

# MinterEllison

13 June 2018

## BY ELECTRONIC LODGEMENT

Company Announcements  
ASX Limited  
20 Bridge Street  
Sydney NSW 2000

Dear Sir/Madam

### Notice of Initial Substantial Holder in relation to Gateway Lifestyle Group (ASX:GTY)

We act for A.C.N. 626 522 085 Pty Ltd (*Hometown*).

On behalf of Hometown, we enclose ASIC Form 603 (Notice of initial substantial shareholder) advising that Hometown and other entities have become substantial holders of Gateway Lifestyle Group having acquired a relevant interest in 53,982,543 GTY securities representing approximately 17.77% of GTY securities on issue.

Yours faithfully

**MinterEllison**



**Ron Forster**

Partner

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**Form 603**  
**Corporations Act 2001**  
**Section 671B**

**Notice of initial substantial holder**

To Company Name/Scheme	Gateway Lifestyle Operations Limited and Residential Parks No. 2 Trust and their controlled entities (ASX:GTY)
ACN/ARSN	ACN 605 593 968; ASRN 605 803 414

**1. Details of substantial holder (1)**

Name	A.C.N. 626 522 085 Pty Ltd and each entity set out in Annexure A
ACN/ARSN (if applicable)	ACN 626 522 085. For other entities, see Annexure A

The holder became a substantial holder on 10 June 2018

**2. Details of voting power**

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

Class of securities (4)	Number of securities	Person's votes (5)	Voting power (6)
Fully paid stapled securities	53,982,543	53,982,543	17.77% (based on 303,728,580 stapled securities on issue)

**3. Details of relevant interests**

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

Holder of relevant interest	Nature of relevant interest (7)	Class and number of securities
A.C.N. 626 522 085 Pty Ltd	A.C.N. 626 522 085 Pty Ltd has a relevant interest in stapled securities by virtue of section 608(1)(c) and section 608(8) of the Corporations Act 2001 (Cth) pursuant to the Pre Bid Agreement dated 10 June 2018 between A.C.N. 626 522 085 Pty Ltd and Colonial First State Asset Management (Australia) Limited as manager of the Colonial First State Future Leaders Fund A.B.N. 88 282 352 024, a copy of which is attached as Annexure B.	6,422,347 fully paid stapled securities
	A.C.N. 626 522 085 Pty Ltd has a relevant interest in stapled securities by virtue of section 608(1)(c) and section 608(8) of the Corporations Act 2001 (Cth) pursuant to the Pre Bid Agreement dated 10 June 2018 between A.C.N. 626 522 085 Pty Ltd and Colonial First State Asset Management (Australia) Limited as manager of the CFS Wholesale Small Companies Fund Growth A.B.N. 67 652 143 017, a copy of which is attached as Annexure C.	2,950,221 fully paid stapled securities
	A.C.N. 626 522 085 Pty Ltd has a relevant interest in stapled securities by virtue of section 608(1)(c) and section 608(8) of the Corporations Act 2001 (Cth) pursuant to the Pre Bid Agreement dated 10 June 2018 between A.C.N. 626 522 085 Pty Ltd and Perennial Value Management Limited ABN 22 090 879 904, a copy of which is attached as Annexure D.	21,200,000 fully paid stapled securities

	A.C.N. 626 522 085 Pty Ltd has a relevant interest in stapled securities by virtue of section 608(1)(c) and section 608(8) of the <i>Corporations Act 2001</i> (Cth) pursuant to the Pre Bid Agreement dated 10 June 2018 between A.C.N. 626 522 085 Pty Ltd and Perennial Value Management Limited ABN 22 090 879 904, a copy of which is attached as Annexure E.	5,931,627 fully paid stapled securities
	A.C.N. 626 522 085 Pty Ltd has a relevant interest in stapled securities by virtue of section 608(1)(c) and section 608(8) of the <i>Corporations Act 2001</i> (Cth) pursuant to the Pre Bid Agreement dated 10 June 2018 between A.C.N. 626 522 085 Pty Ltd and Wavestone Capital Pty Limited A.B.N. 80 120 179 419, a copy of which is attached as Annexure F.	7,500,000 fully paid stapled securities
	A.C.N. 626 522 085 Pty Ltd has a relevant interest in stapled securities by virtue of section 608(1)(c) and section 608(8) of the <i>Corporations Act 2001</i> (Cth) pursuant to the Pre Bid Agreement dated 10 June 2018 between A.C.N. 626 522 085 Pty Ltd and Maso Capital Investments Limited, Blackwell Partners LCC – Series A and Star V Partners LLC, a copy of which is attached as Annexure G.	9,476,039 fully paid stapled securities
	A.C.N. 626 522 085 Pty Ltd has a relevant interest in stapled securities by virtue of section 608(1)(a) by being the holder of the stapled securities.	306,227 fully paid stapled securities
The entities set out in Annexure H	The entities in Annexure H have a relevant interest in all of the stapled securities that A.C.N. 626 522 085 has a relevant interest in (referred to above) by virtue of section 608(3)(b) of the <i>Corporations Act 2001</i> (Cth).	53,786,461 fully paid stapled securities
Washington State Investment Board	Washington State Investment Board has a relevant interest in stapled securities by virtue of section 608(1) as they are the owner of the stapled securities.	196,082 fully paid stapled securities

#### 4. Details of present registered holders

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Class and number of securities
A.C.N. 626 522 085 Pty Ltd and each entity set out in Annexure H.	Colonial First State Asset Management (Australia) Limited	Unknown	6,422,347 fully paid stapled securities
	Colonial First State Asset Management (Australia) Limited	Unknown	2,950,221 fully paid stapled securities
	Perennial Value Management Limited ABN 22 090 879 904	Unknown	21,200,000 fully paid stapled securities
	Perennial Value Management Limited ABN 22 090 879 904	Unknown	5,931,627 fully paid stapled securities
	Wavestone Capital Pty Limited A.B.N. 80 120 179 419	Unknown	7,500,000 fully paid stapled securities

	Maso Capital Investments Limited; Blackwell Partners LLC – Series A; Star V Partners LLC	Unknown	9,476,039 fully paid stapled securities
	A.C.N. 626 522 085 Pty Ltd	A.C.N. 626 522 085 Pty Ltd	306,227 fully paid stapled securities
Washington State Investment Board	Washington State Investment Board	Unknown	196,082 fully paid stapled securities

## 5. Consideration

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

Holder of relevant interest	Date of acquisition	Consideration (9)		Class and number of securities
		Cash	Non-cash	
A.C.N. 626 522 085 Pty Ltd and each entity set out in Annexure H	8 June 2018	\$1.8069 cash per stapled security		252,923 fully paid stapled securities
	12 June 2018	\$1.8122 cash per stapled security		53,304 fully paid stapled securities
	10 June 2018	Nil cash consideration. Relevant interest acquired as a result of A.C.N. 626 522 085 Pty Ltd entering into the Pre Bid Agreements referred to in section 3 above.		53,480,234 fully paid stapled securities

## 6. Associates

The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:

Name and ACN/ARSN (if applicable)	Nature of association
A.C.N. 626 522 085 Pty Ltd (ACN 626 522 085) and each entity set out in Annexure H	These entities are all associates of A.C.N. 626 522 085 Pty Ltd by virtue of section 12(2)(a) of the Corporations Act (Cth) as the entities all control A.C.N. 626 522 085 Pty Ltd.

## 7. Addresses

The addresses of persons named in this form are as follows:

Name	Address
A.C.N. 626 522 085 Pty Ltd	Level 19, 1 O'Connell Street, Sydney, NSW, 2000
Hometown Australia Management Pty Ltd (ACN 614 529 538 746)	Level 19, 1 O'Connell Street, Sydney, NSW, 2000
Hometown Australia Holdings Pty Ltd (ACN 614 528)	Level 19, 1 O'Connell Street, Sydney, NSW, 2000
Hometown LP Australia, LLC	Suite 2800, 150 North Wacker Drive, Chicago, Illinois 60606
Hometown Communities, LLC	Suite 2800, 150 North Wacker Drive, Chicago, Illinois 60606
Hometown America, LLC	Suite 2800, 150 North Wacker Drive, Chicago, Illinois 60606

Hometown America Holdings, LLC	Suite 2800, 150 North Wacker Drive, Chicago, Illinois 60606
Calzada Capital Partners, LLC	71 S Wacker Dr, Ste 2380, Chicago, IL, 60606, USA
Washington State Investment Board	2100 Evergreen Park Dr SW, Olympia, WA 98504, USA

Signature

print name	Pat Zilis	capacity	Authorised signatory
sign here		date	13 / 6 / 2018

#### DIRECTIONS

- (1) If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 7 of the form.
- (2) See the definition of "associate" in section 9 of the Corporations Act 2001.
- (3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.
- (4) The voting shares of a company constitute one class unless divided into separate classes.
- (5) The total number of votes attached to all the voting shares in the company or voting interests in the scheme (if any) that the person or an associate has a relevant interest in.
- (6) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (7) Include details of:
  - (a) any relevant agreement or other circumstances by which the relevant interest was acquired. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement: and
  - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).

See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.
- (8) If the substantial holder is unable to determine the identity of the person (eg. if the relevant interest arises because of an option) write "unknown."
- (9) Details of the consideration must include any and all benefits, moneys and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.

## Annexure "A"

This is annexure "A" of 1 page referred to in form 603 – notice of initial substantial holder lodged by A.C.N. 626 522 085 Pty Ltd.

Signed by:

  
Pat Zilis, Authorised signatory

Date: 13 / 6 / 2018

Name	Place of incorporation
Hometown Australia Management Pty Ltd (ACN 614 529 538 746)	Australia
Hometown Australia Holdings Pty Ltd (ACN 614 528 746)	Australia
Hometown LP Australia, LLC	USA
Hometown Communities, LLC	USA
Hometown America, LLC	USA
Hometown America Holdings, LLC	USA
Calzada Capital Partners, LLC	USA
Washington State Investment Board and all of its controlled entities from time to time	USA

## Annexure "B"

This is annexure 'B' of 19 pages referred to in form 603 – notice of initial substantial holder lodged by A.C.N. 626 522 085 Pty Ltd.

Signed by:

  
Pat Zis, Authorised signatory

Date: 13 / 6 / 2018



# Pre Bid Agreement

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Colonial First State Asset Management (Australia)  
Limited as manager of the Colonial First State Future  
Leaders Fund A.B.N. 88 282 352 024  
(Securityholder)

A.C.N. 626 522 085 Pty Ltd (Optionholder)

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# Pre Bid Agreement

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# Details

Date

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## Parties

Name Colonial First State Asset Management (Australia) Limited as manager of the Colonial First State Future Leaders Fund  
ABN 88 282 352 024  
Short form name Securityholder  
Notice details [•]  
Phone: 02 93036141  
Email: [equityadmin@colonialfirststate.com.au](mailto:equityadmin@colonialfirststate.com.au)  
[tcanham@colonialfirststate.com.au](mailto:tcanham@colonialfirststate.com.au)  
Attention: Colonial First State Global Asset Management

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Name A.C.N. 626 522 085 Pty Ltd  
ACN 626 522 085  
Short form name Optionholder  
Notice details Level 19,  
1 O'Connell Street  
Sydney NSW 2000  
Email: [ktucker@hometownaustralia.com.au](mailto:ktucker@hometownaustralia.com.au)  
Attention: Kevin Tucker

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## Background

- 6,422,347 T.C. Cowl
- 8.17. T.C. Cowl
- A The Securityholder pledges [\*] Securities to be subject to the terms of this Deed representing approximately [\*]% of the Securities
- B The Optionholder intends to invest time and resources in investigating and evaluating the prospects of making a Takeover or pursuing a Scheme.
- C The Securityholder has agreed to:
- (i) not dispose of the Option Securities other than in accordance with this Deed;
  - (ii) grant the Optionholder an option to acquire from the Securityholder the Options Securities; and
  - (iii) accept a Takeover (at a price per Security no less than the Exercise Price), in respect of its Option Securities,
- on the terms and conditions of this Deed.

# Agreed terms

## 1. Defined terms & interpretation

### 1.1 Defined terms

In this Deed:

**Associates** has the meaning given in the Corporations Act.

**Board** means the Board of Directors of the Group.

**Business Day** means:

- (a) for receiving a notice under clause 8, a day that is not a Saturday, Sunday, public holiday or bank holiday in the place where the notice is received; and
- (b) for all other purposes, a day that is not a Saturday, Sunday, bank holiday or public holiday in New South Wales, Australia.

**Call Option** means the call option granted to the Optionholder under clause 2.2.

**Call Option Notice** means a notice in the form set out in Schedule 1.

**Call Option Period** means the period starting on the date of this Deed and ending at 11:59pm on the End Date.

**Competing Proposal** means any offer, proposal or expression of interest, transaction or arrangement (including, by way of takeover bid or scheme of arrangement) under which, if ultimately completed substantially in accordance with its terms, a person or two or more persons who are Associates would directly or indirectly:

- (a) acquire a relevant interest in or become the holder of more than 15% of the Securities;
- (b) acquire, obtain a right to acquire, or otherwise obtain an economic interest in, 15% or more by value of the business or property of Group or any member of Group; or
- (c) acquire control of Group, within the meaning of section 50AA of the Corporations Act;
- (d) otherwise acquire or merge with Group or amalgamate with, or acquire a significant shareholding or economic interest in Group or any member of Group or 15% or more by value of the total assets or business of any member of Group, whether by way of takeover bid, scheme of arrangement, shareholder approved acquisition, capital reduction, share buy-back or repurchase, sale or purchase of assets, joint venture, reverse takeover, dual-listed company structure, recapitalisation, establishment of a new holding entity for Group or other synthetic merger or any other transaction or arrangement; or
- (e) Group will cease to be admitted to the official list of ASX or the Securities will cease to be officially quoted on the market operated by ASX; or
- (f) which may otherwise compete with, or be inconsistent in any material respect with the consummation of, the Scheme or Takeover.

**Corporations Act** means *Corporations Act 2001* (Cth).

**Deal** means:

- (a) sell, assign, transfer, declare a trust over or otherwise dispose of;
- (b) agree or offer to sell, assign, transfer or otherwise dispose of;
- (c) enter into any option which, if exercised, enables or requires the person to sell, assign, transfer, declare a trust over or otherwise dispose of;
- (d) enter into any derivative; or
- (e) create or agree or offer to create or permit to be created any interest or Encumbrance.

**Encumbrance** means a mortgage, charge, pledge, lien, hypothecation, encumbrance, security interest (including as defined under the PPSA), title retention, preferential right, trust arrangement, contractual right of set off or any other security agreement or arrangement in favour of any person and includes any agreement to grant or create any of these and Encumber has a corresponding meaning.

**End Date** means the date that is 12 months after the date of this Deed.

**Exercise Price** means in respect of each Option Security, \$2.10, adjusted in accordance with clause 3.7.

**Foreign Investment Review Board Approval** means either of the following have occurred:

- (a) the Optionholder has received notice in writing from the Australian Treasurer or his or her delegate to the effect that there are no objections under the *Foreign Acquisitions and Takeovers Act 1975* (Cth) (FATA) to the Optionholder acquiring the Securities in accordance with this Deed, either unconditionally or subject to conditions with which the Optionholder is willing to comply (in its absolute discretion); or
- (b) the Treasurer is, by reason of lapse of time, no longer empowered to make an order under FATA in respect of the acquisition contemplated by this Deed.

**Group** means Gateway Lifestyle Group (ASX: GTY) comprising Gateway Lifestyle Operations Limited (ABN 63 605 593 968) and Residential Parks No.2 Trust (ARSN 605 803 414) and their controlled entities.

**Option Securities** means <sup>6,422,347</sup> Securities representing in aggregate approximately <sup>2.1%</sup> [%] of all Securities.

**PPSA** means the *Personal Property Securities Act 2009* (Cth).

**Scheme** means a transaction proposed by the Group to its Securityholders to be implemented by way of:

- (a) a scheme of arrangement under Part 5.1 of the Corporations Act in relation to the shares of Gateway Lifestyle Operations Limited (ABN 63 605 593 968); and
- (b) a trust scheme in relation to the units of Residential Parks No.2 Trust (ARSN 605 803 414),

whereby the Optionholder or its nominee will acquire all of the Securities, as amended from time to time.

**Security** means one share in Gateway Lifestyle Operations Limited (ABN 63 605 593 968) stapled to 1 unit in Residential Parks No.2 Trust (ARSN 605 803 414) and **Securities** means more than one Security.

**Takeover** means a takeover offer for the acquisition of Securities by the Optionholder or its nominee to be implemented by way of an off-market takeover bid by the Optionholder or its nominee under Chapter 6 of the Corporations Act, as amended from time to time.

**Top Up Payment** means in respect of each Option Security:

- (a) in the case of a Top Up Payment payable pursuant to clause 4.2(a):
  - (i) the price or value per Security (as determined in accordance with clause 4.3) proposed pursuant to the relevant Competing Proposal; LESS
  - (ii) the Exercise Price,

adjusted in accordance with clause 3.7; and

- (b) in the case of a Top Up Payment payable pursuant to clause 4.2(b), as calculated in accordance with that clause.

## 1.2 Interpretation

In this Deed, except where context otherwise requires:

- (a) the singular includes the plural and vice versa, and a gender includes other genders;

- (b) another grammatical form of a defined word or expression has a corresponding meaning;
- (c) a reference to a clause, paragraph, schedule or annexure is to a clause or paragraph of, or schedule or annexure to, this Deed, and a reference to this Deed includes any schedule or annexure;
- (d) a reference to a document or instrument includes the document or instrument as novated, altered, supplemented or replaced from time to time;
- (e) a reference to a party is to a party to this Deed, and a reference to a party to a document includes the party's executors, administrators, successors and permitted assigns and substitutes;
- (f) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (g) a reference to time is to Sydney, Australia time;
- (h) a reference to a person includes a natural person, partnership, body corporate, association, governmental or local authority or agency or other entity;
- (i) the meaning of general words is not limited by specific examples introduced by including, for example or similar expressions;
- (j) a reference to **A\$, \$AU, AUD\$, \$A or Australian dollar** is to Australian currency;
- (k) any agreement, representation, warranty or indemnity in favour of two or more parties (including where two or more persons are included in the same defined term) is for the benefit of them jointly and severally;
- (l) any agreement, representation, warranty or indemnity by two or more parties (including where two or more persons are included in the same defined term) binds them jointly and severally;
- (m) a rule of construction does not apply to the disadvantage of a party because the party was responsible for the preparation of this Deed or any part of it; and
- (n) if a day on or by which an obligation must be performed or an event must occur is not a Business Day, the obligation must be performed or the event must occur on or by the next Business Day.

### 1.3 Headings

Headings are for ease of reference only and do not affect the interpretation of this Deed.

## 2. Call Option

### 2.1 FIRB condition precedent

Notwithstanding anything else in this Deed, each of:

- (a) the grant of the Call Option under clause 2.2;
- (b) the agreement not to Deal in any Option Securities under clause 2.3; and
- (c) any agreement to accept a Takeover under clause 2.5,

is subject to and does not become binding until the Optionholder has received Foreign Investment Review Board Approval. The Optionholder will notify the Securityholder in writing within 2 Business Days of the satisfaction or waiver (at the Optionholder's sole discretion) of the condition set out in this clause 2.1 in relation to part or all of the Option Securities.

## **2.2 Grant of option**

The Securityholder irrevocably grants to the Optionholder for nil consideration the right to require the Securityholder to sell all of its Option Securities to the Optionholder for the Exercise Price and on the terms and conditions of this Deed (**Call Option**).

## **2.3 Agreement not to Deal in any Option Securities**

From the date of this Deed until the end of the Call Option Period, the Securityholder agrees that it will not Deal in any Option Securities, except as contemplated by this Deed in respect of the Call Option.

## **2.4 Right to Deal in Securities not affected**

Nothing in this Deed will be taken to restrict the Securityholder's right to Deal in Securities, other than the Option Securities, with another party.

## **2.5 Acceptance of Takeover**

If Optionholder or its nominee proposes a Takeover at a price per Security no less than the Exercise Price, then the Securityholder will accept such Takeover in respect of all of the Option Securities within 2 Business Days of the Optionholder serving a notice on Securityholder.

## **2.6 Right to vote Securities not affected**

Nothing in this Deed will be taken to restrict the ability of a Securityholder to exercise votes attaching to any of its Options Securities in that Securityholder's absolute discretion before the Call Option is exercised in respect of the Option Securities.

## **2.7 Decision not to proceed**

From the date of this Deed to the end of the Call Option Period, if the Optionholder decides not to proceed with a Scheme or a Takeover, it must notify the Securityholder within 5 Business Days.

# **3. Exercise**

## **3.1 Condition to exercise of Call Option**

Subject to clause 3.2, the Optionholder may only exercise the Call Option if any one or more of the following conditions have been satisfied:

- (a) an announcement of a Competing Proposal is made; or
- (b) the Securityholder fails to make a public statement within 5 Business Days after the announcement of a Scheme or a Takeover (in each case at a price per Security no less than the Exercise Price) that the Securityholder's intention is to:
  - (i) in the case of a Scheme, vote in favour of the Scheme in the absence of a superior proposal; or
  - (ii) in the case of a Takeover, accept the Takeover for all of its Option Securities.

## **3.2 Timing of exercise of Call Option**

If the condition to exercise of the Call Option in clause 3.1 has been fulfilled, the Optionholder may exercise the Call Option by signing and delivering to the Securityholder the Call Option Notice.

## **3.3 Call Option Notice**

- (a) Once given, the Call Option Notice is irrevocable.
- (b) The Call Option may be exercised, and the Call Option Notice may be given, only once.

## **3.4 Sale and purchase**

Upon exercise of the Call Option, the Securityholder agrees to sell and transfer to the Optionholder, and the Optionholder agrees to purchase from the Securityholder, the Option

Securities specified in the Call Option Notice for the Exercise Price on the terms and conditions of this Deed. The Securityholder agrees that this obligation will remain in place for up to 100% of the Option Securities, notwithstanding its entry into any Deal in relation to Securities during any period prior to the condition referred to in clause 2.1 (**FIRB Condition Precedent**) being fulfilled.

### **3.5 Delivery of transfer**

Within 3 Business Days of receipt of a Call Option Notice, the Securityholder agrees to do all acts necessary to execute and deliver to the Optionholder all documents required to enable the registration of the Optionholder as the legal and beneficial owner of the Option Securities specified in the Call Option Notice.

### **3.6 Transfer free from Encumbrances**

The Securityholder must transfer the Option Securities specified in the Call Option Notice free from any Encumbrance and with all rights, including distribution rights, attached or accruing to them on and from the date of exercise of the Call Option.

### **3.7 Adjustment of Exercise Price and Top Up Amount for Distributions**

If at any time before the Call Option is exercised the Securityholder becomes entitled to a distribution on any Option Securities, the Exercise Price for each such Option Security will be reduced by the cash amount of any such distribution in respect of that Option Security.

## **4. Payment**

### **4.1 Payment of Exercise Price**

If the Optionholder has exercised the Call Option in accordance with clauses 3.2 and 3.3 and if the Securityholder has complied with its obligations under clauses 3.4 to 3.6 (inclusive), then the Optionholder agrees to immediately pay the Exercise Price in respect of the Option Securities purchased to the Securityholder within 5 Business Days.

