

12 September 2018

GATEWAY LIFESTYLE GROUP (ASX: GTY)

GTY recommends securityholders accept the Hometown bid

Gateway Lifestyle Group (ASX: GTY) refers to the Second Supplementary Bidder's Statement issued by Hometown Australia (**Hometown**) on 12 September 2018 in which Hometown updated key aspects of its cash takeover offer of \$2.25 cash per security for all Gateway securities (**Offer**).

The Gateway Board has reviewed the Second Supplementary Bidder's Statement and notes the following:

- Hometown has waived or modified a number of conditions to the Offer including conditions relating to other regulatory approvals, no change in accounting policies, no untrue statements and no break fees, making the Offer significantly less conditional;
- If Hometown acquires a relevant interest in Gateway securities of more than 50%, and satisfies the FIRB condition, it has stated its intention to declare the Offer unconditional, subject to the Offer conditions not having been breached in the intervening period;
- Hometown has improved payment terms and will pay Gateway securityholders within 7 business days of the later of their acceptance, or the Offer being declared unconditional;
- Hometown has established an institutional acceptance facility in respect of the Offer; and
- Hometown's offer price of **\$2.25 per Gateway security in cash is final and will not be increased** (in the absence of a competing proposal).

The Gateway Board advises that it has received no further approaches or proposals to acquire the Group and that the **Hometown Offer is the only offer available to Gateway securityholders**.

The Gateway Board **unanimously recommends that Gateway securityholders ACCEPT the Offer as soon as reasonably practicable**, in the absence of a superior proposal.

To facilitate a smooth transition, if Hometown becomes the registered holder of more than 50% of the Gateway securities, all of the GLOL directors other than Trent Ottawa and Andrew Fay intend to resign, and the GLOL board intends to appoint Hometown nominees to constitute a majority of the board, within 3 business days of being requested to do so by Hometown.

Having regard to the extension of the Offer Period and the reduction of the conditionality of the Offer, the Gateway Board has decided to defer the extension of its current debt facility from \$280 million to \$350 million. The Gateway Board will keep securityholders informed of any material changes in relation to its debt facility.

Gateway securityholders have previously been provided with a Bidder's Statement from Hometown and a Target's Statement from Gateway. The Gateway Board encourages Gateway securityholders to read these documents in conjunction with Hometown's First and Second Supplementary Bidder's Statements.

The Gateway Board will continue to provide any material updates on these issues. The Securityholder Information Line remains available to assist Gateway securityholders with any inquiries.

Gateway Securityholder Information Line

Toll Free: 1800 677 648

Overseas: +61 1800 677 648

For information please see our website www.gatewaylifestyle.com.au or contact:

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Gateway Lifestyle Group

Comprising One Managed Investment Funds Limited (ABN 47 117 400 987) in its capacity as responsible entity of Residential Parks No.2 Trust (ARSN 605 803 414) and Gateway Lifestyle Operations Limited (ABN 63 605 543 968)

First Supplementary Target's Statement

1 Introduction

This document is a supplementary target's statement under section 644 of the Corporations Act 2001 (Cth). It is the first supplementary target's statement (**First Supplementary Target's Statement**) issued by Gateway Lifestyle Group (**Gateway**) in relation to the off-market takeover bid for all the Gateway Securities by ACN 626 522 085 Pty Ltd as trustee for Hometown Australia Management Pty Ltd (ACN 614 529 538) and as trustee for Hometown Australia Nominees Pty Ltd (ACN 616 047 084) as trustee for the Hometown Australia Property Trust (together, **Hometown**). This First Supplementary Target's Statement supplements, and should be read together with, Gateway's target's statement dated 20 August 2018 (**Original Target's Statement**).

2 Update on Offer

2.1 Waiver of conditions

Gateway refers to the Second Supplementary Bidder's Statement issued by Hometown on 12 September 2018 in which Hometown updated key aspects of the Offer.

The Gateway Board has reviewed the Second Supplementary Bidder's Statement and notes the following:

- Hometown has waived or modified a number of conditions to the Offer including conditions relating to other regulatory approvals, no change in accounting policies, no untrue statements and no break fees, making the Offer significantly less conditional;
- If Hometown acquires a relevant interest in Gateway securities of more than 50%, it has stated its intention to declare the Offer unconditional (other than in respect of the FIRB condition (if it has not already been satisfied by that date)), subject to the Offer conditions not having been breached in the intervening period
- Hometown has improved payment terms and will pay Gateway securityholders within 7 business days of the later of their acceptance, or the Offer being declared unconditional;
- Hometown has established an institutional acceptance facility in respect of the Offer; and

- Hometown's offer price of **\$2.25 per Gateway security in cash is final and will not be increased** (in the absence of a competing proposal).

The Gateway Board advises that it has received no further approaches or proposals to acquire the Group and that the Hometown Offer is the only offer available to Gateway securityholders.

2.2 Board recommendation

The Gateway Board now unanimously recommends that Gateway securityholders **ACCEPT the Offer as soon as reasonably practicable**, in the absence of a superior proposal.

3 Timetable and process

The takeover offer by Hometown is scheduled to close at 7.00pm Sydney time on 24 September 2018 (unless extended).

Gateway Shareholders who have any questions in relation to the takeover bid should call the Gateway Securityholder Information Line on 1800 677 648 (for calls made from within Australia) or +61 1800 677 648 (for calls made from outside Australia).

4 Other notices

Having regard to the extension of the Offer Period and the reduction of the conditionality of the Offer, the Gateway Board has decided to defer the extension of its current debt facility from \$280 million to \$350 million. The Gateway Board will keep securityholders informed of any material changes in relation to its debt facility.

Unless the context otherwise requires, terms defined in the Original Target's Statement have the same meaning as in this First Supplementary Target's Statement.

This First Supplementary Target's Statement prevails to the extent of any inconsistency with the Target's Statement.

A copy of this First Supplementary Target's Statement has been lodged with ASIC. Neither ASIC nor any of its officers take any responsibility for its contents.

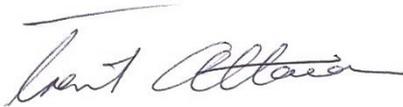
Signed for and on behalf of Gateway following a resolution of the directors of GLOL and a resolution of the directors of OMIFL in its capacity as responsible entity of RPT2.

Date 12 September 2018

Signed for
**Gateway Lifestyle Operations
Limited (ABN 63 605 543 968)**

by

sign here ▶



Director

print name Trent Ottawa

Signed for
**One Managed Investment Funds
Limited (ABN 47 117 400 987)** in
its capacity as responsible entity of
**Residential Parks No.2 Trust
(ARSN 605 803 414)**

by

sign here ▶



Director

print name Justin Epstein