Presentation.

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Gateway Lifestyle Group | Page 2



# Important Notices and Disclaimer (Continued)

## Acquisitions and equity raising

### **Not financial product advice or offer**

Information in this Presentation, including any forecast financial information, should not be considered as financial advice or a recommendation to investors or potential investors in relation to holding, purchasing or selling New Stapled Securities and has been prepared without taking into account the objectives, financial situation or needs of individuals. Before acting on any information, you should consider the appropriateness of the information having regard to these matters; any relevant offer document and in particular, you should seek independent legal, financial and/or taxation advice that you deem necessary or appropriate. Gateway is not licensed to provide financial product advice. Cooling-off rights do not apply to the acquisition of New Stapled Securities.

### **Financial data**

All dollar values are in Australian dollars (A\$) unless otherwise stated. Investors should be aware that certain financial data included in this Presentation are “non-IFRS financial measures” under Regulation G of the U.S. Securities Exchange Act of 1934, as amended. These measures include gearing. In addition, such measures may be “non-IFRS financial information” under Regulatory Guide 230 Disclosing Non-IFRS Financial Information published by ASIC. The disclosure of such non-IFRS financial measures in the manner included in the Presentation may not be permissible in a registration statement under the U.S. Securities Act. These non-IFRS financial measures do not have a standardized meaning prescribed by Australian Accounting Standards and therefore may not be comparable to similarly titled measures presented by other entities, and should not be construed as an alternative to other financial measures determined in accordance with Australian Accounting Standards. Although Gateway believes these non-IFRS financial measures provide useful information to users in measuring the financial performance and condition of its business, investors are cautioned not to place undue reliance on any non-IFRS financial measures included in this Presentation.

Investors should note that this Presentation contains pro forma financial information, including a pro forma balance sheet as at 31 December 2015. In preparing the pro forma financial information, certain adjustments were made to Gateway’s reviewed balance sheet as at 31 December 2015 that Gateway considered appropriate to reflect the application of the proceeds of the entitlement offer to fund the six secured MHE acquisitions, repay debt and pay for the transaction costs associated with the equity raising and MHE acquisitions, as if the entitlement offer and application of proceeds had occurred on 31 December 2015. The pro forma financial information does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the U.S. Securities and Exchange Commission (“SEC”).

### **This Presentation may not be released or distributed in the United States.**

This Presentation does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States. Neither the entitlements nor the New Stapled Securities have been, nor will be, registered under the U.S. Securities Act of 1933, as amended (“U.S. Securities Act”) or the securities laws of any state or other jurisdiction of the United States.

The entitlements may not be taken up by, and the New Stapled Securities may not be offered or sold to, directly or indirectly, any person in the United States or any person that is, or is acting for the account or benefit of, any person in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws.

The distribution of this Presentation in other jurisdictions outside Australia may also be restricted by law and any such restrictions should be observed. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

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Gateway Lifestyle Group | Page 3





## EXECUTIVE SUMMARY

Acquisitions and  
equity raising





# Executive Summary

## Acquisitions and equity raising

**Gateway announces the acquisition of six manufactured home estates (MHEs) funded via an equity raising of \$120.0 million**

### Acquisitions

- Six secured MHE acquisitions for a combined consideration of \$49.3 million (excluding transaction costs)<sup>1</sup>
- Acquisitions are consistent with Gateway's business strategy and investment criteria
- 1,180 MHE sites added to MHE portfolio, comprising 428 sites occupied by existing manufactured homes and 752 potential sites for new manufactured homes<sup>2</sup>
- In advanced due diligence and exclusive negotiations in relation to two further MHE acquisitions
- Fully underwritten \$120.0 million equity raising comprising a \$40.2 million institutional placement and \$79.8 million 2 for 15 non-renounceable entitlement offer
- Proceeds of the raising will be used to fund the six secured MHE acquisitions and repay debt to strengthen Gateway's financial position to deliver its business plan

### Equity raising

### Impact and trading update

- The equity raising, acquisitions and debt payoffdown is neutral to the FY16 underlying EPS guidance provided by Gateway at its 1H16 results, on a volume weighted number of securities (VWS) basis<sup>3</sup>
- Pro forma net debt LVR reduced to 19.6%<sup>4</sup>
- Increases undrawn debt capacity to \$141 million<sup>5</sup> to support further growth initiatives
- Remains on target to achieve the PDS forecast of 261 home settlements in FY16 as reaffirmed in Gateway's 1H16 results announcement, supported by increased trend in new home sales metrics evidenced in 2H16<sup>6</sup>

1. Subject to customary completion conditions

2. Some of the potential MHE sites may be subject to various regulatory and other approvals, including planning approvals from relevant local government authorities and applicable conversion ratios

3. Refer to the "Key risks" section of this Presentation. Assumes the six secured MHE acquisitions settle within 2 months of this announcement and the balance of the net amount raised is applied to debt payoffdown. VWS is calculated based upon the absolute number securities on issue pre and post the equity raise. For statutory accounting purposes the FY16 EPS will be impacted by a number of factors including application of the Theoretical ex-rights Price adjustment to the weighted average number of securities

4. Pro forma net debt LVR is calculated as, debt as at 31 December 2015, adjusted for the acquisition of three MHEs previously announced (one settled in 2H16, and two expected to settle in 2H16), acquisition of six secured Acquisitions and the application of the proceeds of the Offer