### **4.2 Payment of Top Up Payment**

- (a) If the Optionholder has exercised the Call Option in accordance with clauses 3.2 and 3.3 and if the Securityholder complies with its obligations under clauses 3.4 to 3.6 (inclusive) and the relevant Competing Proposal (being the Competing Proposal announced most recently prior to the exercise of the Call Option and being a takeover bid or scheme of arrangement):

- (i) is recommended by the Board; and
- (ii) becomes unconditional,

then the Optionholder shall pay the Securityholder the Top Up Payment within 5 Business Days of the date of the last to occur of clause 4.2(a)(i) and clause 4.2(a)(ii).

- (b) If:

- (i) the Securityholder has accepted a Takeover under clause 2.5; or
- (ii) the Optionholder has exercised the Call Option in accordance with clauses 3.2 and 3.3 and if the Securityholder complies with its obligations under clauses 3.4 to 3.6; and

the Optionholder Deals in all or some of those Option Securities with a person making a Competing Proposal by way of scheme of arrangement or takeover offer, the Optionholder must pay to the Securityholder a further Top Up Payment for each of its Option Securities sold within 5 Business Days of receipt by the Optionholder of the consideration under the relevant Competing Proposal being a scheme of arrangement and, in respect of those Option Securities sold under a takeover offer, within 5 Business Days after the expiry of the offer period of a takeover offer. The amount of the further Top Up Payment in accordance with this paragraph 4.2(b) is the greater of zero and the price or value per Option Security received under the relevant Competing Proposal by the Optionholder less



the Exercise Price (or price paid by the Optionholder to the Securityholder under a takeover offer accepted in accordance with clause 2.5, as the case may be) and less any Top Up Payment payable under clause 4.2(a) and any non-cash component valued in accordance with clause 4.3.

#### 4.3 Determination of value of Competing Proposal

The value of the Competing Proposal will be determined at the time that the Call Option is exercised except in relation to clause 4.2(b) where the value shall be determined at the time of receipt of the sale proceeds received by the Optionholder. For the purposes of determining the value of a Competing Proposal:

- (a) if the offer consideration (**Initial Price**) will be increased to a higher amount (**Higher Price**) if a specified event occurs, then the valuation of the Competing Proposal is regarded as being at that Higher Price only after the contingency occurs (and will be regarded as being at the Initial Price if the contingency has not occurred at the relevant time);
- (b) amounts of cash consideration that are expressed in a currency other than Australian dollars are to be converted to Australian dollars using the average of the applicable wholesale market open and close spot rates for the relevant exchange rates as published in the hard copy of the Australian Financial Review on the date on which the Competing Proposal is announced (**Measurement Date**). In the event that that methodology cannot be applied, the amount of cash consideration will be that assessed by an Australian office of one of Deloitte, Ernst & Young, KPMG and PricewaterhouseCoopers (each an **Accounting Firm**) as agreed between the parties and acting as expert as at the Measurement Date. Such expert determination shall be made within two Business Days of the Accounting Firms' appointment; and
- (c) the value of any securities which are offered under a Competing Proposal as consideration will be the volume weighted average sale price for those securities on ASX over the 30 trading day period ending on the last trading date before the Measurement Date. In the event that that methodology cannot be applied, the value of the securities will be that assessed by one of the Accounting Firms, acting as expert, as at the Measurement Date. Such expert determination shall be made within two Business Days of the Accounting Firms' appointment; and
- (d) the value of any non-cash consideration (other than securities) which is offered under a Competing Proposal will be that assessed by one of the Accounting Firms, acting as expert, as at the Measurement Date. Such expert determination shall be made within two Business Days of the Accounting Firms' appointment.

#### 4.4 Obligations Interdependent

Each of the obligations in clauses 3.4 to 3.6 (inclusive) are interdependent.

### 5. Power of Attorney

#### 5.1 Grant of attorney

Subject to the Optionholder complying with clause 4.1, the Securityholder grants to the Optionholder a power of attorney to:

- (a) execute all documents and take any actions on the Securityholder's behalf (including giving any necessary directions to the Group) which are necessary or convenient to give effect to the transfer of the Option Securities;
- (b) exercise any rights, including rights to appoint a proxy or representative and voting rights, attaching to the Option Securities; and
- (c) receive any dividend or other entitlement paid or credited to the Securityholder by the Group in respect of the Option Securities.

## 5.2 Declaration by Securityholder

The Securityholder declares that all acts and things done by the Optionholder in exercising powers under the power of attorney in this clause 5 will be as good and valid as if they had been done by the Securityholder and agrees to ratify and confirm whatever the Optionholder does in exercising powers under the power of attorney in this clause 5.

## 5.3 Valuable consideration

The Securityholder declares that this power of attorney of the Optionholder is irrevocable from the date the condition to exercise the Call Option in clause 3.1 is satisfied until the Option Securities are registered in the name of the Optionholder.

## 5.4 Express authorisation

The Optionholder is expressly authorised to do any act as a result of which a benefit is conferred on it.

# 6. Representations and warranties

## 6.1 Mutual representations and warranties

The Optionholder represents and warrants to the Securityholder, and the Securityholder represents and warrants to the Optionholder that, as at the date of this Deed and on the date on which the Option Securities are transferred to the Optionholder:

- (a) **(incorporation and existence)** it has been validly incorporated in accordance with the laws of its place of incorporation, is validly existing under those laws and has power and authority to carry on its business as it is now being conducted;
- (b) **(power)** it has power to enter into this Deed and comply with its obligations under it;
- (c) **(no contravention or exceeding power)** this Deed and the transactions under it which involve it do not contravene its constituent documents (if any) or any law or obligation by which it is bound or to which any of its assets are subject or cause a limitation on its powers (or, to the extent applicable, the powers of its directors) to be exceeded;
- (d) **(authorisations)** it has in full force and effect the authorisations necessary for it to enter into this Deed, to comply with its obligations and exercise its rights under it, and allow it to be enforced;
- (e) **(validity of obligations)** its obligations under this Deed are valid and binding and are enforceable against it in accordance with its terms;
- (f) **(solvency)** there are no reasonable grounds to suspect that it is unable to pay its debts as and when they become due and payable;
- (g) **(no steps to wind up)** no meeting has been convened or resolution proposed or petition presented and no order has been made for its winding up; and
- (h) **(no agreement with creditors)** no voluntary arrangement has been proposed or reached with any of its creditors.

## 6.2 Additional representations and warranties from the Securityholder

The Securityholder represents and warrants to the Optionholder that, as at the date of this Deed and immediately prior to the transfer of the Option Securities to the Optionholder:

- (a) **(registered owner)** the Securityholder is the registered owner of the Option Securities;
- (b) **(no Encumbrances)** there are no Encumbrances over or affecting the Option Securities;
- (c) **(Option Securities are fully paid)** the Option Securities are fully paid;
- (d) **(no restrictions on transfer)** there is no restriction on the sale, or transfer of the Option Securities to the Optionholder; and

- (e) (title) upon exercise of the Call Option the Optionholder will receive valid and marketable title to the Option Securities free and clear of all Encumbrances.

### **6.3 Survival of warranties**

The representations and warranties in this clause 6 survive the execution of this Deed.

### **6.4 Reliance**

Each party acknowledges that the other party has entered into this Deed, and agreed to take part in the transactions that this Deed contemplates in reliance on the warranties made or repeated in this clause 6.

## **7. Termination**

### **7.1 Termination**

Either party may terminate this Deed by written notice to the other immediately on the first of the following events occurring:

- (a) The Call Option is not validly exercised by the end of the Call Option Period;
- (b) no approach to the Group to propose a Scheme (at a price per Security no less than the Exercise Price) is publicly disclosed by Friday, 15 June 2018;
- (c) no Takeover or agreed Scheme is announced by 14 August 2018;
- (d) a Scheme has been announced but is not approved by the Securityholders of the Group by the later of 4 months of the Scheme being announced (in the absence of a Competing Proposal) and 4 months of a Competing Proposal being announced;
- (e) the Optionholder announces a Takeover but does not make offers for Securities within 2 months after the date of the announcement (or such longer period with the consent of ASIC);
- (f) the Optionholder announces a Takeover and has made offers for Securities under the Takeover, however, the conditions of the Takeover have not been fulfilled or waived by the later of 4 months following such announcement (in the absence of a Competing Proposal) and 4 months of a Competing Proposal being announced, and the Optionholder has not otherwise declared it free from all the conditions of the Takeover in accordance with section 650F of the Corporations Act; or
- (g) the Optionholder has notified the Securityholder that the Optionholder has made a decision not to proceed with a Scheme or Takeover.

### **7.2 Effect of Termination**

- (a) If this Deed is terminated:
  - (i) the provisions of this Deed shall cease to have effect except for the provisions of clauses 1.2, 1.3, 8 and 9.1 to 9.13 (inclusive) and 9.15 to 9.18 (inclusive); and
  - (ii) each party retains the rights it has against the others in respect of any breach of this Deed occurring before termination.
- (b) No party may terminate or rescind this Deed except as expressly contemplated in this Deed.

### **7.3 Specific performance**

The Securityholder acknowledges that, in addition to any other remedies available to the Optionholder under this Deed, at law or in equity, the Optionholder is entitled to seek specific performance or injunctive relief (as appropriate) as a remedy for any breach of this Deed.

## 8. Notices and other communications

### 8.1 Service of notices

A notice, demand, consent, approval or communication under this Deed (**Notice**) must be:

- (a) in writing, in English and signed by a person duly authorised by the sender; and
- (b) hand delivered or sent by prepaid post, facsimile or email to the recipient's address for Notices specified in the Details, as varied by any Notice given by the recipient to the sender.

### 8.2 Effective on receipt

A Notice given in accordance with clause 8.1 takes effect when taken to be received (or at a later time specified in it), and is taken to be received:

- (a) if hand delivered, on delivery;
- (b) if sent by prepaid post, on the third Business Day after the date of posting (or on the seventh Business Day after the date of posting if posted to or from a place outside Australia);
- (c) if sent by facsimile, when the sender's facsimile system generates a message confirming successful transmission of the entire Notice unless, within eight hours after the transmission, the recipient informs the sender that it has not received the entire Notice; and
- (d) if sent by email, when sent by the sender unless the sender receives a delivery failure notification indicating that the email has not been delivered to the addressee,

but if the delivery, receipt, transmission or sending is not on a Business Day or is after 5.00pm on a Business Day, the Notice is taken to be received at 9.00am on the next Business Day.

## 9. Miscellaneous

### 9.1 Alterations

This Deed may be altered only in writing signed by each party.

### 9.2 Approvals and consents

Except where this Deed expressly states otherwise, a party may, in its discretion, give conditionally or unconditionally or withhold any approval or consent under this Deed.

### 9.3 Binding nature of this Deed

The obligations of the Securityholder under this Deed are binding on the heirs, executors, administrators, successors in title and permitted assigns of the Securityholder (as the case may be).

### 9.4 Assignment

A party may only assign this Deed or a right under this Deed with the prior written consent of each other party.

### 9.5 Costs

Other than as set out in clause 9.6, each party must pay its own costs of negotiating, preparing and executing this Deed.

### 9.6 Stamp duty

Any stamp duty, duties or other taxes of a similar nature (including fines, penalties and interest) in connection with this Deed or a transaction contemplated by this Deed, must be paid by the Optionholder.

**9.7 Counterparts**

This Deed may be executed in counterparts. All executed counterparts taken together will constitute one and the same instrument.

**9.8 No merger**

The rights and obligations of the parties under this Deed do not merge on completion of any transaction contemplated by this Deed.

**9.9 Entire agreement**

This Deed constitutes the entire agreement between the parties in connection with its subject matter and supersedes all previous agreements or understandings between the parties in connection with that subject matter.

**9.10 Further action**

Each party must do, at its own expense, everything reasonably necessary (including executing documents) to give full effect to this Deed and the transaction contemplated by it.

**9.11 Severability**

- (a) A term or part of a term of this Deed that is illegal or unenforceable may be severed from this Deed and the remaining terms or parts of the term of this Deed continue in force.
- (b) If anything in this Deed is illegal or unenforceable in one jurisdiction but not in another jurisdiction, it is severed only in respect of the operation of this Deed in the jurisdiction where it is illegal or unenforceable.

**9.12 Waiver**

A party does not waive a right, power or remedy if it fails to exercise or delays in exercising the right, power or remedy. A single or partial exercise of a right, power or remedy does not prevent another or further exercise of that or another right, power or remedy. A waiver of a right, power or remedy must be in writing and signed by the party giving the waiver.

**9.13 Relationship**

This Deed does not create a relationship of employment, trust, agency or partnership between the parties.

**9.14 No obligation to continue**

Nothing in this Deed obliges the Optionholder to announce or proceed with a Scheme or Takeover and the Optionholder may terminate this Deed immediately by written notice to the Securityholder at any time prior to the delivery of a Call Option Notice.

**9.15 Confidentiality**

- (a) The Securityholder agrees that it will not, without the prior written consent of Optionholder, make any public statement, issue any release or make any other public disclosure concerning:
  - (i) the existence and contents of this Deed;
  - (ii) the contents of any discussions between the parties relating to this Deed or the Takeover or Scheme; or
  - (iii) the fact that any discussions between the parties relating to the Takeover or Scheme have taken place or will or may take place.
- (b) This clause 9 does not apply to any requirement to disclose:
  - (i) by a Court;
  - (ii) by the Takeovers Panel;

- (iii) required by law;
- (iv) to give effect to or otherwise enforce this Deed; or
- (v) on a confidential basis to the parties' legal, financial or other professional advisors.

#### **9.16 Announcements**

A public announcement in connection with this Deed or any transaction contemplated by it must be agreed by the parties before it is made, except if required by law or a regulatory body (including a relevant stock exchange), in which case the party required to make an announcement must, to the extent practicable, first consult with and take into account the reasonable requirements of each other party.

#### **9.17 Time**

Time is of the essence of this Deed.

#### **9.18 Governing law and jurisdiction**

This Deed is governed by the law of New South Wales and each party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of New South Wales and the Commonwealth of Australia.



# Schedule 1 - Call Option Notice

To [•]

## 1. Exercise

Optionholder hereby gives notice that it wishes to exercise the Call Option in respect of [number]  
Option Securities.

6,422,347  
i.e. Cante

## 2. Definitions

Capitalised terms not otherwise defined in this notice have the meanings given to those expressions in the Pre Bid Agreement.

Executed by A.C.N. 626 522 085 Pty Ltd in  
accordance with Section 127 of the *Corporations  
Act 2001*

\_\_\_\_\_  
Signature of director

\_\_\_\_\_  
Signature of director/company secretary  
(Please delete as applicable)

\_\_\_\_\_  
Name of director (print)

\_\_\_\_\_  
Name of director/company secretary (print)



## Signing page

EXECUTED as a deed.

Executed by Colonial First State Asset Management (Australia) Limited as manager of the Colonial First State Future Leaders Fund A.B.N. 88 282 352 024 in accordance with Section 127 of the Corporations Act 2001.



Signature of director ~~Senior Portfolio~~

*Manager*

TIMOTHY JAMES CAWTHRON

Name of director (print)



Signature of director/company secretary ~~WITNESS~~  
(Please delete as applicable)

RICHARD HERSEY

Name of director/company secretary (print) ~~WITNESS~~

Executed by A.C.N. 626 522 085 Pty Ltd in accordance with Section 127 of the Corporations Act 2001



Signature of director

PATRICK C. ZILIO

Name of director (print)



Signature of director/company secretary  
(Please delete as applicable)

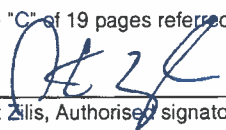
KEVIN TUCKER

Name of director/company secretary (print)

## Annexure "C"

This is annexure "C" of 19 pages referred to in form 603 – notice of initial substantial holder lodged by A.C.N. 626 522 085 Pty Ltd.

Signed by:

  
Pat Zilis, Authorised signatory

Date: 13 / 6 / 2018



# Pre Bid Agreement

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Colonial First State Asset Management (Australia)  
Limited as manager of the CFS Wholesale Small  
Companies Fund Growth A.B.N. 67 652 143 017  
(**Securityholder**)

A.C.N. 626 522 085 Pty Ltd (**Optionholder**)

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# Pre Bid Agreement

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# Details

Date

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## Parties

Name Colonial First State Asset Management (Australia) Limited as manager of the  
CFS Wholesale Small Companies Fund Growth  
ABN 67 652 143 017  
Short form name **Securityholder**  
Notice details [**•**]  
Phone: 02 93036141  
Email: [equityadmin@colonialfirststate.com.au](mailto:equityadmin@colonialfirststate.com.au)  
[tcnham@colonialfirststate.com.au](mailto:tcnham@colonialfirststate.com.au)  
Attention: Colonial First State Global Asset Management

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Name A.C.N. 626 522 085 Pty Ltd  
ACN 626 522 085  
Short form name **Optionholder**  
Notice details Level 19,  
1 O'Connell Street  
Sydney NSW 2000  
Email: [ktucker@hometownaustralia.com.au](mailto:ktucker@hometownaustralia.com.au)  
Attention: Kevin Tucker

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## Background

2,950,221

- A The Securityholder pledges [**•**] Securities to be subject to the terms of this Deed representing approximately [**•**] % of the Securities. *1.5% - Cal*
- B The Optionholder intends to invest time and resources in investigating and evaluating the prospects of making a Takeover or pursuing a Scheme.
- C The Securityholder has agreed to:
- (i) not dispose of the Option Securities other than in accordance with this Deed;
  - (ii) grant the Optionholder an option to acquire from the Securityholder the Options Securities; and
  - (iii) accept a Takeover (at a price per Security no less than the Exercise Price), in respect of its Option Securities,
- on the terms and conditions of this Deed.

# Agreed terms

## 1. Defined terms & interpretation

### 1.1 Defined terms

In this Deed:

**Associates** has the meaning given in the Corporations Act.

**Board** means the Board of Directors of the Group.

**Business Day** means:

- (a) for receiving a notice under clause 8, a day that is not a Saturday, Sunday, public holiday or bank holiday in the place where the notice is received; and
- (b) for all other purposes, a day that is not a Saturday, Sunday, bank holiday or public holiday in New South Wales, Australia.

**Call Option** means the call option granted to the Optionholder under clause 2.2.

**Call Option Notice** means a notice in the form set out in Schedule 1.

**Call Option Period** means the period starting on the date of this Deed and ending at 11:59pm on the End Date.

**Competing Proposal** means any offer, proposal or expression of interest, transaction or arrangement (including, by way of takeover bid or scheme of arrangement) under which, if ultimately completed substantially in accordance with its terms, a person or two or more persons who are Associates would directly or indirectly:

- (a) acquire a relevant interest in or become the holder of more than 15% of the Securities;
- (b) acquire, obtain a right to acquire, or otherwise obtain an economic interest in, 15% or more by value of the business or property of Group or any member of Group; or
- (c) acquire control of Group, within the meaning of section 50AA of the Corporations Act;
- (d) otherwise acquire or merge with Group or amalgamate with, or acquire a significant shareholding or economic interest in Group or any member of Group or 15% or more by value of the total assets or business of any member of Group, whether by way of takeover bid, scheme of arrangement, shareholder approved acquisition, capital reduction, share buy-back or repurchase, sale or purchase of assets, joint venture, reverse takeover, dual-listed company structure, recapitalisation, establishment of a new holding entity for Group or other synthetic merger or any other transaction or arrangement; or
- (e) Group will cease to be admitted to the official list of ASX or the Securities will cease to be officially quoted on the market operated by ASX; or
- (f) which may otherwise compete with, or be inconsistent in any material respect with the consummation of, the Scheme or Takeover.

**Corporations Act** means *Corporations Act 2001* (Cth).

**Deal** means:

- (a) sell, assign, transfer, declare a trust over or otherwise dispose of;
- (b) agree or offer to sell, assign, transfer or otherwise dispose of;
- (c) enter into any option which, if exercised, enables or requires the person to sell, assign, transfer, declare a trust over or otherwise dispose of;
- (d) enter into any derivative; or
- (e) create or agree or offer to create or permit to be created any interest or Encumbrance.

**Encumbrance** means a mortgage, charge, pledge, lien, hypothecation, encumbrance, security interest (including as defined under the PPSA), title retention, preferential right, trust arrangement, contractual right of set off or any other security agreement or arrangement in favour of any person and includes any agreement to grant or create any of these and **Encumber** has a corresponding meaning.

**End Date** means the date that is 12 months after the date of this Deed.

**Exercise Price** means in respect of each Option Security, \$2.10, adjusted in accordance with clause 3.7.

**Foreign Investment Review Board Approval** means either of the following have occurred:

- (a) the Optionholder has received notice in writing from the Australian Treasurer or his or her delegate to the effect that there are no objections under the *Foreign Acquisitions and Takeovers Act 1975* (Cth) (FATA) to the Optionholder acquiring the Securities in accordance with this Deed, either unconditionally or subject to conditions with which the Optionholder is willing to comply (in its absolute discretion); or
- (b) the Treasurer is, by reason of lapse of time, no longer empowered to make an order under FATA in respect of the acquisition contemplated by this Deed.

**Group** means Gateway Lifestyle Group (ASX: GTY) comprising Gateway Lifestyle Operations Limited (ABN 63 605 593 968) and Residential Parks No.2 Trust (ARSN 605 803 414) and their controlled entities. *2,150,221 = Carl*

**Option Securities** means [\*] Securities representing in aggregate approximately [\*]% of all Securities. *1.0% = Carl*

**PPSA** means the *Personal Property Securities Act 2009* (Cth).

**Scheme** means a transaction proposed by the Group to its Securityholders to be implemented by way of:

- (a) a scheme of arrangement under Part 5.1 of the Corporations Act in relation to the shares of Gateway Lifestyle Operations Limited (ABN 63 605 593 968); and
- (b) a trust scheme in relation to the units of Residential Parks No.2 Trust (ARSN 605 803 414),

whereby the Optionholder or its nominee will acquire all of the Securities, as amended from time to time.

**Security** means one share in Gateway Lifestyle Operations Limited (ABN 63 605 593 968) stapled to 1 unit in Residential Parks No.2 Trust (ARSN 605 803 414) and **Securities** means more than one Security.

**Takeover** means a takeover offer for the acquisition of Securities by the Optionholder or its nominee to be implemented by way of an off-market takeover bid by the Optionholder or its nominee under Chapter 6 of the Corporations Act, as amended from time to time.

**Top Up Payment** means in respect of each Option Security:

- (a) in the case of a Top Up Payment payable pursuant to clause 4.2(a):
  - (i) the price or value per Security (as determined in accordance with clause 4.3) proposed pursuant to the relevant Competing Proposal; LESS
  - (ii) the Exercise Price,

adjusted in accordance with clause 3.7; and

- (b) in the case of a Top Up Payment payable pursuant to clause 4.2(b), as calculated in accordance with that clause.

