

19 March 2018

ACQUISITION OF TWO RESIDENTIAL LAND LEASE COMMUNITIES, SOUTH AUSTRALIA

Gateway Lifestyle Group (GTU or Gateway Lifestyle) today announces the acquisition of two established residential land lease communities located in one of South Australia's major retirement markets for a total consideration of \$45 million (excluding transaction costs). In aggregate, the two properties comprise 555 long-term sites of which 488 are occupied with a pipeline of 67 approved development sites.

This acquisition will improve the overall quality of Gateway Lifestyle's portfolio and establishes Gateway Lifestyle as one of the largest operators of land lease communities in South Australia, with a platform for further expansion.

Gateway Lifestyle's focus remains on growing its portfolio of long-term occupied sites through a combination of development and selective acquisitions. This acquisition allows Gateway Lifestyle to secure a significant number of occupied sites with development upside.

The purchase consideration will be predominantly funded from the existing syndicated debt facility, with \$3 million of the purchase price to be funded by issuing the vendor with GTU fully paid ordinary securities at completion¹.

In conjunction with this acquisition Gateway Lifestyle has increased the syndicated debt facility limit to \$280 million and the weighted average maturity by extending the tenure on a \$70 million tranche to February 2020.

Following the acquisition, gearing is expected to remain within the Group's target range of 25-35%. In addition, the Group continues with its asset recycling objectives, with over \$18 million of sales proceeds received or committed from the divestment of non-core assets by year end.

As settlement of the unconditional acquisition is expected to occur in late FY18, there is no material impact on FY18 earnings guidance.

For further information contact

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CEO & Managing Director

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Chief Financial Officer

¹ Upon completion the Group will issue 1,525,709 fully paid ordinary GTU securities calculated based on the 10 day VWAP immediately prior to signing equivalent to \$3 million of the total consideration payable to the Vendor. The issue is not subject to security holder approval.