

CORPORATE GOVERNANCE STATEMENT 2016

GOVERNANCE AT GATEWAY

Gateway Lifestyle Group aims to make a difference by providing affordable living solutions to senior Australians. Our governance practices support this purpose by facilitating effective decision making, providing clear lines of responsibility and accountability and committing to transparent communication with our stakeholders.

The Gateway Lifestyle Group (**the Group** or **GTY**) is a stapled group. Shares in Gateway Lifestyle Operations Limited (**the Company** or **GLOL**) and units in the Residential Parks No.2 Trust (**Trust**) are stapled and cannot be traded separately. As a result of the stapling and in accordance with the Constitutions of the Trust and the Company, the operations of the Gateway Lifestyle Group are coordinated under the management of GLOL.

Each of the Company and the Trust has its own corporate governance and compliance obligations and its own constitution. While One Managed Investment Funds Limited (**OMIFL**) is the responsible entity of the Trust, with its own board, the operations of the stapled group are co-ordinated under the Board of GLOL (**the Board**). The Board recognises the role and importance of good corporate governance and the need for ensuring a framework for shaping the appropriate corporate governance arrangements. This statement applies to the Gateway Lifestyle Group. The Corporate Governance framework adopted is overseen by the Board and supported by the OMIFL Board.

This Corporate Governance Statement sets out the corporate governance framework and practices adopted by Gateway Lifestyle Group. Under Australian Securities Exchange (**ASX**) Listing Rule 4.10.3, ASX listed entities are required to benchmark their corporate governance practices against the 3rd edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**ASX Recommendations**).

Copies of the Company's corporate governance policies and Board and Committee charters referred to in this statement can be found in the corporate governance section of the website at www.gatewaylifestyle.com.au.

This Corporate Governance Statement is current as at 23 September 2016 and has been approved by the Board of the Company.

1 BOARD AND MANAGEMENT

1.1 The role of the Board

The Board's primary role is for the operation and stewardship of the Group and in particular the long term growth and profitability of the Group. The Board is responsible for the overall corporate governance of GTY including its strategic direction, establishing goals for management and monitoring the achievement of these goals. In performing its responsibilities, the Board acts in the best interests of GTY and its securityholders, honestly, fairly and diligently and in accordance with the duties and obligations imposed upon it by the Company's constitution and the law.

The Board has identified the functions reserved to itself as set out in the Board Charter which details the functions and responsibilities of the Board. In summary, the responsibilities of the Board include: monitoring the strategic and financial objectives of the Group, monitoring and assessing management's performance in achieving strategies and budgets approved by the Board, monitoring the performance of the Chief Executive Officer (**CEO**), monitoring risk and compliance with regulatory requirements and performance and setting the measurable objectives for achieving gender diversity in accordance with the GTY Diversity Policy. The roles and responsibilities of the Board are set out in the Board Charter.

The Board has established Committees to assist in carrying out its responsibilities and to review certain issues and functions in detail. The Board Committees are discussed at Item 2 below.

1.2 Delegations to Management

The Board has delegated responsibility for the day to day management of the Group's business and affairs to the Managing Director and CEO. The Board Charter also provides that the role of management is to support the CEO and implement the running of the general operations and financial business of GTY, in accordance with the delegated authority of the Board. The Board Charter summarises matters delegated to management. The Company's senior executives' responsibilities are defined and documented in formal position descriptions and performance plans.

Management must supply the Board with information in a form, timeframe and quality that will enable the Board to discharge its duties effectively.

1.3 Performance Evaluation

In accordance with the Board Charter, the Board undertook an annual evaluation. The review involved consideration of the performance of the Board and Board Committees against their respective Charters. The results of the review will be taken into account when determining goals and objectives of the Board and Committees for the upcoming year and in determining the support of the Board for any director standing for election or re-election.

The Remuneration and Nomination Committee is responsible for monitoring the Managing Director and CEO's performance at least annually. Performance evaluations for the Managing Director and CEO and other senior executives were undertaken during the year.

2. STRUCTURE THE BOARD TO ADD VALUE

2.1 Board Composition

Consistent with its Charter, the Company's Board is comprised of directors with diverse yet complementary skills and experience, enabling it to appropriately and effectively oversee all aspects of the Group's operations and enhance performance.

The Board is comprised of six directors (the Company's Constitution provides for a minimum of three and a maximum of nine directors), which the Board believes to be an appropriate size to discharge its duties as well as being conducive to effective discussion and efficient decision making.

