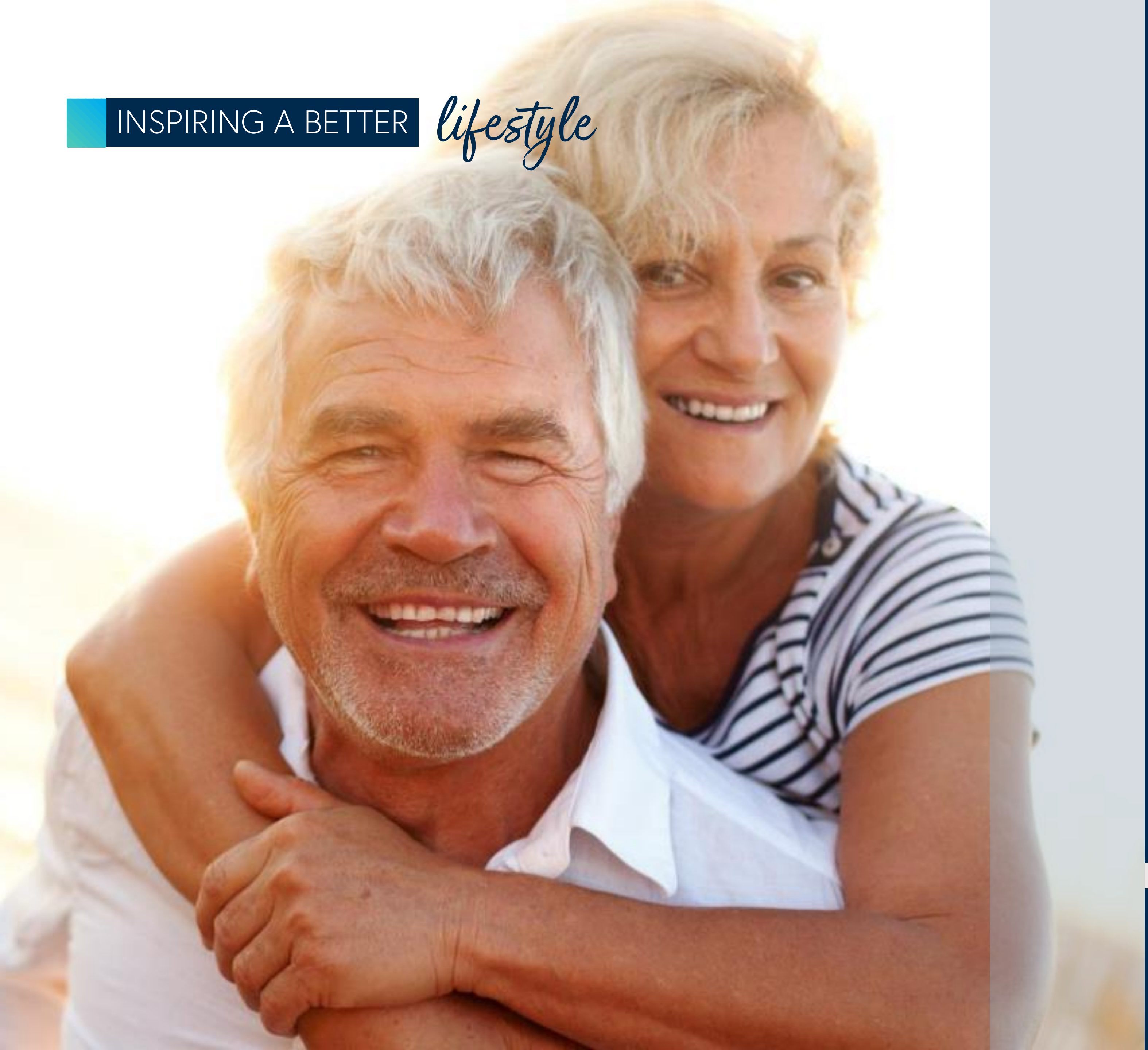

2017

Results Presentation

30 August 2017

GATEWAY LIFESTYLE

Disclaimer

Summary Information

The Gateway Lifestyle Group (GTY) is a stapled group. Shares in Gateway Lifestyle Operations Limited (GTY or the Company) 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 Constitution of the Trust and Gateway Lifestyle Operations Limited, the operations of the Gateway Lifestyle Group are coordinated under the management of Gateway Lifestyle Operations Limited.

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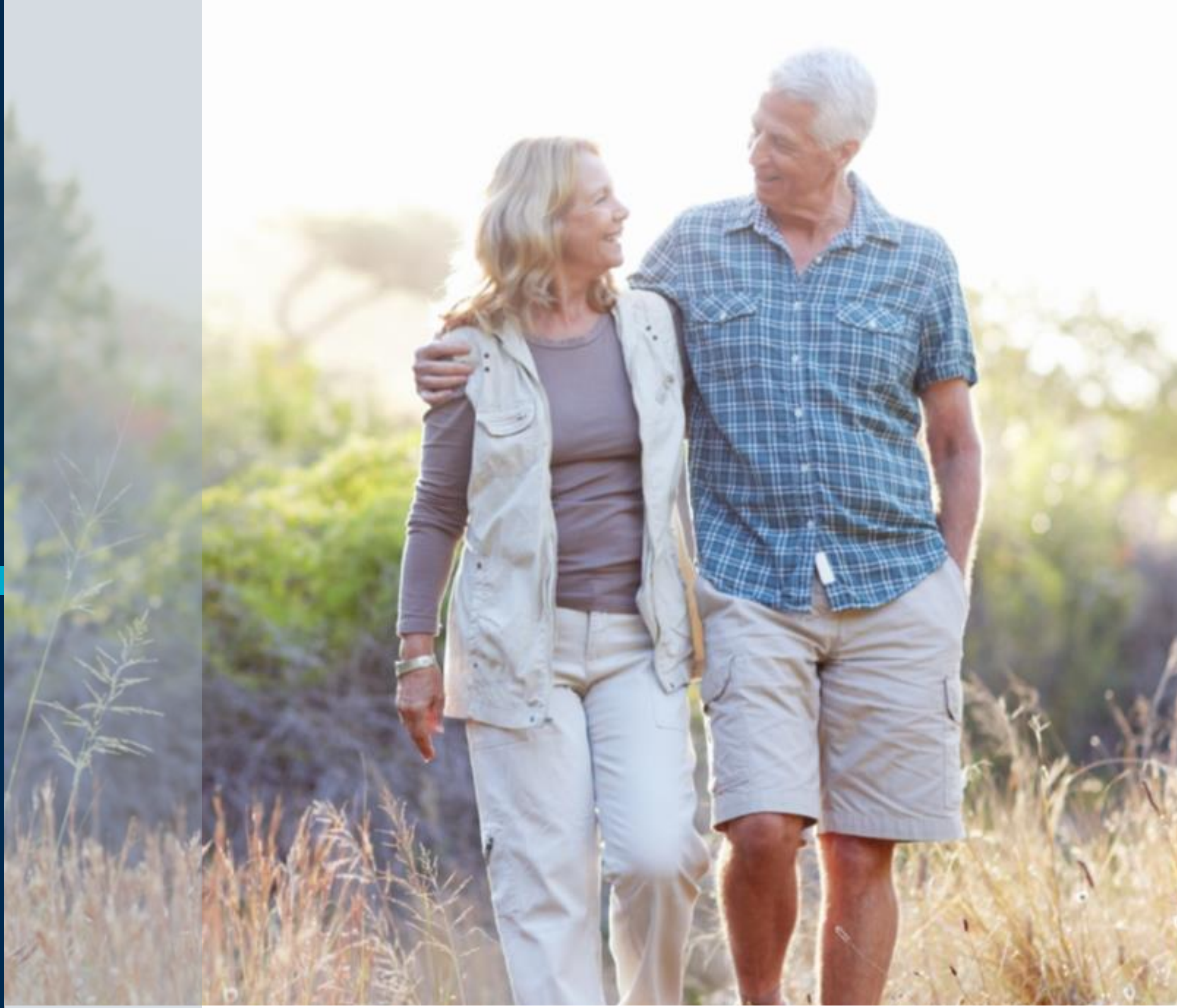
Non-IFRS financial measures. The Group results are reported under International Financial Reporting Standards (IFRS). However, this presentation includes certain financial information that are non-IFRS financial measures for the purposes of providing a more comprehensive understanding of the performance of the Group. These non-IFRS financial measures include Distributable Earnings, EBITDA and other operating measures which provide useful information for measuring the underlying operating performance of the Group. Such non-IFRS information is unaudited, however the numbers have been extracted from audited financial statements.