5. Undrawn debt capacity is calculated as total facility capacity of \$250 million, less pro forma debt accounting for the three MHEs previously announced, the six secured MHE acquisitions and the application of the proceeds of the Offer

6. Refer to "Key risks" section of this Presentation

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Gateway Lifestyle Group | Page 5



## ACQUISITIONS OVERVIEW

Acquisitions and  
equity raising



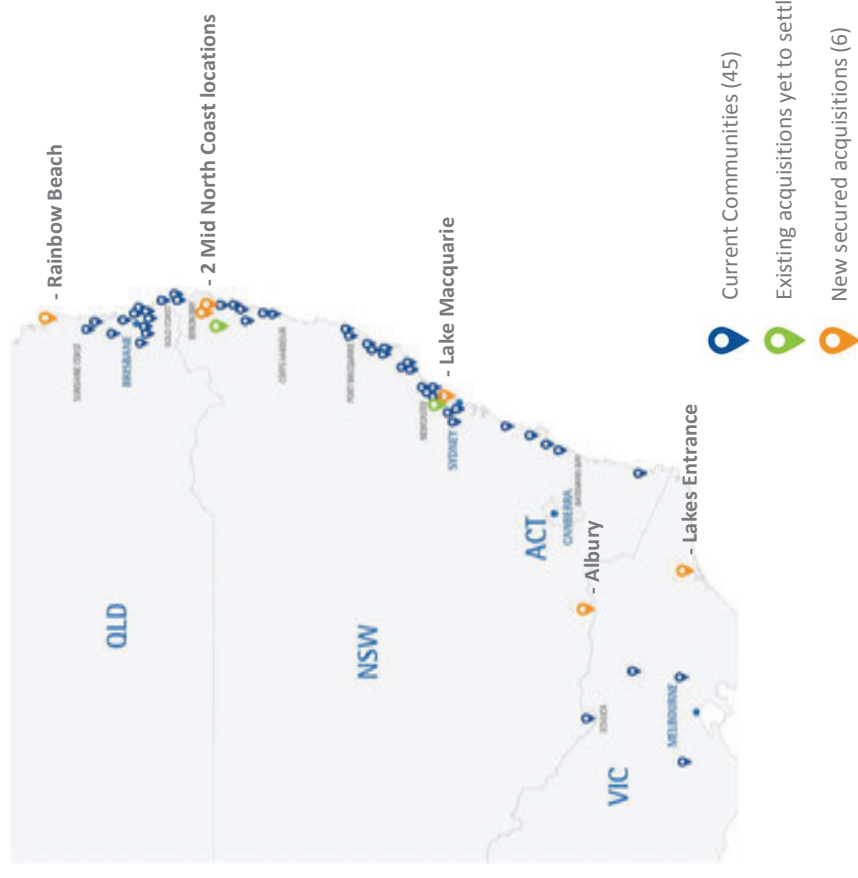


# Overview of acquisitions

- Gateway announces the acquisition of six secured MHE communities for aggregate consideration of \$49.3 million (excluding transaction costs) in the following locations:
  - Lake Macquarie, NSW (MHE)
  - Albury, NSW (MHE Expansion)
  - 2 Mid North Coast, NSW (MHE Conversion)
  - Rainbow Beach, QLD (MHE Conversion)
  - Lakes Entrance, VIC (MHE)
- Acquisitions meet Gateway's investment criteria and growth strategy
- A mix of MHE types providing a combination of existing operating MHEs and potential for new manufactured home sales<sup>1</sup>
- Six secured acquisitions are expected to settle within 2 months<sup>2</sup>

1. Refer to "key risks" section of this Presentation
2. Subject to customary completion conditions

## Acquisitions and equity raising



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# Impact of acquisitions

Acquisitions and equity raising

Communities	Number	% Total	Total sites	MHE occupied sites	Potential for new MHE sites <sup>2</sup>
<b>As at 31 December 2015<sup>1</sup></b>					
MHE	15	32%	2,438	2,317	121
MHE Conversion	20	43%	3,451	1,398	2,053
MHE Expansion	12	26%	2,446	1,255	1,231 <sup>3</sup>
<b>TOTAL</b>	<b>47</b>	<b>100%</b>	<b>8,335</b>	<b>4,970</b>	<b>3,405</b>
<b>Secured Acquisitions</b>					
MHE	2	33%	230	230	0
MHE Conversion	3	50%	799	92	707
MHE Expansion	1	17%	151	106	45
<b>TOTAL</b>	<b>6</b>	<b>100%</b>	<b>1,180</b>	<b>428</b>	<b>752</b>
<b>Combined Total</b>					
MHE	17	32%	2,668	2,547	121
MHE Conversion	23	43%	4,250	1,490	2,760
MHE Expansion	13	25%	2,597	1,361	1,276
<b>COMBINED TOTAL</b>	<b>53</b>	<b>100%</b>	<b>9,515</b>	<b>5,398</b>	<b>4,157</b>

1. Includes the acquisition of three communities previously announced (one settled in 2H16, and two expected to settle in 2H16)

2. Some of the potential MHE sites may be subject to various regulatory and other approvals, including planning approvals from relevant local government authorities and applicable conversion ratios