Four of the Company's six directors are non-executive directors, including the Chair, with two executive directors. This structure enables an appropriate balance to be struck between directors with experience and knowledge of the business operations and directors with an external perspective and a level of independence.

The Board is structured to maintain a majority of independent directors, to ensure independent judgement is brought to bear on all decisions. All four of the Company's non-executive directors, including the Chair, are independent directors.

The Chair is elected by the Board and is responsible for leading the Board, ensuring Directors are properly briefed in all matters relevant to their roles and responsibilities, facilitating Board discussions and managing the Board's relationship with the Company's senior executives, including the CEO. The CEO is responsible for implementing the Group's strategies and policies.

Details for each director of the Group, including details of skills, experience and expertise are set out in the Directors' Report.

2.2 Director appointment, election and re-election

The Board Charter sets out the process of appointment and re-election of directors. The Board will undertake appropriate checks before appointing a director, or putting the nominee forward to securityholders as a candidate for election as a director of the Company. The Board will also provide securityholders with all material information in the possession of the Company relevant to a decision

on whether or not to elect or re-elect a person as a director. Directors are generally elected for three years. Stephen Newton and Rachel Launders will retire and stand for re-election at the 2016 AGM.

The Remuneration and Nomination Charter sets out the procedure for nomination of directors and the suitability criteria for directors as well as the selection and appointment process. This Charter also provides an outline for new director induction and requires the Remuneration and Nomination Committee, at least annually, to review the size and composition of the Board to ensure that it continues to have the right mix of experience and competencies to fulfil its responsibilities effectively and taking into account the independence of directors as stated in the Board Charter and the Diversity Policy.

The Company's Constitution provides that all directors, other than the CEO, must retire and if applicable stand for re-election, after being in office for three years or after the third Annual General Meeting (**AGM**) since last elected.

All new directors receive a letter of appointment which sets out the key terms and condition of their appointment. An induction program will be available for new directors.

2.3 Director independence and conflicts of interest

The Board periodically assesses the independence of each director in accordance with the Board Charter and utilising independent criteria set out in the Board Charter. This Charter sets out considerations that determine the thresholds for independence and relationships which affect independence thresholds. These thresholds are based on those set out in the ASX CGC Principles and Recommendations.

The Board requires each director to disclose any new information, matter or relationship which would, or could reasonably be perceived to, impair the director's independence. All material personal interests are declared at each Board meeting under a standing agenda item.

In accordance with the Corporations Act 2001 (Cth) and the Constitution of the Company, directors are restricted in their involvement when the Board considers and votes on any matter in which a director has a material personal interest.

The Chair of the Board is Andrew Love, an independent director, and the Board also considers that each of Stephen Newton, Rachel Launders and Andrew Fay are independent directors. Trent Ottawa the CEO and John Wong, the CFO are both executive directors and are assessed as not independent. The Board has a majority of independent directors (with 4 of the 6 considered independent) and the Board is satisfied that the composition of the Board reflects an appropriate range of independence, skills and experience for the Company.

The Board has procedures in place to ensure it operates independently of management. Non-executive directors meet together periodically in the absence of executive directors and other executives of the Company to discuss the operation of the Board and a range of other matters.

2.4 Skills of the Board

The Board actively seeks to ensure that the Board and its Committees have the right mix of background, skills, knowledge and experience necessary to guide and govern the Group effectively and in accordance with the highest standards.

The Board considers that collectively the current Board has the range of skills, knowledge and experience necessary to direct the Group. The non-executive directors represent a wide range of operational and financial experience and an understanding of the industry in which GTY operates. The combination of skills and experience allow for contributions on operational, financial and management matters and an understanding of community related issues. The presence of the CFO on the Board brings an additional perspective to the Board with a thorough understanding of GTY's business.

The Board intends to regularly review its composition and succession plans. It uses the skills matrix below to guide its assessment of the skills and experience of current directors and to identify any gaps in the collective skills.