Agenda

01

Overview

Trent Ottawa



GATEWAY LIFESTYLE

Gateway Lifestyle is strongly positioned for growth and sustainable returns

$59.7m
net profit after tax

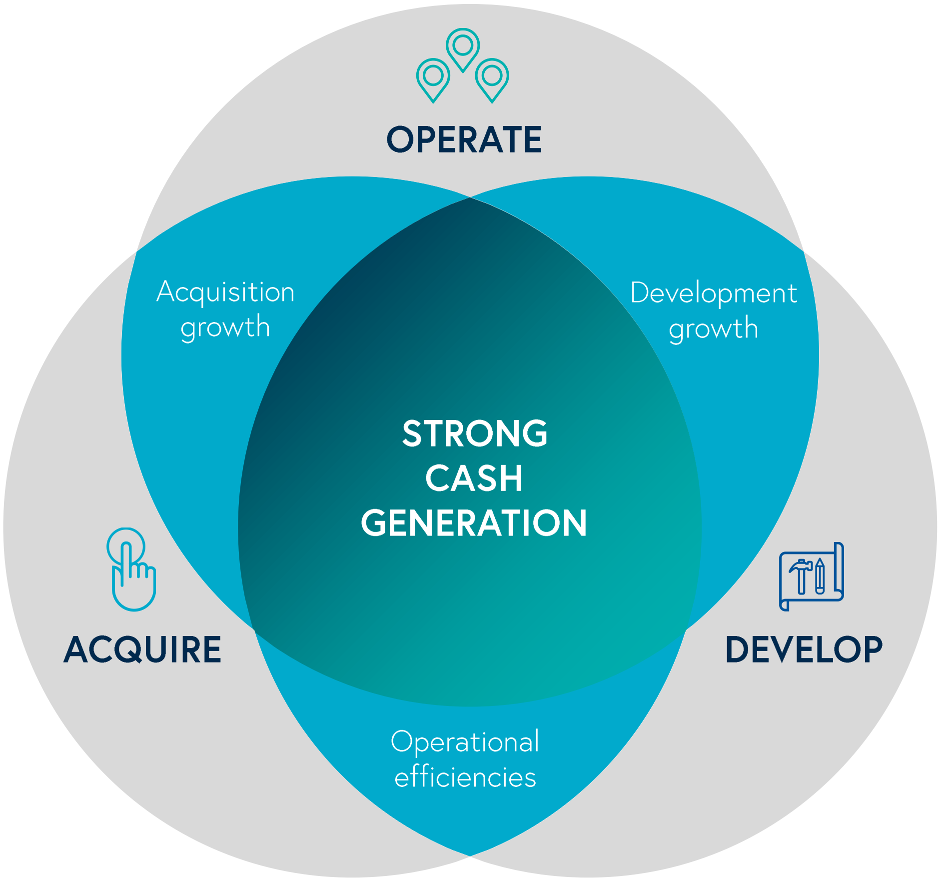
$39.6m
distributable earnings

$46.3m
long-term recurring revenue

6,539
long-term occupied sites

+9,000
residents

Gateway Lifestyle Business Model



STRATEGY

To operate and create Australia's largest portfolio of residential land lease communities, that inspire a better lifestyle for independent active over 50s, underpinned by large land holdings.

- Designed for an aging population
- Affordable and sustainable living solutions
- Simple resident contracts - no entry/exit fees
- Grow the long-term compounding revenue
- Operational excellence
- Acquire and develop new homes
- Deliver sustainable long-term returns
- Strong focus on capital management

RESIDENT AND INVESTOR PROPOSITION

- Attractive lifestyle for independent active over 50s
- Secure home ownership
- Affordable homes
- Sustainable rents
- Social interaction
- No deferred management fees
- Favourable macro tailwinds
- Steady, predictable income
- Strong cashflows
- Growth through reinvestment
- Long-term value creation

FY17 Key highlights

OPERATIONS

$119m
total revenue

$46m
long-term rental revenue increased 25%

$35m
operating EBITDA increased 11%

$142
long-term average weekly rent

6,539
long-term occupied sites

57%
operating margin

LONG-TERM GROWTH

$42m
acquired four communities and key expansion land[1]

595
new long-term occupied sites added through acquisitions and settlements

$2.3m
recurring long-term revenue contributed through acquisitions and settlements

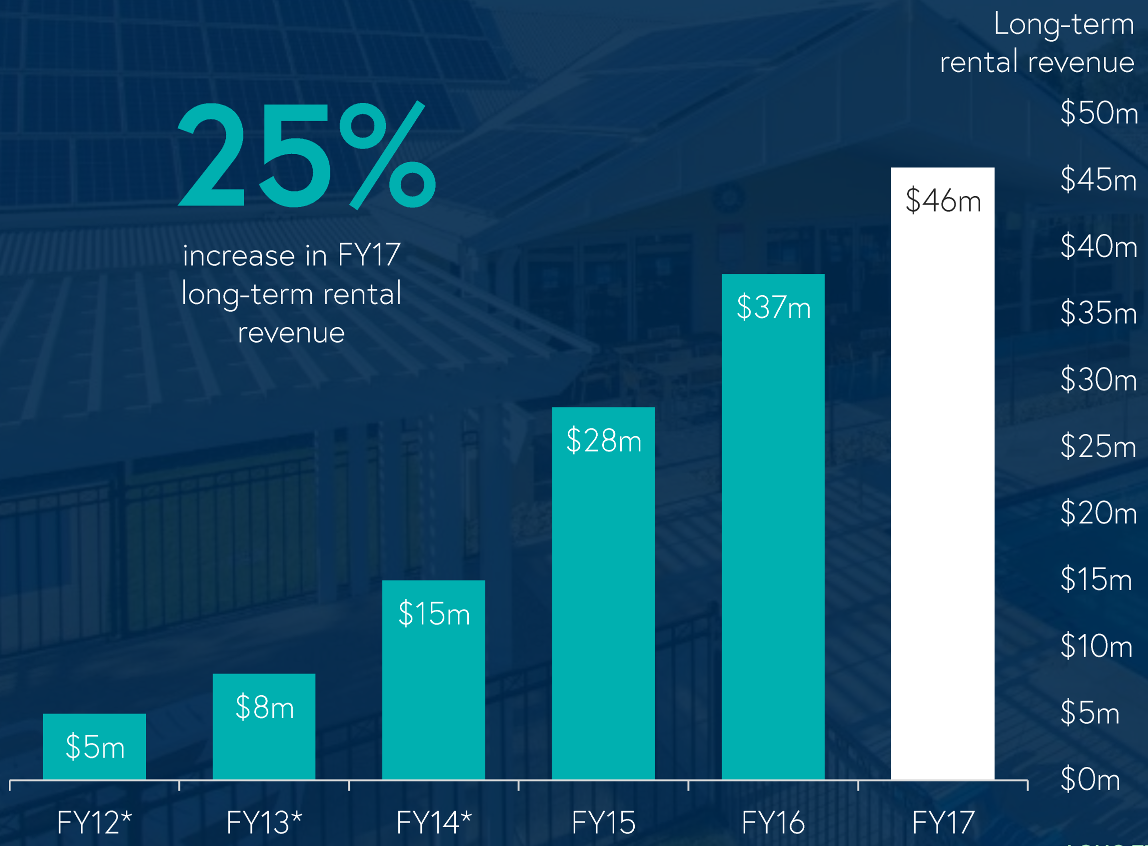
$105k
average development profit across 241 settlements

