

Mantra Group

23 October 2015

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PEPPERS

mantra- BreakFree®

DEMAND

Overnight trips up 5% to 83.2 million
for June 2015 YE

International arrivals up 6.5% to 7.18
million for August 2015 YE



Source: Tourism Australia

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SUPPLY: 1-3% GROWTH

Hotel rooms across major Australian cities



Source: Dransfield (CLSA, The next wave, December 2014)

A scenic photograph of a beach at sunset. The sky is a vibrant orange and yellow, with the sun low on the horizon. Two people are walking along the shoreline, carrying surfboards. A seagull is visible on the sand in the foreground. A red circle is overlaid on the left side of the image, containing the text "The size of the prize".

**The size
of the
prize**

A nighttime photograph of the Sydney Opera House and the Sydney Harbour Bridge. The Opera House is illuminated with warm yellow lights, and the Harbour Bridge is lit with green lights. The water in the harbour is dark, and the city lights are visible in the background.

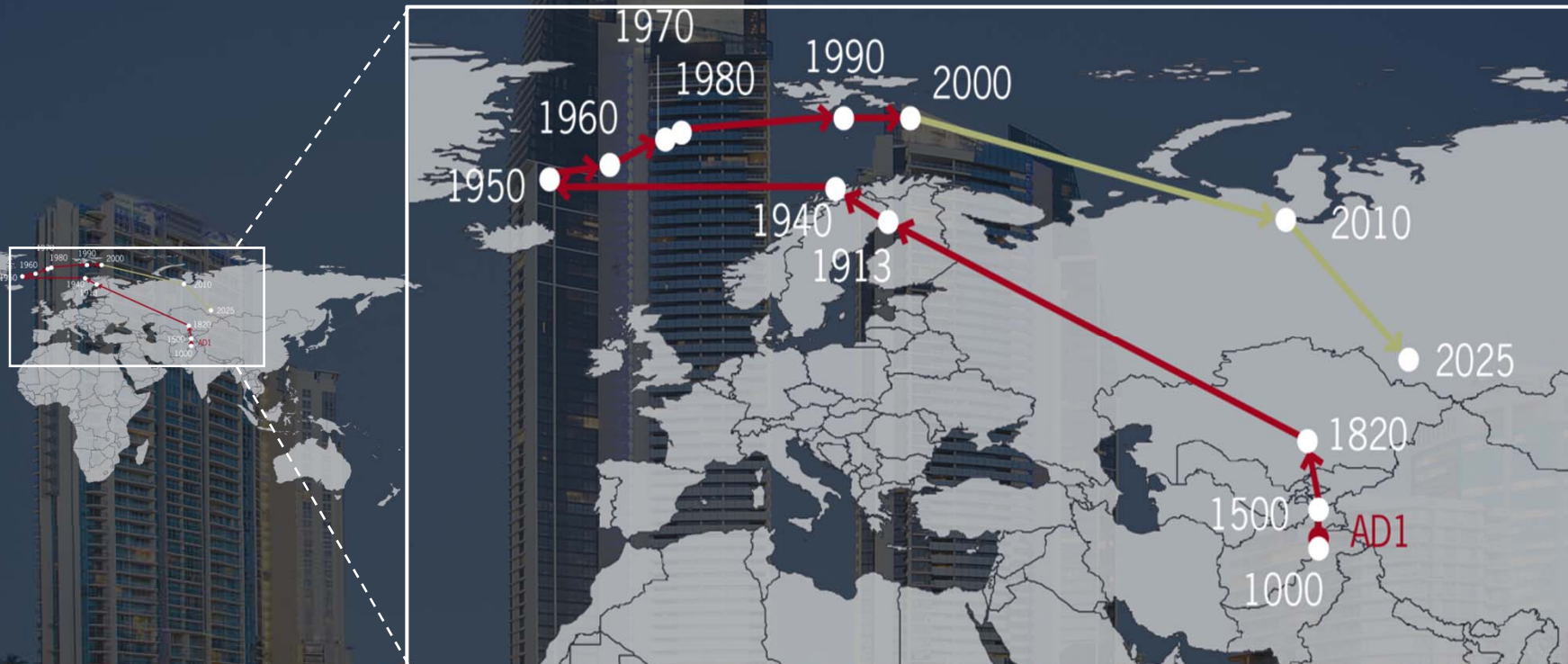
**\$100b
industry**

**\$30b
international**

Asia
inbound
increased
10%

WORLD'S ECONOMIC CENTRE OF GRAVITY

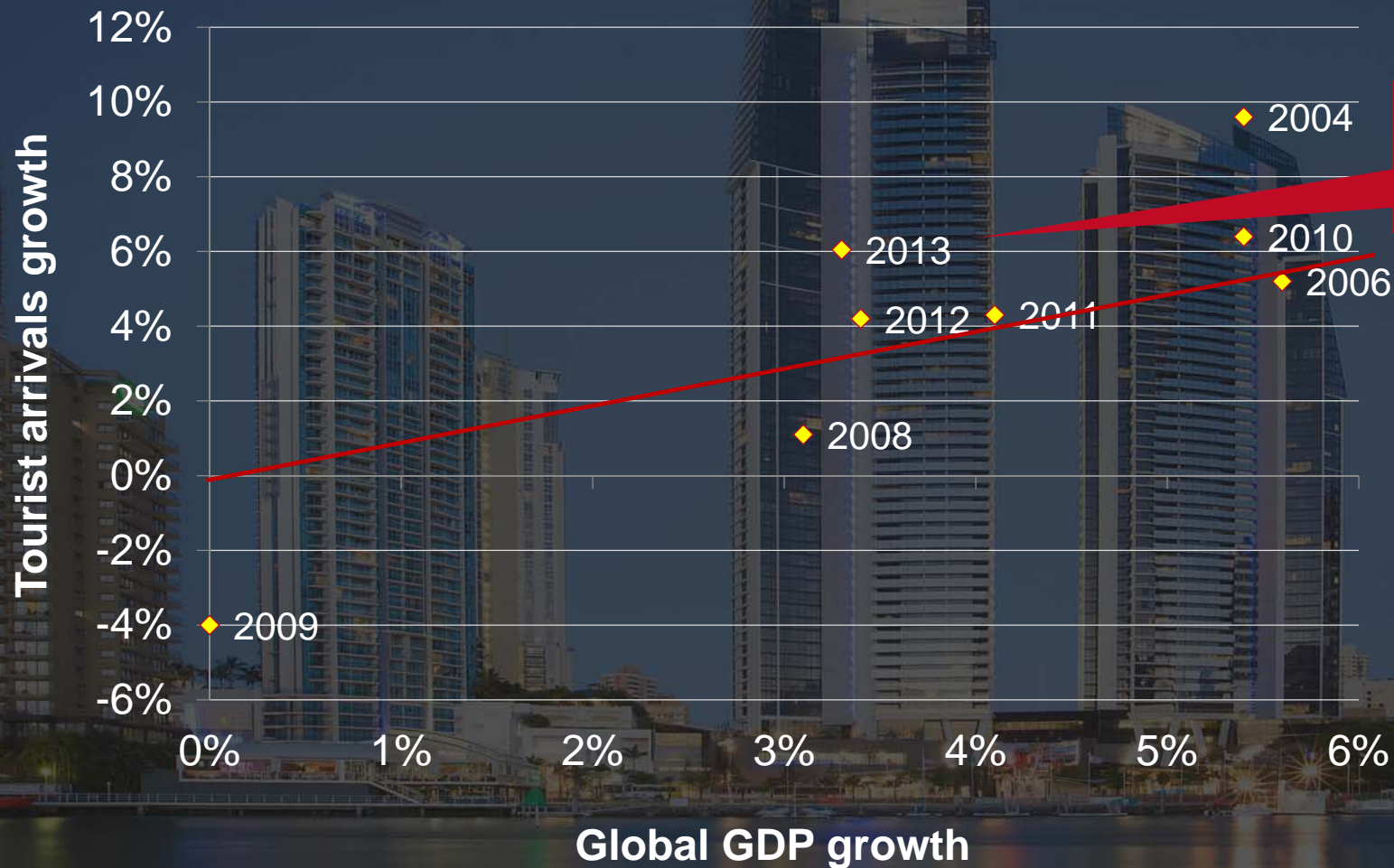
Evolution of the earth's economic centre of gravity¹
AD 1 to 2025



¹ Economic centre of gravity is calculated by weighting locations by GDP in three dimensions and projected to the nearest point on the earth's surface. The surface projection of the centre of gravity shifts north over the course of the century, reflecting the fact that in three-dimensional space America and Asia are not only "next" to each other, but also "across" from each other.

TOURISM IS BOOMING AS INCOMES GROW...