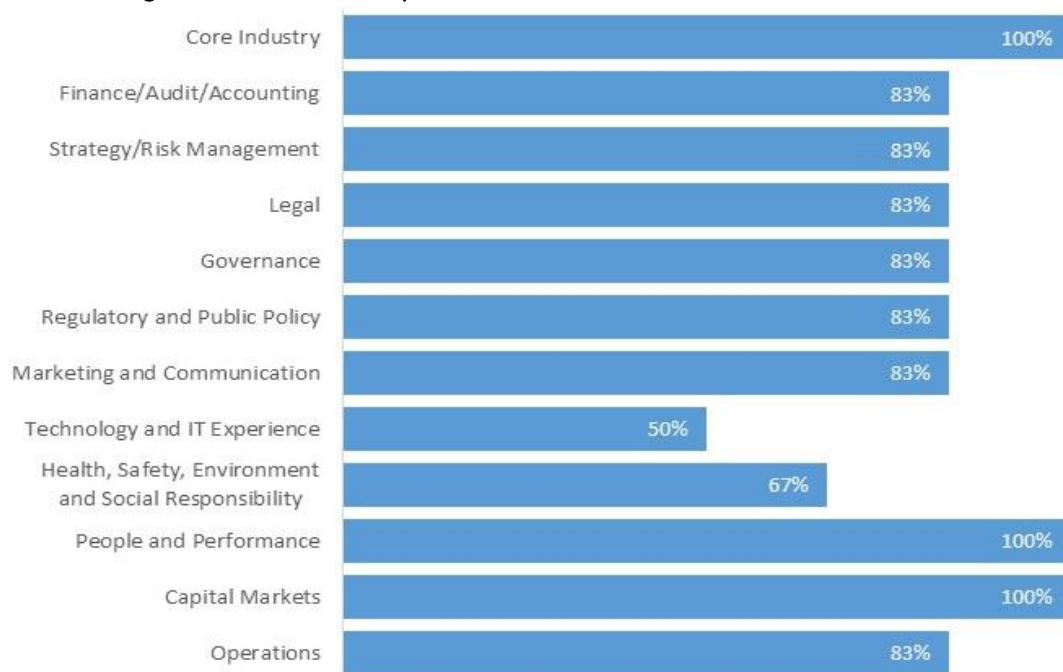
The Board has adopted a skills matrix which is used, together with a consideration of the diversity present among the Board, in assessing the composition of the Board from time to time. The skills identified are:

Core Industry	Experience in the affordable housing property market and tourism market
Finance/Audit/Accounting	Senior executive or equivalent experience in financial accounting and reporting
Strategy/Risk Management	Experience in developing and implementing a successful strategy over the long term
Legal	Experience in legal and regulatory compliance
Governance	Knowledge of the Corporate Governance and regulations framework that apply to be an ASX listed entity
Regulatory and Public Policy	Experience in regulatory policy, government and stakeholder relations
Marketing and Communication	Senior executive experience in marketing and communications
Technology and IT Experience	Experience in the area of technology
Health, Safety, Environment and Social Responsibility	Experience related to workplace health and safety, and social environmental responsibility
People and Performance	Senior management or equivalent experience with remuneration including incentive programmes, superannuation, leadership and development
Capital Markets	Expertise in considering and implementing efficient capital management including alternative capital sources and distributions, yields and markets
Operations	A broad range of commercial and business experience in business systems, practices, improvements, risk and compliance, sales, technology and human resources

The Board considers that the current members, taken as a whole, satisfy the mix of skills identified in the skills matrix, as a majority of directors have a high level of expertise across each of the skills identified in the skills matrix. The Board also demonstrates diversity in terms of gender and international work experience.

The chart below shows the degree to which Board members, considered as a group, demonstrate a high level of the skills which form part of the Board's skills matrix (with a score of 100% indicating that all directors have the skill to a high degree).

Assessment against the Board Skills Experience Matrix



Directors are encouraged to attend appropriate training and professional development courses to update and enhance their skills and knowledge. Directors are also encouraged to build on their exposure to the Group's business by site visits and through Board meetings held throughout the year at Gateway Lifestyle locations in Australia.

2.5 Board access to information and advice

The Board Charter includes a provision for directors to seek independent professional advice at the expense of the Company to assist them to discharge their duties.

All directors of the Company have access to the Company Secretary, who supports the effectiveness of the Board and is accountable to the Board on all governance matters. The appointment and removal of the Company Secretary is a matter for approval by the Board.

2.6 Chair

Andrew Love is an independent non-executive director and is Chair of the Board. The roles of Chair and CEO are not exercised by the same individual. Andrew Love is the Chair and Trent Ottawa is the CEO.

The Chair is responsible for leadership and effective performance of the Board and to ensure that a high standard of values, governance and constructive interaction between directors and management is maintained.

