MANTRA GROUP

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MEDIA RELEASE

MANTRA GROUP ANNOUNCES RESULTS FOR THE HALF YEAR ENDED 31 DECEMBER 2016

Mantra Group Limited (Mantra Group) (ASX: MTR) today announced its half year results for the period ended 31 December 2016[1] reporting underlying Net Profit After Tax (NPAT) of $31.8m, up $4.2m and 15.1% on H1FY2016 and underlying EBITDAI of $58.7m, up 10.3% (underlying results are the statutory results excluding transaction costs of $1.7m (H1FY2016: $4.8m) incurred in respect of acquisitions). Four hotels were added to the network during the period.

Key highlights include:

- Statutory total revenue of $356.2m, up 15.9% on H1FY2016
- Statutory NPAT was $30.5m, 25.9% higher than statutory NPAT of $24.3m for H1FY2016
- Statutory basic EPS of 10.3 cents per share, compared to 9.0 cents per share for H1FY2016
- Underlying[2] EBITDAI of $58.7m was up 10.3% on the same period last year
- Underlying Revenue growth, excluding new properties, of $20.9m
- Underlying NPAT was up $4.2m to $31.8m on H1FY2016, an increase of 15.1%. Underlying NPATA of $33.1m was 14.4% up on H1FY2016
- Underlying basic EPS of 10.7 cents per share was 3.7% higher than the previous corresponding period
- Fully franked interim dividend of 5 cents per share to be paid on 22 March 2017
- Strong pipeline of development opportunities in both domestic and international markets
- Reaffirmed FY2017 market guidance[4] of EBITDAI, NPAT and NPATA of $101.0m - $107.0m, $48.5m - $52.5m and $51.0m - $55.5m respectively

Mantra Group Chief Executive Officer Bob East said H1FY2017 delivered another strong performance with continued growth in revenue and profitability.

"During H1FY2017, the Group performed ahead of the previous corresponding period in revenue, underlying EBITDAI, NPAT and NPATA and is on track to deliver earnings in line with guidance given in August 2016" said Mr East.

"The Group delivered total revenue of $356.2 million, representing a 15.9% increase on H1FY2016.

"This improvement was driven by four new properties acquired during the six month period and was supported by organic[3] growth as a result of the continued growth in domestic and international travel, an increase in the

[1] This media release should be read in conjunction with Mantra Group's Half Year 2017 Results Presentation and Interim Report for the half year ended 31 December 2016.
[2] Underlying results are the statutory results excluding transaction costs of $1.7m (H1FY2016: $4.8m) incurred in respect of property acquisitions completed during the period.
[3] Organic excludes properties added in H1FY2017.

total number of rooms available across both the Resorts and CBD operating segments, improved occupancy levels, higher average room rates in Resorts and improved efficiencies in key areas of the business.

"We are thrilled with the performance of the properties we transitioned into the portfolio during the period, in particular the 1,176 room Mantra-branded Ala Moana Hotel in Honolulu Hawaii which has recorded solid opening results to perform above expectations and contributed $27.2 million in revenue since joining the Group on 26 July 2016.

"The Group is in a good financial position with total assets of $829 million, net assets of $482 million and a strong cash flow."

The Group achieved period-on-period growth with contributions as follows:

- Resorts delivered revenue of $163.0 million and EBITDAI of $28.1 million representing increases on H1FY2016 of 30.1% and 29.5% respectively. In addition to the contribution from new properties ($27.9 million in revenue and $4.7 million in EBITDAI), the Resorts segment continues to benefit from a strengthening leisure market, an increase in international travellers taking advantage of the proliferation of low cost carriers, and an increase in occupancy and average room rate.
- The CBD segment is performing to expectations and delivered revenue of $162.8 million representing a period-on-period increase of 3.4%. EBITDAI for the period was $26.3 million. This represents a decline of $1.4 million on pcp.
- Central Revenue and Distribution delivered revenue of $28.3 million and EBITDAI of $18.8 million representing increases on H1FY2016 of 22.5% and 12.1% respectively. The results from this segment were driven by ongoing growth in Mantra Group online booking channels and increases in fees from management agreements.

The Board has approved payment of a fully franked dividend of 5 cents per share for the period to 31 December 2016. This is in line with the dividend paid in the prior corresponding period. Dividends will be paid on 22 March 2017.

Network Growth

During the six months ended 31 December 2016, Mantra Group added four new properties to its network – three in the Resorts segment – Ala Moana Hotel in Honolulu Hawaii, Mantra Residences @ Southport Central on the Gold Coast and Mantra The Observatory at Port Macquarie – and Peppers Kings Square Hotel, Perth (a management agreement property) joined the Group's Central Revenue and Distribution segment.

Development pipeline remains strong for the Group with Mantra Club Croc, Airlie Beach and TRIBE West Perth due to open in H2FY2017.

The Group's new-build Mantra hotel at Sydney Airport is scheduled to join the Group in July 2017, with Mantra Macarthur Hotel, Canberra and the first two (of three) towers of Brisbane's luxurious FV by Peppers due to open in August 2017 (subject to customary settlement conditions).

Mr East said Mantra Group will continue to surge ahead with H2FY2017 set to see ongoing portfolio growth, characterised by further acquisitions in key Australian and international destinations.

"Announcements have already been made regarding the Group's operation of new hotels being constructed in Melbourne, Perth, Queenstown, Albury and Wallaroo Shores, with further new projects to be announced," he said.

"The Group's balance sheet and cash flow remain strong placing the business in a good position to capitalise on new opportunities as they arise."

Outlook and Strategy for 2HFY2017

Mr East said Mantra Group is committed to driving growth and delivering shareholder value in FY2017 and beyond.

"We are delighted to reaffirm the market guidance given in August 2016[4] for FY2017, of EBITDAI between $101.0 and $107.0 million, NPAT between $48.5 and $52.5 million and NPATA between $51.0 and $55.5m million," he said.

"Based on the Group's earning capability and strong cash flow position, we are well placed to continue to take advantage of growth opportunities in our ongoing commitment to deliver shareholder value through pipeline growth and development opportunities, delivering quality room inventory and facilities, optimising distribution channels, brand appeal and capitalising on the forecasted growth in the tourism sector driven by increases in international visitors, primarily out of Asia.

"The second half of the financial year is off to a solid start with early H2FY2017 showing great momentum. I am also pleased to welcome Stephen Hobson, Mantra's new CFO who joined the Group on 15 February 2017."

About Mantra Group

Mantra Group is the leading Australian-based hotel and resort operator. Mantra Group's portfolio consists of 127 properties with more than 21,000 rooms in properties under management, across Australia, New Zealand, Indonesia and Hawaii. Operating three well-known and trusted brands – Peppers, Mantra and BreakFree - Mantra Group operates the second largest network of accommodation properties in Australia (by room number). The Group is positioned to offer both leisure and business style accommodation ranging from full-service city hotels and self-contained apartments to luxury resorts and retreats. The Group successfully listed on the ASX in June 2014 and in its first year as a public company was elevated to the ASX 200*:*
www.mantragroup.com.au*;* www.peppers.com.au*;* www.mantra.com.au *;* www.breakfree.com.au

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[4] This guidance excludes the impact of any additional conditional or uncontracted properties as at 30 June 2016 and any transaction costs and foreign exchange translation associated with FY2017 acquisitions.