Global tourism vs. global economic growth




Source: World Tourism Organisation, IMF (Deloitte Access Economics)



**Asia's middle
class 500m
to 3.2b in
2030**

Emerging
middleclass
two-thirds
larger within
five years



**110m
overseas
trips 2014**

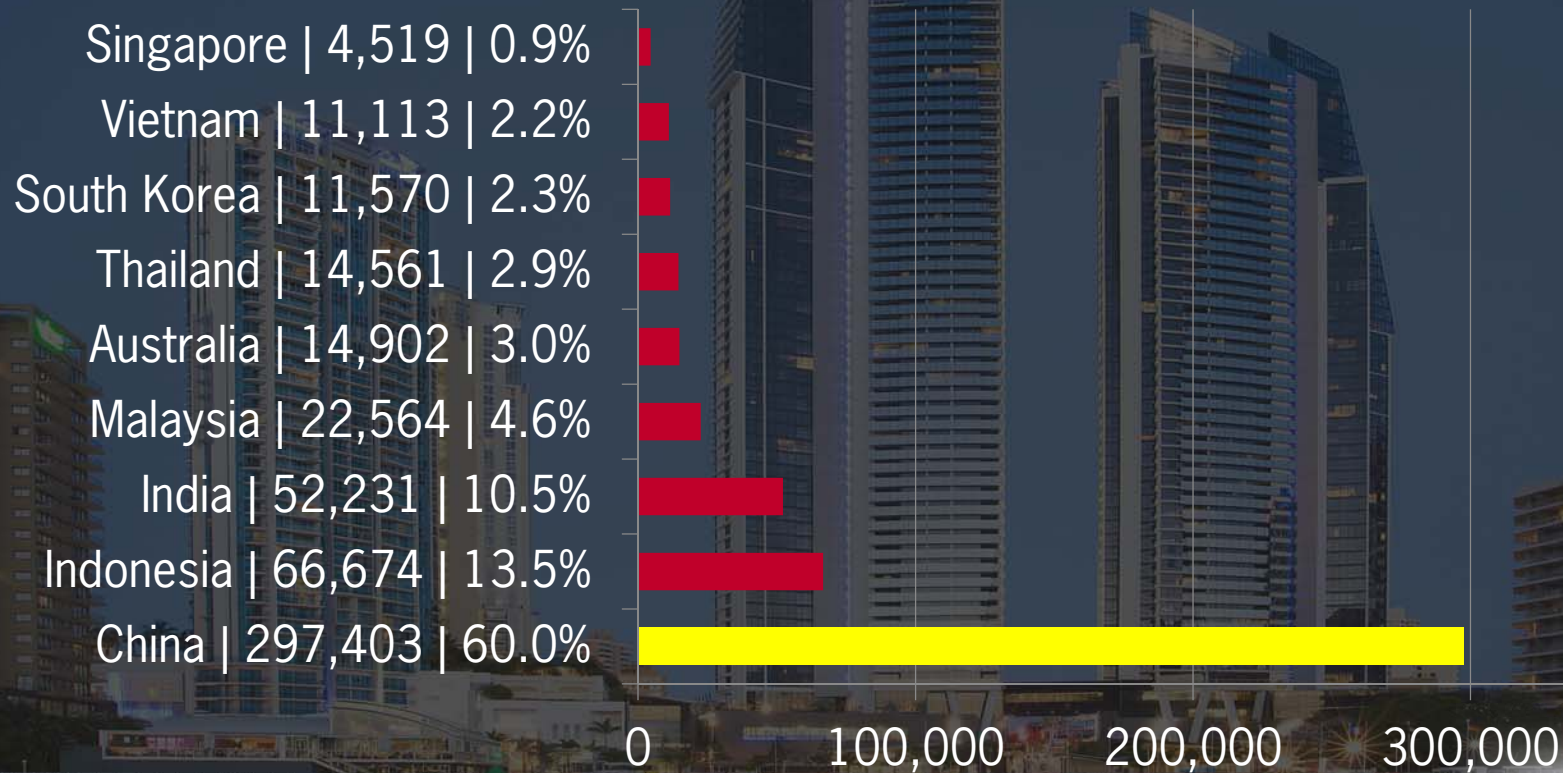
**Spent
US\$500b**

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Source: China Internet Watch, 'China Outbound Travellers Spent Close to \$500B overseas in 2014', 4 May 2015