2.7 Board Committees

To assist in undertaking its duties, the Board has established the following Committees:

- the Audit and Risk Management Committee; and
- the Remuneration and Nomination Committee.

The Charters for each of the Committees are available on the Group's website. The Charters specify the responsibilities, composition, membership requirements, reporting processes and the manner in which the Committees are to operate. These Charters are reviewed on an annual basis. All matters determined by Committees are submitted to the Board as recommendations for Board decisions.

Details of directors' membership of each Committee and their attendance at meetings are set out in the Directors' Report.

3. ACT ETHICALLY AND RESPONSIBLY

3.1 Code of Conduct

The Company's commitment to maintaining ethical standards in its business activities is demonstrated in its values and its Code of Conduct which embraces these values. The Code of Conduct applies to all directors and employees of the Company. The Code of Conduct covers expectations regarding conduct in the workplace including confidentiality; compliance with laws; conflicts of interest and financial integrity. Specific prohibitions are included in the Code of Conduct regarding the making of improper payments and bribery and financial inducements.

Employees are actively encouraged to report any breach of the Code of Conduct or other policies and procedures in place, and the Company has a Whistleblower Policy in support of this.

Failure to comply with the Code of Conduct or any of the Company policies is regarded as a serious breach of the relevant policy and will be investigated and may result in disciplinary action ranging from warnings to termination.

A copy of the Code of Conduct is available on the Group's website.

During the year, the Company reviewed and updated its Securities Trading Policy which governs the trading in GTY securities by directors and employees. A copy of this Policy is available on the Group's website.

3.2 Diversity

The Company values and is proud of its diverse workforce. The Diversity Policy provides guidelines in relation to GTY's commitment to diversity, the establishment of measurable objectives for achieving gender diversity, the annual assessment of the objectives set. In addition to working towards the measurable objectives set by the Board, the Company takes other steps to achieve gender diversity within the workforce, including having policies which are supportive of part time or flexible work, as a way of encouraging employees who have taken parental leave to return to work.

The Company's commitment to diversity is not limited to gender. Accordingly, the Company is committed to recruiting, training and promoting individuals based on competence and to attracting the best people in their fields, regardless of race, religion, national origin, sex, age, physical disability, marital status or sexual orientation. The Board believes that employee diversity encourages a broad range of skills and ideas which are essential to the Company's continued growth. The Company has also supported having disabled workers in our Communities, as part of our commitment to a diverse workforce.

The Company has an established Diversity Policy and the Code of Conduct addresses matters such as equal opportunity, discrimination and respect generally.

3.3 FY17 Diversity Measurable Objectives

The Diversity Policy requires the Company to set and report on a range of gender diversity objectives and measures each year. The Board has set the following measurable objectives for achieving gender diversity in 2017:

1. Consider the matters set out in the Workplace Gender Equality Indicators set out in the Workplace Gender Equality Act 2012 (Cth) and ensure the Company is compliant with the requirements.
2. Maintain 30% female employees in the senior management team.
3. Select equal number of female and male employees to participate in development programs to support their career growth.

3.4 Proportion of Women Employees

Information on the actual number and proportion of women employed by the Company is set out below:

	2016 Actual		2015 Actual	
	Number	%	Number	%
Number of women employees in the organisation	198	53%	181	59%
Number of women in senior executive roles ¹	3	46%	3	46%
Number of women on the Board	1	17%	1	17%

1. Senior Executives are the equivalent of a manager with primary responsibility for a department.

4. SAFEGUARD INTEGRITY IN CORPORATE REPORTING

4.1 Audit and Risk Management Committee

The Board is committed to ensuring the Group's financial reports present a true and fair view of the Company's financial position and comply with relevant accounting standards. In support of this commitment the Board has established an Audit and Risk Management Committee. The primary role of the Audit and Risk Management Committee is to assist the Board in discharging its responsibilities in relation to the Company's financial reporting, internal control structure, risk management systems and the internal and external audit functions and to make appropriate recommendations in respect of those responsibilities.

The Audit and Risk Management Committee has a formal charter which sets out the Audit and Risk Management Committee's role and responsibilities, composition, structure and membership requirements and is available on the Group's website.

Consistent with its Charter, the Audit and Risk Management Committee consists only of non-executive directors all of whom are independent. It is chaired by an independent director who is not the chair of the Board and at all times is constituted by at least three members. At the discretion of the Audit and Risk Management Committee, the external auditor and the CEO and other executives are invited to attend meetings.