3. Includes 40 potential MHE sites on vacant expansion land at Cobb Haven.

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## MHE ACQUISITION DETAILS

Acquisitions and  
equity raising





# MHE Acquisitions

## Acquisitions and equity raising

### Lake Macquarie, NSW



#### MHE profile

MHE type	MHE
Total sites	180
MHE occupied sites	180
Land area	5.9 hectares
Acquisition price <sup>2</sup>	\$14.5m
Purchase price per site	\$81k

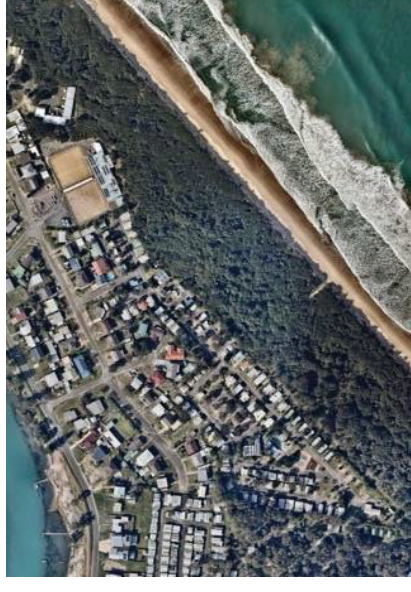
### Albury, NSW



#### MHE profile

MHE type	Expansion
Total sites <sup>1</sup>	151
MHE occupied sites	106
Land area	5.5 hectares
Acquisition price <sup>2</sup>	\$12.2m
Purchase price per site	\$81k

### Mid North Coast, NSW



#### MHE profile

MHE type	MHE Conversion
Total sites <sup>1</sup>	149
MHE occupied sites	35
Land area	3.8 hectares
Acquisition price <sup>2</sup>	\$4.5m
Purchase price per site	\$30k

1. Some of the potential MHE sites may be subject to various regulatory and other approvals, including planning approvals from relevant local government authorities  
 2. Acquisition price excludes transaction costs





# MHE Acquisitions

## Acquisitions and equity raising

### Rainbow Beach, QLD



#### MHE profile

MHE type	MHE Conversion
Total sites <sup>1</sup>	521
MHE occupied sites	10
Land area	9.3 hectares
Acquisition price <sup>2</sup>	\$8.0m
Purchase price per site	\$15k

### Lakes Entrance, VIC



#### MHE profile

MHE type	MHE
Total sites	50
MHE occupied sites	50
Land area	2.4 hectares
Acquisition price <sup>2</sup>	\$2.6m
Purchase price per site	\$52k

### Mid North Coast, NSW



#### MHE profile

MHE type	MHE Conversion
Total sites <sup>1</sup>	129
MHE occupied sites	47
Land area	2.5 hectares
Acquisition price <sup>2</sup>	\$7.45m
Purchase price per site	\$58k

1. Some of the potential MHE sites may be subject to various regulatory and other approvals, including planning approvals from relevant local government authorities  
 2. Acquisition price excludes transaction costs



# EQUITY RAISING

Acquisitions and  
equity raising





# Equity raising

## Acquisitions and equity raising

### Overview

- The six secured MHE acquisitions will be funded by a fully underwritten \$120.0 million equity raising comprising a \$40.2 million institutional placement and a \$79.8 million 2 for 15 accelerated non-renounceable entitlement offer
- Additional equity raised will be used to repay debt in order to strengthen Gateway's financial position to deliver its business plan

### Acquisition pipeline

- Gateway is currently in advanced due diligence and exclusive negotiations in relation to two MHE assets – a MHE Conversion Asset of circa \$9.5 million (excluding transaction costs) and a MHE asset of circa \$23 million (excluding transaction costs)
- In addition, Gateway has a pipeline of growth opportunities and continues to assess potential acquisitions to further expand its MHE portfolio in line with its investment criteria and stated business strategy<sup>1</sup>
- Future acquisitions may be funded through cash, debt or equity issued to vendors, or a combination of these

1. Refer to "Key risks" section of this Presentation

Sources of funds	\$m
Institutional placement proceeds	40.2
Entitlement offer proceeds	79.8
<b>Total sources</b>	<b>120.0</b>
Uses of funds	\$m
Secured MHE acquisitions	49.3
Repay debt	62.0
Transaction costs associated with equity raising and secured MHE acquisitions	8.7
<b>Total uses</b>	<b>120.0</b>

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# Pro forma Balance Sheet

Acquisitions and  
equity raising

\$ million	31 December 2015 <sup>1</sup>	Previously announced acquisitions settling in 2H16 <sup>2</sup>	Acquisitions and equity raising <sup>3</sup>	Pro Forma at 31 December 2015
<b>Assets</b>				
Cash	16.2	1.0	-	17.2
Investment properties <sup>4</sup>	428.5	28.0	49.3	505.8
Goodwill and Intangibles	142.8	-	-	142.8
Other assets	32.2	-	-	32.2
<b>Total assets</b>	<b>619.7</b>	<b>29.0</b>	<b>49.3</b>	<b>698.0</b>
<b>Liabilities</b>				
Borrowings	137.6	31.1	(62.0)	106.7
Other liabilities	42.8	-	-	42.8
<b>Total liabilities</b>	<b>180.4</b>	<b>31.1</b>	<b>(62.0)</b>	<b>149.5</b>
<b>Net assets</b>				
	439.3	(2.1)	111.3	548.5
<b>Total equity</b>				
	439.3	(2.1)	111.3	548.5