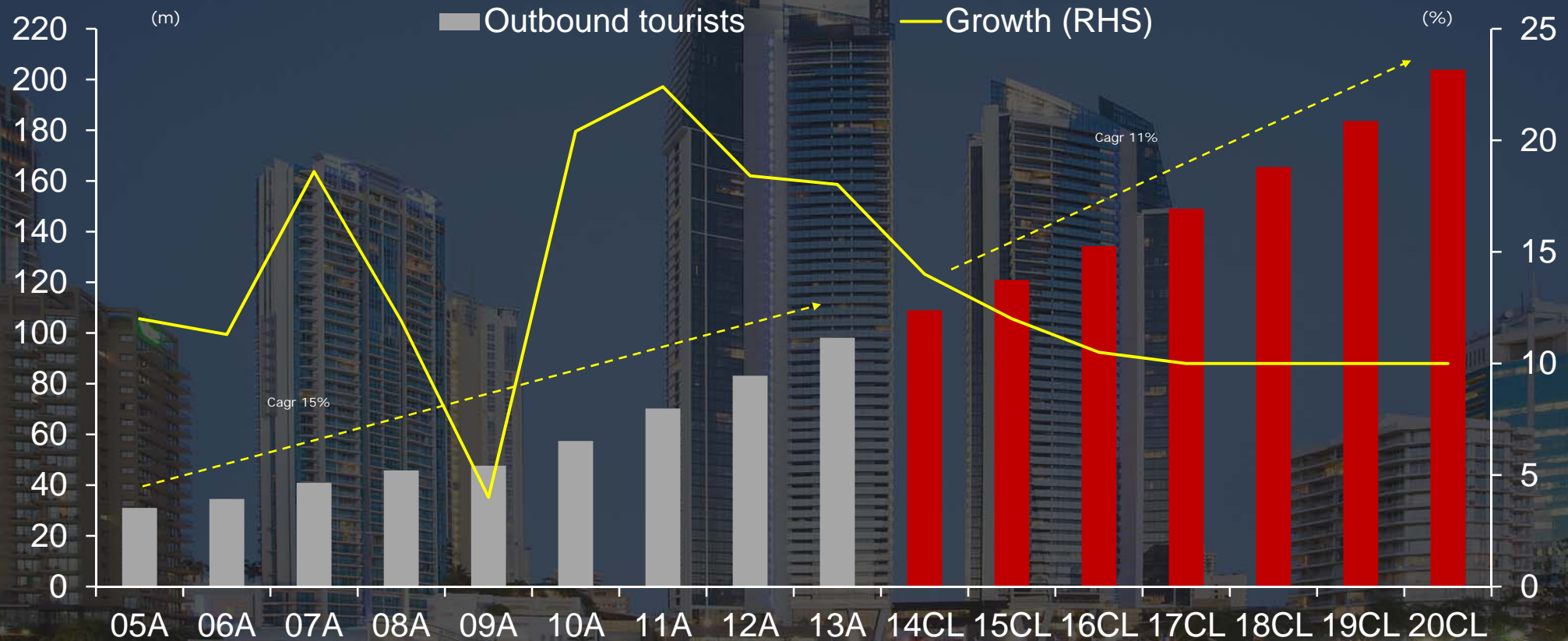
SUPPLY – ASIA PACIFIC PIPELINE

Total of 495,537 rooms in the pipeline for the listed regions



CHINA

China outbound tourism



- Outbound tourists to increase from 83m in 2012 to 200m in 2020
- Australia is placed 15th (competing with Europe and US)

Source: CLSA, 'The next wave', December 2014

An aerial photograph of a coral reef system. The water is a vibrant turquoise blue, and the coral formations are visible as darker, brownish patches. A large red circle is overlaid on the left side of the image, containing white text.