3%
growth in long-term organic rental

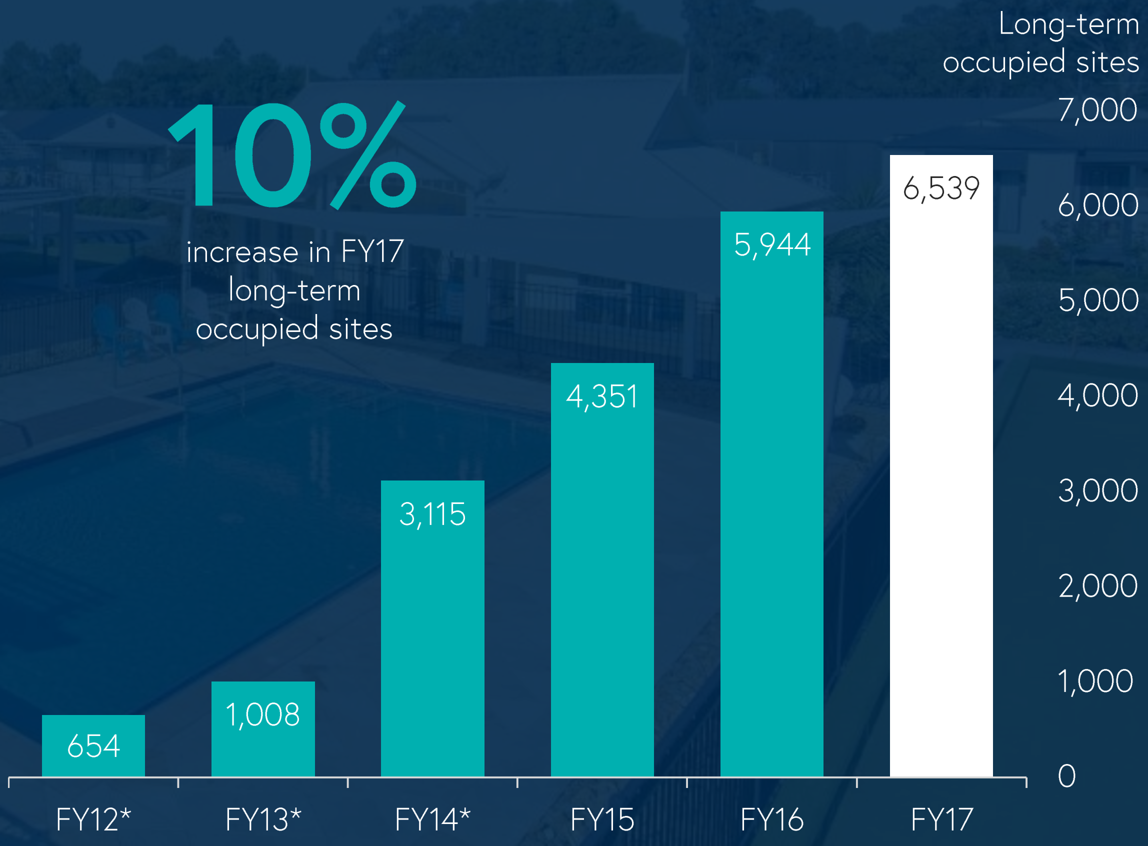
$25m
net fair value gains

1. Excluding transaction costs

Compounding long-term revenue growth



$124	**$129**	**$134**	**$136**	**$138**	**$142**	LONG-TERM AVERAGE WEEKLY RENT (LTAWR)



* Pro-forma data

MACRO ECONOMIC DRIVERS

1/3
of Australians forecast to be **over 55 by 2040**

77%
of Australians over the age of 65 receive some form of **government pension**

~1%
of retirees live in **land lease communities**

$110k
median household **super balance** at retirement (60-64yrs)

30 years
before most individuals will fully benefit from a **mature superannuation guarantee**

Gateway's solution

LAND LEASE COMMUNITIES
SECURE HOME OWNERSHIP
AFFORDABLE HOMES
SUSTAINABLE RENTS
SOCIAL INTERACTION
NO DEFERRED MANAGEMENT FEES

WHY WE KNOW IT WORKS

Over **9,000**
residents now call a Gateway Lifestyle **community home**

440
total new homes and resales in FY17

56
communities across **NSW, QLD and VIC**

89%
of residents would **recommend** living in a Gateway Lifestyle community to a friend

Strong
ongoing local, state and federal **government support**

Growing
enquiry levels for people looking to live in a Gateway Lifestyle community

1. ASFA Superannuation account balances – December 2015
2. Source: Anglicare – Rental Affordability Snapshot 2017; Colliers International - MHE Australian Market Overview - November 2014; UBS Research; ABS and Intergenerational Report 2015

02

Financial results

Owen Kemp

GATEWAY LIFESTYLE

Key financial results

Focus remains on delivering long-term value

- Net profit after tax increased 53.4% to $59.7m
  - $9m increase in long-term rental revenue
  - $25m net fair value gain from revaluations
- Distributable earnings[1] increased 4.5% to $39.6m
- Distributions of 9.1cps reflecting a payout ratio of 69% of distributable earnings
- Solid asset base to continue to provide strong long-term recurring revenue with future growth through organic rental increases, acquisitions and development of new home sites
- Well positioned to fund growth through existing debt capacity combined with growth in net assets
- Strong operating cash conversion[4] of 96%

	FY17	FY16	Change
Revenue	$118.9m	$113.8m	4.4% ▲
Profit before tax	$58.7m	$32.8m	79.0% ▲
Net profit after tax[2]	$59.7m	$38.9m	53.4% ▲
Distributable earnings[3]	$39.6m	$37.9m	4.5% ▲
Distributable earnings per security	13.2 cents	14.3 cents[2]	(7.7%) ▼
Volume weighted securities	299.4	265.8	12.6% ▲
Distribution per security	9.10 cents	10.88 cents	(16.4%) ▼
Net Assets per security	$1.98	$1.87	5.9% ▲
NTA per security	$1.48	$1.19	24.4% ▲
Gearing (D/TTA)	23.4%	15.3%	8.1% ▲

1. Distributable earnings is a non-IFRS measure being net profit after tax, adjusted for non-cash, one-off and non-recurring items and is set out in detail on Appendix 1.
2. Net profit after tax included an income tax benefit of $1.1m in FY17 (FY16: $6.2m).
3. Calculated on a volume weighted average securities of 265.8m for FY16.
4. Calculated as operating cashflow divided by statutory EBITDA.

Profit and loss

Continued improvements in key metrics

- Strong growth in the long-term rental revenue driving a 22.5% increase in overall rental and other income
- Improvements in key metrics from 1H17 to 2H17
  - Operating margin of 57% (1H17: 54%; 2H17: 58%)
  - Increase in settlement volume (1H17: 92; 2H17: 149)
  - Stabilisation of corporate costs
- Significant growth in profit before tax primarily driven by $25m in revaluation movements (FY16: $1.2m)
- Income tax benefit at the upper end of previous guidance and expected to transition to an accounting income tax expense in FY18
- Adjusted EBITDA of $45.3m increased by 5% (FY16: $43.2m)
  - Corporate costs of $14.6m
  - FY18 of $14.5 - $15.0m

	FY17 ($m)	FY16 ($m)	Change (%)
Rental and other income	60.9	49.7	22.5▲
Development revenue	57.5	64.1	(10.3)▼
Revenue	**118.4**	**113.8**	**4.0▲**
Operations expenses[1]	(26.2)	(18.5)	(41.6)▼
Development expenses	(32.3)	(37.8)	14.7▲
Corporate expenses	(14.6)	(14.3)	2.1▲
Adjusted EBITDA[2]	**45.3**	**43.2**	**4.9▲**
Segment[3]			
Operations	30.3	26.9	12.7▲
Development	15.0	16.3	(7.8)▼
Adjusted EBITDA[1]	**45.3**	**43.2**	**4.9▲**

1. Operating expenses impacted by full year impact of FY16 acquisitions and changes in classification to align all community related operating expenditure in the operations. For the avoidance of doubt, FY16 has not been restated.
2. Adjusted EBITDA reflects the adjustment for one-off items and other reconciling items to Distributable Earnings. Adjusted EBITDA reconciliation for FY17 and FY16 is provided in Appendix 2.
3. Incorporates illustrative allocation of corporate costs, allocated at 30% to operations and 70% to development.

Value in long-term revenue

Investments in new home sites will deliver long-term value

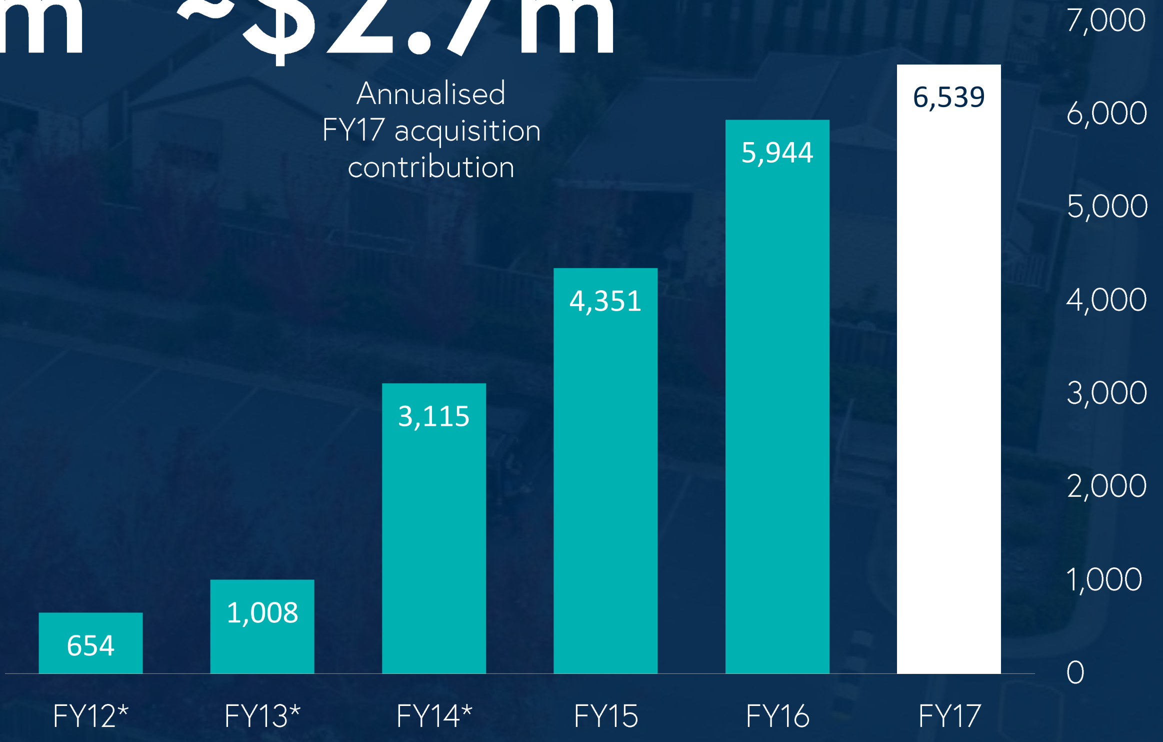
	FY17
FY16 LONG-TERM RENTAL REVENUE	$37.2M
CONTINUING PORTFOLIO[1]	$5.4M
RENTAL GROWTH[2]	$1.4M
SETTLEMENTS	$0.6M
ACQUISITIONS	$1.7M
FY17 LONG-TERM RENTAL REVENUE	$46.3M