1. Statutory balance sheet as disclosed in 1H16 financial report
2. Includes the acquisition of three MHEs previously announced (one settled in 2H16, two expected to settle in 2H16)
3. Includes the acquisition of six secured Acquisitions and the application of the net proceeds of the Offer
4. Investment properties have been included at their fair value excluding transaction costs

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## Equity raising details

## Acquisitions and equity raising

**Fully underwritten institutional placement and 2 for 15 non-renounceable entitlement offer to raise \$120 million**

- Fully underwritten equity offering to raise approximately \$120.0 million, comprising:
  - An institutional placement to raise approximately \$40.2 million
  - A 2 for 15 accelerated non-renounceable entitlement offer to raise approximately \$79.8 million
- Approximately 50.0 million new stapled securities (New Stapled Securities) to be issued (equivalent to approximately 20.0% of existing stapled securities on issue)
- Equity raising will be conducted at \$2.40 per New Stapled Security (Offer Price)
  - 7.3% discount to the last traded price of \$2.59 on Tuesday, 8 March 2016
  - 6.5% discount to TERP<sup>1</sup> of \$2.57
- Eligible Retail Stapled Securityholders may also apply for additional New Stapled Securities in excess of their Entitlement up to a maximum of 50% of their Entitlement
- The equity raising, acquisitions and debt payoff is neutral to the FY16 underlying EPS guidance provided by Gateway at its 1H16 results, on a VWS basis<sup>2</sup>
- Given New Stapled Securities are fully entitled to the 2H16 distribution despite only being on issue for part of the period, maintaining a payout ratio of 75% of Gateway's adjusted NPAT (being the mid-point of the target range set out in the PDS) implies an expected 2H16 DPS of 5.52 cents.
- New Stapled Securities issued will rank pari passu with existing stapled securities
- Offer is fully underwritten by Macquarie Capital (Australia) Limited and UBS AG, Australia Branch as Joint Lead Managers and Underwriters

1. Theoretical ex-rights price (TERP) is the theoretical price at which Gateway stapled securities should trade after the ex-date for entitlement offer. TERP is a theoretical calculation only and the actual price at which Gateway stapled securities should trade immediately after the ex-date for the entitlement offer depends on many factors and may not equal TERP. TERP excludes the New Stapled Securities issued under the Placement and is calculated by reference to Gateway's last closing price on 8 March 2016.

2. Refer to the "Key risks" section of this Presentation. Assumes the six secured MHE acquisitions settle within 2 months of this announcement and the balance of the net amount raised is applied to debt payoff. VWS is calculated based upon the absolute number securities on issue pre and post the equity raise. For statutory accounting purposes the FY16 EPS will be impacted by a number of factors including application of the Theoretical ex-Rights Price adjustment to the weighted average number of securities

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# Timetable

## Acquisitions and equity raising

### Event

### Date

#### Trading halt and announcement of Offer

**Wednesday, 9 March 2016**

Institutional placement and institutional entitlement offer conducted

Wednesday, 9 March 2016

Trading halt lifted – stapled securities recommence trading on ASX on an “ex-entitlement” basis

Thursday, 10 March 2016

Record date for determining entitlement to subscribe for New Stapled Securities

7:00pm Friday, 11 March 2016

Retail entitlement offer opens

9:00am Wednesday, 16 March 2016

Retail Offer Booklet despatched

Wednesday, 16 March 2016

Settlement of institutional placement, institutional entitlement offer and early retail entitlement offer acceptances

Tuesday, 22 March 2016

Allotment and normal trading of New Stapled Securities under the institutional placement, institutional entitlement offer and early retail entitlement offer acceptances

Wednesday, 23 March 2016

Retail entitlement offer closes

5:00pm Wednesday, 30 March 2016

Allotment of New Stapled Securities under the retail entitlement offer

Wednesday, 6 April 2016

Despatch of holding statements and normal trading of New Stapled Securities issued under the retail entitlement offer

Thursday, 7 April 2016

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## OUTLOOK AND BUSINESS UPDATE

Acquisitions and  
equity raising





# Outlook and business update

## Acquisitions and equity raising

### EPS and DPS

- The equity raising, acquisitions and debt paydown is neutral to the FY16 underlying EPS guidance provided by Gateway at its 1H16 results, on a VWS basis<sup>1</sup>
- Given New Stapled Securities are fully entitled to the 2H16 distribution despite only being on issue for part of the period, maintaining a payout ratio of 75% of Gateway's adjusted NPAT (being the mid-point of the target range set out in the PDS) implies an expected 2H16 DPS of 5.52 cents.

