

21 June 2018

GATEWAY LIFESTYLE GROUP (ASX: GTY)

Receipt of Indicative, Non-Binding Proposal from Brookfield Property Group

Gateway Lifestyle Group (Gateway Lifestyle) advises that on 21 June 2018 it received a confidential, indicative and non-binding proposal from Brookfield Property Group (Brookfield) to acquire 100% of the issued stapled securities of Gateway Lifestyle at an indicative price of \$2.30 per security by way of either schemes of arrangement or a recommended takeover bid (the Brookfield Proposal). The Brookfield Proposal states that the indicative price would be reduced by the value of any dividends or distributions announced following receipt of the Brookfield Proposal.

The Brookfield Proposal is subject to a number of conditions including due diligence, entering into a scheme implementation agreement containing customary conditions, and Foreign Investment Review Board approval.

The Brookfield Proposal is superior to the indicative, non-binding proposal received from Hometown and announced to ASX on 13 June 2018. The Board considers that engaging with Brookfield to determine if a binding offer can be put to Gateway Lifestyle securityholders is in the interests of securityholders.

Accordingly, Gateway Lifestyle will provide due diligence access to Brookfield on an exclusive basis pursuant to the terms of an exclusivity agreement that provides for:

- A period of not less than 6 weeks in which Brookfield may undertake exclusive due diligence investigations in relation to the Gateway Lifestyle business subject to usual fiduciary carve-outs;
- Standard notification and matching rights in relation to any alternative proposal; and
- A mechanism for due diligence cost-reimbursement in certain circumstances.

Separately, Brookfield has entered into a confidentiality agreement that contains a 12 month standstill on the acquisition of any Gateway Lifestyle securities other than following entry into definitive transaction documents for implementation of the Brookfield Proposal.

There is no guarantee that the Brookfield Proposal or any discussions with Brookfield will lead to a formal binding offer. Gateway Lifestyle will keep the market informed of material developments as they occur. Securityholders are advised to take no action at this point.

A summary of the Brookfield Proposal is attached to this announcement.

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Chairman

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Summary of Proposal

Brookfield Property Group, together with its affiliates and managed funds (**Brookfield**), has submitted an indicative, non-binding proposal to acquire 100% of the stapled securities of Gateway Lifestyle for all-cash consideration of A\$2.30 per stapled security, reduced by any distributions declared or payable by Gateway Lifestyle after 21 June 2018 and prior to completion of the Proposal (the **Offer Price**).

Brookfield envisage undertaking the transaction via a scheme of arrangement or a recommended takeover.

In order to progress their Proposal to a binding offer, they have requested an exclusivity period of not less than 6 weeks to conduct due diligence on Gateway Lifestyle.

Brookfield has stated that it intends to fund the Proposal through available equity and debt commitments. The Proposal is not subject to a financing condition.

The Brookfield Proposal is subject to the following conditions:

- Completion of satisfactory due diligence
- The support of the directors of Gateway Lifestyle through a unanimous recommendation to vote in favor of the Brookfield Proposal and a commitment to vote in favor of or accept the Brookfield Proposal in respect of their securities
- Access to key members of Gateway Lifestyle's senior management team
- Agreeing a scheme or takeover bid implementation agreement (SIA) containing customary terms including but not limited to:
 - No material adverse change, no prescribed occurrences other than as fairly disclosed in diligence;
 - All necessary regulatory approvals; and
 - Standard exclusivity and deal protection measures including a break fee, no shop, no talk, notification rights and a matching right (subject to the usual fiduciary carve-outs)
- Approval by Brookfield's investment committee of the final transaction terms
- Approval from the Foreign Investment Review Board

About Brookfield

Brookfield's parent company, Brookfield Asset Management Inc. (BAM) is publicly listed on the NYSE, TSX and Euronext Amsterdam with a market capitalisation of approximately US\$40 billion. BAM is a global alternative asset manager with around US\$285 billion in real estate, private equity, infrastructure and renewable power assets under management. BAM has over 100 years history of owning and operating "real" assets with a focus on property, infrastructure, renewable power and private equity, across a broad range of critical infrastructure assets in regulated environments around the world.

In Australia, Brookfield has built a significant operating platform with approximately 9,000 employees and assets under management in excess of \$20 billion. Brookfield has grown this platform both organically and through the execution of sophisticated, large-scale transactions.