~$1.8m

Annualised FY17 settlements contribution

~$2.7m

Annualised FY17 acquisition contribution



	FY12*	FY13*	FY14*	FY15	FY16	FY17
LONG-TERM AVERAGE WEEKLY RENT (LTAWR)[3]	$124	$129	$134	$136	$138	$142
LONG-TERM RENTAL REVENUE	$5m	$8m	$15m	$28m	$37m	$46m

1. Based on contribution from roll forward of long-term occupied sites (5,944) and long-term average weekly rent ($138.2) as at 30 June 2016 for FY17.
2. Based on long-term occupied sites (5,944) and growth on long-term average weekly rent of 3% to $142.4 in FY17.
3. Long-term occupied sites and average weekly rent includes annuals and park rentals.

Operations

Strong growth in long-term rental revenue

- Rental revenue increased 22.5% to $60.9m driven by long-term rental growth
- 2H17 has seen an improvement on 1H17 operating margin
  - Operating margin of 57% (1H17: 54%; 2H17: 58%)
  - Anticipate this to be ~57% in FY18
  - Mature assets continue to operate at ~70% margin
  - Portfolio operating margin reflective of asset mix including early state conversion and expansion projects
- Average weekly rent of $142.4 with 6,539 sites now occupied
  - Equates to $48.4m annualised rental revenue
- Short-term revenue contributed $9.6m (FY16: $8.0m)
  - FY18 short-term revenue expected to be $9-10m

	FY17 ($m)	FY16 ($m)	Change (%)
Long-term rental revenue	46.3	37.2	24.5▲
Short-term rental revenue	9.6	8.0	20.0▲
Other[1]	5.0	5.0	6.3▲
Rental and other revenue[1]	**60.9**	**49.7**	**22.5▲**
Operating expenses[2]	(26.2)	(18.5)	41.6▲
Operations EBITDA	**34.7**	**31.2**	**11.2▲**
Corporate cost allocation[3]	(4.4)	(4.3)	2.3▲
Net operations EBITDA	**30.3**	**26.9**	**12.6▲**
Operating margin	57.0%	62.7%	(5.0)▼
Long-term occupied site rent	$142.4pw	$138.2pw	3.0▲
Occupied long-term sites[3]	6,539	5,944	10.0▲

1. Other revenue in FY17 has been adjusted to exclude fuel and merchandise sales which are at nil margin. Refer to Appendix 2.
2. Operating expenses impacted by full year impact of FY16 acquisitions and changes in classification to align all community related operating expenditure in the operations.
3. Illustrative allocation of corporate costs, allocated at 30% to operations and 70% to development.

Development

Delivering growth in long-term occupied sites

- FY17 settlements of 241 with long-term rental revenue contribution expected to be in the order of $1.8m in FY18
  - $105k gross profit per home (FY16: $100k)
  - Committed sales of 83 as at 30 June 2017 (FY16: 61[1])
- 76 display homes available for sale or on site under construction as at 30 June 2017
- Forward investment in sites continues to be required 12-18 months in advance of settlements contribution
  - Long-term focus remains on developing and converting all sites in portfolio
- ~2,150 estimated long-term occupied sites to build-out existing portfolio

	FY17 ($m)	FY16 ($m)	Change (%)
Development revenue	57.5	64.1	(10.3)▼
Development expenses	(32.3)	(37.8)	(14.6)▼
Development EBITDA	**25.3**	**26.3**	**(4.2)▼**
Corporate cost allocation	(10.2)	(10.0)	2.0▲
Net development EBITDA	**15.0**	**16.3**	**(8.0)▼**

1. Committed sales as at 30 June 2016 has been restated to exclude 14 sales that were refunded to customer due to master planning changes at two key developments.
2. Adjusted corporate costs, allocated at 30% to operations and 70% to development.

Capital Management

Strong capital position with $70 million in debt capacity

- Flexibility to retain and recycle earnings
- Distribution reinvestment plan introduced
  - Take-up of 21% providing ~$3m in capacity for growth
- Distribution for the year of 9.1cps (69% payout ratio[1]) incorporating:
  - 2H17 distribution - 5.6cps with tax deferred of 87%[2]
  - 1H17 distribution - 3.5cps
- Investment properties increased to $623m, as a result of acquisitions, capex and revaluations
  - 31 assets were independently valued during the period with a net fair value gain of $25m
  - Revaluations for mature communities cap rates now between 6.7 – 7.75%
- Gearing 23.4% - below our target gearing range of 25-35%
- $70m of undrawn debt capacity

	FY17	FY16	Change
Investment Properties	$622.8m	$516.1m	20.7%▲
Total Tangible Assets	$671.6m	$550.9m	21.9%▲
Net Debt	$156.9m	$86.7m	81.0%▲
Gearing[3]	23.4%	15.3%	8.1%▲
Drawn debt	$180m	$105m	71.4%▲
Debt capacity	$70m	$145m	(51.7%)▼
LVR[4]	28.9%	20.3%	8.6%▲
ICR[5]	4.1x	5.4x	1.3x▼
Weighted average debt maturity	2.5yrs	3.5yrs	(1.0 yrs)▼
Hedging	57%	19%	38%▲
Cost of debt	4.0%	3.9%	0.1%▲

1. Distribution policy provides that 65-85% of distributable earnings are distributed in any one year.
2. Full year tax deferred of 48% - includes a negative tax deferred of 47% for 1H17.
3. Gearing calculated as net debt divided by total tangible assets.
4. LVR is calculated as gross borrowings divided by investment properties based on the most recent independent valuation. Bank facility provides for up to 50% LVR.
5. ICR covenant is 2.0x.