### Gearing and headroom

- Pro forma net debt LVR to reduce from 28.9% to 19.6%<sup>2</sup>, below Gateway's target net debt LVR range of 25% to 35%
- Undrawn debt capacity increases from \$110 million to \$141 million<sup>3</sup>

### Acquisition pipeline

- Strengthened financial positions supports ability for Gateway to execute its business plan
- Gateway continues to assess potential acquisitions to further expand its MHE portfolio

### FY16 homes sales

- Gateway remains on track to deliver 261 home settlements in FY16, supported by increased trend in new home sales metrics evidenced in 2H16

1. Refer to the "key risks" section of this Presentation. Assumes the six secured MHE acquisitions settle within 2 months of this announcement and the balance of the net amount raised is applied to debt paydown. VWS is calculated based upon the absolute number securities on issue pre and post the equity raise. For statutory accounting purposes the FY16 EPS will be impacted by a number of factors including application of the Theoretical ex-Rights Price adjustment to the weighted average number of securities

2. Pro forma net debt LVR is calculated as: debt as at 31 December 2015, adjusted for the acquisition of three MHEs previously announced (one settled in 2H16, and two expected to settle in 2H16), acquisition of six secured Acquisitions and the application of the proceeds of the Offer, less pro forma cash at bank of \$10 million, as at the date of the launch

3. Undrawn debt capacity is calculated as total facility capacity of \$250 million, less pro forma debt accounting for the three MHEs previously announced and the six secured MHE acquisitions and the application of the proceeds of the Offer

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## APPENDICES

Acquisitions and  
equity raising





# Selling restrictions

## Acquisitions and equity raising

### International Offer Restrictions

This document does not constitute an offer of new stapled securities (New Stapled Securities) of Gateway in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Stapled Securities may not be offered or sold, in any country outside Australia except to the extent permitted below.

#### Hong Kong

**WARNING:** This document has not been, and will not be, authorized by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorize this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Stapled Securities have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the New Stapled Securities has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the New Stapled Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors as defined in the SFO and any rules made under that ordinance.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

#### New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act").

The New Stapled Securities are not being offered to the public within New Zealand other than to existing securityholders of Gateway with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the transitional provisions of the FMC Act and the Securities Act (Overseas Companies) Exemption Notice 2013.

Other than in the entitlement offer, the New Stapled Securities may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

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# Selling restrictions (continued)

## Acquisitions and equity raising

### International Offer Restrictions (cont.)

#### Singapore

This document has not been registered as a prospectus with the Monetary Authority of Singapore ("MAS") and, accordingly, statutory liability under the Securities and Futures Act, Chapter 289 (the "SFA") in relation to the content of prospectuses does not apply, and you should consider carefully whether the investment is suitable for you. The issuer is not authorised or recognised by the MAS and the New Stapled Securities are not allowed to be offered to the retail public. This document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the New Stapled Securities may not be circulated or distributed, nor may the New Stapled Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except to "institutional investors" (as defined in the SFA), or otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

This document has been given to you on the basis that you are an "institutional investor" (as defined under the SFA). In the event that you are not an institutional investor, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Stapled Securities being subsequently offered for sale to any other party. You are advised to acquaint yourself with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

#### United States

Neither the entitlements nor the New Stapled Securities have been, or will be, registered under the U.S. Securities Act, and may only be offered or sold:

- i. in the United States to persons that Gateway and Underwriters have pre-identified (in advance of the Offer) and have determined to be either (i) "qualified institutional buyers" ("QIBs") that are acting for their own account or for the account or benefit of one or more persons, each of whom is a QIB; or (ii) a dealer or other professional fiduciary organised, incorporate or (if an individual) resident in the United States that is acting for an account (other than an estate or trust) held for the benefit or account of persons that are not U.S. Persons (as defined in Rule 902(k) under the U.S. Securities Act) for which it has and is exercising investment discretion, within the meaning of Rule 902(k)(2)(i) of Regulation S of the U.S. Securities Act ("Eligible U.S. Fund Manager")
- ii. outside the United States in "offshore transactions" (as defined in Rule 902(h) under Regulation S of the U.S. Securities Act) in reliance on Regulation S of the U.S. Securities Act

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## Key risks

## Acquisitions and equity raising

This section describes some of the potential key risks associated with an investment in Gateway. An investment in Gateway is subject to risks specific to its business and to general risks associated with investing in Stapled Securities. Each of these risks could, if it eventuates, have an adverse effect on Gateway's business, financial condition, operating and financial performance and the value of its Stapled Securities.

This section does not purport to list every risk that may be associated with Gateway's business or risks associated with an investment in the Stapled Securities now or in the future. Potential investors should consider whether the New Stapled Securities offered in the Offer are suitable investments having regard to their own personal investment objectives and financial circumstances and the risks set out below.

### Risks relating to Gateway

#### Gateway's business strategy may not be effective

Gateway is continuing to embark on a number of strategies to achieve PDS forecasts and grow its business beyond the PDS forecast period. These strategies may, in time, prove to be misguided or may be implemented ineffectively and result in an outcome that is detrimental to the performance of Gateway. For example:

- Gateway may not be able to convert short-term sites into long-term sites (both brownfield and adjoining land developments) and/or achieve new manufactured home sales in line with its expectations;
- Gateway may not be able to continue to increase rents in line with its expectations; and
- Gateway's strategies may be more costly than anticipated, resulting in higher than expected expenses.

Ineffective or unsuccessful implementation of the business strategies adopted by the Board and management, or being unable to respond efficiently and appropriately to changing market conditions may adversely impact the performance and growth of Gateway.

#### Gateway may not be able to sustain or grow its homes sales income

The growth in Gateway's manufactured home sales income is dependent on its ability to replicate the manufactured home sales success achieved in certain MHEs amongst its broader Portfolio. A material downturn in the housing market in the localities in which Gateway operates may reduce the appeal of manufactured homes to potential residents due to a decreased release of net capital between the sale of their existing home and the purchase price of a manufactured home. In addition, such a downturn may result in an increase in the time required for a potential resident to sell their existing home and fund the purchase of a manufactured home. These factors may result in reduced demand and volume of sales. An adverse impact on the ability for Gateway to sustain or grow its home sales income in line with its expectations may adversely impact on the performance and growth of Gateway.