## 1.2 Interpretation

In this Deed, except where context otherwise requires:

- (a) the singular includes the plural and vice versa, and a gender includes other genders;



- (b) another grammatical form of a defined word or expression has a corresponding meaning;
- (c) a reference to a clause, paragraph, schedule or annexure is to a clause or paragraph of, or schedule or annexure to, this Deed, and a reference to this Deed includes any schedule or annexure;
- (d) a reference to a document or instrument includes the document or instrument as novated, altered, supplemented or replaced from time to time;
- (e) a reference to a party is to a party to this Deed, and a reference to a party to a document includes the party's executors, administrators, successors and permitted assigns and substitutes;
- (f) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (g) a reference to time is to Sydney, Australia time;
- (h) a reference to a person includes a natural person, partnership, body corporate, association, governmental or local authority or agency or other entity;
- (i) the meaning of general words is not limited by specific examples introduced by including, for example or similar expressions;
- (j) a reference to A\$, \$AU, AUD\$, \$A or Australian dollar is to Australian currency;
- (k) any agreement, representation, warranty or indemnity in favour of two or more parties (including where two or more persons are included in the same defined term) is for the benefit of them jointly and severally;
- (l) any agreement, representation, warranty or indemnity by two or more parties (including where two or more persons are included in the same defined term) binds them jointly and severally;
- (m) a rule of construction does not apply to the disadvantage of a party because the party was responsible for the preparation of this Deed or any part of it; and
- (n) if a day on or by which an obligation must be performed or an event must occur is not a Business Day, the obligation must be performed or the event must occur on or by the next Business Day.

### 1.3 Headings

Headings are for ease of reference only and do not affect the interpretation of this Deed.

## 2. Call Option

### 2.1 FIRB condition precedent

Notwithstanding anything else in this Deed, each of:

- (a) the grant of the Call Option under clause 2.2;
- (b) the agreement not to Deal in any Option Securities under clause 2.3; and
- (c) any agreement to accept a Takeover under clause 2.5,

is subject to and does not become binding until the Optionholder has received Foreign Investment Review Board Approval. The Optionholder will notify the Securityholder in writing within 2 Business Days of the satisfaction or waiver (at the Optionholder's sole discretion) of the condition set out in this clause 2.1 in relation to part or all of the Option Securities.

## **2.2 Grant of option**

The Securityholder irrevocably grants to the Optionholder for nil consideration the right to require the Securityholder to sell all of its Option Securities to the Optionholder for the Exercise Price and on the terms and conditions of this Deed (Call Option).

## **2.3 Agreement not to Deal in any Option Securities**

From the date of this Deed until the end of the Call Option Period, the Securityholder agrees that it will not Deal in any Option Securities, except as contemplated by this Deed in respect of the Call Option.

## **2.4 Right to Deal in Securities not affected**

Nothing in this Deed will be taken to restrict the Securityholder's right to Deal in Securities, other than the Option Securities, with another party.

## **2.5 Acceptance of Takeover**

If Optionholder or its nominee proposes a Takeover at a price per Security no less than the Exercise Price, then the Securityholder will accept such Takeover in respect of all of the Option Securities within 2 Business Days of the Optionholder serving a notice on Securityholder.

## **2.6 Right to vote Securities not affected**

Nothing in this Deed will be taken to restrict the ability of a Securityholder to exercise votes attaching to any of its Options Securities in that Securityholder's absolute discretion before the Call Option is exercised in respect of the Option Securities.

## **2.7 Decision not to proceed**

From the date of this Deed to the end of the Call Option Period, if the Optionholder decides not to proceed with a Scheme or a Takeover, it must notify the Securityholder within 5 Business Days.

# **3. Exercise**

## **3.1 Condition to exercise of Call Option**

Subject to clause 3.2, the Optionholder may only exercise the Call Option if any one or more of the following conditions have been satisfied:

- (a) an announcement of a Competing Proposal is made; or
- (b) the Securityholder fails to make a public statement within 5 Business Days after the announcement of a Scheme or a Takeover (in each case at a price per Security no less than the Exercise Price) that the Securityholder's intention is to:
  - (i) in the case of a Scheme, vote in favour of the Scheme in the absence of a superior proposal; or
  - (ii) in the case of a Takeover, accept the Takeover for all of its Option Securities.

## **3.2 Timing of exercise of Call Option**

If the condition to exercise of the Call Option in clause 3.1 has been fulfilled, the Optionholder may exercise the Call Option by signing and delivering to the Securityholder the Call Option Notice.

## **3.3 Call Option Notice**

- (a) Once given, the Call Option Notice is irrevocable.
- (b) The Call Option may be exercised, and the Call Option Notice may be given, only once.

## **3.4 Sale and purchase**

Upon exercise of the Call Option, the Securityholder agrees to sell and transfer to the Optionholder, and the Optionholder agrees to purchase from the Securityholder, the Option

Securities specified in the Call Option Notice for the Exercise Price on the terms and conditions of this Deed. The Securityholder agrees that this obligation will remain in place for up to 100% of the Option Securities, notwithstanding its entry into any Deal in relation to Securities during any period prior to the condition referred to in clause 2.1 (**FIRB Condition Precedent**) being fulfilled.

### **3.5 Delivery of transfer**

Within 3 Business Days of receipt of a Call Option Notice, the Securityholder agrees to do all acts necessary to execute and deliver to the Optionholder all documents required to enable the registration of the Optionholder as the legal and beneficial owner of the Option Securities specified in the Call Option Notice.

### **3.6 Transfer free from Encumbrances**

The Securityholder must transfer the Option Securities specified in the Call Option Notice free from any Encumbrance and with all rights, including distribution rights, attached or accruing to them on and from the date of exercise of the Call Option.

### **3.7 Adjustment of Exercise Price and Top Up Amount for Distributions**

If at any time before the Call Option is exercised the Securityholder becomes entitled to a distribution on any Option Securities, the Exercise Price for each such Option Security will be reduced by the cash amount of any such distribution in respect of that Option Security.

## **4. Payment**

### **4.1 Payment of Exercise Price**

If the Optionholder has exercised the Call Option in accordance with clauses 3.2 and 3.3 and if the Securityholder has complied with its obligations under clauses 3.4 to 3.6 (inclusive), then the Optionholder agrees to immediately pay the Exercise Price in respect of the Option Securities purchased to the Securityholder within 5 Business Days.

### **4.2 Payment of Top Up Payment**

(a) If the Optionholder has exercised the Call Option in accordance with clauses 3.2 and 3.3 and if the Securityholder complies with its obligations under clauses 3.4 to 3.6 (inclusive) and the relevant Competing Proposal (being the Competing Proposal announced most recently prior to the exercise of the Call Option and being a takeover bid or scheme of arrangement):

- (i) is recommended by the Board; and
- (ii) becomes unconditional,

then the Optionholder shall pay the Securityholder the Top Up Payment within 5 Business Days of the date of the last to occur of clause 4.2(a)(i) and clause 4.2(a)(ii).

(b) If:

- (i) the Securityholder has accepted a Takeover under clause 2.5; or
- (ii) the Optionholder has exercised the Call Option in accordance with clauses 3.2 and 3.3 and if the Securityholder complies with its obligations under clauses 3.4 to 3.6; and

the Optionholder Deals in all or some of those Option Securities with a person making a Competing Proposal by way of scheme of arrangement or takeover offer, the Optionholder must pay to the Securityholder a further Top Up Payment for each of its Option Securities sold within 5 Business Days of receipt by the Optionholder of the consideration under the relevant Competing Proposal being a scheme of arrangement and, in respect of those Option Securities sold under a takeover offer, within 5 Business Days after the expiry of the offer period of a takeover offer. The amount of the further Top Up Payment in accordance with this paragraph 4.2(b) is the greater of zero and the price or value per Option Security received under the relevant Competing Proposal by the Optionholder less

the Exercise Price (or price paid by the Optionholder to the Securityholder under a takeover offer accepted in accordance with clause 2.5, as the case may be) and less any Top Up Payment payable under clause 4.2(a) and any non-cash component valued in accordance with clause 4.3.

#### 4.3 Determination of value of Competing Proposal

The value of the Competing Proposal will be determined at the time that the Call Option is exercised except in relation to clause 4.2(b) where the value shall be determined at the time of receipt of the sale proceeds received by the Optionholder. For the purposes of determining the value of a Competing Proposal:

- (a) if the offer consideration (**Initial Price**) will be increased to a higher amount (**Higher Price**) if a specified event occurs, then the valuation of the Competing Proposal is regarded as being at that Higher Price only after the contingency occurs (and will be regarded as being at the Initial Price if the contingency has not occurred at the relevant time);
- (b) amounts of cash consideration that are expressed in a currency other than Australian dollars are to be converted to Australian dollars using the average of the applicable wholesale market open and close spot rates for the relevant exchange rates as published in the hard copy of the Australian Financial Review on the date on which the Competing Proposal is announced (**Measurement Date**). In the event that that methodology cannot be applied, the amount of cash consideration will be that assessed by an Australian office of one of Deloitte, Ernst & Young, KPMG and PricewaterhouseCoopers (each an **Accounting Firm**) as agreed between the parties and acting as expert as at the Measurement Date. Such expert determination shall be made within two Business Days of the Accounting Firms' appointment; and
- (c) the value of any securities which are offered under a Competing Proposal as consideration will be the volume weighted average sale price for those securities on ASX over the 30 trading day period ending on the last trading date before the Measurement Date. In the event that that methodology cannot be applied, the value of the securities will be that assessed by one of the Accounting Firms, acting as expert, as at the Measurement Date. Such expert determination shall be made within two Business Days of the Accounting Firms' appointment; and
- (d) the value of any non-cash consideration (other than securities) which is offered under a Competing Proposal will be that assessed by one of the Accounting Firms, acting as expert, as at the Measurement Date. Such expert determination shall be made within two Business Days of the Accounting Firms' appointment.

#### 4.4 Obligations Interdependent

Each of the obligations in clauses 3.4 to 3.6 (inclusive) are interdependent.

### 5. Power of Attorney

#### 5.1 Grant of attorney

Subject to the Optionholder complying with clause 4.1, the Securityholder grants to the Optionholder a power of attorney to:

- (a) execute all documents and take any actions on the Securityholder's behalf (including giving any necessary directions to the Group) which are necessary or convenient to give effect to the transfer of the Option Securities;
- (b) exercise any rights, including rights to appoint a proxy or representative and voting rights, attaching to the Option Securities; and
- (c) receive any dividend or other entitlement paid or credited to the Securityholder by the Group in respect of the Option Securities.

## **5.2 Declaration by Securityholder**

The Securityholder declares that all acts and things done by the Optionholder in exercising powers under the power of attorney in this clause 5 will be as good and valid as if they had been done by the Securityholder and agrees to ratify and confirm whatever the Optionholder does in exercising powers under the power of attorney in this clause 5.

## **5.3 Valuable consideration**

The Securityholder declares that this power of attorney of the Optionholder is irrevocable from the date the condition to exercise the Call Option in clause 3.1 is satisfied until the Option Securities are registered in the name of the Optionholder.

## **5.4 Express authorisation**

The Optionholder is expressly authorised to do any act as a result of which a benefit is conferred on it.

# **6. Representations and warranties**

## **6.1 Mutual representations and warranties**

The Optionholder represents and warrants to the Securityholder, and the Securityholder represents and warrants to the Optionholder that, as at the date of this Deed and on the date on which the Option Securities are transferred to the Optionholder:

- (a) **(incorporation and existence)** it has been validly incorporated in accordance with the laws of its place of incorporation, is validly existing under those laws and has power and authority to carry on its business as it is now being conducted;
- (b) **(power)** it has power to enter into this Deed and comply with its obligations under it;
- (c) **(no contravention or exceeding power)** this Deed and the transactions under it which involve it do not contravene its constituent documents (if any) or any law or obligation by which it is bound or to which any of its assets are subject or cause a limitation on its powers (or, to the extent applicable, the powers of its directors) to be exceeded;
- (d) **(authorisations)** it has in full force and effect the authorisations necessary for it to enter into this Deed, to comply with its obligations and exercise its rights under it, and allow it to be enforced;
- (e) **(validity of obligations)** its obligations under this Deed are valid and binding and are enforceable against it in accordance with its terms;
- (f) **(solvency)** there are no reasonable grounds to suspect that it is unable to pay its debts as and when they become due and payable;
- (g) **(no steps to wind up)** no meeting has been convened or resolution proposed or petition presented and no order has been made for its winding up; and
- (h) **(no agreement with creditors)** no voluntary arrangement has been proposed or reached with any of its creditors.

## **6.2 Additional representations and warranties from the Securityholder**

The Securityholder represents and warrants to the Optionholder that, as at the date of this Deed and immediately prior to the transfer of the Option Securities to the Optionholder:

- (a) **(registered owner)** the Securityholder is the registered owner of the Option Securities;
- (b) **(no Encumbrances)** there are no Encumbrances over or affecting the Option Securities;
- (c) **(Option Securities are fully paid)** the Option Securities are fully paid;
- (d) **(no restrictions on transfer)** there is no restriction on the sale, or transfer of the Option Securities to the Optionholder; and

- (e) (title) upon exercise of the Call Option the Optionholder will receive valid and marketable title to the Option Securities free and clear of all Encumbrances.

### **6.3 Survival of warranties**

The representations and warranties in this clause 6 survive the execution of this Deed.

### **6.4 Reliance**

Each party acknowledges that the other party has entered into this Deed, and agreed to take part in the transactions that this Deed contemplates in reliance on the warranties made or repeated in this clause 6.

## **7. Termination**

### **7.1 Termination**

Either party may terminate this Deed by written notice to the other immediately on the first of the following events occurring:

- (a) The Call Option is not validly exercised by the end of the Call Option Period;
- (b) no approach to the Group to propose a Scheme (at a price per Security no less than the Exercise Price) is publicly disclosed by Friday, 15 June 2018;
- (c) no Takeover or agreed Scheme is announced by 14 August 2018;
- (d) a Scheme has been announced but is not approved by the Securityholders of the Group by the later of 4 months of the Scheme being announced (in the absence of a Competing Proposal) and 4 months of a Competing Proposal being announced;
- (e) the Optionholder announces a Takeover but does not make offers for Securities within 2 months after the date of the announcement (or such longer period with the consent of ASIC);
- (f) the Optionholder announces a Takeover and has made offers for Securities under the Takeover, however, the conditions of the Takeover have not been fulfilled or waived by the later of 4 months following such announcement (in the absence of a Competing Proposal) and 4 months of a Competing Proposal being announced, and the Optionholder has not otherwise declared it free from all the conditions of the Takeover in accordance with section 650F of the Corporations Act; or
- (g) the Optionholder has notified the Securityholder that the Optionholder has made a decision not to proceed with a Scheme or Takeover.

### **7.2 Effect of Termination**

- (a) If this Deed is terminated:
  - (i) the provisions of this Deed shall cease to have effect except for the provisions of clauses 1.2, 1.3, 8 and 9.1 to 9.13 (inclusive) and 9.15 to 9.18 (inclusive); and
  - (ii) each party retains the rights it has against the others in respect of any breach of this Deed occurring before termination.
- (b) No party may terminate or rescind this Deed except as expressly contemplated in this Deed.

### **7.3 Specific performance**

The Securityholder acknowledges that, in addition to any other remedies available to the Optionholder under this Deed, at law or in equity, the Optionholder is entitled to seek specific performance or injunctive relief (as appropriate) as a remedy for any breach of this Deed.

## **8. Notices and other communications**

### **8.1 Service of notices**

A notice, demand, consent, approval or communication under this Deed (**Notice**) must be:

- (a) in writing, in English and signed by a person duly authorised by the sender; and
- (b) hand delivered or sent by prepaid post, facsimile or email to the recipient's address for Notices specified in the Details, as varied by any Notice given by the recipient to the sender.

### **8.2 Effective on receipt**

A Notice given in accordance with clause 8.1 takes effect when taken to be received (or at a later time specified in it), and is taken to be received:

- (a) if hand delivered, on delivery;
- (b) if sent by prepaid post, on the third Business Day after the date of posting (or on the seventh Business Day after the date of posting if posted to or from a place outside Australia);
- (c) if sent by facsimile, when the sender's facsimile system generates a message confirming successful transmission of the entire Notice unless, within eight hours after the transmission, the recipient informs the sender that it has not received the entire Notice; and
- (d) if sent by email, when sent by the sender unless the sender receives a delivery failure notification indicating that the email has not been delivered to the addressee,

but if the delivery, receipt, transmission or sending is not on a Business Day or is after 5.00pm on a Business Day, the Notice is taken to be received at 9.00am on the next Business Day.

## **9. Miscellaneous**

### **9.1 Alterations**

This Deed may be altered only in writing signed by each party.

### **9.2 Approvals and consents**

Except where this Deed expressly states otherwise, a party may, in its discretion, give conditionally or unconditionally or withhold any approval or consent under this Deed.

### **9.3 Binding nature of this Deed**

The obligations of the Securityholder under this Deed are binding on the heirs, executors, administrators, successors in title and permitted assigns of the Securityholder (as the case may be).

### **9.4 Assignment**

A party may only assign this Deed or a right under this Deed with the prior written consent of each other party.

### **9.5 Costs**

Other than as set out in clause 9.6, each party must pay its own costs of negotiating, preparing and executing this Deed.

### **9.6 Stamp duty**

Any stamp duty, duties or other taxes of a similar nature (including fines, penalties and interest) in connection with this Deed or a transaction contemplated by this Deed, must be paid by the Optionholder.



#### **9.7 Counterparts**

This Deed may be executed in counterparts. All executed counterparts taken together will constitute one and the same instrument.

#### **9.8 No merger**

The rights and obligations of the parties under this Deed do not merge on completion of any transaction contemplated by this Deed.

#### **9.9 Entire agreement**

This Deed constitutes the entire agreement between the parties in connection with its subject matter and supersedes all previous agreements or understandings between the parties in connection with that subject matter.

#### **9.10 Further action**

Each party must do, at its own expense, everything reasonably necessary (including executing documents) to give full effect to this Deed and the transaction contemplated by it.

#### **9.11 Severability**

- (a) A term or part of a term of this Deed that is illegal or unenforceable may be severed from this Deed and the remaining terms or parts of the term of this Deed continue in force.
- (b) If anything in this Deed is illegal or unenforceable in one jurisdiction but not in another jurisdiction, it is severed only in respect of the operation of this Deed in the jurisdiction where it is illegal or unenforceable.

#### **9.12 Waiver**

A party does not waive a right, power or remedy if it fails to exercise or delays in exercising the right, power or remedy. A single or partial exercise of a right, power or remedy does not prevent another or further exercise of that or another right, power or remedy. A waiver of a right, power or remedy must be in writing and signed by the party giving the waiver.

#### **9.13 Relationship**

This Deed does not create a relationship of employment, trust, agency or partnership between the parties.

#### **9.14 No obligation to continue**

Nothing in this Deed obliges the Optionholder to announce or proceed with a Scheme or Takeover and the Optionholder may terminate this Deed immediately by written notice to the Securityholder at any time prior to the delivery of a Call Option Notice.

#### **9.15 Confidentiality**

- (a) The Securityholder agrees that it will not, without the prior written consent of Optionholder, make any public statement, issue any release or make any other public disclosure concerning:
  - (i) the existence and contents of this Deed;
  - (ii) the contents of any discussions between the parties relating to this Deed or the Takeover or Scheme; or
  - (iii) the fact that any discussions between the parties relating to the Takeover or Scheme have taken place or will or may take place.
- (b) This clause 9 does not apply to any requirement to disclose:
  - (i) by a Court;
  - (ii) by the Takeovers Panel;



- (iii) required by law;
- (iv) to give effect to or otherwise enforce this Deed; or
- (v) on a confidential basis to the parties' legal, financial or other professional advisors.

#### **9.16 Announcements**

A public announcement in connection with this Deed or any transaction contemplated by it must be agreed by the parties before it is made, except if required by law or a regulatory body (including a relevant stock exchange), in which case the party required to make an announcement must, to the extent practicable, first consult with and take into account the reasonable requirements of each other party.

#### **9.17 Time**

Time is of the essence of this Deed.

#### **9.18 Governing law and jurisdiction**

This Deed is governed by the law of New South Wales and each party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of New South Wales and the Commonwealth of Australia.



# Schedule 1 - Call Option Notice

To [•]

## 1. Exercise

Optionholder hereby gives notice that it wishes to exercise the Call Option in respect of [number]  
Option Securities.

2,950,221  
K. Carhe

## 2. Definitions

Capitalised terms not otherwise defined in this notice have the meanings given to those expressions in the Pre Bid Agreement.

Executed by A.C.N. 626 522 085 Pty Ltd in  
accordance with Section 127 of the *Corporations  
Act 2001*

\_\_\_\_\_  
Signature of director

\_\_\_\_\_  
Signature of director/company secretary  
(Please delete as applicable)

\_\_\_\_\_  
Name of director (print)

\_\_\_\_\_  
Name of director/company secretary (print)

## Signing page

EXECUTED as a deed.

Executed by Colonial First State Asset  
Management (Australia) Limited as manager of the  
CFS Wholesale Small Companies Fund Growth  
A.B.N. 67 652 143 017 in accordance with  
~~Section 127 of the Corporations Act 2001~~



Signature of director *Senior Portfolio Manager*

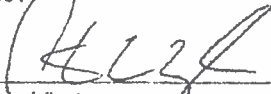
TIMOTHY JAMES CANHAM

Name of director (print)

  
Signature of director/company secretary  
(Please delete as applicable) WITNESS

RICHARD HERSEY  
Name of director/company secretary (print) WITNESS


Executed by A.C.N. 626 522 085 Pty Ltd in  
accordance with Section 127 of the Corporations  
Act 2001



Signature of director

PATRICK C ZILI

Name of director (print)

  
Signature of director/company secretary  
(Please delete as applicable)

KEVIN TUCKER  
Name of director/company secretary (print)

## Annexure "D"

This is annexure "D" of 19 pages referred to in form 603 – notice of initial substantial holder lodged by A.C.N. 626 522 085 Pty Ltd.

Signed by:

  
Pat Zilis, Authorised Signatory

Date: 13 / 6 / 2018



# Pre Bid Agreement

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Perennial Value Management Limited ABN 22 090 879 904  
(**Securityholder**)

A.C.N. 626 522 085 Pty. Ltd (**Optionholder**)

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# Pre Bid Agreement

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# Details

## Date

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## Parties

Name	<b>Perennial Value Management Limited</b>
ABN	22 090 879 904
Short form name	<b>Securityholder</b>
Notice details	Level 27, 88 Phillip St SYDNEY NSW 2000[•] Email: <a href="mailto:aws@perennial.net.au">aws@perennial.net.au</a> Attention: Andrew Smith

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Name	<b>A.C.N. 626 522 085 Pty Ltd</b>
ACN	626 522 085
Short form name	<b>Optionholder</b>
Notice details	Level 19, 1 O'Connell Street Sydney NSW 2000Email: <a href="mailto:ktucker@hometownaustralia.com.au">ktucker@hometownaustralia.com.au</a> Attention: Kevin Tucker

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## Background

- A The Securityholder pledges 21,200,000 Securities to be subject to the terms of this Deed representing approximately 7% of the Securities.
- B The Optionholder intends to invest time and resources in investigating and evaluating the prospects of making a Takeover or pursuing a Scheme.
- C The Securityholder has agreed to:
- (i) not dispose of the Option Securities other than in accordance with this Deed;
  - (ii) grant the Optionholder an option to acquire from the Securityholder the Options Securities; and
  - (iii) accept a Takeover (at a price per Security no less than the Exercise Price), in respect of its Option Securities,
- on the terms and conditions of this Deed.