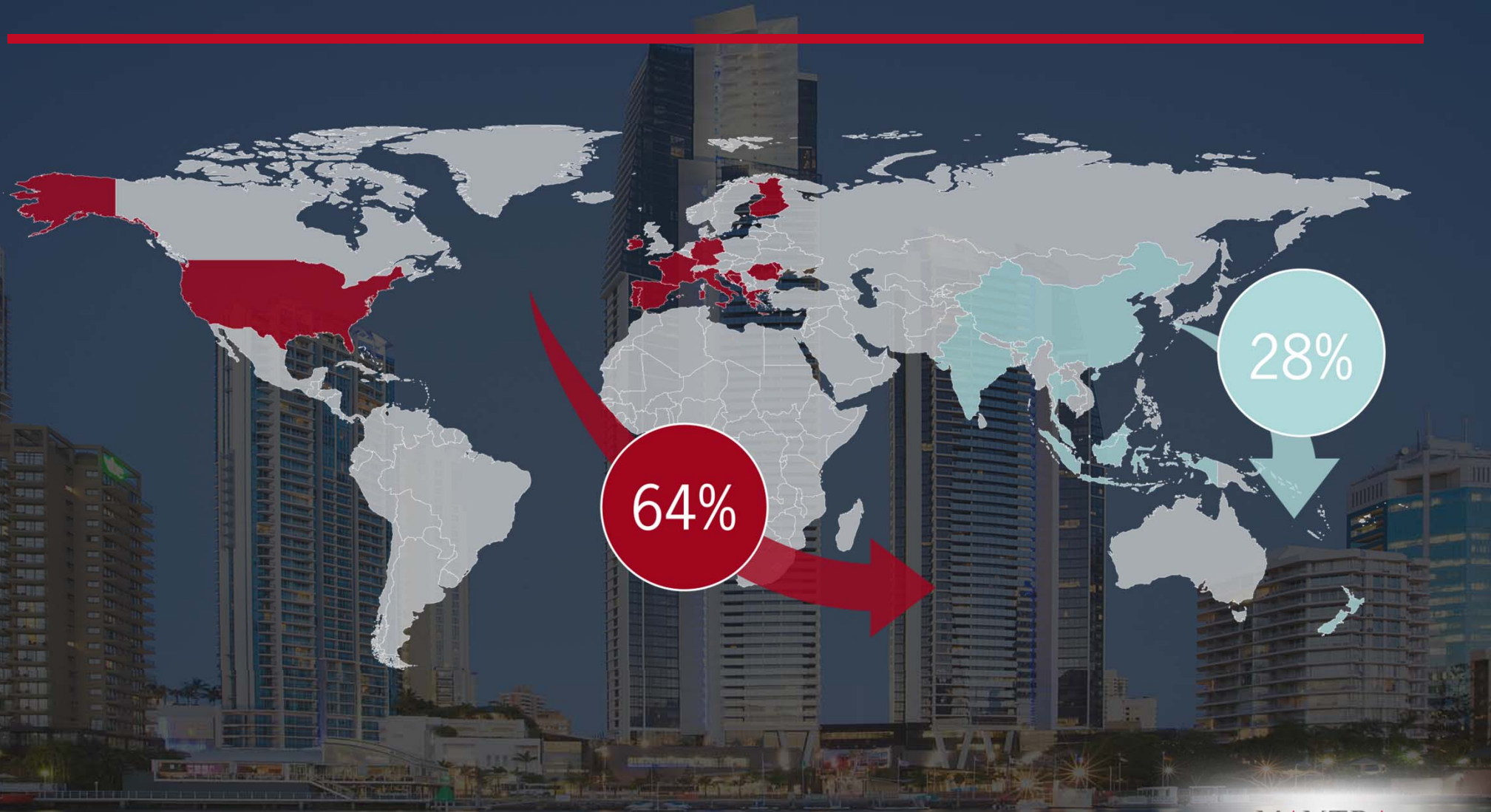
**No. 1
destination
for Asian
HNWI for
aspiration
to travel**

AUSTRALIA

Australia's proximity to Asian markets (within Airbus A330 range)