INSPIRING A BETTER *lifestyle*

03

Business overview

Trent Ottawa

GATEWAY LIFESTYLE

Portfolio composition

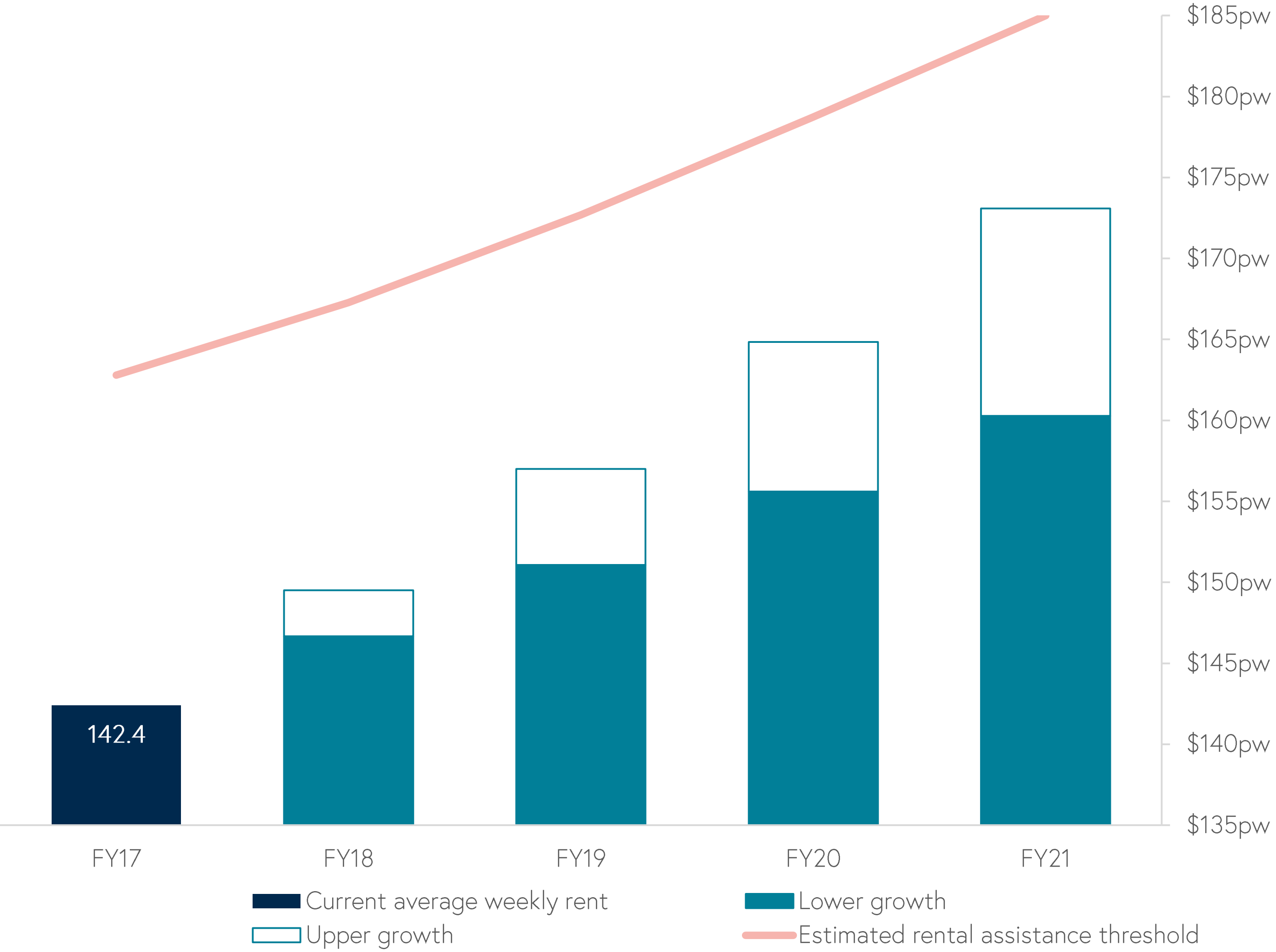
	RESIDENTS	COMMUNITIES	EMPLOYEES	ASSET VALUES
QLD	2,500+	14	76	$176M
NSW	6,500+	37	204	$412M
ACT	100+	1	31	$17M
VIC	150+	4	23	$18M

LONG-TERM OCCUPIED SITES

FY15 **4,351** FY16 **5,944** FY17 **6,539**

Balancing long-term rental growth and macro drivers

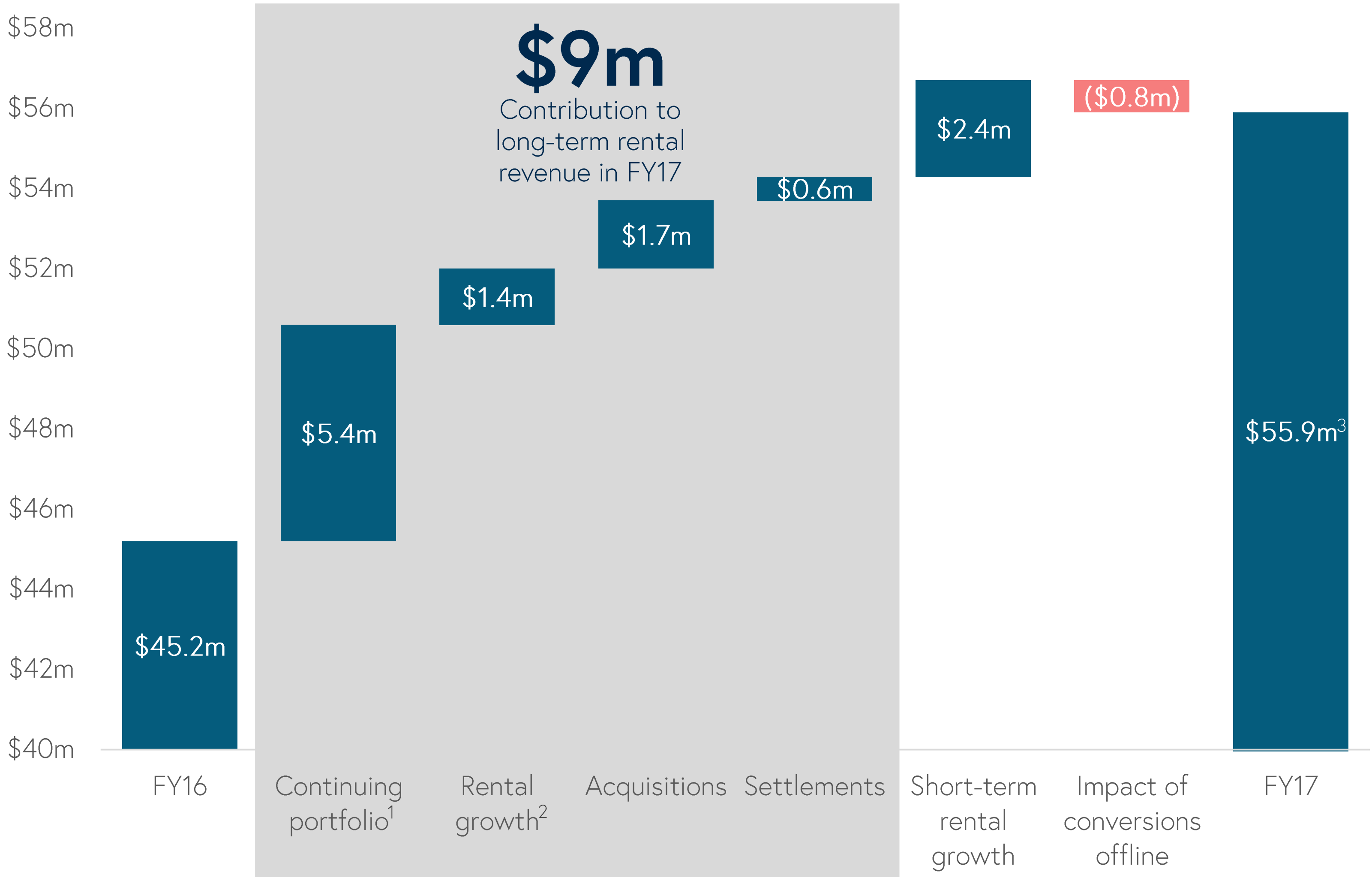
- Rental growth needs to give consideration to:
  - Pension and rental assistance rates
  - Economic indicators
  - Cost of living pressures
  - Community expectations
  - Location and historical increases
- Resident survey results revealed rent and utility costs as the key financial concern
- Current long-term average weekly rent remains well below estimated rental assistance threshold
- Embedded growth of the greater of CPI or 3-5% per annum
- Average length of tenure is a strong lead indicator of sustainable rents
  - Average of +10 years at our mature communities



1. Rental assistance based of $163 per week based on blended average of singles and couples receiving full entitlements. Rental assistance growth based on forecast wages growth.
2. Lower growth assumes 3% growth; upper rental increase assumes 5% growth.

Central focus on growing the long-term revenue

- Annual growth in rental revenue is driven by:
  - Organic rental growth
  - Acquisitions
  - Development activity including conversion
- Conversion of short-term sites has near term negative impact on revenue however contributes to the incremental growth of the long-term revenue and development income



1. Based on contribution from roll forward of long-term occupied sites (5,944) and long-term average weekly rent ($138.2) as at 30 June 2016 for FY17.
2. Based on long-term occupied sites (5,944) and growth on long-term average weekly rent of 3% to $142.4 in FY17.
3. Reconciliation to long-term rental revenue and short-term rental revenue as disclosed on Slide 14.