#### Competition risk

Increased competition resulting from industry consolidation, increased market sophistication and greenfield developments has the potential to adversely impact Gateway's manufactured home sale volumes, margins and ability to increase rent. In addition, any increased competition for acquisitions of mixed use MHEs could result in higher prices and therefore impact Gateway's ability to achieve an appropriate return on investment.

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## Key risks (continued)

## Acquisitions and equity raising

### Personnel risk

The ability of Gateway to successfully deliver on its business strategy is dependent upon retaining key employees of Gateway (such as its CEO, Trent Ottawa and its CFO, John Wong). The loss of senior management, or other key personnel, could adversely impact on Gateway's current and future business and financial performance.

### Government and regulatory factors

Changes to Government, regulatory policies and legislation that underpin aspects of Gateway's business model could adversely affect its operating and financial performance. A large number of MHE residents are eligible for certain forms of Commonwealth Government assistance, such as the Age Pension and Rent Assistance. Those benefits cover approximately half of the rent payable by residents. An unexpected change to such Government assistance that results in a reduction of Government support or removal of such support could result in a reduction in demand for manufactured homes and therefore negatively impact Gateway's business.

### Gateway may not be able to increase rents

There is a risk that Gateway will not be able to continue to increase rents payable by residents for long-term sites above CPI. The ability to increase rent by CPI is generally governed by a site agreement, which is subject to MHE-specific State legislation. Changes in legislation in any State in which Gateway owns, or intends to acquire, MHEs may impact the ability for Gateway to increase rent by CPI. While Gateway has been able to increase rent in excess of CPI (for example, by way of a market review), residents typically have the right to object to such rent increases and apply to the Tribunal to seek an order that a rent increase is excessive. Should such an order be made, Gateway's operating results could be adversely affected. It is also possible that the rental income Gateway receives from its MHEs could be adversely affected if new MHEs or mixed use MHEs cannot be developed to increase the proportion of long-term sites within such MHEs or residents are no longer eligible for rental assistance.

### Development and conversion risk

There are a number of risks associated with development opportunities (whether greenfield or brownfield), including (but not limited to): delays or issues in relation to planning, application and regulatory approvals locations and approvals processes and development cost overruns, which may arise from poor market analysis and property selection. There is also a risk that Gateway may not be able to successfully execute its strategy of converting mixed use MHEs into converted MHEs.

### Supplier and building risk

Gateway relies on a number of suppliers to supply the manufactured homes that it sells to residents. If Gateway is unable to continue to source manufactured homes:

- on a consistent basis, this would impact Gateway's ability to sell manufactured homes and increase rental incomes; or
- on commercially favourable terms with suppliers, particularly with regard to ongoing price reductions for manufactured homes (based on increased volumes of manufactured homes purchased by Gateway) and the supply of display homes on favourable payment terms, this may have a negative impact on Gateway's financial performance and position.

In addition, there is a possibility that one or more of its suppliers may fail or that a number of issues regarding the building and supply of manufactured homes will increase. For example, such suppliers may become insolvent or be unable to perform their contractual obligations (such as to supply manufactured homes or repair defects). Such events may lead to losses and insurance may not be available to cover such losses (for example, Gateway's insurance may not cover those events or insurance held by suppliers may not cover those events nor entitle Gateway to recover under such policy).

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Gateway Lifestyle Group | Page 23





## Key risks (continued)

## Acquisitions and equity raising

### Approvals revoked or amended

MHE operators are required to hold and maintain appropriate approvals (i.e. licences or permits) to operate MHEs with the relevant local councils and comply with all zoning, planning and use requirements. Approvals may be revoked or amended in certain circumstances. For example, an approval for a MHE operator to operate a MHE may be revoked if the MHE operator fails to comply with the requirement made by or under the relevant local government legislation or a condition specified in the approval.

If Gateway does not comply with the relevant regulations, the relevant council will not approve the transfer of a MHE which Gateway has acquired. If Gateway is unable to obtain approvals for the operation of its MHEs in the future, or any of its existing approvals are adversely amended or revoked, this may adversely impact the financial performance and position and future prospects of Gateway, which may in turn lead to a potential breach of lending covenants.

### Passing off risk

Gateway has a strong presence in the MHE industry but is not presently the registered owner of trade marks for 'Gateway' or the 'tree' image, which exposes Gateway to a risk that its name and image may be used by others.

### Funding risk

In order to continue to fund organic growth and further acquisitions, Gateway will rely on access to various sources of new capital, along with the refinancing and / or variation of existing debt facilities. An inability to obtain the necessary funding or refinancing on acceptable terms and at commercial rates or a material increase in the cost of such funding may have an adverse impact on Gateway's performance or financial position. There is no guarantee that Gateway will be able to secure debt or equity funding at rates that make Gateway's organic growth and acquisition strategy attractive, or at all.

Gateway has various covenants in relation to its debt facilities, including interest coverage ratios and loan to valuation ratios. Factors such as falls in asset values or rental income could lead to a breach in debt covenants. In such an event, Gateway's lenders may require their loans to be repaid immediately. Gateway's ability to renew or extend existing borrowing facilities may also be affected.