# Agreed terms

## 1. Defined terms & interpretation

### 1.1 Defined terms

In this Deed:

**Associates** has the meaning given in the Corporations Act.

**Board** means the Board of Directors of the Group.

**Business Day** means:

- (a) for receiving a notice under clause 8, a day that is not a Saturday, Sunday, public holiday or bank holiday in the place where the notice is received; and
- (b) for all other purposes, a day that is not a Saturday, Sunday, bank holiday or public holiday in New South Wales, Australia.

**Call Option** means the call option granted to the Optionholder under clause 2.2.

**Call Option Notice** means a notice in the form set out in Schedule 1.

**Call Option Period** means the period starting on the date of this Deed and ending at 11:59pm on the End Date.

**Competing Proposal** means any offer, proposal or expression of interest, transaction or arrangement (including, by way of takeover bid or scheme of arrangement) under which, if ultimately completed substantially in accordance with its terms, a person or two or more persons who are Associates would directly or indirectly:

- (a) acquire a relevant interest in or become the holder of more than 15% of the Securities;
- (b) acquire, obtain a right to acquire, or otherwise obtain an economic interest in, 15% or more by value of the business or property of Group or any member of Group; or
- (c) acquire control of Group, within the meaning of section 50AA of the Corporations Act;
- (d) otherwise acquire or merge with Group or amalgamate with, or acquire a significant shareholding or economic interest in Group or any member of Group or 15% or more by value of the total assets or business of any member of Group, whether by way of takeover bid, scheme of arrangement, shareholder approved acquisition, capital reduction, share buy-back or repurchase, sale or purchase of assets, joint venture, reverse takeover, dual-listed company structure, recapitalisation, establishment of a new holding entity for Group or other synthetic merger or any other transaction or arrangement; or
- (e) Group will cease to be admitted to the official list of ASX or the Securities will cease to be officially quoted on the market operated by ASX; or
- (f) which may otherwise compete with, or be inconsistent in any material respect with the consummation of, the Scheme or Takeover.

**Corporations Act** means *Corporations Act 2001* (Cth).

**Deal** means:

- (a) sell, assign, transfer, declare a trust over or otherwise dispose of;
- (b) agree or offer to sell, assign, transfer or otherwise dispose of;
- (c) enter into any option which, if exercised, enables or requires the person to sell, assign, transfer, declare a trust over or otherwise dispose of;
- (d) enter into any derivative; or
- (e) create or agree or offer to create or permit to be created any interest or Encumbrance.

**Encumbrance** means a mortgage, charge, pledge, lien, hypothecation, encumbrance, security interest (including as defined under the PPSA), title retention, preferential right, trust arrangement, contractual right of set off or any other security agreement or arrangement in favour of any person and includes any agreement to grant or create any of these and **Encumber** has a corresponding meaning.

**End Date** means the date that is 12 months after the date of this Deed.

**Exercise Price** means in respect of each Option Security, \$2.10, adjusted in accordance with clause 3.7.

**Foreign Investment Review Board Approval** means either of the following have occurred:

- (a) the Optionholder has received notice in writing from the Australian Treasurer or his or her delegate to the effect that there are no objections under the *Foreign Acquisitions and Takeovers Act 1975* (Cth) (**FATA**) to the Optionholder acquiring the Securities in accordance with this Deed, either unconditionally or subject to conditions with which the Optionholder is willing to comply (in its absolute discretion); or
- (b) the Treasurer is, by reason of lapse of time, no longer empowered to make an order under FATA in respect of the acquisition contemplated by this Deed.

**Group** means Gateway Lifestyle Group (ASX: GTY) comprising Gateway Lifestyle Operations Limited (ABN 63 605 593 968) and Residential Parks No.2 Trust (ARSN 605 803 414) and their controlled entities.

**Option Securities** means 21,200,000 Securities representing in aggregate approximately 7% of all Securities.

**PPSA** means the *Personal Property Securities Act 2009* (Cth).

**Scheme** means a transaction proposed by the Group to its Securityholders to be implemented by way of:

- (a) a scheme of arrangement under Part 5.1 of the Corporations Act in relation to the shares of Gateway Lifestyle Operations Limited (ABN 63 605 593 968); and
- (b) a trust scheme in relation to the units of Residential Parks No.2 Trust (ARSN 605 803 414),

whereby the Optionholder or its nominee will acquire all of the Securities, as amended from time to time.

**Security** means one share in Gateway Lifestyle Operations Limited (ABN 63 605 593 968) stapled to 1 unit in Residential Parks No.2 Trust (ARSN 605 803 414) and **Securities** means more than one Security..

**Takeover** means a takeover offer for the acquisition of Securities by the Optionholder or its nominee to be implemented by way of an off-market takeover bid by the Optionholder or its nominee under Chapter 6 of the Corporations Act, as amended from time to time.

**Top Up Payment** means in respect of each Option Security:

- (a) in the case of a Top Up Payment payable pursuant to clause 4.2(a):
  - (i) the price or value per Security (as determined in accordance with clause 4.3) proposed pursuant to the relevant Competing Proposal; LESS
  - (ii) the Exercise Price,

adjusted in accordance with clause 3.7; and

- (b) in the case of a Top Up Payment payable pursuant to clause 4.2(b), as calculated in accordance with that clause.

## 1.2 Interpretation

In this Deed, except where context otherwise requires:

- (a) the singular includes the plural and vice versa, and a gender includes other genders;

- (b) another grammatical form of a defined word or expression has a corresponding meaning;
- (c) a reference to a clause, paragraph, schedule or annexure is to a clause or paragraph of, or schedule or annexure to, this Deed, and a reference to this Deed includes any schedule or annexure;
- (d) a reference to a document or instrument includes the document or instrument as novated, altered, supplemented or replaced from time to time;
- (e) a reference to a party is to a party to this Deed, and a reference to a party to a document includes the party's executors, administrators, successors and permitted assigns and substitutes;
- (f) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (g) a reference to time is to Sydney, Australia time;
- (h) a reference to a person includes a natural person, partnership, body corporate, association, governmental or local authority or agency or other entity;
- (i) the meaning of general words is not limited by specific examples introduced by including, for example or similar expressions;
- (j) a reference to **A\$, \$AU, AUD\$, \$A or Australian dollar** is to Australian currency;
- (k) any agreement, representation, warranty or indemnity in favour of two or more parties (including where two or more persons are included in the same defined term) is for the benefit of them jointly and severally;
- (l) any agreement, representation, warranty or indemnity by two or more parties (including where two or more persons are included in the same defined term) binds them jointly and severally;
- (m) a rule of construction does not apply to the disadvantage of a party because the party was responsible for the preparation of this Deed or any part of it; and
- (n) if a day on or by which an obligation must be performed or an event must occur is not a Business Day, the obligation must be performed or the event must occur on or by the next Business Day.

### 1.3 Headings

Headings are for ease of reference only and do not affect the interpretation of this Deed.

## 2. Call Option

### 2.1 FIRB condition precedent

Notwithstanding anything else in this Deed, each of:

- (a) the grant of the Call Option under clause 2.2;
- (b) the agreement not to Deal in any Option Securities under clause 2.3; and
- (c) any agreement to accept a Takeover under clause 2.5,

is subject to and does not become binding until the Optionholder has received Foreign Investment Review Board Approval. The Optionholder will notify the Securityholder in writing within 2 Business Days of the satisfaction or waiver (at the Optionholder's sole discretion) of the condition set out in this clause 2.1 in relation to part or all of the Option Securities.

## **2.2 Grant of option**

The Securityholder irrevocably grants to the Optionholder for nil consideration the right to require the Securityholder to sell all of its Option Securities to the Optionholder for the Exercise Price and on the terms and conditions of this Deed (**Call Option**).

## **2.3 Agreement not to Deal in any Option Securities**

From the date of this Deed until the end of the Call Option Period, the Securityholder agrees that it will not Deal in any Option Securities, except as contemplated by this Deed in respect of the Call Option.

## **2.4 Right to Deal in Securities not affected**

Nothing in this Deed will be taken to restrict the Securityholder's right to Deal in Securities, other than the Option Securities, with another party.

## **2.5 Acceptance of Takeover**

If Optionholder or its nominee proposes a Takeover at a price per Security no less than the Exercise Price, then the Securityholder will accept such Takeover in respect of all of the Option Securities within 2 Business Days of the Optionholder serving a notice on Securityholder.

## **2.6 Right to vote Securities not affected**

Nothing in this Deed will be taken to restrict the ability of a Securityholder to exercise votes attaching to any of its Options Securities in that Securityholder's absolute discretion before the Call Option is exercised in respect of the Option Securities.

## **2.7 Decision not to proceed**

From the date of this Deed to the end of the Call Option Period, if the Optionholder decides not to proceed with a Scheme or a Takeover, it must notify the Securityholder within 5 Business Days.

# **3. Exercise**

## **3.1 Condition to exercise of Call Option**

Subject to clause 3.2, the Optionholder may only exercise the Call Option if any one or more of the following conditions have been satisfied:

- (a) an announcement of a Competing Proposal is made; or
- (b) the Securityholder fails to make a public statement within 5 Business Days after the announcement of a Scheme or a Takeover (in each case at a price per Security no less than the Exercise Price) that the Securityholder's intention is to:
  - (i) in the case of a Scheme, vote in favour of the Scheme in the absence of a superior proposal; or
  - (ii) in the case of a Takeover, accept the Takeover for all of its Option Securities.

## **3.2 Timing of exercise of Call Option**

If the condition to exercise of the Call Option in clause 3.1 has been fulfilled, the Optionholder may exercise the Call Option by signing and delivering to the Securityholder the Call Option Notice.

## **3.3 Call Option Notice**

- (a) Once given, the Call Option Notice is irrevocable.
- (b) The Call Option may be exercised, and the Call Option Notice may be given, only once.

## **3.4 Sale and purchase**

Upon exercise of the Call Option, the Securityholder agrees to sell and transfer to the Optionholder, and the Optionholder agrees to purchase from the Securityholder, the Option

Securities specified in the Call Option Notice for the Exercise Price on the terms and conditions of this Deed. The Securityholder agrees that this obligation will remain in place for up to 100% of the Option Securities, notwithstanding its entry into any Deal in relation to Securities during any period prior to the condition referred to in clause 2.1 (**FIRB Condition Precedent**) being fulfilled.

### **3.5 Delivery of transfer**

Within 3 Business Days of receipt of a Call Option Notice, the Securityholder agrees to do all acts necessary to execute and deliver to the Optionholder all documents required to enable the registration of the Optionholder as the legal and beneficial owner of the Option Securities specified in the Call Option Notice.

### **3.6 Transfer free from Encumbrances**

The Securityholder must transfer the Option Securities specified in the Call Option Notice free from any Encumbrance and with all rights, including distribution rights, attached or accruing to them on and from the date of exercise of the Call Option.

### **3.7 Adjustment of Exercise Price and Top Up Amount for Distributions**

If at any time before the Call Option is exercised the Securityholder becomes entitled to a distribution on any Option Securities, the Exercise Price for each such Option Security will be reduced by the cash amount of any such distribution in respect of that Option Security.

## **4. Payment**

### **4.1 Payment of Exercise Price**

If the Optionholder has exercised the Call Option in accordance with clauses 3.2 and 3.3 and if the Securityholder has complied with its obligations under clauses 3.4 to 3.6 (inclusive), then the Optionholder agrees to immediately pay the Exercise Price in respect of the Option Securities purchased to the Securityholder within 5 Business Days.

### **4.2 Payment of Top Up Payment**

(a) If the Optionholder has exercised the Call Option in accordance with clauses 3.2 and 3.3 and if the Securityholder complies with its obligations under clauses 3.4 to 3.6 (inclusive) and the relevant Competing Proposal (being the Competing Proposal announced most recently prior to the exercise of the Call Option and being a takeover bid or scheme of arrangement):

- (i) is recommended by the Board; and
- (ii) becomes unconditional,

then the Optionholder shall pay the Securityholder the Top Up Payment within 5 Business Days of the date of the last to occur of clause 4.2(a)(i) and clause 4.2(a)(ii).

(b) If:

- (i) the Securityholder has accepted a Takeover under clause 2.5; or
- (ii) the Optionholder has exercised the Call Option in accordance with clauses 3.2 and 3.3 and if the Securityholder complies with its obligations under clauses 3.4 to 3.6; and

the Optionholder Deals in all or some of those Option Securities with a person making a Competing Proposal by way of scheme of arrangement or takeover offer, the Optionholder must pay to the Securityholder a further Top Up Payment for each of its Option Securities sold within 5 Business Days of receipt by the Optionholder of the consideration under the relevant Competing Proposal being a scheme of arrangement and, in respect of those Option Securities sold under a takeover offer, within 5 Business Days after the expiry of the offer period of a takeover offer. The amount of the further Top Up Payment in accordance with this paragraph 4.2(b) is the greater of zero and the price or value per Option Security received under the relevant Competing Proposal by the Optionholder less

the Exercise Price (or price paid by the Optionholder to the Securityholder under a takeover offer accepted in accordance with clause 2.5, as the case may be) and less any Top Up Payment payable under clause 4.2(a) and any non-cash component valued in accordance with clause 4.3.

#### 4.3 Determination of value of Competing Proposal

The value of the Competing Proposal will be determined at the time that the Call Option is exercised except in relation to clause 4.2(b) where the value shall be determined at the time of receipt of the sale proceeds received by the Optionholder. For the purposes of determining the value of a Competing Proposal:

- (a) if the offer consideration (**Initial Price**) will be increased to a higher amount (**Higher Price**) if a specified event occurs, then the valuation of the Competing Proposal is regarded as being at that Higher Price only after the contingency occurs (and will be regarded as being at the Initial Price if the contingency has not occurred at the relevant time);
- (b) amounts of cash consideration that are expressed in a currency other than Australian dollars are to be converted to Australian dollars using the average of the applicable wholesale market open and close spot rates for the relevant exchange rates as published in the hard copy of the Australian Financial Review on the date on which the Competing Proposal is announced (**Measurement Date**). In the event that that methodology cannot be applied, the amount of cash consideration will be that assessed by an Australian office of one of Deloitte, Ernst & Young, KPMG and PricewaterhouseCoopers (each an **Accounting Firm**) as agreed between the parties and acting as expert as at the Measurement Date. Such expert determination shall be made within two Business Days of the Accounting Firms' appointment; and
- (c) the value of any securities which are offered under a Competing Proposal as consideration will be the volume weighted average sale price for those securities on ASX over the 30 trading day period ending on the last trading date before the Measurement Date. In the event that that methodology cannot be applied, the value of the securities will be that assessed by one of the Accounting Firms, acting as expert, as at the Measurement Date. Such expert determination shall be made within two Business Days of the Accounting Firms' appointment; and
- (d) the value of any non-cash consideration (other than securities) which is offered under a Competing Proposal will be that assessed by one of the Accounting Firms, acting as expert, as at the Measurement Date. Such expert determination shall be made within two Business Days of the Accounting Firms' appointment.

#### 4.4 Obligations Interdependent

Each of the obligations in clauses 3.4 to 3.6 (inclusive), 4.1 and 4.2 are interdependent.

### 5. Power of Attorney

#### 5.1 Grant of attorney

Subject to the Optionholder complying with clause 4.1, the Securityholder grants to the Optionholder a power of attorney to:

- (a) execute all documents and take any actions on the Securityholder's behalf (including giving any necessary directions to the Group) which are necessary or convenient to give effect to the transfer of the Option Securities;
- (b) exercise any rights, including rights to appoint a proxy or representative and voting rights, attaching to the Option Securities; and
- (c) receive any dividend or other entitlement paid or credited to the Securityholder by the Group in respect of the Option Securities.

## 5.2 Declaration by Securityholder

The Securityholder declares that all acts and things done by the Optionholder in exercising powers under the power of attorney in this clause 5 will be as good and valid as if they had been done by the Securityholder and agrees to ratify and confirm whatever the Optionholder does in exercising powers under the power of attorney in this clause 5.

## 5.3 Valuable consideration

The Securityholder declares that this power of attorney of the Optionholder is irrevocable from the date the condition to exercise the Call Option in clause 3.1 is satisfied until the Option Securities are registered in the name of the Optionholder.

## 5.4 Express authorisation

The Optionholder is expressly authorised to do any act as a result of which a benefit is conferred on it.

# 6. Representations and warranties

## 6.1 Mutual representations and warranties

The Optionholder represents and warrants to the Securityholder, and the Securityholder represents and warrants to the Optionholder that, as at the date of this Deed and on the date on which the Option Securities are transferred to the Optionholder:

- (a) **(incorporation and existence)** it has been validly incorporated in accordance with the laws of its place of incorporation, is validly existing under those laws and has power and authority to carry on its business as it is now being conducted;
- (b) **(power)** it has power to enter into this Deed and comply with its obligations under it;
- (c) **(no contravention or exceeding power)** this Deed and the transactions under it which involve it do not contravene its constituent documents (if any) or any law or obligation by which it is bound or to which any of its assets are subject or cause a limitation on its powers (or, to the extent applicable, the powers of its directors) to be exceeded;
- (d) **(authorisations)** it has in full force and effect the authorisations necessary for it to enter into this Deed, to comply with its obligations and exercise its rights under it, and allow it to be enforced;
- (e) **(validity of obligations)** its obligations under this Deed are valid and binding and are enforceable against it in accordance with its terms;
- (f) **(solvency)** there are no reasonable grounds to suspect that it is unable to pay its debts as and when they become due and payable;
- (g) **(no steps to wind up)** no meeting has been convened or resolution proposed or petition presented and no order has been made for its winding up; and
- (h) **(no agreement with creditors)** no voluntary arrangement has been proposed or reached with any of its creditors.

## 6.2 Additional representations and warranties from the Securityholder

The Securityholder represents and warrants to the Optionholder that, as at the date of this Deed and immediately prior to the transfer of the Option Securities to the Optionholder:

- (a) **(investment manager)** the Securityholder is the investment manager of the Option Securities;
- (b) **(no Encumbrances)** there are no Encumbrances over or affecting the Option Securities;
- (c) **(Option Securities are fully paid)** the Option Securities are fully paid;
- (d) **(no restrictions on transfer)** there is no restriction on the sale, or transfer of the Option Securities to the Optionholder; and



- (e) **(title)** upon exercise of the Call Option the Optionholder will receive valid and marketable title to the Option Securities free and clear of all Encumbrances.

### **6.3 Survival of warranties**

The representations and warranties in this clause 6 survive the execution of this Deed.

### **6.4 Reliance**

Each party acknowledges that the other party has entered into this Deed, and agreed to take part in the transactions that this Deed contemplates in reliance on the warranties made or repeated in this clause 6.

## **7. Termination**

### **7.1 Termination**

Either party may terminate this Deed by written notice to the other immediately on the first of the following events occurring:

- (a) The Call Option is not validly exercised by the end of the Call Option Period;
- (b) no approach to the Group to propose a Scheme (at a price per Security no less than the Exercise Price) is publicly disclosed by Friday, 15 June 2018;
- (c) no Takeover or agreed Scheme is announced by 14 August 2018;
- (d) a Scheme has been announced but is not approved by the Securityholders of the Group by the later of 4 months of the Scheme being announced (in the absence of a Competing Proposal) and 4 months of a Competing Proposal being announced;
- (e) the Optionholder announces a Takeover but does not make offers for Securities within 2 months after the date of the announcement (or such longer period with the consent of ASIC);
- (f) the Optionholder announces a Takeover and has made offers for Securities under the Takeover, however, the conditions of the Takeover have not been fulfilled or waived by the later of 4 months following such announcement (in the absence of a Competing Proposal) and 4 months of a Competing Proposal being announced, and the Optionholder has not otherwise declared it free from all the conditions of the Takeover in accordance with section 650F of the Corporations Act; or
- (g) the Optionholder has notified the Securityholder that the Optionholder has made a decision not to proceed with a Scheme or Takeover.

### **7.2 Effect of Termination**

- (a) If this Deed is terminated:
  - (i) the provisions of this Deed shall cease to have effect except for the provisions of clauses 1.2, 1.3, 8 and 9.1 to 9.13 (inclusive) and 9.15 to 9.18 (inclusive); and
  - (ii) each party retains the rights it has against the others in respect of any breach of this Deed occurring before termination.
- (b) No party may terminate or rescind this Deed except as expressly contemplated in this Deed.

### **7.3 Specific performance**

The Securityholder acknowledges that, in addition to any other remedies available to the Optionholder under this Deed, at law or in equity, the Optionholder is entitled to seek specific performance or injunctive relief (as appropriate) as a remedy for any breach of this Deed.

## **8. Notices and other communications**

### **8.1 Service of notices**

A notice, demand, consent, approval or communication under this Deed (**Notice**) must be:

- (a) in writing, in English and signed by a person duly authorised by the sender; and
- (b) hand delivered or sent by prepaid post, facsimile or email to the recipient's address for Notices specified in the Details, as varied by any Notice given by the recipient to the sender.

### **8.2 Effective on receipt**

A Notice given in accordance with clause 8.1 takes effect when taken to be received (or at a later time specified in it), and is taken to be received:

- (a) if hand delivered, on delivery;
- (b) if sent by prepaid post, on the third Business Day after the date of posting (or on the seventh Business Day after the date of posting if posted to or from a place outside Australia);
- (c) if sent by facsimile, when the sender's facsimile system generates a message confirming successful transmission of the entire Notice unless, within eight hours after the transmission, the recipient informs the sender that it has not received the entire Notice; and
- (d) if sent by email, when sent by the sender unless the sender receives a delivery failure notification indicating that the email has not been delivered to the addressee,

but if the delivery, receipt, transmission or sending is not on a Business Day or is after 5.00pm on a Business Day, the Notice is taken to be received at 9.00am on the next Business Day.

## **9. Miscellaneous**

### **9.1 Alterations**

This Deed may be altered only in writing signed by each party.

### **9.2 Approvals and consents**

Except where this Deed expressly states otherwise, a party may, in its discretion, give conditionally or unconditionally or withhold any approval or consent under this Deed.

### **9.3 Binding nature of this Deed**

The obligations of the Securityholder under this Deed are binding on the heirs, executors, administrators, successors in title and permitted assigns of the Securityholder (as the case may be).

### **9.4 Assignment**

A party may only assign this Deed or a right under this Deed with the prior written consent of each other party.

### **9.5 Costs**

Other than as set out in clause 9.6, each party must pay its own costs of negotiating, preparing and executing this Deed.

### **9.6 Stamp duty**

Any stamp duty, duties or other taxes of a similar nature (including fines, penalties and interest) in connection with this Deed or a transaction contemplated by this Deed, must be paid by the Optionholder.

### **9.7 Counterparts**

This Deed may be executed in counterparts. All executed counterparts taken together will constitute one and the same instrument.