New community projects in FY18

REDLANDS
(EXPANSION)

- Brisbane Metro
- Delivering 43 long-term sites
- End total of 146 long-term sites
- Construction commenced in FY17
- 2 year sell down

RIVERSIDE
(EXPANSION)

- Evans Head NSW coast
- Delivering 86 long-term sites
- End total of 162 long-term sites
- Construction to commence in FY18
- 3 year sell down

GREENBANK
(EXPANSION)

- Brisbane Metro
- Delivering 43 long-term sites
- End total of 135 long-term sites
- Construction to commence in 2H18
- 2 year sell down

THE COVE (OLD BAR)
(EXPANSION/GREENFIELD)

- Mid-North Coast NSW
- Delivering ~185 long-term sites
- Construction to commence in 2H18
- 4 year sell down

BEACHFRONT
(CONVERSION)

- Mid-North Coast NSW
- Delivering 53 long-term sites
- End total of 170 long-term sites
- Construction commenced in FY17
- 2-3 year sell down

* Projects may be subject to authority approvals

Acquisitions

- Settled on five acquisitions during FY17
- Contributed 362 long-term sites on acquisition with a total of ~500 upon completion
- $42m[1] deployed into five assets
- Mix of stable income and development upside
- Sundown income providing opportunity to accelerate existing conversion assets including Beachfront, Halliday's Point
  - Expected development contribution in FY19 and beyond
  - Maintaining disciplined approach to asset acquisitions

	SEA BREEZE (Suncoast)	ROCKHAMPTON	TERRIGAL SANDS	SUNDOWN (Canberra)	GREENBANK (expansion land)	TOTAL/ AVERAGE
ACQUISITION PRICE[1]	$3.9m	$10.75m	$8.5m	$17.0m	$1.9m	$42.0m
TOTAL SITES	87	146	95	193	43	556
COST PER SITE	$55k	$74k	$89k	$90k	$48k	$71k
LONG-TERM SITES AT ACQUISITION	33	146	95	88	-	362
LONG-TERM SITES ON COMPLETION	70	146	95	~200	~43	551
LOCATION	South Coast NSW	Central QLD	Central Coast NSW	ACT	Brisbane QLD	
ASSET TYPE	Conversion	Mature	Mature	Conversion	Expansion	

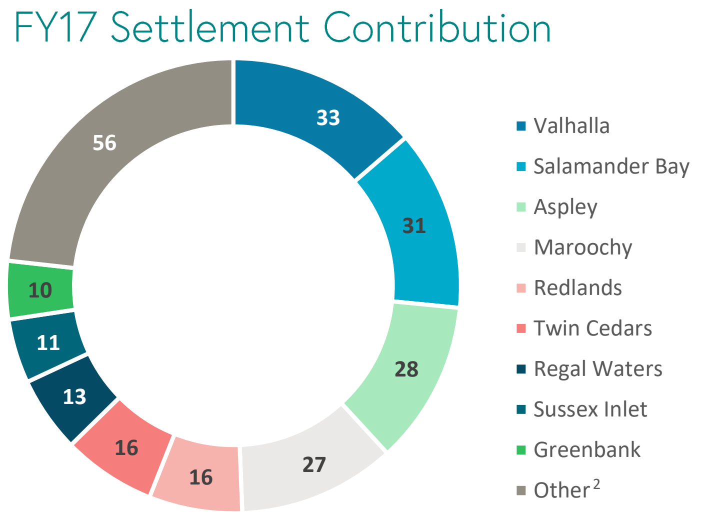
1. Excluding transaction costs

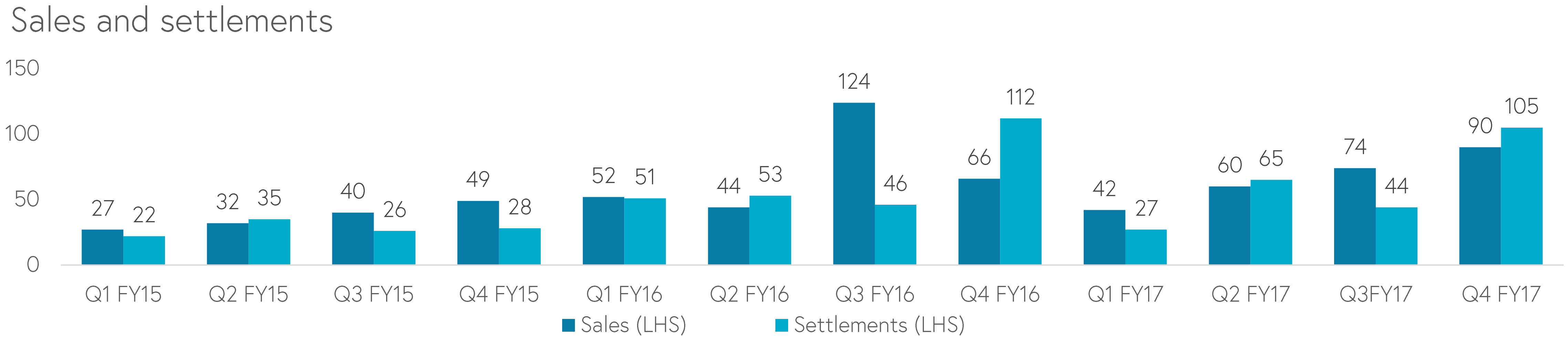
Acquisition environment

- Tightening cap rates, particularly for mature communities
- Increasing focus on expansion and greenfield assets to maximise return on equity
  - Currently undertaking due diligence a number of assets
- Key acquisition factors incorporate:
  - Larger scale assets
  - Key demographic areas
  - Efficient and adaptable design
  - Optimised infrastructure
  - Environmental impacts
  - Continued focus on additions to current operational localities

FY17 sales and settlements profile

- 241 settlements in FY17 delivering annualised long-term revenue of ~$1.8m in FY18
- 27 settlements in Q117 - 214 settlements between Q217 and Q417
- Diversified contribution from 25 properties with 9 key properties
- No single contribution greater than 14%
- Sales and settlement composition driven predominantly by display homes
- 83 carried forward sales (FY16: 61[1])





1. Committed sales as at 30 June 2016 has been restated to exclude 14 sales that were refunded to customers due to master planning changes at two key developments.
2. Incorporates settlements from 16 communities.

Conversion and development

Adds to long-term recurring revenue

- ~8,700 long-term occupied sites on build out of portfolio with significant implied value
- 77% of the rental revenue from the occupied long-term sites
- Value derived from converting all sites to occupied long-term
- Incremental contribution from settlements delivers compounding value to the business with stable recurring revenue

		QTY	TOTAL SITES	LONG-TERM SITES	SHORT-TERM SITES	DEVELOPMENT SITES[1]	ASSET VALUE	VALUE PER SITE
MATURE	NSW	11	1,750	1,689	-	61	$148m	$85k
	QLD	6	1,037	1,031	-	6	$81m	$78k
	VIC	1	50	50	-	-	$3m	$52k
	Subtotal/average	*18*	*2,837*	*2,770*	-	*67*	*$232m*	*$81k*
EXPANSION	NSW	9	2,165	1,223	201	741	$119m	$55k
	QLD	4	592	450	-	142	$42m	$42k
	VIC	-	-	-	-	-	-	-
	Subtotal/average	*14*	*2,757*	*1,673*	*201*	*883*	*$162m*	*$59k*
CONVERSION	NSW	16	2,547	1,579	752	216	$144m	$56k
	QLD	4	878	357	434	87	$52m	$60k
	VIC	3	256	69	117	70	$16m	$61k
	ACT	1	193	91	102	-	$17m	$88k
	Subtotal/average	*24*	*3,874*	*2,096*	*1,405*	*373*	*$229m*	*$59k*
	TOTAL/AVERAGE	56	9,468	6,539	1,606	1,323	$622m	$66k
				69%	17%	14%		

1. Calculated as total number of manufactured home sites available for new manufactured homes.

Pipeline and settlements outlook

- Targeting circa 250 settlements per annum on average and maintain gross margin of ~$100k
- ~70% of new home sales expected to be generated from display homes
- Portfolio structured to provide ~60 displays with ~30 homes on order at any one time
- Strong enquiry rates expected to continue to build through digital marketing strategy
- New designs providing aging in place - contributing to demand
- Extended network of builders
- Development corporate platform well resourced and positioned for growth