### Property valuations

The value of each MHE held by Gateway, including the six acquisitions announced in this presentation may be affected by the property market generally or Gateway in particular. Factors affecting property valuation include, but are not limited to capitalisation and discount rates, the economic growth outlook, land resumptions and releases and proximity to major infrastructure projects. Such impacts on property valuations lead to material variations in the value of Gateway.

### Short-term rental and occupancy risk

Occupancy levels for short-term sites may fall below expectations as a result of factors such as increased competition in the caravan/holiday park industry or specific issues arising out of Gateway's MHEs and facilities which adversely impact its reputation. Occupancy rates are difficult to predict and are generally seasonal.



## Key risks (continued)

## Acquisitions and equity raising

### Acquisition risk

Gateway's strategy includes pursuing acquisitions of MHEs. The six secured Acquisitions announced in this Presentation are subject to customary completion conditions. Whilst Gateway is not aware of any reason why the Acquisitions will not proceed, there is a risk that these conditions may not be satisfied and that the Acquisitions do not complete. To the extent that the Acquisitions fail to complete, the financial performance of Gateway could be materially adversely affected.

In addition to the six acquisitions announced in this Presentation, Gateway has acquired a further 11 MHEs since listing in June 2015. Integration of these MHEs acquired by Gateway in the Gateway platform may take longer and cost more than anticipated and there is no guarantee that any MHEs acquired by Gateway will operate as profitably as they did prior to their acquisition. The performance of those MHEs may be adversely affected by changes in management or reduced demand from residents (existing and prospective). To the extent that acquisitions are not successfully integrated with Gateway's existing business, the financial performance of Gateway could be materially adversely affected.

### Acquisition pipeline and due diligence risk

Gateway regularly evaluates mergers and acquisitions, property investments and other opportunities that it believes are consistent with its strategy. Gateway has a pipeline of potential acquisition opportunities that it is evaluating to drive future growth of the business, however there is no guarantee that Gateway will be able to successfully complete future acquisitions. Further, Gateway may not be successful in identifying future acquisition opportunities, assessing the value, strengths and weaknesses of these opportunities or finalising acquisitions on acceptable terms or at all. While it is Gateway's policy to conduct a thorough due diligence process in relation to any such acquisition, risks remain that are inherent in such acquisitions. Gateway's past and future acquisitions may subject it to unanticipated risks and liabilities, or disrupt its operations and divert management's attention and resources from Gateway's day-to-day operations.

### General Risks

#### Market risk

The market price of Gateway stapled securities will fluctuate due to various factors, many of which are non-specific to Gateway, including recommendations by brokers and analysts, Australian and international general economic conditions, inflation rates, interest rates, exchange rates, changes in government, fiscal and monetary and regulatory policies, global geo-political events and hostilities and acts of terrorism, and investor perceptions. In the future, these factors may cause Gateway's stapled securities to trade on the ASX at a price above or below their issue price.

#### Taxation

Future changes in Australian taxation law (including the goods and services tax and stamp duty), including changes in interpretation or application of the law by the courts or taxation authorities in Australia, may affect the taxation treatment of your investment in Gateway stapled securities or the holding and disposal of those securities. Further, changes in tax law (including the goods and services tax and stamp duty), or changes in the way tax law is expected to be interpreted in the jurisdictions in which Gateway operates, may impact the future tax liabilities of Gateway.

#### Litigation

Gateway may, in the ordinary course of business, be involved in possible litigation disputes. Any such dispute may be costly and adversely affect the operational and financial results of Gateway.

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# Glossary

# Glossary

Defined Term	Meaning
Acquisitions	Has the meaning given in the Investor Presentation.
Additional New Stapled Securities	New Stapled Securities in excess of a Stapled Securityholder's Entitlement which will be available subject to the extent that other Stapled Securityholders do not take up their full Entitlement or are ineligible to participate in the Entitlement Offer as Ineligible Stapled Securityholders.
Application Monies	Monies received from an applicant in respect of their Application.
Application	An application for New Stapled Securities under the Retail Entitlement Offer.
ASIC	Australian Securities & Investments Commission.
ASX	ASX Limited (ABN 98 008 624691) and, where the context requires, the financial market that it operates (i.e., the Australian Securities Exchange).
ASX Announcement	The announcement released to ASX on Wednesday, 9 March 2016 in relation to the Institutional Placement and Entitlement Offer and annexed as Annexure A to this Retail Offer Booklet.
ASX Listing Rules	The listing rules of ASX.
Board	The board of directors of Gateway Lifestyle Operations Limited.
Corporations Act	Corporations Act 2001 (Cth).
Distribution	The amount of income of Gateway payable to Stapled Securityholders in accordance with the constitutions of Gateway Lifestyle Operations Limited (ABN 63 605 543 968) and Residential Parks No.2 Trust (ARSN ARSN 605 803 414).
Early Retail Acceptance Due Date	5.00pm (Sydney time), Tuesday, 22 March.
Early Retail Entitlement Offer Allotment Date	Wednesday, 23 March 2016.
Eligible Institutional Stapled Securityholder	An Institutional Stapled Securityholder which has been invited to participate in the Institutional Entitlement Offer.
Eligible Retail Stapled Securityholder	A Stapled Securityholder on the Record Date who: <ul style="list-style-type: none"> <li>• has a registered address in Australia or New Zealand;</li> <li>• is not in the United States and is not acting for the account or benefit of a person in the United States (to the extent such person holds Stapled Securities for the account or benefit of such person in the United States);</li> <li>• is not an Institutional Stapled Securityholder (other than a nominee to the extent that the nominee holds Stapled Securities on behalf of an Eligible Retail Stapled Securityholder); and</li> <li>• is eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.</li> </ul>
Eligible Stapled Securityholder	An Eligible Institutional Stapled Securityholder or an Eligible Retail Stapled Securityholder.
Entitlement	The entitlement to 2 New Stapled Securities for every 15 Stapled Securities held on the Record Date by Eligible Stapled Securityholders.
Entitlement and Acceptance Form	The Entitlement and Acceptance Form accompanying this Retail Offer Booklet upon which an Application can be made.
Entitlement Offer	The offer of New Stapled Securities under the Institutional Entitlement Offer and the Retail Entitlement Offer.
Final Allotment Date	Wednesday, 6 April 2016.
Final Retail Closing Date	5.00pm (Sydney time), Wednesday, 30 March 2016.
Gateway	Gateway Lifestyle Group (ASX: GTY), which is comprised of Gateway Lifestyle Operations Limited (ABN 63 605 543 968) and One Managed Investment Funds Limited (ABN 47 117 400 987) as responsible entity of the Residential Parks No. 2 Trust (ARSN 605 803 414).



