



10 March 2016

Dear Stapled Security Holder

Gateway Lifestyle Group Entitlement Offer – Notification to Ineligible Retail Stapled Security Holders

On 9 March 2016, Gateway Lifestyle Group (**Gateway** or the **Group**) announced a fully underwritten Institutional Placement (**Institutional Placement**) to raise approximately \$40.2 million, and a 2 for 15 accelerated non-renounceable pro rata entitlement offer (**Entitlement Offer**) to raise a further approximately A\$79.8 million (together with the Institutional Placement, the **Offer**).

The Entitlement Offer is fully underwritten and comprises an institutional component (**Institutional Entitlement Offer**) and an offer to Eligible Retail Stapled Security Holders (as defined below) (**Retail Entitlement Offer**). The Institutional Entitlement Offer has already closed and raised approximately \$62 million, and the Retail Entitlement Offer is expected to raise approximately \$18 million.

The proceeds of the Offer will be used to fund six secured MHE acquisitions and repay debt to strengthen Gateway's financial position to deliver its business plan, as set out in the Investor Presentation published on ASX on Wednesday, 9 March 2016.

The Retail Entitlement Offer is being made to Eligible Retail Stapled Security Holders (as defined below) on the basis of 2 new stapled securities in Gateway (**New Stapled Securities**) for every 15 existing stapled securities (**Stapled Securities**) held at 7.00pm (Sydney time) on Friday, 11 March 2016 (**Record Date**), at an offer price of \$2.40 per New Stapled Security.

Documents relating to the Retail Entitlement Offer were lodged with the ASX today and are expected to be despatched to Eligible Retail Stapled Security Holders on or before Wednesday, 16 March 2016.

Eligibility to participate in the Retail Entitlement Offer

An Eligible Retail Stapled Security Holder is a holder of stapled securities who:

- (a) was a registered holder of Gateway stapled securities as at 7.00pm (Sydney time) on the Record Date;
- (b) has a registered address in Australia or New Zealand;
- (c) 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 securities in Gateway for the account or benefit of such person in the United States);
- (d) is not an Eligible Institutional Holder (other than a nominee to the extent that the nominee also holds Stapled Securities on behalf of an Eligible Retail Stapled Security Holder) or an Ineligible Institutional Holder (as defined in the Retail Entitlement Offer Booklet lodged with ASX on 9 March 2016); and
- (e) is eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

Given the relatively small number of ineligible retail stapled security holders who do not satisfy the above criteria (**Ineligible Retail Security Holders**) and the cost and complexity of





complying with the legal requirements to enable the Entitlement Offer to be made to those Ineligible Retail Holders, Gateway has decided not to extend the Entitlement Offer to those Ineligible Retail Security Holders.

Unfortunately, according to our records you do not satisfy the criteria for an Eligible Retail Stapled Security Holder, and therefore Gateway is unable to extend to you the opportunity to participate in the Retail Entitlement Offer. If our records are incorrect on this matter, please contact the Offer Information Line on the details below.

As the Retail Entitlement Offer is non-renounceable, entitlements in respect of the New Stapled Securities you would have been entitled to if you were an Eligible Retail Stapled Security Holder will lapse and you will not receive any payment or value for your entitlements in respect of any New Stapled Securities that would have been offered to you if you had been eligible. New Stapled Securities equivalent to the number of New Stapled Securities you would have been entitled to if you were an Eligible Retail Stapled Security Holder may be allocated to other Eligible Retail Stapled Security Holders who subscribe for New Stapled Securities in excess of their Entitlement under the Retail Entitlement Offer.

You do not need to respond to this letter. If you have questions in relation to any of the matters described above, please contact the Offer Information Line on 1300 131 678 (local call cost within Australia) or +61 1300 131 678 (from outside Australia) from 8.30am to 5.30pm (Sydney time), Monday to Friday.

On behalf of the Board, we thank you for your continued support of Gateway.

Yours faithfully

Andrew Love
Chairman

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

Important Notices

This letter does not constitute or form part of an offer, invitation, solicitation, advice or recommendation with respect to the issue, purchase or sale of any stapled securities in Gateway. In particular, this letter does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. Neither the entitlements nor the New Stapled Securities that will be offered and sold in the Entitlement Offer have been, nor will be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any state or other jurisdiction of the United States. Accordingly, entitlements may not be issued to or exercised by, and the New Stapled Securities may not be offered or sold, directly or indirectly, to persons in the United States or persons acting for the account or benefit of persons in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any other applicable U.S. state securities law. The entitlements and the New Stapled Securities to be offered and sold in the Entitlement Offer may only be offered and sold to persons that are not in the United States and are not acting for the account or benefit of persons in the United States, in each case, in "offshore transactions" in reliance on Regulation S under the Securities Act.