### **9.8 No merger**

The rights and obligations of the parties under this Deed do not merge on completion of any transaction contemplated by this Deed.

### **9.9 Entire agreement**

This Deed constitutes the entire agreement between the parties in connection with its subject matter and supersedes all previous agreements or understandings between the parties in connection with that subject matter.

### **9.10 Further action**

Each party must do, at its own expense, everything reasonably necessary (including executing documents) to give full effect to this Deed and the transaction contemplated by it.

### **9.11 Severability**

- (a) A term or part of a term of this Deed that is illegal or unenforceable may be severed from this Deed and the remaining terms or parts of the term of this Deed continue in force.
- (b) If anything in this Deed is illegal or unenforceable in one jurisdiction but not in another jurisdiction, it is severed only in respect of the operation of this Deed in the jurisdiction where it is illegal or unenforceable.

### **9.12 Waiver**

A party does not waive a right, power or remedy if it fails to exercise or delays in exercising the right, power or remedy. A single or partial exercise of a right, power or remedy does not prevent another or further exercise of that or another right, power or remedy. A waiver of a right, power or remedy must be in writing and signed by the party giving the waiver.

### **9.13 Relationship**

This Deed does not create a relationship of employment, trust, agency or partnership between the parties.

### **9.14 No obligation to continue**

Nothing in this Deed obliges the Optionholder to announce or proceed with a Scheme or Takeover and the Optionholder may terminate this Deed immediately by written notice to the Securityholder at any time prior to the delivery of a Call Option Notice.

### **9.15 Confidentiality**

- (a) The Securityholder agrees that it will not, without the prior written consent of Optionholder, make any public statement, issue any release or make any other public disclosure concerning:
  - (i) the existence and contents of this Deed;
  - (ii) the contents of any discussions between the parties relating to this Deed or the Takeover or Scheme; or
  - (iii) the fact that any discussions between the parties relating to the Takeover or Scheme have taken place or will or may take place.
- (b) This clause 9 does not apply to any requirement to disclose:
  - (i) by a Court;
  - (ii) by the Takeovers Panel;

- (iii) required by law;
- (iv) to give effect to or otherwise enforce this Deed; or
- (v) on a confidential basis to the parties' legal, financial or other professional advisors.

#### **9.16 Announcements**

A public announcement in connection with this Deed or any transaction contemplated by it must be agreed by the parties before it is made, except if required by law or a regulatory body (including a relevant stock exchange), in which case the party required to make an announcement must, to the extent practicable, first consult with and take into account the reasonable requirements of each other party.

#### **9.17 Time**

Time is of the essence of this Deed.

#### **9.18 Governing law and jurisdiction**

This Deed is governed by the law of New South Wales and each party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of New South Wales and the Commonwealth of Australia.



# Schedule 1 - Call Option Notice

To [•]

## 1. Exercise

Optionholder hereby gives notice that it wishes to exercise the Call Option in respect of [number] Option Securities.

## 2. Definitions

Capitalised terms not otherwise defined in this notice have the meanings given to those expressions in the Pre Bid Agreement.

**Executed** by A.C.N. 626 522 085 Pty Ltd in accordance with Section 127 of the *Corporations Act 2001*

\_\_\_\_\_  
Signature of director

\_\_\_\_\_  
Name of director (print)

\_\_\_\_\_  
Signature of director/company secretary  
(Please delete as applicable)

\_\_\_\_\_  
Name of director/company secretary (print)

## Signing page

EXECUTED as a deed

Executed by Perennial Value Management  
Limited in accordance with Section 127 of the  
*Corporations Act 2001*

  
Signature of director

JOHN MURRAY  
Name of director (print)


  
Signature of director/company secretary  
(Please delete as applicable)

JOHN MURRAY  
Name of director/company secretary (print)

Executed by A.C.N. 626 522 085 Pty Ltd in  
accordance with Section 127 of the *Corporations  
Act 2001*

  
Signature of director

PATRICK C. ZILIS  
Name of director (print)

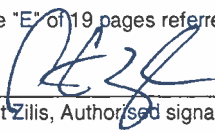
  
Signature of director/company secretary  
(Please delete as applicable)

KEVIN TUCKER  
Name of director/company secretary (print)

## Annexure "E"

This is annexure "E" of 19 pages referred to in form 603 – notice of initial substantial holder lodged by A.C.N. 626 522 085 Pty Ltd.

Signed by:

  
Pat Zilis, Authorised signatory

Date: 13 / 6 / 2018





# Pre Bid Agreement

—  
Perennial Value Management Limited ABN 22 090 879 904  
(**Securityholder**)

A.C.N. 626 522 085 Pty. Ltd (**Optionholder**)  
—

# Pre Bid Agreement

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# Details

Date

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## Parties

Name	<b>Perennial Value Management Limited</b>
ABN	22 090 879 904
Short form name	<b>Securityholder</b>
Notice details	Level 27, 88 Phillip St SYDNEY NSW 2000[•] Email: <a href="mailto:aws@perennial.net.au">aws@perennial.net.au</a> Attention: Andrew Smith

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Name	<b>A.C.N. 626 522 085 Pty Ltd</b>
ACN	626 522 085
Short form name	<b>Optionholder</b>
Notice details	Level 19, 1 O'Connell Street Sydney NSW 2000Email: <a href="mailto:ktucker@hometownaustralia.com.au">ktucker@hometownaustralia.com.au</a> Attention: Kevin Tucker

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## Background

- A The Securityholder pledges 5,931,627 Securities to be subject to the terms of this Deed representing approximately 2% of the Securities.
- B The Optionholder intends to invest time and resources in investigating and evaluating the prospects of making a Takeover or pursuing a Scheme.
- C The Securityholder has agreed to:
- (i) not dispose of the Option Securities other than in accordance with this Deed;
  - (ii) grant the Optionholder an option to acquire from the Securityholder the Options Securities; and
  - (iii) accept a Takeover (at a price per Security no less than the Exercise Price), in respect of its Option Securities,
- on the terms and conditions of this Deed.

# Agreed terms

## 1. Defined terms & interpretation

### 1.1 Defined terms

In this Deed:

**Associates** has the meaning given in the Corporations Act.

**Board** means the Board of Directors of the Group.

**Business Day** means:

- (a) for receiving a notice under clause 8, a day that is not a Saturday, Sunday, public holiday or bank holiday in the place where the notice is received; and
- (b) for all other purposes, a day that is not a Saturday, Sunday, bank holiday or public holiday in New South Wales, Australia.

**Call Option** means the call option granted to the Optionholder under clause 2.2.

**Call Option Notice** means a notice in the form set out in Schedule 1.

**Call Option Period** means the period starting on the date of this Deed and ending at 11:59pm on the End Date.

**Competing Proposal** means any offer, proposal or expression of interest, transaction or arrangement (including, by way of takeover bid or scheme of arrangement) under which, if ultimately completed substantially in accordance with its terms, a person or two or more persons who are Associates would directly or indirectly:

- (a) acquire a relevant interest in or become the holder of more than 15% of the Securities;
- (b) acquire, obtain a right to acquire, or otherwise obtain an economic interest in, 15% or more by value of the business or property of Group or any member of Group; or
- (c) acquire control of Group, within the meaning of section 50AA of the Corporations Act;
- (d) otherwise acquire or merge with Group or amalgamate with, or acquire a significant shareholding or economic interest in Group or any member of Group or 15% or more by value of the total assets or business of any member of Group, whether by way of takeover bid, scheme of arrangement, shareholder approved acquisition, capital reduction, share buy-back or repurchase, sale or purchase of assets, joint venture, reverse takeover, dual-listed company structure, recapitalisation, establishment of a new holding entity for Group or other synthetic merger or any other transaction or arrangement; or
- (e) Group will cease to be admitted to the official list of ASX or the Securities will cease to be officially quoted on the market operated by ASX; or
- (f) which may otherwise compete with, or be inconsistent in any material respect with the consummation of, the Scheme or Takeover.

**Corporations Act** means *Corporations Act 2001* (Cth).

**Deal** means:

- (a) sell, assign, transfer, declare a trust over or otherwise dispose of;
- (b) agree or offer to sell, assign, transfer or otherwise dispose of;
- (c) enter into any option which, if exercised, enables or requires the person to sell, assign, transfer, declare a trust over or otherwise dispose of;
- (d) enter into any derivative; or
- (e) create or agree or offer to create or permit to be created any interest or Encumbrance.

**Encumbrance** means a mortgage, charge, pledge, lien, hypothecation, encumbrance, security interest (including as defined under the PPSA), title retention, preferential right, trust arrangement, contractual right of set off or any other security agreement or arrangement in favour of any person and includes any agreement to grant or create any of these and **Encumber** has a corresponding meaning.

**End Date** means the date that is 90 calendar days after the date of this Deed.

**Exercise Price** means in respect of each Option Security, \$2.10, adjusted in accordance with clause 3.7.

**Foreign Investment Review Board Approval** means either of the following have occurred:

- (a) the Optionholder has received notice in writing from the Australian Treasurer or his or her delegate to the effect that there are no objections under the *Foreign Acquisitions and Takeovers Act 1975* (Cth) (**FATA**) to the Optionholder acquiring the Securities in accordance with this Deed, either unconditionally or subject to conditions with which the Optionholder is willing to comply (in its absolute discretion); or
- (b) the Treasurer is, by reason of lapse of time, no longer empowered to make an order under FATA in respect of the acquisition contemplated by this Deed.

**Group** means Gateway Lifestyle Group (ASX: GTY) comprising Gateway Lifestyle Operations Limited (ABN 63 605 593 968) and Residential Parks No.2 Trust (ARSN 605 803 414) and their controlled entities.

**Option Securities** means 5,931,627 Securities representing in aggregate approximately 2% of all Securities.

**PPSA** means the *Personal Property Securities Act 2009* (Cth).

**Scheme** means a transaction proposed by the Group to its Securityholders to be implemented by way of:

- (a) a scheme of arrangement under Part 5.1 of the Corporations Act in relation to the shares of Gateway Lifestyle Operations Limited (ABN 63 605 593 968); and
- (b) a trust scheme in relation to the units of Residential Parks No.2 Trust (ARSN 605 803 414),

whereby the Optionholder or its nominee will acquire all of the Securities, as amended from time to time.

**Security** means one share in Gateway Lifestyle Operations Limited (ABN 63 605 593 968) stapled to 1 unit in Residential Parks No.2 Trust (ARSN 605 803 414) and **Securities** means more than one Security..

**Takeover** means a takeover offer for the acquisition of Securities by the Optionholder or its nominee to be implemented by way of an off-market takeover bid by the Optionholder or its nominee under Chapter 6 of the Corporations Act, as amended from time to time.

**Top Up Payment** means in respect of each Option Security:

- (a) in the case of a Top Up Payment payable pursuant to clause 4.2(a):
  - (i) the price or value per Security (as determined in accordance with clause 4.3) proposed pursuant to the relevant Competing Proposal; LESS
  - (ii) the Exercise Price,

adjusted in accordance with clause 3.7; and

- (b) in the case of a Top Up Payment payable pursuant to clause 4.2(b), as calculated in accordance with that clause.

## 1.2 Interpretation

In this Deed, except where context otherwise requires:

- (a) the singular includes the plural and vice versa, and a gender includes other genders;

- (b) another grammatical form of a defined word or expression has a corresponding meaning;
- (c) a reference to a clause, paragraph, schedule or annexure is to a clause or paragraph of, or schedule or annexure to, this Deed, and a reference to this Deed includes any schedule or annexure;
- (d) a reference to a document or instrument includes the document or instrument as novated, altered, supplemented or replaced from time to time;
- (e) a reference to a party is to a party to this Deed, and a reference to a party to a document includes the party's executors, administrators, successors and permitted assigns and substitutes;
- (f) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (g) a reference to time is to Sydney, Australia time;
- (h) a reference to a person includes a natural person, partnership, body corporate, association, governmental or local authority or agency or other entity;
- (i) the meaning of general words is not limited by specific examples introduced by including, for example or similar expressions;
- (j) a reference to **A\$, \$AU, AUD\$, \$A or Australian dollar** is to Australian currency;
- (k) any agreement, representation, warranty or indemnity in favour of two or more parties (including where two or more persons are included in the same defined term) is for the benefit of them jointly and severally;
- (l) any agreement, representation, warranty or indemnity by two or more parties (including where two or more persons are included in the same defined term) binds them jointly and severally;
- (m) a rule of construction does not apply to the disadvantage of a party because the party was responsible for the preparation of this Deed or any part of it; and
- (n) if a day on or by which an obligation must be performed or an event must occur is not a Business Day, the obligation must be performed or the event must occur on or by the next Business Day.

### 1.3 Headings

Headings are for ease of reference only and do not affect the interpretation of this Deed.

## 2. Call Option

### 2.1 FIRB condition precedent

Notwithstanding anything else in this Deed, each of:

- (a) the grant of the Call Option under clause 2.2;
- (b) the agreement not to Deal in any Option Securities under clause 2.3; and
- (c) any agreement to accept a Takeover under clause 2.5,

is subject to and does not become binding until the Optionholder has received Foreign Investment Review Board Approval. The Optionholder will notify the Securityholder in writing within 2 Business Days of the satisfaction or waiver (at the Optionholder's sole discretion) of the condition set out in this clause 2.1 in relation to part or all of the Option Securities.

## **2.2 Grant of option**

The Securityholder irrevocably grants to the Optionholder for nil consideration the right to require the Securityholder to sell all of its Option Securities to the Optionholder for the Exercise Price and on the terms and conditions of this Deed (**Call Option**).

## **2.3 Agreement not to Deal in any Option Securities**

From the date of this Deed until the end of the Call Option Period, the Securityholder agrees that it will not Deal in any Option Securities, except as contemplated by this Deed in respect of the Call Option.

## **2.4 Right to Deal in Securities not affected**

Nothing in this Deed will be taken to restrict the Securityholder's right to Deal in Securities, other than the Option Securities, with another party.

## **2.5 Acceptance of Takeover**

If Optionholder or its nominee proposes a Takeover at a price per Security no less than the Exercise Price, then the Securityholder will accept such Takeover in respect of all of the Option Securities within 2 Business Days of the Optionholder serving a notice on Securityholder.

## **2.6 Right to vote Securities not affected**

Nothing in this Deed will be taken to restrict the ability of a Securityholder to exercise votes attaching to any of its Options Securities in that Securityholder's absolute discretion before the Call Option is exercised in respect of the Option Securities.

## **2.7 Decision not to proceed**

From the date of this Deed to the end of the Call Option Period, if the Optionholder decides not to proceed with a Scheme or a Takeover, it must notify the Securityholder within 5 Business Days.

# **3. Exercise**

## **3.1 Condition to exercise of Call Option**

Subject to clause 3.2, the Optionholder may only exercise the Call Option if any one or more of the following conditions have been satisfied:

- (a) an announcement of a Competing Proposal is made; or
- (b) the Securityholder fails to make a public statement within 5 Business Days after the announcement of a Scheme or a Takeover (in each case at a price per Security no less than the Exercise Price) that the Securityholder's intention is to:
  - (i) in the case of a Scheme, vote in favour of the Scheme in the absence of a superior proposal; or
  - (ii) in the case of a Takeover, accept the Takeover for all of its Option Securities.

## **3.2 Timing of exercise of Call Option**

If the condition to exercise of the Call Option in clause 3.1 has been fulfilled, the Optionholder may exercise the Call Option by signing and delivering to the Securityholder the Call Option Notice.

## **3.3 Call Option Notice**

- (a) Once given, the Call Option Notice is irrevocable.
- (b) The Call Option may be exercised, and the Call Option Notice may be given, only once.

## **3.4 Sale and purchase**

Upon exercise of the Call Option, the Securityholder agrees to sell and transfer to the Optionholder, and the Optionholder agrees to purchase from the Securityholder, the Option



Securities specified in the Call Option Notice for the Exercise Price on the terms and conditions of this Deed. The Securityholder agrees that this obligation will remain in place for up to 100% of the Option Securities, notwithstanding its entry into any Deal in relation to Securities during any period prior to the condition referred to in clause 2.1 (**FIRB Condition Precedent**) being fulfilled.

### **3.5 Delivery of transfer**

Within 3 Business Days of receipt of a Call Option Notice, the Securityholder agrees to do all acts necessary to execute and deliver to the Optionholder all documents required to enable the registration of the Optionholder as the legal and beneficial owner of the Option Securities specified in the Call Option Notice.

### **3.6 Transfer free from Encumbrances**

The Securityholder must transfer the Option Securities specified in the Call Option Notice free from any Encumbrance and with all rights, including distribution rights, attached or accruing to them on and from the date of exercise of the Call Option.

### **3.7 Adjustment of Exercise Price and Top Up Amount for Distributions**

If at any time before the Call Option is exercised the Securityholder becomes entitled to a distribution on any Option Securities, the Exercise Price for each such Option Security will be reduced by the cash amount of any such distribution in respect of that Option Security.

## **4. Payment**

### **4.1 Payment of Exercise Price**

If the Optionholder has exercised the Call Option in accordance with clauses 3.2 and 3.3 and if the Securityholder has complied with its obligations under clauses 3.4 to 3.6 (inclusive), then the Optionholder agrees to immediately pay the Exercise Price in respect of the Option Securities purchased to the Securityholder within 5 Business Days.

### **4.2 Payment of Top Up Payment**

(a) If the Optionholder has exercised the Call Option in accordance with clauses 3.2 and 3.3 and if the Securityholder complies with its obligations under clauses 3.4 to 3.6 (inclusive) and the relevant Competing Proposal (being the Competing Proposal announced most recently prior to the exercise of the Call Option and being a takeover bid or scheme of arrangement):

- (i) is recommended by the Board; and
- (ii) becomes unconditional,

then the Optionholder shall pay the Securityholder the Top Up Payment within 5 Business Days of the date of the last to occur of clause 4.2(a)(i) and clause 4.2(a)(ii).

(b) If:

- (i) the Securityholder has accepted a Takeover under clause 2.5; or
- (ii) the Optionholder has exercised the Call Option in accordance with clauses 3.2 and 3.3 and if the Securityholder complies with its obligations under clauses 3.4 to 3.6; and

the Optionholder Deals in all or some of those Option Securities with a person making a Competing Proposal by way of scheme of arrangement or takeover offer, the Optionholder must pay to the Securityholder a further Top Up Payment for each of its Option Securities sold within 5 Business Days of receipt by the Optionholder of the consideration under the relevant Competing Proposal being a scheme of arrangement and, in respect of those Option Securities sold under a takeover offer, within 5 Business Days after the expiry of the offer period of a takeover offer. The amount of the further Top Up Payment in accordance with this paragraph 4.2(b) is the greater of zero and the price or value per Option Security received under the relevant Competing Proposal by the Optionholder less

the Exercise Price (or price paid by the Optionholder to the Securityholder under a takeover offer accepted in accordance with clause 2.5, as the case may be) and less any Top Up Payment payable under clause 4.2(a) and any non-cash component valued in accordance with clause 4.3.

#### 4.3 Determination of value of Competing Proposal

The value of the Competing Proposal will be determined at the time that the Call Option is exercised except in relation to clause 4.2(b) where the value shall be determined at the time of receipt of the sale proceeds received by the Optionholder. For the purposes of determining the value of a Competing Proposal:

- (a) if the offer consideration (**Initial Price**) will be increased to a higher amount (**Higher Price**) if a specified event occurs, then the valuation of the Competing Proposal is regarded as being at that Higher Price only after the contingency occurs (and will be regarded as being at the Initial Price if the contingency has not occurred at the relevant time);
- (b) amounts of cash consideration that are expressed in a currency other than Australian dollars are to be converted to Australian dollars using the average of the applicable wholesale market open and close spot rates for the relevant exchange rates as published in the hard copy of the Australian Financial Review on the date on which the Competing Proposal is announced (**Measurement Date**). In the event that that methodology cannot be applied, the amount of cash consideration will be that assessed by an Australian office of one of Deloitte, Ernst & Young, KPMG and PricewaterhouseCoopers (each an **Accounting Firm**) as agreed between the parties and acting as expert as at the Measurement Date. Such expert determination shall be made within two Business Days of the Accounting Firms' appointment; and
- (c) the value of any securities which are offered under a Competing Proposal as consideration will be the volume weighted average sale price for those securities on ASX over the 30 trading day period ending on the last trading date before the Measurement Date. In the event that that methodology cannot be applied, the value of the securities will be that assessed by one of the Accounting Firms, acting as expert, as at the Measurement Date. Such expert determination shall be made within two Business Days of the Accounting Firms' appointment; and
- (d) the value of any non-cash consideration (other than securities) which is offered under a Competing Proposal will be that assessed by one of the Accounting Firms, acting as expert, as at the Measurement Date. Such expert determination shall be made within two Business Days of the Accounting Firms' appointment.

#### 4.4 Obligations Interdependent

Each of the obligations in clauses 3.4 to 3.6 (inclusive), 4.1 and 4.2 are interdependent.

### 5. Power of Attorney

#### 5.1 Grant of attorney

Subject to the Optionholder complying with clause 4.1, the Securityholder grants to the Optionholder a power of attorney to:

- (a) execute all documents and take any actions on the Securityholder's behalf (including giving any necessary directions to the Group) which are necessary or convenient to give effect to the transfer of the Option Securities;
- (b) exercise any rights, including rights to appoint a proxy or representative and voting rights, attaching to the Option Securities; and
- (c) receive any dividend or other entitlement paid or credited to the Securityholder by the Group in respect of the Option Securities.

## **5.2 Declaration by Securityholder**

The Securityholder declares that all acts and things done by the Optionholder in exercising powers under the power of attorney in this clause 5 will be as good and valid as if they had been done by the Securityholder and agrees to ratify and confirm whatever the Optionholder does in exercising powers under the power of attorney in this clause 5.

## **5.3 Valuable consideration**

The Securityholder declares that this power of attorney of the Optionholder is irrevocable from the date the condition to exercise the Call Option in clause 3.1 is satisfied until the Option Securities are registered in the name of the Optionholder.

## **5.4 Express authorisation**

The Optionholder is expressly authorised to do any act as a result of which a benefit is conferred on it.

# **6. Representations and warranties**

## **6.1 Mutual representations and warranties**

The Optionholder represents and warrants to the Securityholder, and the Securityholder represents and warrants to the Optionholder that, as at the date of this Deed and on the date on which the Option Securities are transferred to the Optionholder:

- (a) **(incorporation and existence)** it has been validly incorporated in accordance with the laws of its place of incorporation, is validly existing under those laws and has power and authority to carry on its business as it is now being conducted;
- (b) **(power)** it has power to enter into this Deed and comply with its obligations under it;
- (c) **(no contravention or exceeding power)** this Deed and the transactions under it which involve it do not contravene its constituent documents (if any) or any law or obligation by which it is bound or to which any of its assets are subject or cause a limitation on its powers (or, to the extent applicable, the powers of its directors) to be exceeded;
- (d) **(authorisations)** it has in full force and effect the authorisations necessary for it to enter into this Deed, to comply with its obligations and exercise its rights under it, and allow it to be enforced;
- (e) **(validity of obligations)** its obligations under this Deed are valid and binding and are enforceable against it in accordance with its terms;
- (f) **(solvency)** there are no reasonable grounds to suspect that it is unable to pay its debts as and when they become due and payable;
- (g) **(no steps to wind up)** no meeting has been convened or resolution proposed or petition presented and no order has been made for its winding up; and
- (h) **(no agreement with creditors)** no voluntary arrangement has been proposed or reached with any of its creditors.