Defined Term	Meaning
Ineligible Stapled Securityholder	Neither an Eligible Institutional Stapled Securityholder nor an Eligible Retail Stapled Securityholder.
Institutional Entitlement Offer	The offer of New Stapled Securities to Eligible Institutional Stapled Securityholders and Institutional Investors, as described in Section 1.3.
Institutional Investor	A person: <ol style="list-style-type: none"> <li>(1) in the case of a person with a registered address in Australia, who is an "exempt investor" as defined in ASIC Class Order 08/35; or</li> <li>(2) if outside Australia, to whom offers for issue of Stapled Securities may lawfully be made without the need for a lodged product disclosure statement, prospectus or other disclosure document or other lodgement, registration, filing with or approval by a governmental agency (other than one with which Gateway is willing, in its absolute discretion, to comply).</li> </ol>
Institutional Placement	The offer of New Stapled Securities to Eligible Institutional Stapled Securityholders and Institutional Investors, as described in Section 1.2.
Institutional Stapled Securityholder	A holder of Stapled Securities on the Record Date who is an Institutional Investor.
Investor Presentation	The investor presentation dated 9 March 2016 in relation to the Entitlement Offer and annexed as Annexure B to this Retail Offer Booklet.
Issue Price	The offer price being \$2.40 per New Stapled Security.
MHE	Manufactured home estate.
New Stapled Securities	Stapled Securities offered under the Institutional Placement or the Entitlement Offer.
Record Date	7.00pm (Sydney time) on Friday, 11 March 2016.
Registry	Link Market Services Limited.
Retail Entitlement Offer	The offer of New Stapled Securities to Eligible Retail Stapled Securityholders, as described in Section 1.4.
Retail Offer Booklet	This booklet dated 10 March 2016, including the ASX Announcement and the Investor Presentation.
Retail Offer Period	The period from the date the Retail Entitlement Offer opens until the Final Retail Closing Date.
Stapled Security	A stapled security consisting of one unit in Residential Parks No. 2 Trust (ARSN 605 803 414) and one share in Gateway Lifestyle Operations Limited (ABN 63 605 543 968).
Stapled Securityholder	The registered holder of a Stapled Security.
Sydney time	Australian Eastern Daylight Time (daylight savings expected to end on 3 April 2016).
Underwriters	Macquarie Capital (Australia) Limited (ABN 79 123 199 548); and UBS AG, Australia Branch (ABN 47 088 129 613).
Underwriting Agreement	The underwriting agreement between Gateway Lifestyle Operations Limited (ABN 63 605 543 968), One Managed Investment Funds Limited (ABN 47 117 400 987) as the responsible entity of the Residential Parks No. 2 Trust (ARSN 605 803 414) and the Underwriters dated 9 March 2016, as described in section 4.11.
US Person	Has the meaning given under Regulation S in the US Securities Act of 1933 as amended.
US or United States	United States of America, its territories and possessions, any state of the United States and the District of Columbia.
U.S. Securities Act	The U.S. Securities Act of 1933, as amended.



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## Corporate directory

# Corporate directory

## Gateway Lifestyle Group Registered Office

Suite 303, 7–9 Irvine Place  
Bella Vista NSW 2153

## Offer Information Line

1300 131 678 (toll free within Australia)  
+61 1300 131 678 (outside Australia)

Open between 8.30am and 5.30pm (Sydney time) Monday to Friday during the Retail Offer Period

## Underwriters

Macquarie Capital (Australia) Limited  
Level 4, 50 Martin Place  
Sydney NSW 2000

UBS AG, Australia Branch  
Level 16, Chifley Tower, 2 Chifley Square  
Sydney NSW 2000

## Legal Adviser

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

## Registry

Link Market Services Limited  
Level 12, 680 George Street  
Sydney NSW 2000

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