

30 August 2017

GATEWAY LIFESTYLE GROUP (ASX: GTY) FY17 RESULTS

Key Highlights

- **Statutory net profit after tax of \$59.7 million** (FY16: \$38.9 million), including a net gain in fair value of \$25.0 million
 - **Distributable earnings increased by 4.5% to \$39.6 million** (FY16: \$38.2 million)
 - **Distributions of 9.1 cents per stapled security** (FY16: 10.88 cps) for the financial year
 - **Rental revenue up 22.5% to \$60.9 million** (FY16: \$49.7 million) driven by a 24.5% increase in long-term site rental revenue of \$46.3 million (FY16: \$37.2 million)
 - **As at 30 June 2017 annualised long-term rental revenue of over \$48 million** from 6,539 long term occupied sites (FY16: 5,944¹) at an average weekly rent of \$142.4 (FY16: \$138.2¹)
 - **241 home settlements** (FY16: 262) at an average net profit margin of \$105k per home (FY16: \$100k), delivering growth in our long-term rental portfolio
 - **Strong cash flow conversion** with 96% underlying cash flow conversion for the period
 - **Balance sheet positioned for growth** with low gearing at 23.4% and debt capacity of \$70 million
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CEO, Trent Ottawa said: "We have continued to grow our long-term portfolio base through organic increases, the sale of new homes and acquisitions. This has been reflected in an increase of 24.5% in long-term rental revenue to \$46.3 million. Our portfolio now consists of 56 communities with 6,539 long-term occupied sites with an average weekly site rent of \$142.4, and is well positioned for ongoing, sustainable growth."

During the year, the Group acquired five assets adding 362 long-term occupied sites to the portfolio which are anticipated to contribute ~\$2.7 million to the long-term rental revenue in FY18. We continue to invest in display homes and the development of new sites across our key development projects to meet demand.

In addition, we completed our first comprehensive resident survey to help us better understand the concerns that are most important to the residents living in our communities. We achieved strong endorsement from our residents with 89% willing to recommend living in a Gateway Lifestyle community. We remain committed to operating and creating communities in line with best practice, and will continue to pursue initiatives that achieve positive resident experiences.

Strong revaluations of the communities during the year resulted in a net fair value increase of \$25 million demonstrating improved operating performance, the contribution from growing the long-term income stream and continued cap rate compression.

Gateway Lifestyle Group confirms the final distribution of 5.6 cents per stapled security including a deferred tax component of 87.3% for the six-month period to 30 June 2017 previously announced and confirms the payment date of 15 September 2017.

¹ Long term occupied sites and average weekly rents restated for FY16 to be consistent with FY17 definition

Outlook

Our focus remains on growing the portfolio of cash generative, long-term occupied sites through the management of our communities, acquisition of new communities and the development of new homes.

The Group is well capitalised and the portfolio remains well positioned to support sustainable long-term growth and value creation.

Assuming no material changes in market conditions, we are targeting growth in distributable earnings of 7% for FY18, excluding further acquisitions.

Further details are provided in the Appendix 4E and FY17 results presentation.

Gateway Lifestyle will hold a conference call on Wednesday 30 August 2017 at 11am (AEDT) to discuss the FY17 Results; Webcast: <https://edge.media-server.com/m6/p/kku8kyrx>.

If you require further information please contact investor@gatewaylifestyle.com.au.