## **6.2 Additional representations and warranties from the Securityholder**

The Securityholder represents and warrants to the Optionholder that, as at the date of this Deed and immediately prior to the transfer of the Option Securities to the Optionholder:

- (a) **(investment manager)** the Securityholder is the investment manager of the Option Securities;
- (b) **(no Encumbrances)** there are no Encumbrances over or affecting the Option Securities;
- (c) **(Option Securities are fully paid)** the Option Securities are fully paid;
- (d) **(no restrictions on transfer)** there is no restriction on the sale, or transfer of the Option Securities to the Optionholder; and

- (e) (title) upon exercise of the Call Option the Optionholder will receive valid and marketable title to the Option Securities free and clear of all Encumbrances.

### **6.3 Survival of warranties**

The representations and warranties in this clause 6 survive the execution of this Deed.

### **6.4 Reliance**

Each party acknowledges that the other party has entered into this Deed, and agreed to take part in the transactions that this Deed contemplates in reliance on the warranties made or repeated in this clause 6.

## **7. Termination**

### **7.1 Termination**

Either party may terminate this Deed by written notice to the other immediately on the first of the following events occurring:

- (a) The Call Option is not validly exercised by the end of the Call Option Period;
- (b) no approach to the Group to propose a Scheme (at a price per Security no less than the Exercise Price) is publicly disclosed by Friday, 15 June 2018;
- (c) no Takeover or agreed Scheme is announced by 14 August 2018; or
- (d) the Optionholder has notified the Securityholder that the Optionholder has made a decision not to proceed with a Scheme or Takeover.

### **7.2 Effect of Termination**

- (a) If this Deed is terminated:
  - (i) the provisions of this Deed shall cease to have effect except for the provisions of clauses 1.2, 1.3, 8 and 9.1 to 9.13 (inclusive) and 9.15 to 9.18 (inclusive); and
  - (ii) each party retains the rights it has against the others in respect of any breach of this Deed occurring before termination.
- (b) No party may terminate or rescind this Deed except as expressly contemplated in this Deed.

### **7.3 Specific performance**

The Securityholder acknowledges that, in addition to any other remedies available to the Optionholder under this Deed, at law or in equity, the Optionholder is entitled to seek specific performance or injunctive relief (as appropriate) as a remedy for any breach of this Deed.

## **8. Notices and other communications**

### **8.1 Service of notices**

A notice, demand, consent, approval or communication under this Deed (**Notice**) must be:

- (a) in writing, in English and signed by a person duly authorised by the sender; and
- (b) hand delivered or sent by prepaid post, facsimile or email to the recipient's address for Notices specified in the Details, as varied by any Notice given by the recipient to the sender.

### **8.2 Effective on receipt**

A Notice given in accordance with clause 8.1 takes effect when taken to be received (or at a later time specified in it), and is taken to be received:

- (a) if hand delivered, on delivery;

- (b) if sent by prepaid post, on the third Business Day after the date of posting (or on the seventh Business Day after the date of posting if posted to or from a place outside Australia);
- (c) if sent by facsimile, when the sender's facsimile system generates a message confirming successful transmission of the entire Notice unless, within eight hours after the transmission, the recipient informs the sender that it has not received the entire Notice; and
- (d) if sent by email, when sent by the sender unless the sender receives a delivery failure notification indicating that the email has not been delivered to the addressee,

but if the delivery, receipt, transmission or sending is not on a Business Day or is after 5.00pm on a Business Day, the Notice is taken to be received at 9.00am on the next Business Day.

## **9. Miscellaneous**

### **9.1 Alterations**

This Deed may be altered only in writing signed by each party.

### **9.2 Approvals and consents**

Except where this Deed expressly states otherwise, a party may, in its discretion, give conditionally or unconditionally or withhold any approval or consent under this Deed.

### **9.3 Binding nature of this Deed**

The obligations of the Securityholder under this Deed are binding on the heirs, executors, administrators, successors in title and permitted assigns of the Securityholder (as the case may be).

### **9.4 Assignment**

A party may only assign this Deed or a right under this Deed with the prior written consent of each other party.

### **9.5 Costs**

Other than as set out in clause 9.6, each party must pay its own costs of negotiating, preparing and executing this Deed.

### **9.6 Stamp duty**

Any stamp duty, duties or other taxes of a similar nature (including fines, penalties and interest) in connection with this Deed or a transaction contemplated by this Deed, must be paid by the Optionholder.

### **9.7 Counterparts**

This Deed may be executed in counterparts. All executed counterparts taken together will constitute one and the same instrument.

### **9.8 No merger**

The rights and obligations of the parties under this Deed do not merge on completion of any transaction contemplated by this Deed.

### **9.9 Entire agreement**

This Deed constitutes the entire agreement between the parties in connection with its subject matter and supersedes all previous agreements or understandings between the parties in connection with that subject matter.

#### **9.10 Further action**

Each party must do, at its own expense, everything reasonably necessary (including executing documents) to give full effect to this Deed and the transaction contemplated by it.

#### **9.11 Severability**

- (a) A term or part of a term of this Deed that is illegal or unenforceable may be severed from this Deed and the remaining terms or parts of the term of this Deed continue in force.
- (b) If anything in this Deed is illegal or unenforceable in one jurisdiction but not in another jurisdiction, it is severed only in respect of the operation of this Deed in the jurisdiction where it is illegal or unenforceable.

#### **9.12 Waiver**

A party does not waive a right, power or remedy if it fails to exercise or delays in exercising the right, power or remedy. A single or partial exercise of a right, power or remedy does not prevent another or further exercise of that or another right, power or remedy. A waiver of a right, power or remedy must be in writing and signed by the party giving the waiver.

#### **9.13 Relationship**

This Deed does not create a relationship of employment, trust, agency or partnership between the parties.

#### **9.14 No obligation to continue**

Nothing in this Deed obliges the Optionholder to announce or proceed with a Scheme or Takeover and the Optionholder may terminate this Deed immediately by written notice to the Securityholder at any time prior to the delivery of a Call Option Notice.

#### **9.15 Confidentiality**

- (a) The Securityholder agrees that it will not, without the prior written consent of Optionholder, make any public statement, issue any release or make any other public disclosure concerning:
  - (i) the existence and contents of this Deed;
  - (ii) the contents of any discussions between the parties relating to this Deed or the Takeover or Scheme; or
  - (iii) the fact that any discussions between the parties relating to the Takeover or Scheme have taken place or will or may take place.
- (b) This clause 9 does not apply to any requirement to disclose:
  - (i) by a Court;
  - (ii) by the Takeovers Panel;
  - (iii) required by law;
  - (iv) to give effect to or otherwise enforce this Deed; or
  - (v) on a confidential basis to the parties' legal, financial or other professional advisors.

#### **9.16 Announcements**

A public announcement in connection with this Deed or any transaction contemplated by it must be agreed by the parties before it is made, except if required by law or a regulatory body (including a relevant stock exchange), in which case the party required to make an announcement must, to the extent practicable, first consult with and take into account the reasonable requirements of each other party.

**9.17 Time**

Time is of the essence of this Deed.

**9.18 Governing law and jurisdiction**

This Deed is governed by the law of New South Wales and each party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of New South Wales and the Commonwealth of Australia.





# Schedule 1 - Call Option Notice

To [•]

## 1. Exercise

Optionholder hereby gives notice that it wishes to exercise the Call Option in respect of [number] Option Securities.

## 2. Definitions

Capitalised terms not otherwise defined in this notice have the meanings given to those expressions in the Pre Bid Agreement.

**Executed** by A.C.N. 626 522 085 Pty Ltd in accordance with Section 127 of the *Corporations Act 2001*

\_\_\_\_\_  
Signature of director

\_\_\_\_\_  
Name of director (print)

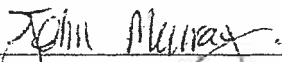
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Signature of director/company secretary  
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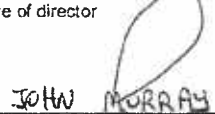
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Name of director/company secretary (print)


## Signing page

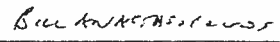
EXECUTED as a deed.

Executed by Perennial Value Management  
Limited in accordance with Section 127 of the  
*Corporations Act 2001*

  
\_\_\_\_\_  
Signature of director


  
\_\_\_\_\_  
Name of director (print)


  
\_\_\_\_\_  
Signature of director/company secretary  
(Please delete as applicable)

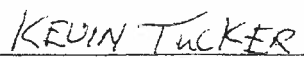
  
\_\_\_\_\_  
Name of director/company secretary (print)

Executed by A.C.N. 626 522 085 Pty Ltd in  
accordance with Section 127 of the *Corporations  
Act 2001*

  
\_\_\_\_\_  
Signature of director

  
\_\_\_\_\_  
Name of director (print)

  
\_\_\_\_\_  
Signature of director/company secretary  
(Please delete as applicable)

  
\_\_\_\_\_  
Name of director/company secretary (print)

## Annexure "F"

This is annexure "F" of 19 pages referred to in form 603 – notice of initial substantial holder lodged by A.C.N. 626 522 085 Pty Ltd.

Signed by:

  
Pat Zilis, Authorised signatory

Date: 13 / 6 / 2018



# Pre Bid Agreement

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Wavestone Capital Pty Limited (**Securityholder**)

A.C.N. 626 522 085 Pty Ltd (**Optionholder**)

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# Pre Bid Agreement

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# Details

## Date

## Parties

Name	Wavestone Capital Pty Limited
ABN	80 120 179 419
Short form name	<b>Securityholder</b>
Notice details	Level 2, 5 Martin Place Sydney NSW 2000 Email: <a href="mailto:raazbhuyan@wavestonecapital.com">raazbhuyan@wavestonecapital.com</a> Attention: Raaz Bhuyan

Name	<b>A.C.N. 626 522 085 Pty Ltd</b>
ACN	626 522 085
Short form name	<b>Optionholder</b>
Notice details	Level 19, 1 O'Connell Street Sydney NSW 2000 Email: <a href="mailto:ktucker@hometownaustralia.com.au">ktucker@hometownaustralia.com.au</a> Attention: Kevin Tucker

## Background

- A The Securityholder pledges 7.5m Securities to be subject to the terms of this Deed representing approximately 2.5% of the Securities.
- B The Optionholder intends to invest time and resources in investigating and evaluating the prospects of making a Takeover or pursuing a Scheme.
- C The Securityholder has agreed to:
- (i) not dispose of the Option Securities other than in accordance with this Deed;
  - (ii) grant the Optionholder an option to acquire from the Securityholder the Options Securities; and
  - (iii) accept a Takeover (at a price per Security no less than the Exercise Price), in respect of its Option Securities,
- on the terms and conditions of this Deed.

# Agreed terms

## 1. Defined terms & interpretation

### 1.1 Defined terms

In this Deed:

**Associates** has the meaning given in the Corporations Act.

**Board** means the Board of Directors of the Group.

**Business Day** means:

- (a) for receiving a notice under clause 8, a day that is not a Saturday, Sunday, public holiday or bank holiday in the place where the notice is received; and
- (b) for all other purposes, a day that is not a Saturday, Sunday, bank holiday or public holiday in New South Wales, Australia.

**Call Option** means the call option granted to the Optionholder under clause 2.2.

**Call Option Notice** means a notice in the form set out in Schedule 1.

**Call Option Period** means the period starting on the date of this Deed and ending at 11:59pm on the End Date.

**Competing Proposal** means any offer, proposal or expression of interest, transaction or arrangement (including, by way of takeover bid or scheme of arrangement) under which, if ultimately completed substantially in accordance with its terms, a person or two or more persons who are Associates would directly or indirectly:

- (a) acquire a relevant interest in or become the holder of more than 15% of the Securities;
- (b) acquire, obtain a right to acquire, or otherwise obtain an economic interest in, 15% or more by value of the business or property of Group or any member of Group; or
- (c) acquire control of Group, within the meaning of section 50AA of the Corporations Act;
- (d) otherwise acquire or merge with Group or amalgamate with, or acquire a significant shareholding or economic interest in Group or any member of Group or 15% or more by value of the total assets or business of any member of Group, whether by way of takeover bid, scheme of arrangement, shareholder approved acquisition, capital reduction, share buy-back or repurchase, sale or purchase of assets, joint venture, reverse takeover, dual-listed company structure, recapitalisation, establishment of a new holding entity for Group or other synthetic merger or any other transaction or arrangement; or
- (e) Group will cease to be admitted to the official list of ASX or the Securities will cease to be officially quoted on the market operated by ASX; or
- (f) which may otherwise compete with, or be inconsistent in any material respect with the consummation of, the Scheme or Takeover.

**Corporations Act** means *Corporations Act 2001* (Cth).

**Deal** means:

- (a) sell, assign, transfer, declare a trust over or otherwise dispose of;
- (b) agree or offer to sell, assign, transfer or otherwise dispose of;
- (c) enter into any option which, if exercised, enables or requires the person to sell, assign, transfer, declare a trust over or otherwise dispose of;
- (d) enter into any derivative; or
- (e) create or agree or offer to create or permit to be created any interest or Encumbrance.



**Encumbrance** means a mortgage, charge, pledge, lien, hypothecation, encumbrance, security interest (including as defined under the PPSA), title retention, preferential right, trust arrangement, contractual right of set off or any other security agreement or arrangement in favour of any person and includes any agreement to grant or create any of these and **Encumber** has a corresponding meaning.


**End Date** means the date that is 12 months after the date of this Deed.

**Exercise Price** means in respect of each Option Security, \$2.10, adjusted in accordance with clause 3.7.

**Foreign Investment Review Board Approval** means either of the following have occurred:

- (a) the Optionholder has received notice in writing from the Australian Treasurer or his or her delegate to the effect that there are no objections under the *Foreign Acquisitions and Takeovers Act 1975* (Cth) (**FATA**) to the Optionholder acquiring the Securities in accordance with this Deed, either unconditionally or subject to conditions with which the Optionholder is willing to comply (in its absolute discretion); or
- (b) the Treasurer is, by reason of lapse of time, no longer empowered to make an order under FATA in respect of the acquisition contemplated by this Deed.

**Group** means Gateway Lifestyle Group (ASX: GTY) comprising Gateway Lifestyle Operations Limited (ABN 63 605 593 968) and Residential Parks No.2 Trust (ARSN 605 803 414) and their controlled entities.

**Option Securities** means 7.5m Securities representing in aggregate approximately 2.5% of all Securities. 

**PPSA** means the *Personal Property Securities Act 2009* (Cth).

**Scheme** means a transaction proposed by the Group to its Securityholders to be implemented by way of:

- (a) a scheme of arrangement under Part 5.1 of the Corporations Act in relation to the shares of Gateway Lifestyle Operations Limited (ABN 63 605 593 968); and
- (b) a trust scheme in relation to the units of Residential Parks No.2 Trust (ARSN 605 803 414),

whereby the Optionholder or its nominee will acquire all of the Securities, as amended from time to time.

**Security** means one share in Gateway Lifestyle Operations Limited (ABN 63 605 593 968) stapled to 1 unit in Residential Parks No.2 Trust (ARSN 605 803 414) and **Securities** means more than one Security.

**Takeover** means a takeover offer for the acquisition of Securities by the Optionholder or its nominee to be implemented by way of an off-market takeover bid by the Optionholder or its nominee under Chapter 6 of the Corporations Act, as amended from time to time.

**Top Up Payment** means in respect of each Option Security:

- (a) in the case of a Top Up Payment payable pursuant to clause 4.2(a):
  - (i) the price or value per Security (as determined in accordance with clause 4.3) proposed pursuant to the relevant Competing Proposal; LESS
  - (ii) the Exercise Price,

adjusted in accordance with clause 3.7; and

- (b) in the case of a Top Up Payment payable pursuant to clause 4.2(b), as calculated in accordance with that clause.

## 1.2 Interpretation

In this Deed, except where context otherwise requires:

- (a) the singular includes the plural and vice versa, and a gender includes other genders;

- (b) another grammatical form of a defined word or expression has a corresponding meaning;
- (c) a reference to a clause, paragraph, schedule or annexure is to a clause or paragraph of, or schedule or annexure to, this Deed, and a reference to this Deed includes any schedule or annexure;
- (d) a reference to a document or instrument includes the document or instrument as novated, altered, supplemented or replaced from time to time;
- (e) a reference to a party is to a party to this Deed, and a reference to a party to a document includes the party's executors, administrators, successors and permitted assigns and substitutes;
- (f) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (g) a reference to time is to Sydney, Australia time;
- (h) a reference to a person includes a natural person, partnership, body corporate, association, governmental or local authority or agency or other entity;
- (i) the meaning of general words is not limited by specific examples introduced by including, for example or similar expressions;
- (j) a reference to **A\$, \$AU, AUD\$, \$A or Australian dollar** is to Australian currency;
- (k) any agreement, representation, warranty or indemnity in favour of two or more parties (including where two or more persons are included in the same defined term) is for the benefit of them jointly and severally;
- (l) any agreement, representation, warranty or indemnity by two or more parties (including where two or more persons are included in the same defined term) binds them jointly and severally;
- (m) a rule of construction does not apply to the disadvantage of a party because the party was responsible for the preparation of this Deed or any part of it; and
- (n) if a day on or by which an obligation must be performed or an event must occur is not a Business Day, the obligation must be performed or the event must occur on or by the next Business Day.

### 1.3 Headings

Headings are for ease of reference only and do not affect the interpretation of this Deed.

## 2. Call Option

### 2.1 FIRB condition precedent

Notwithstanding anything else in this Deed, each of:

- (a) the grant of the Call Option under clause 2.2;
- (b) the agreement not to Deal in any Option Securities under clause 2.3; and
- (c) any agreement to accept a Takeover under clause 2.5,

is subject to and does not become binding until the Optionholder has received Foreign Investment Review Board Approval. The Optionholder will notify the Securityholder in writing within 2 Business Days of the satisfaction or waiver (at the Optionholder's sole discretion) of the condition set out in this clause 2.1 in relation to part or all of the Option Securities.

## **2.2 Grant of option**

The Securityholder irrevocably grants to the Optionholder for nil consideration the right to require the Securityholder to sell all of its Option Securities to the Optionholder for the Exercise Price and on the terms and conditions of this Deed (**Call Option**).

## **2.3 Agreement not to Deal in any Option Securities**

From the date of this Deed until the end of the Call Option Period, the Securityholder agrees that it will not Deal in any Option Securities, except as contemplated by this Deed in respect of the Call Option.

## **2.4 Right to Deal in Securities not affected**

Nothing in this Deed will be taken to restrict the Securityholder's right to Deal in Securities, other than the Option Securities, with another party.

## **2.5 Acceptance of Takeover**

If Optionholder or its nominee proposes a Takeover at a price per Security no less than the Exercise Price, then:

- (a) the Securityholder will accept such Takeover in respect of all of the Option Securities within 2 Business Days of the Optionholder serving a notice on Securityholder; and
- (b) if the Optionholder has issued a Call Option Notice in accordance with clause 3.2, then the Securityholder may accept the Takeover within 3 Business Days of the Optionholder serving that Call Option Notice and does not otherwise have to comply with the provisions of clauses 3.4 to 3.6 (inclusive) and following such valid acceptance of the Takeover, this Deed will immediately terminate (save for clauses 2.6 and 4.2(b)).

## **2.6 Revocation of acceptance of Takeover**

The Securityholder undertakes that during the offer period for a Takeover, notwithstanding any rights accruing under the Takeover or the Corporations Act, the Securityholder will not revoke its acceptance of the Takeover or withdraw such acceptance in accordance with section 650E of the Corporations Act.

## **2.7 Right to vote Securities not affected**

Nothing in this Deed will be taken to restrict the ability of a Securityholder to exercise votes attaching to any of its Options Securities in that Securityholder's absolute discretion before the Call Option is exercised in respect of the Option Securities.

## **2.8 Decision not to proceed**

From the date of this Deed to the end of the Call Option Period, if the Optionholder decides not to proceed with a Scheme or a Takeover, it must notify the Securityholder within 5 Business Days.

# **3. Exercise**

## **3.1 Condition to exercise of Call Option**

Subject to clause 3.2, the Optionholder may only exercise the Call Option if any one or more of the following conditions have been satisfied:

- (a) an announcement of a Competing Proposal is made and the Optionholder has not entered into a scheme implementation agreement with the Group in relation to a Scheme at that time, then it may only exercise the Call Option after the relevant Competing Proposal has been recommended by the Board or the Competing Proposal becomes subject to a binding implementation agreement or formal takeover offer by way of service of a bidder's statement;
- (b) an announcement of a Competing Proposal is made and the Optionholder has entered into a scheme implementation agreement with the Group in relation to a Scheme at that

time, then it may only exercise the Call Option after the relevant Competing Proposal is not matched or improved by the Optionholder and is recommended by the Board and such scheme implementation agreement is terminated;

- (c) the Securityholder fails to make a public statement within 5 Business Days after the announcement of a Scheme or a Takeover (in each case at a price per Security no less than the Exercise Price) that the Securityholder's intention is to:
  - (i) in the case of a Scheme, vote in favour of the Scheme in the absence of a superior proposal; or
  - (ii) in the case of a Takeover, accept the Takeover for all of its Option Securities.

### **3.2 Timing of exercise of Call Option**

If the condition to exercise of the Call Option in clause 3.1 has been fulfilled, the Optionholder may exercise the Call Option by signing and delivering to the Securityholder the Call Option Notice.

### **3.3 Call Option Notice**

- (a) Once given, the Call Option Notice is irrevocable.
- (b) The Call Option may be exercised, and the Call Option Notice may be given, only once.

### **3.4 Sale and purchase**

Subject to clause 2.5(b), upon exercise of the Call Option, the Securityholder agrees to sell and transfer to the Optionholder, and the Optionholder agrees to purchase from the Securityholder, the Option Securities specified in the Call Option Notice for the Exercise Price on the terms and conditions of this Deed. The Securityholder agrees that this obligation will remain in place for up to 100% of the Option Securities, notwithstanding its entry into any Deal in relation to Securities during any period prior to the condition referred to in clause 2.1 (**FIRB Condition Precedent**) being fulfilled.

### **3.5 Delivery of transfer**

Subject to clause 2.5(b), within 3 Business Days of receipt of a Call Option Notice, the Securityholder agrees to do all acts necessary to execute and deliver to the Optionholder all documents required to enable the registration of the Optionholder as the legal and beneficial owner of the Option Securities specified in the Call Option Notice.

### **3.6 Transfer free from Encumbrances**

Subject to clause 2.5(b), the Securityholder must transfer the Option Securities specified in the Call Option Notice free from any Encumbrance and with all rights, including distribution rights, attached or accruing to them on and from the date of exercise of the Call Option.

### **3.7 Adjustment of Exercise Price and Top Up Amount for Distributions**

If at any time before the Call Option is exercised the Securityholder becomes entitled to a distribution on any Option Securities, the Exercise Price for each such Option Security will be reduced by the cash amount of any such distribution in respect of that Option Security.