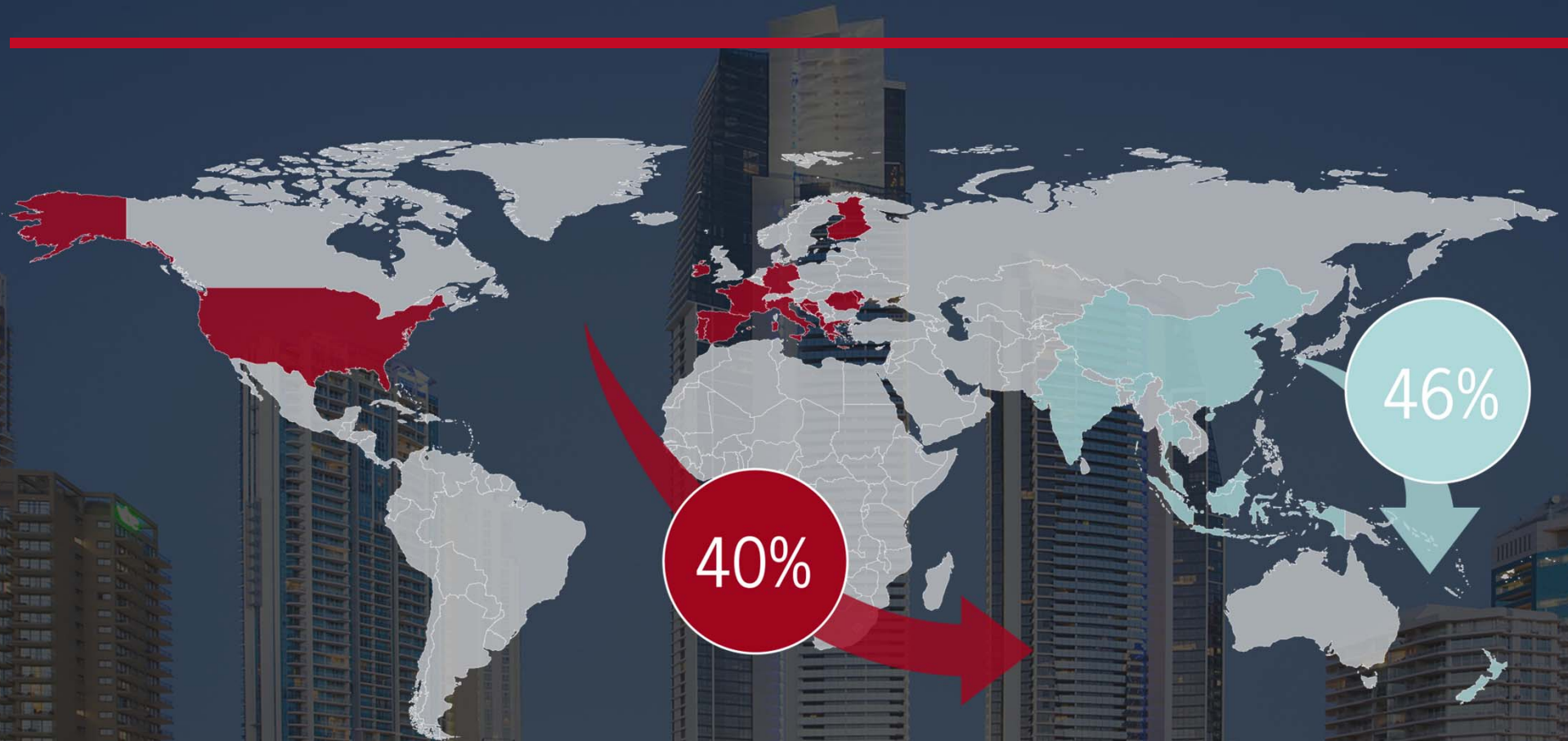


AUSTRALIA'S TOURISM MARKET 2003



Source: ABS Overseas Arrival Data (Deloitte Access Economics)

AUSTRALIA'S TOURISM MARKET 2033



Source: ABS Overseas Arrival Data (Deloitte Access Economics)

DEMAND

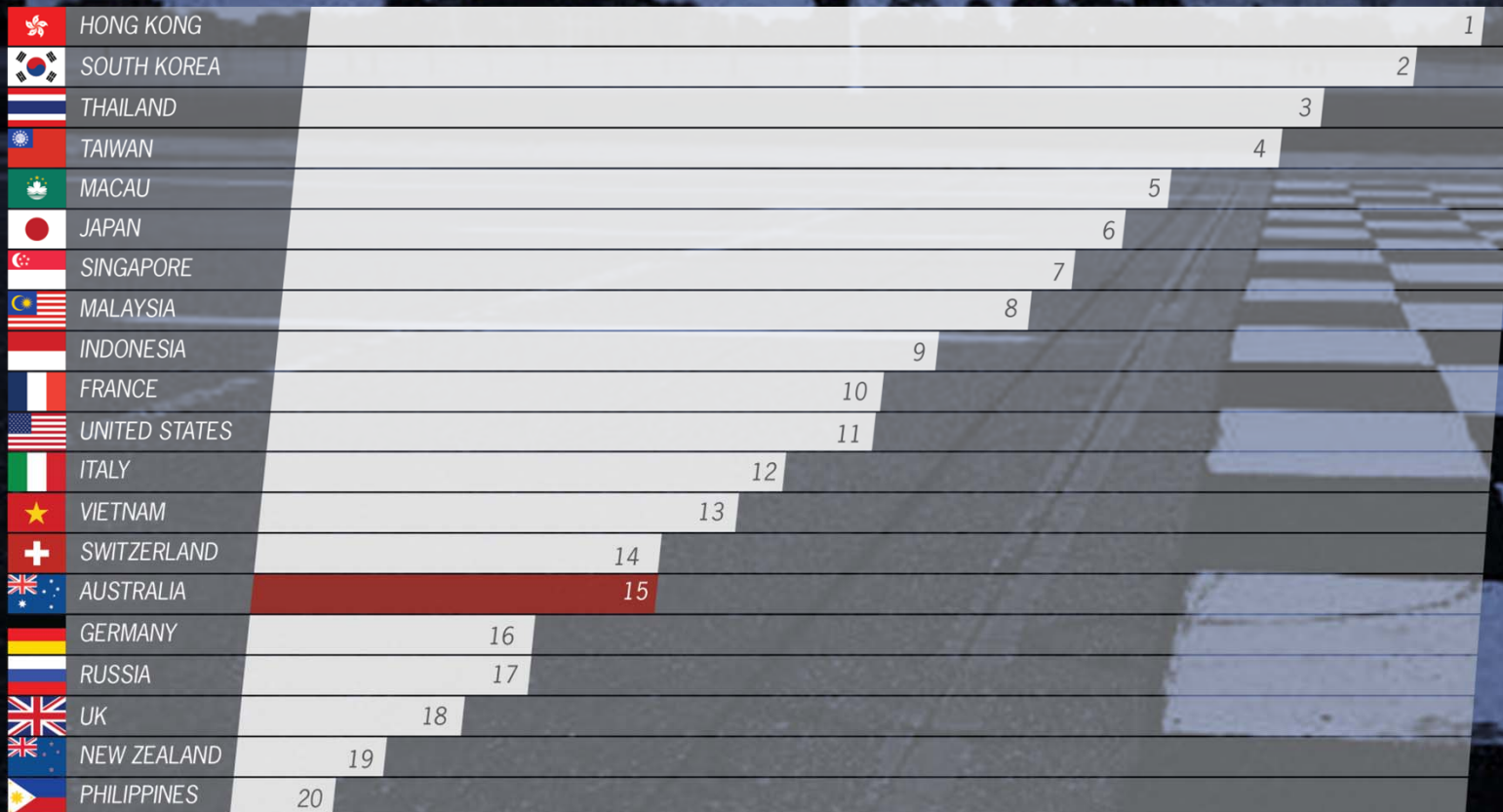
Forecast contribution to growth in inbound arrivals into Australia over the next 10 years