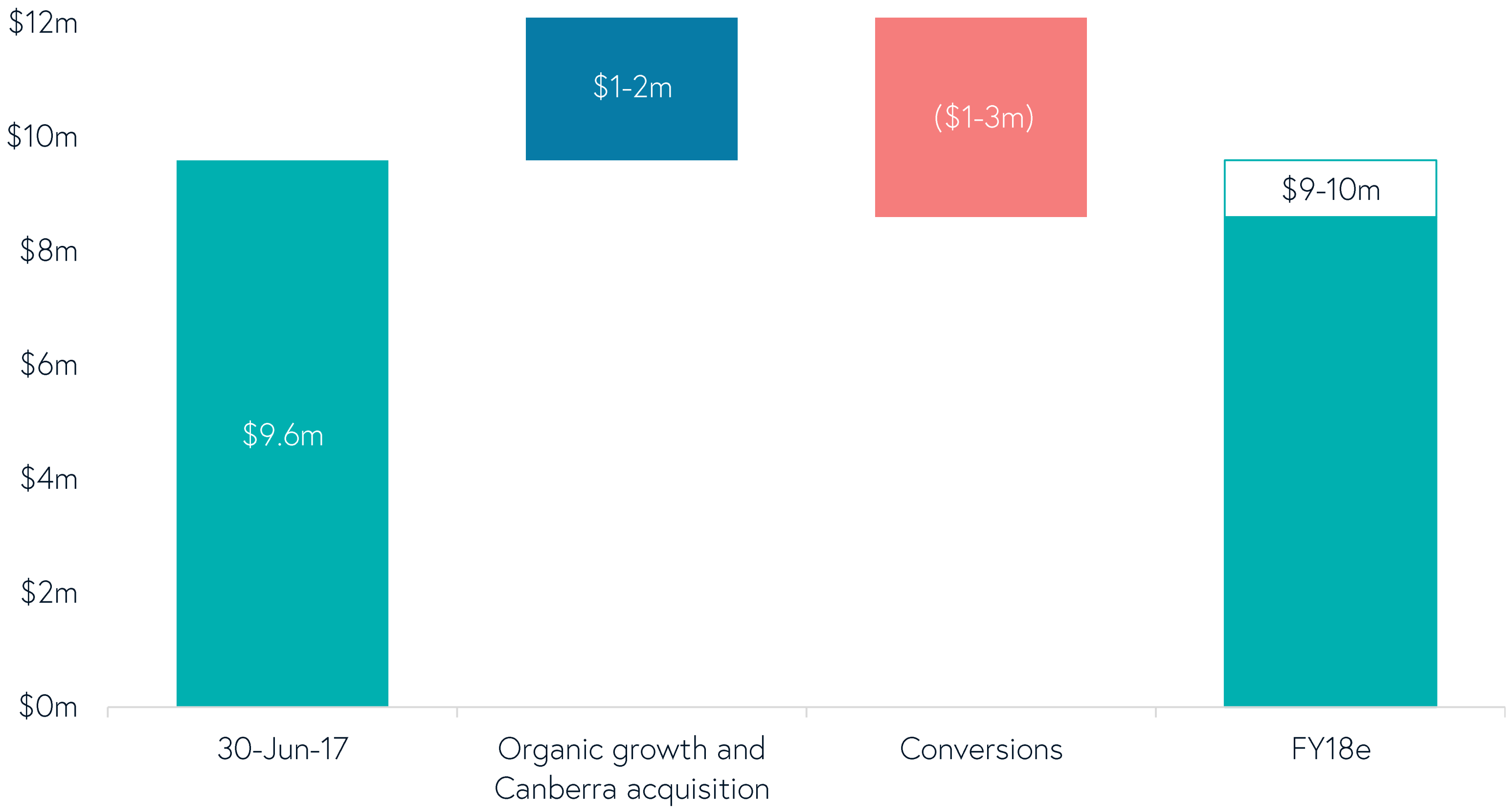
	End total long-term occupied sites	Current long-term occupied sites	Total expected contribution[2]	FY18 expected contribution[2]
Valhalla	425	353	72	40
Aspley[1]	115	54	61	30
Salamander Bay	148	112	36	20
Greenbank[3]	135	58	77	15
Beachfront[1]	170	117	53	15
Albury	150	111	39	15
Ballarat	157	3	61	15
Riverside	162	76	86	10
Regal Waters	238	219	19	10
Redlands	146	95	51	10
				75[4]
				circa 250

1. Total end long-term occupied sites excludes short-term sites which may be converted to long-term occupied sites in the medium to long term.
2. The expected settlement contribution is indicative only and may be dependent on construction and commencement dates, development approval and market conditions.
3. Expansion land subject to development approval.
4. Incorporates 13 communities with under 10 settlements forecast for FY18.

Conversion communities outlook

Conversion drives growth in long-term revenue stream

- Conversion strategy provides holding income until conversion
- Short-term sites contributed $9.6m in FY17
  - Anticipate contribution in FY18 of between $9-10m
- Impact of conversion program of $1-3m with Beachfront; Ballarat; and Maroochydore short-term sites to be taken offline over the year
- Conversion program will be largely offset by income contribution from Sundown



04

Product and market alignment

Trent Ottawa

GATEWAY LIFESTYLE

Identifying resident trends and needs

COMMUNITY SATISFACTION

89%
would **recommend** Gateway Lifestyle to a friend or relative

1in7
new home sales are generated through referrals

95%
of existing residents **feel safe**

NEW RESIDENT TRENDS

2+
strong demand for home designs facilitating 2+ bedrooms with ability to adapt for ageing in place

60%
residents migrate within 10-30km

67
average entry age of new residents

COMMUNITY HEALTH AND WELLBEING

70%
felt their **wellbeing had improved** since moving into a Gateway Lifestyle Community

92%
feel connected to their community

86%
of residents are satisfied with their community's recreational activities

INCREASING AWARENESS

70%
increase in enquiries

60%
of enquiries are **female**

91%
enquiries are generated through **digital channels**

Product and positioning

COMMUNITY AND LIVEABILITY

- Innovative home designs
- Community and home designs to incorporate ageing in place
- Promote engagement and sense of belonging through early delivery of facilities and amenities

SAFETY AND AFFORDABILITY

- Accessible, affordable and quality homes for over 50s
- Built to ensure residents feel safe and secure

SOCIAL ENGAGEMENT

- Strong community spirit provides connection for residents
- Facilities designed to encourage socialisation

SUSTAINABILITY

- Home designs to provide solar access, cross ventilation and privacy
- Increasing emphasis on energy and water efficiency

05

Strategy and outlook

Trent Ottawa

GATEWAY LIFESTYLE

Clear strategy to grow long-term recurring revenue

STRATEGY

To operate and create Australia's largest portfolio of residential land lease communities, that inspire a better lifestyle for independent active over 50s, underpinned by large land holdings

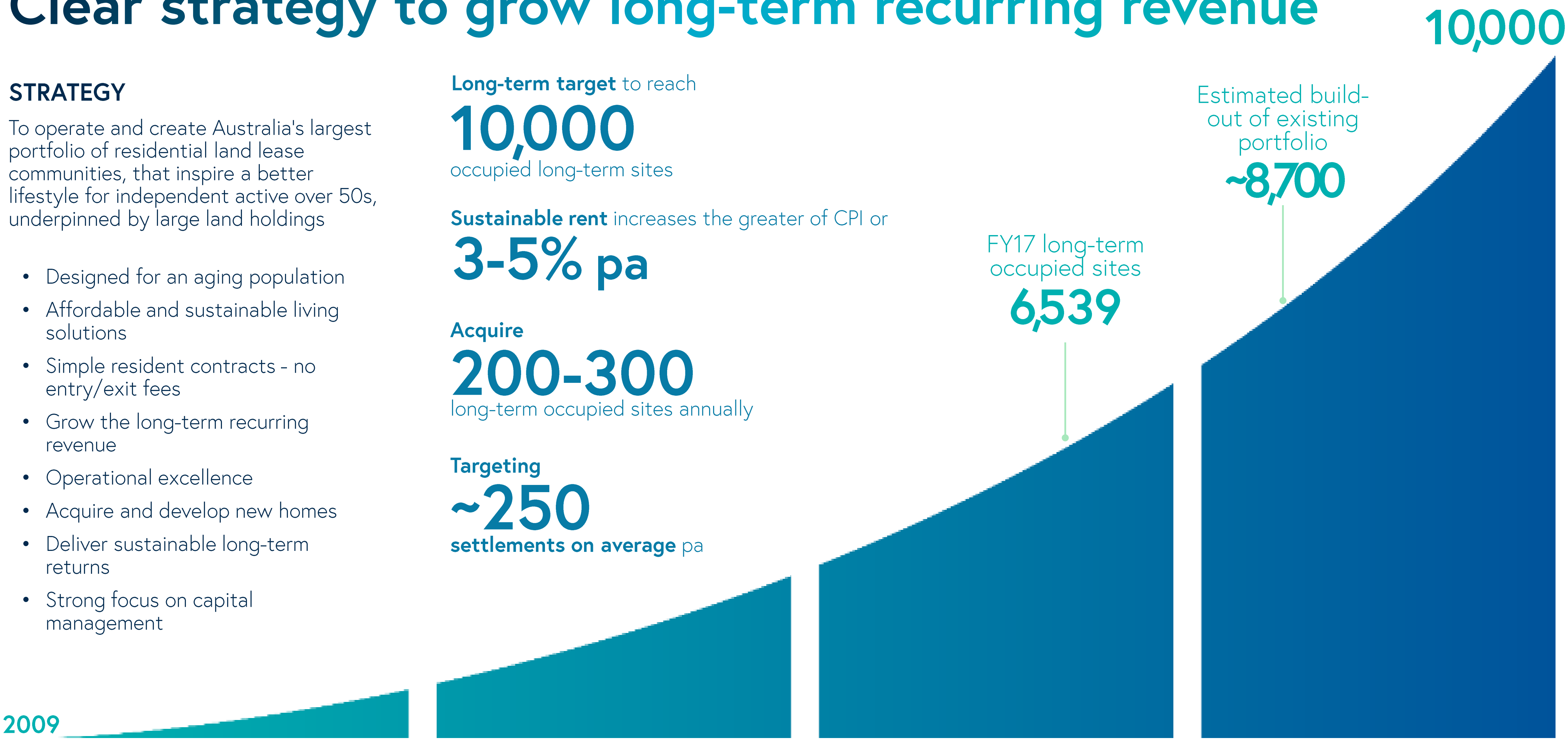
- Designed for an aging population
- Affordable and sustainable living solutions
- Simple resident contracts - no entry/exit fees
- Grow the long-term recurring revenue
- Operational excellence
- Acquire and develop new homes
- Deliver sustainable long-term returns
- Strong focus on capital management