The current members of the Audit and Risk Management Committee are four non-executive directors, Andrew Fay (Chair), Andrew Love, Rachel Launders and Stephen Newton. Details of their attendance at meetings of the Audit and Risk Management Committee are set out in the Directors' Report. During the financial year the Committee met six times.

4.2 Declaration by Management

The CEO and the CFO provide formal assurance to the Board that the Group's financial statements present a true and fair view of the Group's financial condition and operational results.

4.3 External Auditor

The Audit and Risk Management Committee reviews the effectiveness of the external auditors and makes assessments in relation to their continued independence at least annually.

Ernst & Young's appointment as external auditor was approved by securityholders at the AGM in 2015. It is Ernst & Young's policy to rotate audit engagement partners on listed companies at least every five years.

An analysis of fees paid to the external auditors, including fees for non-audit services, is provided in the Directors' Report and notes to the financial statements. It is the policy of Ernst & Young to provide an annual declaration of its independence to the Audit and Risk Management Committee.

The external auditor will attend the AGM and be available to answer securityholder questions about the conduct of the audit and the preparation and content of the audit report.

5. MAKE TIMELY AND BALANCED DISCLOSURE

5.1 Continuous Disclosure and Shareholder Communications

The Company has a Continuous Disclosure Policy which sets out processes which are followed by the Company to ensure it complies with the ASX Listing Rules in relation to continuous disclosure and shareholder communications. These outline the Group's commitment to providing all securityholders and investors with equal access to the Group's information and disclosing all information that a reasonable person would expect to have a material effect on the price of its securities to the ASX, in accordance with the continuous disclosure requirements of the Corporations Act 2001 and ASX Listing Rules. A copy of the Continuous Disclosure Policy is available on the Group's website.

GLOL's Company Secretary has primary responsibility for all communications with the ASX, overseeing and co-ordinating all information disclosure to the ASX, securityholders and other relevant parties. All information released to the ASX is posted on the Group's website.

All employees have a responsibility to report any potentially price or value sensitive information to the Company Secretary, who is then responsible for ensuring this information is advised to the Disclosure Committee which then makes recommendations to the Board.

The Company also has assigned authorised spokespersons for the Group, to ensure all public communications are within the bounds of information that is already in the public domain, and/or is not material.

6. RESPECT THE RIGHTS OF STAKEHOLDERS

6.1 Stakeholder Communication

The Group is committed to effective communication and accurate communication with its securityholders, employees, customers and other stakeholders. Information is communicated to securityholders through the Company's website, annual report, ASX announcements and media releases, distribution mail outs, email broadcasts and other means where applicable.

6.2 Website

The Group's website is the primary means to provide information to all stakeholders, in addition to the lodgement of all relevant financial and other information with ASX (which will also be posted on its website). The Group website has a corporate governance page where all relevant corporate governance information can be accessed. The website is kept up to date with all announcements to the market and related information after release to the ASX including annual reports and financial statements, webcasts and presentations to analysts and investors. GTY's website address is: www.gatewaylifestyle.com.au

6.3 Investor Relations

The Company recognises that meetings of securityholders represent an excellent opportunity for the Company to provide information to its securityholders and encourages attendance at, and participation in, general meetings.

As outlined in the Communications Policy, the Company recognises the importance of the relationship with its institutional investors, brokers and analysts. The Company may from time to time conduct briefings to these groups.

6.4 Stakeholder Engagement

The Company recognises that it is often efficient to communicate electronically and accordingly, stakeholders will be given the option to receive communications from, and send communications to, the Group and its securities registry electronically. At the Annual General Meeting, there is an opportunity for securityholders to ask questions or comment on matters relevant to the Group.

7. RECOGNISE AND MANAGE RISK

7.1 Risk Management Roles and Responsibilities

Effective management of risk is essential to good corporate governance and integral to creating and maintaining securityholder value and to the successful execution of the Group's strategies.

The Board is ultimately responsible for risk management and is required to satisfy itself that significant risks faced by the Group are being managed appropriately and that management has developed and implemented a sound system of risk management. The Board has delegated to the Audit and Risk Management Committee responsibility for detailed review of the risk management system.

7.2 Risk Management Framework

During the year, the Company undertook a strategic risk assessment exercise. A Risk Management Framework is currently being finalised and is designed to provide clear guidance on the delivery of Gateway's approach to risk management.