Source: Tourism Research Australia, Tourism Forecasts, Autumn 2014

RACE TO WIN CHINA

Top 20 destinations

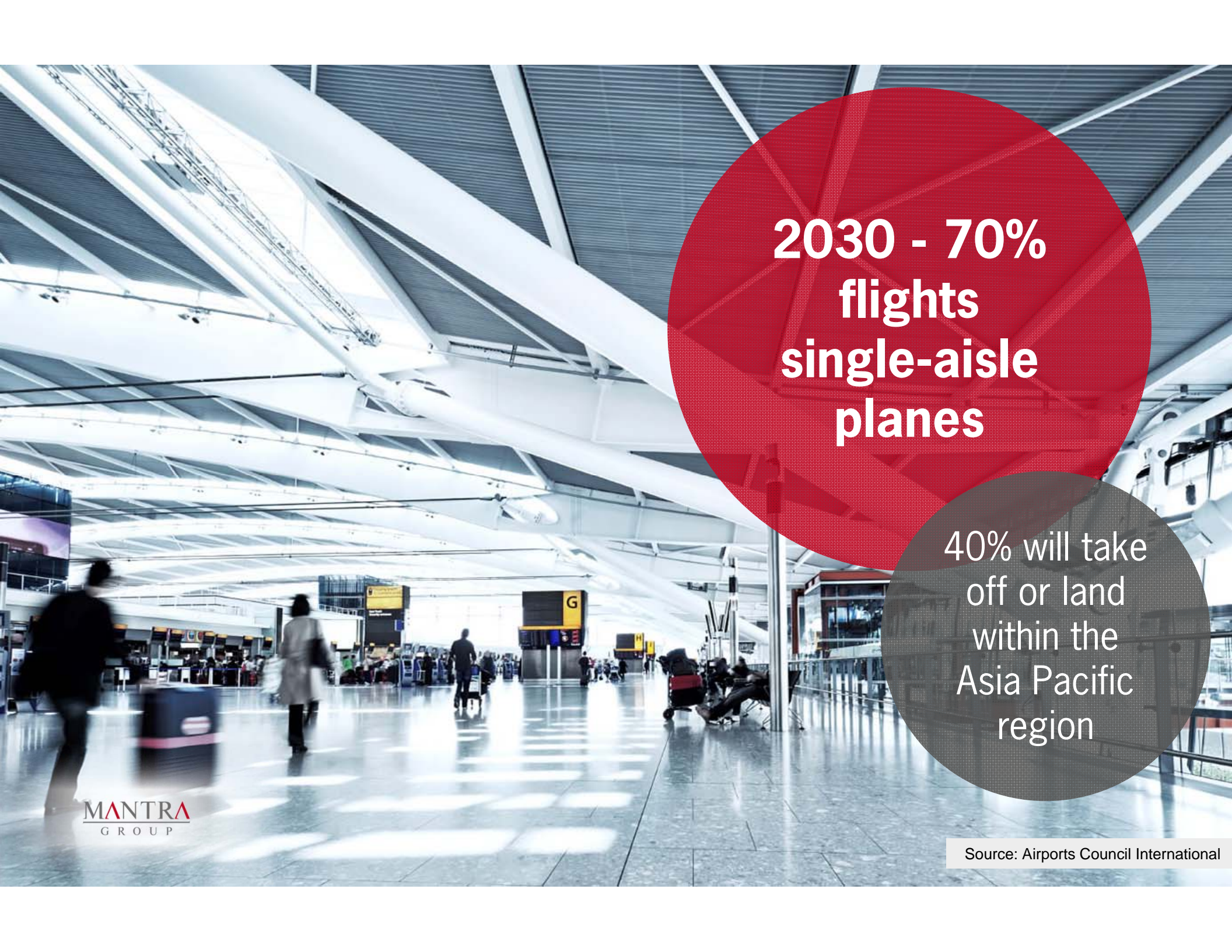


**53% book hotel
accommodation
on web or
mobile apps**

**Two-thirds
prefer to travel
independently**

The image shows a wide-angle view of a modern airport terminal. The architecture is characterized by a high, arched ceiling with a series of parallel, curved structural ribs. Large, white, tree-like columns support the roof. The floor is a light-colored, polished material. In the center, a large red circle with a textured pattern contains the word "Aviation" in white, bold, sans-serif font. The terminal is filled with people, some walking, some standing, and some sitting. There are several cars parked in the foreground, and a small circular fountain in the center. The overall atmosphere is bright and modern.