Long-term target to reach
10,000
occupied long-term sites

Sustainable rent increases the greater of CPI or
3-5% pa

Acquire
200-300
long-term occupied sites annually

Targeting
~250
settlements on average pa



FY18 outlook

Ongoing focus remains on growing the portfolio of cash generative, long-term occupied sites

- The Group is well capitalised and the portfolio remains well positioned for sustainable long-term growth and value creation.
- Organic rental growth from existing occupied sites will be supplemented through acquisitions and development activity.
- Strategic plan involves acquisition of 200-300 long-term occupied sites and development of approximately 250 sites on average per annum.
- Gateway Lifestyle continues to deliver affordable accommodation, sustainable rents, no complicated deferred management fee contracts and positive lifestyle benefits.
- Business model is supported by strong tailwinds from ageing demographic.
- Assuming no material changes in market conditions and excluding further acquisitions, targeting growth in distributable earnings of 7% for FY18.

Q&A

GATEWAY LIFESTYLE

06

Appendices

GATEWAY LIFESTYLE

Appendix 1: Profit to distributable earnings

- Distributable earnings increased 4.5% and reflects our key metric for performance of the ongoing operations of the business
- Net profit reflected a number of non-cash and non-recurring items including:
  - Anticipated unwind of the income tax benefit line to $1.1m (FY16: $6.2m)
  - Significant fair value gains of $25m following the revaluations of 31 assets
  - Non-recurring and one-off expenses of $3.9m and the amortisation of share based incentives of $0.8m

	FY17 ($m)	FY16 ($m)	Change (%)
Profit after income tax	59.7	38.9	53.5▲
add back:			
Depreciation	0.5	0.1	
Net fair value gain	(25.0)	(1.2)	
Income tax benefit	(1.1)	(6.2)	
Amortisation of borrowing costs	0.7	1.5	
Security based payments expense	0.8	0.1	
One-offs[2]	3.9	4.6	
Distributable earnings[1]	39.6	37.9	4.5▲

1. Distributable earnings is a non-IFRS being net profit after tax, adjusted for non-cash, one-off and non-recurring items/
2. One-off items includes approximately $1.5 million severance and other related costs incurred as a result of restructuring across the business, $1.3m of professional fees related to significant projects in relation to managing legacy taxation matters, revisiting of stapled security arrangements, one-off audit and due diligence services and $0.7m from the disposal proceeds from rezoned land, and the loss on disposal of plant and equipment.
FY16 one-off items is sourced from the Underlying NPAT adjustments presented in the 2016 Financial Statements adjusted to be consistent with the definition of distributable earnings. One-off items in FY16 included non-recurring corporate and non-cash statutory adjustments principally in relation to integration of acquired assets, IPO restructuring and due diligence costs, the write of the Edgewater DMF and the accounting impact of hedging costs.

Appendix 2: Adjusted EBITDA Reconciliation

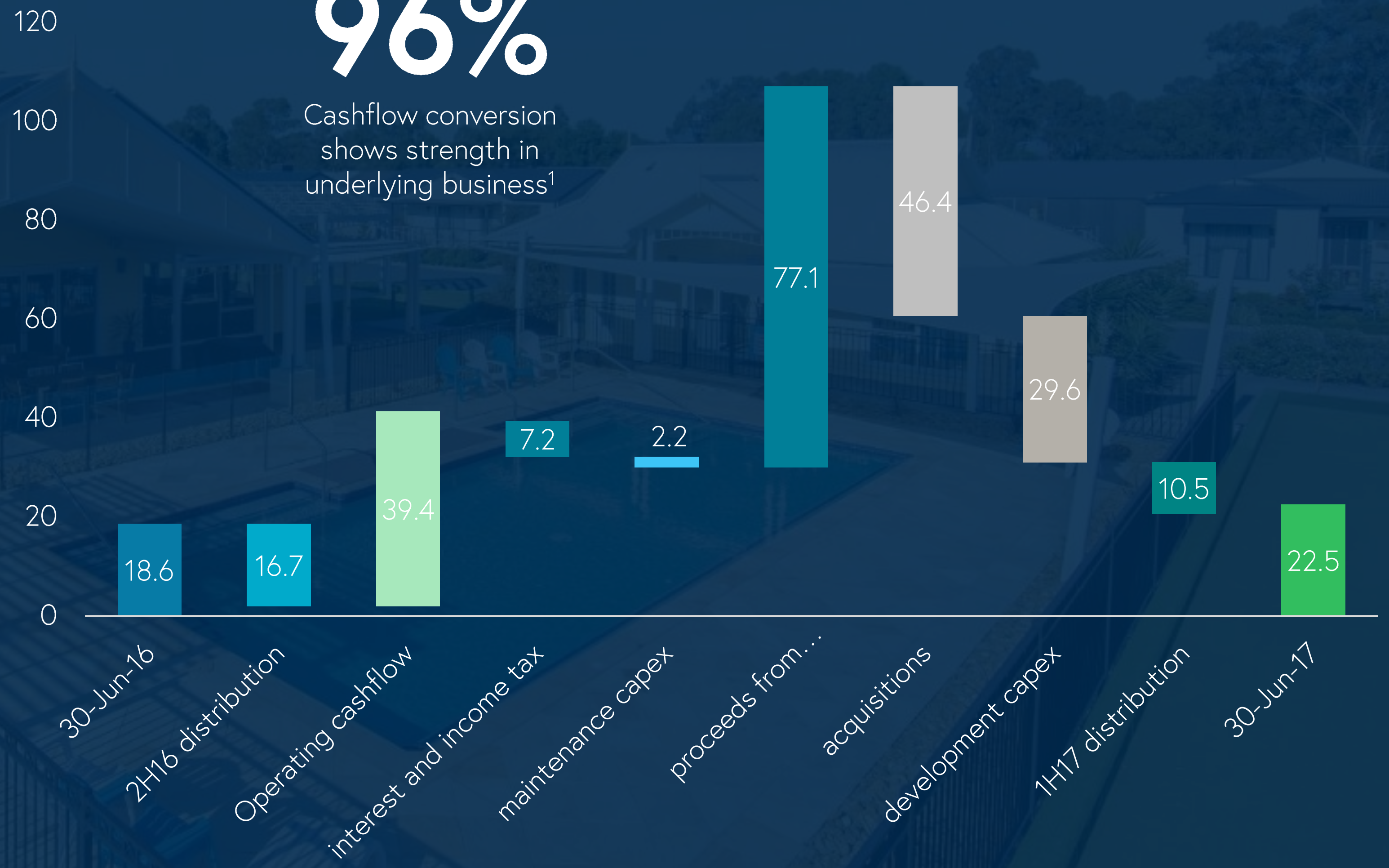
FY17 ($m)	Statutory	Security-based payments expense	One-offs	Reallocations	Adjusted EBITDA
Rental and other income	61.4	-	-	(0.5)	60.9
Development revenue	57.5	-	-	-	57.5
Revenue	**118.9**	-	-	**(0.5)**	**118.4**
Operations expenses	(26.9)	-	0.2	0.5	(26.2)
Development expenses	(32.3)	-	-	-	(32.3)
Corporate (unallocated) expenses	(19.2)	0.8	3.8	-	(14.6)
EBITDA	40.6	0.8	4.0		45.3

FY16 ($m)	Statutory	Security-based payments expense	One-offs	Reallocations	Adjusted EBITDA
Rental and other income	49.7	-	-	-	49.7
Development revenue	64.1	-	-	-	64.1
Revenue	**113.8**	-	-	-	**113.8**
Operations expenses	(16.7)	-	-	(1.8)	(18.5)
Development expenses	(37.8)	-	-	-	(37.8)
Corporate (unallocated) expenses	(20.8)	0.1	4.6	1.8	(14.3)
EBITDA	38.5	0.1	4.6	-	43.2

1. Reconciliation metrics as disclosed in Annual Report Segment Note

Appendix 3: Operating cashflow overview

	FY17 ($m)
Net cash from operating activities	31.7
Add: Net income taxes paid	0.9
Add: Net interest paid	6.4
Operating cashflow	38.9
Add: Underlying adjustments	4.6
Underlying cashflow	44.0



96%

Cashflow conversion shows strength in underlying business[1]

1. Calculated as operating cashflow divided by statutory EBITDA.

Appendix 4: Portfolio composition