## **4. Payment**

### **4.1 Payment of Exercise Price**

If the Optionholder has exercised the Call Option in accordance with clauses 3.2 and 3.3 and if the Securityholder has complied with its obligations under clauses 3.4 to 3.6 (inclusive), then the Optionholder agrees to immediately pay the Exercise Price in respect of the Option Securities purchased to the Securityholder within 5 Business Days.

## 4.2 Payment of Top Up Payment

- (a) If the Optionholder has exercised the Call Option in accordance with clauses 3.2 and 3.3 and if the Securityholder complies with its obligations under clauses 3.4 to 3.6 (inclusive) and the relevant Competing Proposal (being the Competing Proposal announced most recently prior to the exercise of the Call Option and being a takeover bid or scheme of arrangement):
  - (i) is recommended by the Board; and
  - (ii) becomes unconditional,then the Optionholder shall pay the Securityholder the Top Up Payment within 5 Business Days of the date of the last to occur of clause 4.2(a)(i) and clause 4.2(a)(ii).
- (b) If:
  - (i) the Securityholder has accepted a Takeover under clause 2.5; or
  - (ii) the Optionholder has exercised the Call Option in accordance with clauses 3.2 and 3.3 and if the Securityholder complies with its obligations under clauses 3.4 to 3.6; and

the Optionholder Deals in all or some of those Option Securities with a person making a Competing Proposal by way of scheme of arrangement or takeover offer, the Optionholder must pay to the Securityholder a further Top Up Payment for each of its Option Securities sold within 5 Business Days of receipt by the Optionholder of the consideration under the relevant Competing Proposal being a scheme of arrangement and, in respect of those Option Securities sold under a takeover offer, within 5 Business Days after the expiry of the offer period of a takeover offer. The amount of the further Top Up Payment in accordance with this paragraph 4.2(b) is the greater of zero and the price or value per Option Security received under the relevant Competing Proposal by the Optionholder less the Exercise Price (or price paid by the Optionholder to the Securityholder under a takeover offer accepted in accordance with clause 2.5, as the case may be) and less any Top Up Payment payable under clause 4.2(a) and any non-cash component valued in accordance with clause 4.3.

## 4.3 Determination of value of Competing Proposal

The value of the Competing Proposal will be determined at the time that the conditions under clause 4.2(a) are satisfied, except in relation to clause 4.2(b) where the value shall be determined at the time of receipt of the sale proceeds received by the Optionholder. For the purposes of determining the value of a Competing Proposal:

- (a) if the offer consideration (**Initial Price**) will be increased to a higher amount (**Higher Price**) if a specified event occurs, then the valuation of the Competing Proposal is regarded as being at that Higher Price only after the contingency occurs (and will be regarded as being at the Initial Price if the contingency has not occurred at the relevant time);
- (b) amounts of cash consideration that are expressed in a currency other than Australian dollars are to be converted to Australian dollars using the average of the applicable wholesale market open and close spot rates for the relevant exchange rates as published in the hard copy of the Australian Financial Review on the date on which the Competing Proposal is announced (**Measurement Date**). In the event that that methodology cannot be applied, the amount of cash consideration will be that assessed by an Australian office of one of Deloitte, Ernst & Young, KPMG and PricewaterhouseCoopers (each an **Accounting Firm**) as agreed between the parties and acting as expert as at the Measurement Date. Such expert determination shall be made within two Business Days of the Accounting Firms' appointment; and
- (c) the value of any securities which are offered under a Competing Proposal as consideration will be the volume weighted average sale price for those securities on ASX over the 30 trading day period ending on the last trading date before the Measurement Date. In the event that that methodology cannot be applied, the value of

the securities will be that assessed by one of the Accounting Firms, acting as expert, as at the Measurement Date. Such expert determination shall be made within two Business Days of the Accounting Firms' appointment; and

- (d) the value of any non-cash consideration (other than securities) which is offered under a Competing Proposal will be that assessed by one of the Accounting Firms, acting as expert, as at the Measurement Date. Such expert determination shall be made within two Business Days of the Accounting Firms' appointment.

#### **4.4 Obligations Interdependent**

Each of the obligations in clauses 3.4 to 3.6 (inclusive) are interdependent.

### **5. Power of Attorney**

#### **5.1 Grant of attorney**

Subject to the Optionholder complying with clause 4.1, the Securityholder grants to the Optionholder a power of attorney to:

- (a) execute all documents and take any actions on the Securityholder's behalf (including giving any necessary directions to the Group) which are necessary or convenient to give effect to the transfer of the Option Securities;
- (b) exercise any rights, including rights to appoint a proxy or representative and voting rights, attaching to the Option Securities; and
- (c) receive any dividend or other entitlement paid or credited to the Securityholder by the Group in respect of the Option Securities.

#### **5.2 Declaration by Securityholder**

The Securityholder declares that all acts and things done by the Optionholder in exercising powers under the power of attorney in this clause 5 will be as good and valid as if they had been done by the Securityholder and agrees to ratify and confirm whatever the Optionholder does in exercising powers under the power of attorney in this clause 5.

#### **5.3 Valuable consideration**

The Securityholder declares that this power of attorney of the Optionholder is irrevocable from the date the condition to exercise the Call Option in clause 3.1 is satisfied until the Option Securities are registered in the name of the Optionholder.

#### **5.4 Express authorisation**

The Optionholder is expressly authorised to do any act as a result of which a benefit is conferred on it.

### **6. Representations and warranties**

#### **6.1 Mutual representations and warranties**

The Optionholder represents and warrants to the Securityholder, and the Securityholder represents and warrants to the Optionholder that, as at the date of this Deed and on the date on which the Option Securities are transferred to the Optionholder:

- (a) **(incorporation and existence)** it has been validly incorporated in accordance with the laws of its place of incorporation, is validly existing under those laws and has power and authority to carry on its business as it is now being conducted;
- (b) **(power)** it has power to enter into this Deed and comply with its obligations under it;
- (c) **(no contravention or exceeding power)** this Deed and the transactions under it which involve it do not contravene its constituent documents (if any) or any law or obligation by



which it is bound or to which any of its assets are subject or cause a limitation on its powers (or, to the extent applicable, the powers of its directors) to be exceeded;

- (d) **(authorisations)** it has in full force and effect the authorisations necessary for it to enter into this Deed, to comply with its obligations and exercise its rights under it, and allow it to be enforced;
- (e) **(validity of obligations)** its obligations under this Deed are valid and binding and are enforceable against it in accordance with its terms;
- (f) **(solvency)** there are no reasonable grounds to suspect that it is unable to pay its debts as and when they become due and payable;
- (g) **(no steps to wind up)** no meeting has been convened or resolution proposed or petition presented and no order has been made for its winding up; and
- (h) **(no agreement with creditors)** no voluntary arrangement has been proposed or reached with any of its creditors.

## 6.2 Additional representations and warranties from the Securityholder

The Securityholder represents and warrants to the Optionholder that, as at the date of this Deed and immediately prior to the transfer of the Option Securities to the Optionholder:

- (a) **(registered owner)** the Securityholder is the registered owner of the Option Securities;
- (b) **(no Encumbrances)** there are no Encumbrances over or affecting the Option Securities;
- (c) **(Option Securities are fully paid)** the Option Securities are fully paid;
- (d) **(no restrictions on transfer)** there is no restriction on the sale, or transfer of the Option Securities to the Optionholder; and
- (e) **(title)** upon exercise of the Call Option the Optionholder will receive valid and marketable title to the Option Securities free and clear of all Encumbrances.

## 6.3 Survival of warranties

The representations and warranties in this clause 6 survive the execution of this Deed.

## 6.4 Reliance

Each party acknowledges that the other party has entered into this Deed, and agreed to take part in the transactions that this Deed contemplates in reliance on the warranties made or repeated in this clause 6.

# 7. Termination

## 7.1 Termination

Either party may terminate this Deed by written notice to the other immediately on the first of the following events occurring:

- (a) The Call Option is not validly exercised by the end of the Call Option Period;
- (b) no approach to the Group to propose a Scheme (at a price per Security no less than the Exercise Price) is publicly disclosed by Friday, 15 June 2018;
- (c) no Takeover or agreed Scheme is announced by 14 August 2018;
- (d) a Scheme has been announced but is not approved by the Securityholders of the Group by the later of 4 months of the Scheme being announced (in the absence of a Competing Proposal) and 4 months of a Competing Proposal being announced;
- (e) the Optionholder announces a Takeover but does not make offers for Securities within 2 months after the date of the announcement (or such longer period with the consent of ASIC);

- (f) the Optionholder announces a Takeover and has made offers for Securities under the Takeover, however, the conditions of the Takeover have not been fulfilled or waived by the later of 4 months following such announcement (in the absence of a Competing Proposal) and 4 months of a Competing Proposal being announced, and the Optionholder has not otherwise declared it free from all the conditions of the Takeover in accordance with section 650F of the Corporations Act; or
- (g) the Optionholder has notified the Securityholder that the Optionholder has made a decision not to proceed with a Scheme or Takeover.

## **7.2 Effect of Termination**

- (a) If this Deed is terminated:
  - (i) the provisions of this Deed shall cease to have effect except for the provisions of clauses 1.2, 1.3, 8 and 9.1 to 9.13 (inclusive) and 9.15 to 9.18 (inclusive); and
  - (ii) each party retains the rights it has against the others in respect of any breach of this Deed occurring before termination.
- (b) No party may terminate or rescind this Deed except as expressly contemplated in this Deed.

## **7.3 Specific performance**

The Securityholder acknowledges that, in addition to any other remedies available to the Optionholder under this Deed, at law or in equity, the Optionholder is entitled to seek specific performance or injunctive relief (as appropriate) as a remedy for any breach of this Deed.

# **8. Notices and other communications**

## **8.1 Service of notices**

A notice, demand, consent, approval or communication under this Deed (**Notice**) must be:

- (a) in writing, in English and signed by a person duly authorised by the sender; and
- (b) hand delivered or sent by prepaid post, facsimile or email to the recipient's address for Notices specified in the Details, as varied by any Notice given by the recipient to the sender.

## **8.2 Effective on receipt**

A Notice given in accordance with clause 8.1 takes effect when taken to be received (or at a later time specified in it), and is taken to be received:

- (a) if hand delivered, on delivery;
- (b) if sent by prepaid post, on the third Business Day after the date of posting (or on the seventh Business Day after the date of posting if posted to or from a place outside Australia);
- (c) if sent by facsimile, when the sender's facsimile system generates a message confirming successful transmission of the entire Notice unless, within eight hours after the transmission, the recipient informs the sender that it has not received the entire Notice; and
- (d) if sent by email, when sent by the sender unless the sender receives a delivery failure notification indicating that the email has not been delivered to the addressee,

but if the delivery, receipt, transmission or sending is not on a Business Day or is after 5.00pm on a Business Day, the Notice is taken to be received at 9.00am on the next Business Day.



## **9. Miscellaneous**

### **9.1 Alterations**

This Deed may be altered only in writing signed by each party.

### **9.2 Approvals and consents**

Except where this Deed expressly states otherwise, a party may, in its discretion, give conditionally or unconditionally or withhold any approval or consent under this Deed.

### **9.3 Binding nature of this Deed**

The obligations of the Securityholder under this Deed are binding on the heirs, executors, administrators, successors in title and permitted assigns of the Securityholder (as the case may be).

### **9.4 Assignment**

A party may only assign this Deed or a right under this Deed with the prior written consent of each other party.

### **9.5 Costs**

Other than as set out in clause 9.6, each party must pay its own costs of negotiating, preparing and executing this Deed.

### **9.6 Stamp duty**

Any stamp duty, duties or other taxes of a similar nature (including fines, penalties and interest) in connection with this Deed or a transaction contemplated by this Deed, must be paid by the Optionholder.

### **9.7 Counterparts**

This Deed may be executed in counterparts. All executed counterparts taken together will constitute one and the same instrument.

### **9.8 No merger**

The rights and obligations of the parties under this Deed do not merge on completion of any transaction contemplated by this Deed.

### **9.9 Entire agreement**

This Deed constitutes the entire agreement between the parties in connection with its subject matter and supersedes all previous agreements or understandings between the parties in connection with that subject matter.

### **9.10 Further action**

Each party must do, at its own expense, everything reasonably necessary (including executing documents) to give full effect to this Deed and the transaction contemplated by it.

### **9.11 Severability**

- (a) A term or part of a term of this Deed that is illegal or unenforceable may be severed from this Deed and the remaining terms or parts of the term of this Deed continue in force.
- (b) If anything in this Deed is illegal or unenforceable in one jurisdiction but not in another jurisdiction, it is severed only in respect of the operation of this Deed in the jurisdiction where it is illegal or unenforceable.

### **9.12 Waiver**

A party does not waive a right, power or remedy if it fails to exercise or delays in exercising the right, power or remedy. A single or partial exercise of a right, power or remedy does not prevent another or further exercise of that or another right, power or remedy. A waiver of a right, power or remedy must be in writing and signed by the party giving the waiver.

### **9.13 Relationship**

This Deed does not create a relationship of employment, trust, agency or partnership between the parties.

### **9.14 No obligation to continue**

Nothing in this Deed obliges the Optionholder to announce or proceed with a Scheme or Takeover and the Optionholder may terminate this Deed immediately by written notice to the Securityholder at any time prior to the delivery of a Call Option Notice.

### **9.15 Confidentiality**

- (a) The Securityholder agrees that it will not, without the prior written consent of Optionholder, make any public statement, issue any release or make any other public disclosure concerning:
  - (i) the existence and contents of this Deed;
  - (ii) the contents of any discussions between the parties relating to this Deed or the Takeover or Scheme; or
  - (iii) the fact that any discussions between the parties relating to the Takeover or Scheme have taken place or will or may take place.
- (b) This clause 9 does not apply to any requirement to disclose:
  - (i) by a Court;
  - (ii) by the Takeovers Panel;
  - (iii) required by law;
  - (iv) to give effect to or otherwise enforce this Deed; or
  - (v) on a confidential basis to the parties' legal, financial or other professional advisors.

### **9.16 Announcements**

A public announcement in connection with this Deed or any transaction contemplated by it must be agreed by the parties before it is made, except if required by law or a regulatory body (including a relevant stock exchange), in which case the party required to make an announcement must, to the extent practicable, first consult with and take into account the reasonable requirements of each other party.

### **9.17 Time**

Time is of the essence of this Deed.

### **9.18 Governing law and jurisdiction**

This Deed is governed by the law of New South Wales and each party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of New South Wales and the Commonwealth of Australia.



# Schedule 1 - Call Option Notice

To [•]

## 1. Exercise

Optionholder hereby gives notice that it wishes to exercise the Call Option in respect of 7.5 million Option Securities.

## 2. Definitions

Capitalised terms not otherwise defined in this notice have the meanings given to those expressions in the Pre Bid Agreement.

**Executed by A.C.N. 626 522 085 Pty Ltd** in  
accordance with Section 127 of the *Corporations*  
*Act 2001*

Signature of director

Signature of director/company secretary  
(Please delete as applicable)

Name of director (print)

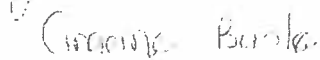
Name of director/company secretary (print)

## Signing page

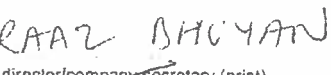
**EXECUTED** as a deed.

**Executed** by Wavestone Capital Pty Limited ABN  
80 120 179 419 in accordance with Section 127 of  
the *Corporations Act 2001*

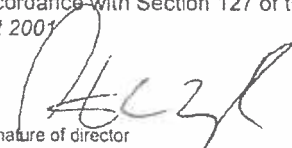
  
Signature of director


  
Name of director (print)


  
Signature of director/company secretary  
(Please delete as applicable)

  
Name of director/company secretary (print)

**Executed** by A.C.N. 626 522 085 Pty Ltd in  
accordance with Section 127 of the *Corporations  
Act 2001*

  
Signature of director

  
Name of director (print)

  
Signature of director/company secretary  
(Please delete as applicable)

  
Name of director/company secretary (print)

## Annexure "G"

This is annexure "G" of 19 pages referred to in form 603 – notice of initial substantial holder lodged by A.C.N. 626 522 085 Pty Ltd.

Signed by:

  
Pat Zilis, Authorised signatory

Date: 13 / 6 / 2018



# Pre Bid Agreement

---

Maso Capital Investments Limited  
Blackwell Partners LLC - Series A  
Star V Partners LLC  
(each a **Securityholder** and together, the  
**Securityholders**)  
A.C.N. 626 522 085 PTY. LTD. (**Optionholder**)

---

Level 40 Governor Macquarie Tower 1 Farrer Place  
Sydney NSW 2000 Australia DX 117 Sydney  
T +61 2 9921 8888 F +61 2 9921 8123  
[minterellison.com](http://minterellison.com)

MinterEllison

# Pre Bid Agreement

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# Details

## Date

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## Parties

Name	<b>Maso Capital Investments Limited</b>
Notice details	309 Ugland House, South Church Street, George Town, Grand Cayman KY1-1104, Cayman Islands
Name	<b>Blackwell Partners LLC - Series A</b>
Notice details	280 South Mangum Street, Suite 210, Durham, North Carolina 27701-3675, USA
Name	<b>Star V Partners LLC</b>
Notice details	2100 West End Avenue, Suite 1000, Nashville, TN 37203, USA
Short form name	Each a <b>Securityholder</b> , and together, the <b>Securityholders</b>
Additional notice details for each Securityholder	<b>Attention:</b> Allan Finnerty <b>Email:</b> <a href="mailto:allan.finnerty@masocapital.com">allan.finnerty@masocapital.com</a>

---

Name	<b>A.C.N. 626 522 085 PTY. LTD.</b>
ACN	626 522 085
Short form name	<b>Optionholder</b>
Notice details	LEVEL 19, 1 O'CONNELL STREET, SYDNEY, NSW, 2000 Email: <a href="mailto:kevin.tucker@hometownaustralia.com.au">kevin.tucker@hometownaustralia.com.au</a> Attention: Kevin Tucker

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## Background

- A The Securityholders pledge 9,476,039 Securities to be subject to the terms of this Deed representing approximately 3.12% of the Securities.
- B The Optionholder intends to invest time and resources in investigating and evaluating the prospects of making a Takeover or pursuing a Scheme.
- C The Securityholders have agreed to:
- (i) not dispose of the Option Securities other than in accordance with this Deed;
  - (ii) grant the Optionholder an option to acquire from each Securityholder the Options Securities; and
  - (iii) accept a Takeover (at a price per Security no less than the Exercise Price), in respect of its Option Securities,
- on the terms and conditions of this Deed.

# Agreed terms

## 1. Defined terms & interpretation

### 1.1 Defined terms

In this Deed:

**Associates** has the meaning given in the Corporations Act.

**Board** means the Board of Directors of the Group.

**Business Day** means:

- (a) for receiving a notice under clause 8, a day that is not a Saturday, Sunday, public holiday or bank holiday in the place where the notice is received; and
- (b) for all other purposes, a day that is not a Saturday, Sunday, bank holiday or public holiday in New South Wales, Australia.

**Call Option** means the call option granted to the Optionholder under clause 2.2.

**Call Option Notice** means a notice in the form set out in Schedule 1.

**Call Option Period** means the period starting on the date of this Deed and ending at 11:59pm on the End Date.

**Competing Proposal** means any offer, proposal or expression of interest, transaction or arrangement (including, by way of takeover bid or scheme of arrangement) under which, if ultimately completed substantially in accordance with its terms, a person or two or more persons who are Associates would directly or indirectly:

- (a) acquire a relevant interest in or become the holder of more than 15% of the Securities;
- (b) acquire, obtain a right to acquire, or otherwise obtain an economic interest in, 15% or more by value of the business or property of Group or any member of Group; or
- (c) acquire control of Group, within the meaning of section 50AA of the Corporations Act;
- (d) otherwise acquire or merge with Group or amalgamate with, or acquire a significant shareholding or economic interest in Group or any member of Group or 15% or more by value of the total assets or business of any member of Group, whether by way of takeover bid, scheme of arrangement, shareholder approved acquisition, capital reduction, share buy-back or repurchase, sale or purchase of assets, joint venture, reverse takeover, dual-listed company structure, recapitalisation, establishment of a new holding entity for Group or other synthetic merger or any other transaction or arrangement; or
- (e) Group will cease to be admitted to the official list of ASX or the Securities will cease to be officially quoted on the market operated by ASX; or
- (f) which may otherwise compete with, or be inconsistent in any material respect with the consummation of, the Scheme or Takeover.

**Corporations Act** means *Corporations Act 2001* (Cth).

**Deal** means:

- (a) sell, assign, transfer, declare a trust over or otherwise dispose of;
- (b) agree or offer to sell, assign, transfer or otherwise dispose of;
- (c) enter into any option which, if exercised, enables or requires the person to sell, assign, transfer, declare a trust over or otherwise dispose of;
- (d) enter into any derivative; or
- (e) create or agree or offer to create or permit to be created any interest or Encumbrance.

**Encumbrance** means a mortgage, charge, pledge, lien, hypothecation, encumbrance, security interest (including as defined under the PPSA), title retention, preferential right, trust arrangement, contractual right of set off or any other security agreement or arrangement in favour of any person and includes any agreement to grant or create any of these and **Encumber** has a corresponding meaning.

**End Date** means the date that is 12 months after the date of this Deed.

**Exercise Price** means in respect of each Option Security, \$2.10, adjusted in accordance with clause 3.6.

**Foreign Investment Review Board Approval** means either of the following have occurred:

- (a) the Optionholder has received notice in writing from the Australian Treasurer or his or her delegate to the effect that there are no objections under the *Foreign Acquisitions and Takeovers Act 1975* (Cth) (**FATA**) to the Optionholder acquiring the Securities in accordance with this Deed, either unconditionally or subject to conditions with which the Optionholder is willing to comply (in its absolute discretion); or
- (b) the Treasurer is, by reason of lapse of time, no longer empowered to make an order under FATA in respect of the acquisition contemplated by this Deed.

**Group** means Gateway Lifestyle Group (ASX: GTY) comprising Gateway Lifestyle Operations Limited (ABN 63 605 593 968) and Residential Parks No.2 Trust (ARSN 605 803 414) and their controlled entities.

**Option Securities** means 9,476,039 Securities representing in aggregate approximately 3.12% of all Securities.

**PPSA** means the *Personal Property Securities Act 2009* (Cth).

**Scheme** means a transaction proposed by the Group to its securityholders to be implemented by way of:

- (a) a scheme of arrangement under Part 5.1 of the Corporations Act in relation to the shares of Gateway Lifestyle Operations Limited (ABN 63 605 593 968); and
- (b) a trust scheme in relation to the units of Residential Parks No.2 Trust (ARSN 605 803 414),

whereby the Optionholder or its nominee will acquire all of the Securities, as amended from time to time.

**Security** means one share in Gateway Lifestyle Operations Limited (ABN 63 605 593 968) stapled to 1 unit in Residential Parks No.2 Trust (ARSN 605 803 414) and **Securities** means more than one Security.