Key risk registers and a risk matrix have been developed and will be maintained and regularly reviewed by management. The registers will be reviewed at least bi-annually by the Audit and Risk Management Committee.

In respect of the Group's financial statement, the Board receives written assurance from the CEO and the CFO that to the best of their knowledge and belief, the declaration provided by them in accordance with section 295A of the Corporations Act 2001 (Cth) is founded on a sound system of risk

management and internal control and that the system is operating effectively in relation to financial reporting risks.

7.3 Internal audit

Due to the nature of the Group's activities, the Company has not established a formal internal audit function. In addition to the assurance received from the CEO and CFO regarding risk management and internal control processes, the Audit and Risk Management Committee oversees appropriate processes for evaluating and continually improving the effectiveness of its risk management and internal control processes as set out in the Committee Charter.

OMIFL has a formal compliance plan adopted by the OMIFL Board and lodged with ASIC. The purpose of the compliance plan is to set out key processes, systems and measures the Responsible Entity will apply to ensure compliance with the Corporations Act, the Constitution of the Trust and internal policies and procedures including in respect of its AFSL. OMIFL has established a Compliance Committee in relation to the Trust to monitor the extent OMIFL complies with the Compliance Plan, report to OMIFL any breach of which the Compliance Committee becomes aware and to report to ASIC if the Compliance Committee is of the view OMIFL has not taken or does not propose to take action to deal with a breach.

External auditors conduct an annual audit of the Compliance Plan and report whether the Responsible Entity has complied with the Compliance Plan of the Trust for the financial year end. Separately, external auditors also conduct the AFSL audit annually.

7.4 Sustainability

Gateway believes its operating model is inherently sustainable as we create value for our stakeholders through meeting key societal trends. We have identified the key societal trends such as the needs of an ageing population, housing affordability and the retirement funding gap. During the year the Company's management identified the key Environmental, Social and Economic risks and opportunities (the Identified Issues) associated with the key societal trends that the Group is exposed to. The Identified Issues were analysed to determine whether the exposure is material to Gateway's stakeholders and to investigate the links between the Identified Issues and the Group's ability to create and protect stakeholder value in the short medium and long term.

The Company will continue to gather information on the needs of an ageing population to allow the Group to identify and develop a response to the issues that allows Gateway to respond to the Identified Issues, meet the needs of our stakeholders and generate value to our shareholders. As part of this process we will identify key metrics and set sustainability goals.

The Group has exposure to economic and social sustainability risks and seeks to mitigate these exposures as set out on page 13 of the Annual Report.

The table below identifies which of these Identified Issues are considered to be an economic and /or social sustainability risk. The Group has not identified any exposure to environmental sustainability risks that it considers material, but manages its operations at sites (such as waste management) in a way which is compliant with requirements of its operating licences and applicable laws.

<i>Risk Type</i>	<i>Identified Risk</i>
Economic and social sustainability risks	Health & Safety Community Management Home Sales & Settlements Acquisition Risk

8 REMUNERATE FAIRLY AND RESPONSIBLY

8.1 Remuneration Practices

GTY is committed to adopting remuneration practices that align the interests of employees and securityholders by linking individual and company performance with remuneration outcomes;

rewarding employees for financial and non-financial performance and driving behaviour and focussing performance in alignment with business objectives. In support of this commitment the Board has established a Remuneration and Nomination Committee and adopted a Remuneration Policy.

Consistent with its Charter, the Remuneration and Nomination Committee consists only of non-executive directors, all of whom are considered independent, is chaired by an independent Chair and has at least three members. Details of the names and qualifications of those appointed to the Remuneration Committee in the reporting period and their attendance at meetings of the Remuneration Committee are set out in the Directors Report. The roles, responsibilities, composition and the structure of the Remuneration and Nomination Committee are set out in the Remuneration and Nomination Committee Charter adopted by the Board. During the year, the Committee met three times.

When considered necessary, the Remuneration and Nomination Committee may obtain external advice from independent remuneration consultants in determining the Company's remuneration practices and benefits. During the year, the Committee received briefings from external remuneration experts on various matters.

8.2 Non-Executive Director Remuneration

The Company clearly distinguishes the structure of non-executive directors' remuneration from that of executive directors and senior executives. Non-executive directors do not receive any incentive-based remuneration or employee share rights or options and do not receive any retirement benefits other than statutory entitlements.

Further details in relation to the remuneration policies and practices are contained in the Remuneration Report in the Annual Report.