**Takeover** means a takeover offer for the acquisition of Securities by the Optionholder or its nominee to be implemented by way of an off-market takeover bid by the Optionholder or its nominee under Chapter 6 of the Corporations Act, as amended from time to time.

**Top Up Payment** means in respect of each Option Security:

- (a) in the case of a Top Up Payment payable pursuant to clause 4.2:
  - (i) the price or value per Security (as determined in accordance with clauses 4.2 and 4.3) proposed pursuant to the relevant Competing Proposal; LESS
  - (ii) the Exercise Price,

adjusted in accordance with clause 3.6.

## 1.2 Interpretation

In this Deed, except where context otherwise requires:

- (a) the singular includes the plural and vice versa, and a gender includes other genders;

- (b) another grammatical form of a defined word or expression has a corresponding meaning;
- (c) a reference to a clause, paragraph, schedule or annexure is to a clause or paragraph of, or schedule or annexure to, this Deed, and a reference to this Deed includes any schedule or annexure;
- (d) a reference to a document or instrument includes the document or instrument as novated, altered, supplemented or replaced from time to time;
- (e) a reference to a party is to a party to this Deed, and a reference to a party to a document includes the party's executors, administrators, successors and permitted assigns and substitutes;
- (f) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (g) a reference to time is to Sydney, Australia time;
- (h) a reference to a person includes a natural person, partnership, body corporate, association, governmental or local authority or agency or other entity;
- (i) the meaning of general words is not limited by specific examples introduced by including, for example or similar expressions;
- (j) a reference to A\$, \$AU, AUD\$, \$A or Australian dollar is to Australian currency;
- (k) any agreement, representation, warranty or indemnity in favour of two or more parties (including where two or more persons are included in the same defined term) is for the benefit of them jointly and severally;
- (l) any agreement, representation, warranty or indemnity by two or more parties (including where two or more persons are included in the same defined term) binds them jointly and severally;
- (m) a rule of construction does not apply to the disadvantage of a party because the party was responsible for the preparation of this Deed or any part of it; and
- (n) if a day on or by which an obligation must be performed or an event must occur is not a Business Day, the obligation must be performed or the event must occur on or by the next Business Day.

### 1.3 Headings

Headings are for ease of reference only and do not affect the interpretation of this Deed.

## 2. Call Option

### 2.1 FIRB condition precedent

Notwithstanding anything else in this Deed, each of:

- (a) the grant of the Call Option under clause 2.2; and
- (b) the agreement not to Deal in any Option Securities under clause 2.3,

is subject to and does not become binding until the Optionholder has received Foreign Investment Review Board Approval. The Optionholder will notify the Securityholders in writing within 2 Business Days of the satisfaction or waiver (at the Optionholder's sole discretion) of the condition set out in this clause 2.1 in relation to part or all of the Option Securities.

### 2.2 Grant of option

The Securityholders irrevocably grant to the Optionholder for nil consideration the right to require the Securityholders to sell all of their Option Securities to the Optionholder for the Exercise Price and on the terms and conditions of this Deed (Call Option).

### **2.3 Agreement not to Deal in any Option Securities**

From the date of this Deed until the end of the Call Option Period, the Securityholders agree that it will not Deal in any Option Securities, except as contemplated by this Deed in respect of the Call Option.

### **2.4 Right to Deal in Securities not affected**

Nothing in this Deed will be taken to restrict the Securityholders' rights to Deal in Securities, other than the Option Securities, with another party.

### **2.5 Right to vote Securities not affected**

Nothing in this Deed will be taken to restrict the ability of a Securityholder to exercise votes attaching to any of its Options Securities in that Securityholder's absolute discretion before the Call Option is exercised in respect of the Option Securities.

### **2.6 Decision not to proceed**

From the date of this Deed to the end of the Call Option Period, if the Optionholder decides not to proceed with a Scheme or a Takeover, it must notify the Securityholders within 5 Business Days.

## **3. Exercise**

### **3.1 Condition to exercise of Call Option**

Subject to clause (c), the Optionholder may only exercise the Call Option if any one or more of the following conditions have been satisfied:

- (a) an announcement of a Competing Proposal is made, provided that if the Optionholder has proposed a Scheme, then it may only exercise the Call Option after the relevant Competing Proposal is not matched or improved by the Optionholder and is recommended by the Board and any scheme implementation agreement that the Optionholder has entered into in relation to the Scheme is terminated.
- (b) a Securityholder fails to make a public statement within 5 Business Days after the announcement of a Scheme or a Takeover (in each case at a price per Security no less than the Exercise Price) that the Securityholder's intention is to:
  - (i) in the case of a Scheme, vote in favour of the Scheme in the absence of a superior proposal; or
  - (ii) in the case of a Takeover, accept the Takeover for all of its Option Securities in the absence of a superior proposal.
- (c) Timing of exercise of Call Option

If the condition to exercise of the Call Option in clause 3.1 has been fulfilled, the Optionholder may exercise the Call Option by signing and delivering to the Securityholders the Call Option Notice.

### **3.2 Call Option Notice**

- (a) Once given, the Call Option Notice is irrevocable.
- (b) The Call Option may be exercised, and the Call Option Notice may be given, only once.

### **3.3 Sale and purchase**

Upon exercise of the Call Option, the Securityholders agrees to sell and transfer to the Optionholder, and the Optionholder agrees to purchase from the Securityholders, the Option Securities specified in the Call Option Notice for the Exercise Price on the terms and conditions of this Deed. The Securityholders agree that this obligation will remain in place for up to 100% of the Option Securities, notwithstanding its entry into any Deal in relation to Securities during any period prior to the condition referred to in clause 2.1 (FIRB Condition Precedent) being fulfilled.

### **3.4 Delivery of transfer**

Within 3 Business Days of receipt of a Call Option Notice, the Securityholders agree to do all acts necessary to execute and deliver to the Optionholder all documents required to enable the registration of the Optionholder as the legal and beneficial owner of the Option Securities specified in the Call Option Notice.

### **3.5 Transfer free from Encumbrances**

The Securityholders must transfer the Option Securities specified in the Call Option Notice free from any Encumbrance and with all rights, including distribution rights, attached or accruing to them on and from the date of exercise of the Call Option.

### **3.6 Adjustment of Exercise Price and Top Up Amount for Distributions**

If at any time before the Call Option is exercised the Securityholders become entitled to a distribution on any Option Securities, the Exercise Price for each such Option Security will be reduced by the cash amount of any such distribution in respect of that Option Security.

## **4. Payment**

### **4.1 Payment of Exercise Price**

If the Optionholder has exercised the Call Option in accordance with clauses 3.1(c) and 3.2 and if the Securityholders have complied with its obligations under clauses 3.3 to 3.5 (inclusive), then the Optionholder agrees to immediately pay the Exercise Price in respect of the Option Securities purchased to the Securityholders within 5 Business Days.

### **4.2 Payment of Top Up Payment**

If the Optionholder has exercised the Call Option in accordance with clauses 3.1(c) and 3.2 and if the Securityholder complies with its obligations under clauses 3.3 to 3.5; and where a Competing Proposal by way of scheme of arrangement or takeover offer is recommended by the Board, provided the Competing Proposal is not or no longer subject to a funding or regulatory approval condition and if subject to any such condition once the Competing Proposal has met or waived these conditions then the Securityholders will become entitled to a Top Up Payment from the Optionholder whether or not the Optionholder Deals in all or some of those Option Securities with a person making the Competing Proposal.

Only one Top Up Payment under this clause 4.2 will be payable. The Securityholder will be paid the Top Up Payment based on the value of the Competing Proposal at the time of the recommendation of the Board within 7 days of that recommendation, provided the Competing Proposal is not or no longer subject to a funding or regulatory approval condition and if subject to any such condition once the Competing Proposal has met or waived these conditions, unless the Securityholders give notice in writing to the Optionholder (Deferral Notice) within 3 Business Days after the Board recommendation to defer the Top Up Payment. If a Deferral Notice is given then the Top Up Payment will be paid within 7 Business Days of the earlier to occur of a party purchasing 50% or more of the total Securities in the Group or 2 Business Days before termination of this Deed. The Top Up Payment will be based on the highest recommended Competing Proposal that is a takeover or scheme that has not continued to be subject to a funding or regulatory approval condition prior to the time that the Top Up Payment is made. Should a Top Up Payment be otherwise payable under this clause during the offer period under a Takeover then the payment shall be deferred until 5 Business Days after the end of any such Takeover offer period.

### **4.3 Determination of value of Competing Proposal**

The value of the Competing Proposal will be determined in accordance with clause 4.2 where the value shall be determined at the time of receipt of the sale proceeds received by the Optionholder. For the purposes of determining the value of a Competing Proposal:

- (a) if the offer consideration (**Initial Price**) will be increased to a higher amount (**Higher Price**) if a specified event occurs, then the valuation of the Competing Proposal is regarded as being at that Higher Price only after the contingency occurs (and will be regarded as being at the Initial Price if the contingency has not occurred at the relevant time);
- (b) amounts of cash consideration that are expressed in a currency other than Australian dollars are to be converted to Australian dollars using the average of the applicable wholesale market open and close spot rates for the relevant exchange rates as published in the hard copy of the Australian Financial Review on the date on which the Competing Proposal is announced (**Measurement Date**). In the event that that methodology cannot be applied, the amount of cash consideration will be that assessed by an Australian office of one of Deloitte, Ernst & Young, KPMG and PricewaterhouseCoopers (each an **Accounting Firm**) as agreed between the parties and acting as expert as at the Measurement Date. Such expert determination shall be made within two Business Days of the Accounting Firms' appointment; and
- (c) the value of any securities which are offered under a Competing Proposal as consideration will be the volume weighted average sale price for those securities on ASX over the 30 trading day period ending on the last trading date before the Measurement Date. In the event that that methodology cannot be applied, the value of the securities will be that assessed by one of the Accounting Firms, acting as expert, as at the Measurement Date. Such expert determination shall be made within two Business Days of the Accounting Firms' appointment; and
- (d) the value of any non-cash consideration (other than securities) which is offered under a Competing Proposal will be that assessed by one of the Accounting Firms, acting as expert, as at the Measurement Date. Such expert determination shall be made within two Business Days of the Accounting Firms' appointment.

#### **4.4 Obligations Interdependent**

Each of the obligations in clauses 3.3 to 3.5 (inclusive), 4.1 and 4.2 are interdependent.

### **5. Power of Attorney**

#### **5.1 Grant of attorney**

Subject to the Optionholder complying with clause 4.1, the Securityholders grant to the Optionholder a power of attorney to:

- (a) execute all documents and take any actions on the Securityholders' behalf (including giving any necessary directions to the Group) which are necessary or convenient to give effect to the transfer of the Option Securities;
- (b) exercise any rights, including rights to appoint a proxy or representative and voting rights, attaching to the Option Securities; and
- (c) receive any dividend or other entitlement paid or credited to the Securityholders by the Group in respect of the Option Securities.

#### **5.2 Declaration by Securityholder**

The Securityholders declare that all acts and things done by the Optionholder in exercising powers under the power of attorney in this clause 5 will be as good and valid as if they had been done by the Securityholders and agree to ratify and confirm whatever the Optionholder does in exercising powers under the power of attorney in this clause 5.

#### **5.3 Valuable consideration**

The Securityholders declare that this power of attorney of the Optionholder is irrevocable from the date the condition to exercise the Call Option in clause 3.1 is satisfied until the Option Securities are registered in the name of the Optionholder.



#### **5.4 Express authorisation**

The Optionholder is expressly authorised to do any act as a result of which a benefit is conferred on it.

### **6. Representations and warranties**

#### **6.1 Mutual representations and warranties**

The Optionholder represents and warrants to the Securityholders, and the Securityholders represent and warrant to the Optionholder that, as at the date of this Deed and on the date on which the Option Securities are transferred to the Optionholder:

- (a) **(incorporation and existence)** it has been validly incorporated in accordance with the laws of its place of incorporation, is validly existing under those laws and has power and authority to carry on its business as it is now being conducted;
- (b) **(power)** it has power to enter into this Deed and comply with its obligations under it;
- (c) **(no contravention or exceeding power)** this Deed and the transactions under it which involve it do not contravene its constituent documents (if any) or any law or obligation by which it is bound or to which any of its assets are subject or cause a limitation on its powers (or, to the extent applicable, the powers of its directors) to be exceeded;
- (d) **(authorisations)** it has in full force and effect the authorisations necessary for it to enter into this Deed, to comply with its obligations and exercise its rights under it, and allow it to be enforced;
- (e) **(validity of obligations)** its obligations under this Deed are valid and binding and are enforceable against it in accordance with its terms;
- (f) **(solvency)** there are no reasonable grounds to suspect that it is unable to pay its debts as and when they become due and payable;
- (g) **(no steps to wind up)** no meeting has been convened or resolution proposed or petition presented and no order has been made for its winding up; and
- (h) **(no agreement with creditors)** no voluntary arrangement has been proposed or reached with any of its creditors.

#### **6.2 Additional representations and warranties from the Securityholders**

The Securityholders represent and warrant to the Optionholder that, as at the date of this Deed and immediately prior to the transfer of the Option Securities to the Optionholder:

- (a) **(registered owner)** the Securityholders are the registered owner of the Option Securities;
- (b) **(no Encumbrances)** there are no Encumbrances over or affecting the Option Securities;
- (c) **(Option Securities are fully paid)** the Option Securities are fully paid;
- (d) **(no restrictions on transfer)** there is no restriction on the sale, or transfer of the Option Securities to the Optionholder; and
- (e) **(title)** upon exercise of the Call Option the Optionholder will receive valid and marketable title to the Option Securities free and clear of all Encumbrances.

#### **6.3 Survival of warranties**

The representations and warranties in this clause 6 survive the execution of this Deed.

#### **6.4 Reliance**

Each party acknowledges that the other party has entered into this Deed, and agreed to take part in the transactions that this Deed contemplates in reliance on the warranties made or repeated in this clause 6.

## **7. Termination**

### **7.1 Termination**

Either party may terminate this Deed by written notice to the other immediately on the first of the following events occurring:

- (a) The Call Option is not validly exercised by the end of the Call Option Period;
- (b) no approach to the Group to propose a Scheme (at a price per Security no less than the Exercise Price) is publicly disclosed by Friday, 15 June 2018;
- (c) no Takeover or agreed Scheme is announced by 14 August 2018;
- (d) a Scheme has been announced but is not approved by the securityholders of the Group by the later of 4 months of the Scheme being announced (in the absence of a Competing Proposal) and 4 months of a Competing Proposal being announced;
- (e) the Optionholder announces a Takeover but does not make offers for Securities within 2 months after the date of the announcement (or such longer period with the consent of ASIC);
- (f) the Optionholder announces a Takeover and has made offers for Securities under the Takeover, however, the conditions of the Takeover have not been fulfilled or waived by the later of 4 months following such announcement (in the absence of a Competing Proposal) and 4 months of a Competing Proposal being announced, and the Optionholder has not otherwise declared it free from all the conditions of the Takeover in accordance with section 650F of the Corporations Act; or
- (g) the Optionholder has notified the Securityholders that the Optionholder has made a decision not to proceed with a Scheme or Takeover 14 months after the date of this Deed.

### **7.2 Effect of Termination**

- (a) If this Deed is terminated:
  - (i) the provisions of this Deed shall cease to have effect except for the provisions of clauses 1.2, 1.3, 8 and 9.1 to 9.13 (inclusive) and 9.15 to 9.18 (inclusive); and
  - (ii) each party retains the rights it has against the others in respect of any breach of this Deed occurring before termination.
- (b) No party may terminate or rescind this Deed except as expressly contemplated in this Deed.

### **7.3 Specific performance**

The Securityholders acknowledge that, in addition to any other remedies available to the Optionholder under this Deed, at law or in equity, the Optionholder is entitled to seek specific performance or injunctive relief (as appropriate) as a remedy for any breach of this Deed.

## **8. Notices and other communications**

### **8.1 Service of notices**

A notice, demand, consent, approval or communication under this Deed (Notice) must be:

- (a) in writing, in English and signed by a person duly authorised by the sender; and
- (b) hand delivered or sent by prepaid post, facsimile or email to the recipient's address for Notices specified in the Details, as varied by any Notice given by the recipient to the sender.

## **8.2 Effective on receipt**

A Notice given in accordance with clause 8.1 takes effect when taken to be received (or at a later time specified in it), and is taken to be received:

- (a) if hand delivered, on delivery;
- (b) if sent by prepaid post, on the third Business Day after the date of posting (or on the seventh Business Day after the date of posting if posted to or from a place outside Australia);
- (c) if sent by facsimile, when the sender's facsimile system generates a message confirming successful transmission of the entire Notice unless, within eight hours after the transmission, the recipient informs the sender that it has not received the entire Notice; and
- (d) if sent by email, when sent by the sender unless the sender receives a delivery failure notification indicating that the email has not been delivered to the addressee,

but if the delivery, receipt, transmission or sending is not on a Business Day or is after 5.00pm on a Business Day, the Notice is taken to be received at 9.00am on the next Business Day.

## **9. Miscellaneous**

### **9.1 Alterations**

This Deed may be altered only in writing signed by each party.

### **9.2 Approvals and consents**

Except where this Deed expressly states otherwise, a party may, in its discretion, give conditionally or unconditionally or withhold any approval or consent under this Deed.

### **9.3 Binding nature of this Deed**

The obligations of the Securityholders under this Deed are binding on the heirs, executors, administrators, successors in title and permitted assigns of the Securityholders (as the case may be).

### **9.4 Assignment**

A party may only assign this Deed or a right under this Deed with the prior written consent of each other party.

### **9.5 Costs**

Other than as set out in clause 9.6, each party must pay its own costs of negotiating, preparing and executing this Deed.

### **9.6 Stamp duty**

Any stamp duty, duties or other taxes of a similar nature (including fines, penalties and interest) in connection with this Deed or a transaction contemplated by this Deed, must be paid by the Optionholder.

### **9.7 Counterparts**

This Deed may be executed in counterparts. All executed counterparts taken together will constitute one and the same instrument.

### **9.8 No merger**

The rights and obligations of the parties under this Deed do not merge on completion of any transaction contemplated by this Deed.

#### **9.9 Entire agreement**

This Deed constitutes the entire agreement between the parties in connection with its subject matter and supersedes all previous agreements or understandings between the parties in connection with that subject matter.

#### **9.10 Further action**

Each party must do, at its own expense, everything reasonably necessary (including executing documents) to give full effect to this Deed and the transaction contemplated by it.

#### **9.11 Severability**

- (a) A term or part of a term of this Deed that is illegal or unenforceable may be severed from this Deed and the remaining terms or parts of the term of this Deed continue in force.
- (b) If anything in this Deed is illegal or unenforceable in one jurisdiction but not in another jurisdiction, it is severed only in respect of the operation of this Deed in the jurisdiction where it is illegal or unenforceable.

#### **9.12 Waiver**

A party does not waive a right, power or remedy if it fails to exercise or delays in exercising the right, power or remedy. A single or partial exercise of a right, power or remedy does not prevent another or further exercise of that or another right, power or remedy. A waiver of a right, power or remedy must be in writing and signed by the party giving the waiver.

#### **9.13 Relationship**

This Deed does not create a relationship of employment, trust, agency or partnership between the parties.

#### **9.14 No obligation to continue**

Nothing in this Deed obliges the Optionholder to announce or proceed with a Scheme or Takeover and the Optionholder may terminate this Deed immediately by written notice to the Securityholders at any time prior to the delivery of a Call Option Notice.

#### **9.15 Confidentiality**

- (a) The Securityholders agree that it will not, without the prior written consent of Optionholder, make any public statement, issue any release or make any other public disclosure concerning:
  - (i) the existence and contents of this Deed;
  - (ii) the contents of any discussions between the parties relating to this Deed or the Takeover or Scheme; or
  - (iii) the fact that any discussions between the parties relating to the Takeover or Scheme have taken place or will or may take place.
- (b) This clause 9 does not apply to any requirement to disclose:
  - (i) by a Court;
  - (ii) by the Takeovers Panel;
  - (iii) required by law;
  - (iv) to give effect to or otherwise enforce this Deed; or
  - (v) on a confidential basis to the parties' legal, financial or other professional advisors.

**9.16 Announcements**

A public announcement in connection with this Deed or any transaction contemplated by it must be agreed by the parties before it is made, except if required by law or a regulatory body (including a relevant stock exchange), in which case the party required to make an announcement must, to the extent practicable, first consult with and take into account the reasonable requirements of each other party.

**9.17 Time**

Time is of the essence of this Deed.

**9.18 Governing law and jurisdiction**

This Deed is governed by the law of New South Wales and each party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of New South Wales and the Commonwealth of Australia.



# Schedule 1 - Call Option Notice

To Maso Capital Investments Limited  
Blackwell Partners LLC - Series A  
Star V Partners LLC

## 1. Exercise

Optionholder hereby gives notice that it wishes to exercise the Call Option in respect of 9,476,039 Option Securities.

## 2. Definitions

Capitalised terms not otherwise defined in this notice have the meanings given to those expressions in the Pre Bid Agreement.

Executed by A.C.N. 626 522 085 PTY. LTD. in  
accordance with Section 127 of the *Corporations  
Act 2001*

\_\_\_\_\_  
Signature of director

\_\_\_\_\_  
Name of director (print)

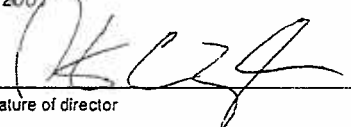
\_\_\_\_\_  
Signature of director/company secretary  
(Please delete as applicable)

\_\_\_\_\_  
Name of director/company secretary (print)


## Signing page

EXECUTED as a deed.

Executed by A.C.N. 626 522 085 PTY. LTD. in accordance with Section 127 of the Corporations Act 2003


  
Signature of director

PATRICK C. ZILIS  
Name of director (print)

  
Signature of director/company secretary  
(Please delete as applicable)

STUART STRONG  
Name of director/company secretary (print)

Executed by Maso Capital Investments Limited by:


  
Signature of Authorised Signatory

MANOJ JAIN  
Name of Authorised Signatory


  
Signature of witness

MADHU JAIN  
Name of witness (print)

Executed by Blackwell Partners LLC – Series A by:

  
Signature of Authorised Signatory

MANOJ JAIN  
Name of Authorised Signatory

  
Signature of witness

MADHU JAIN  
Name of witness (print)

Executed by Star V Partners LLC by:

  
Signature of Authorised Signatory

MANOJ JAIN  
Name of Authorised Signatory

  
Signature of witness

MADHU JAIN  
Name of witness (print)



## Annexure "H"

This is annexure "H" of 1 page referred to in form 603 – notice of initial substantial holder lodged by A.C.N. 626 522 085 Pty Ltd.

Signed by:

  
Pat Ziis, Authorised signatory

Date: 13 / 6 / 2018

Hometown Australia Management Pty Ltd (ACN 614 529 538)

Hometown Australia Holdings Pty Ltd (ACN 614 528 746)

Hometown LP Australia, LLC

Hometown Communities, LLC

Hometown America, LLC

Hometown America Holdings, LLC

Calzada Capital Partners, LLC

Washington State Investment Board

All other entities that control A.C.N. 626 522 085 Pty Ltd from time to time.