Aviation



**2030 - 70%
flights
single-aisle
planes**

40% will take
off or land
within the
Asia Pacific
region



Dubai world's busiest international airport

More than
70.4m
international
passengers
in 2014

Source: Wikipedia

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**Sydney
airport**

**13.1m
international
passengers
2014**

Source: Sydney Airport

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China airports

175 – 2010
230 – 2015

Bangkok airport

Opened 2006
Record 53m
passengers
2012

Airport Rail Link

Opened 2010
15 mins
50,000
commuters daily

Source: Wikipedia & Bangkok Airport Train

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KOREA

Chinese tourist arrivals to Japan versus Korea: 12-month rolling average



Average expenditure by Chinese tourists has increased 80% over the last 5 years

Source: CLSA, The next wave, December 2014

A scenic beach background with a blue sky, ocean, and a wooden pier. On the pier, there is a silver laptop, a tall glass of mojito with lemons and mint, a white seashell, and a pair of sunglasses. A large red circle is overlaid on the left side of the image.

Mantra Group Highlights

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HIGHLIGHTS

Favourable
trading
conditions



1

Improved
market profile
& positioning



2

Strategic
portfolio
growth



3

Refurbishments



4

Distribution
system
enhancements



5

Asia
platform



6

Food &
Beverage



7

Team
satisfaction



8

Guest
satisfaction



9

Owner
satisfaction



10

HIGHLIGHTS

TOTAL REVENUE

\$498.8M

 **9.7%**

EBITDAI

\$73.1M

 **19.2%**

MARGIN

14.7%

 **9%**

11

PROPERTIES ADDED

DIVIDEND

10¢

PER SHARE

PEPPERS



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BREAKFREE



FY15 CBD HIGHLIGHTS YOY

Like for like revenue ↑ 3.6%

Rooms available ↑ 12.7%

Occupancy 84.5% ↑ 0.5%

ARR \$176.2 ↑ 1.0%

EBITDAI \$47.3m ↑ 10.3%



FY15 RESORTS HIGHLIGHTS YOY

Revenue ↑ 2.5%

Occupancy 69.5% ↑ 5.9%

ARR \$151.62 —

EBITDAI \$23.5m ↑ 4%



FY15 NEW PROPERTIES

Eleven new properties added in FY15

Mantra Midtown, Brisbane



Mantra Terrace, Brisbane



Peppers Gallery, Canberra



BreakFree on Clarence, Sydney



Mantra on Edward, Brisbane



BreakFree on Cashel, Christchurch



FY15 NEW PROPERTIES

Eleven new properties added in FY15

Mantra Bell City, Melbourne



BreakFree Bell City, Melbourne



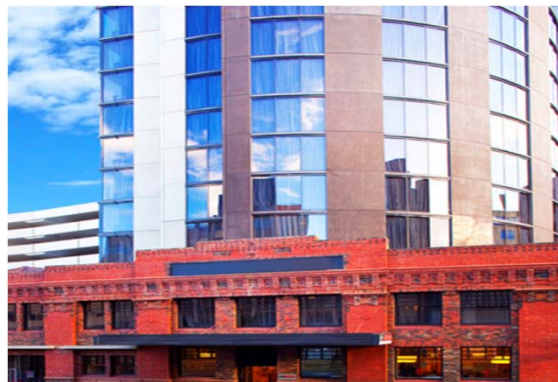
Mantra Sakala, Nusa Dua



Mantra Charles Hotel, Launceston



Mantra Collins Hotel, Hobart





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Growth and outlook

Peppers Cradle Mountain Lodge, Cradle Mountain

FY16 OUTLOOK

Mantra Group expects FY16 EBITDA, NPAT and NPATA to be between \$84m - \$87m, \$40m - \$42m and \$42.5m - \$45m respectively:

- Growth expected across the CBD, Resorts and CRD segments.
- Expectations for 2016 excludes:
 - Impact of any additional conditional or uncontracted properties as at reporting date
 - Any transaction costs associated with FY2016 acquisitions
 - Transaction costs associated with Outrigger and Soul, which completed on 1 July 2015.



NEW PROPERTIES FY16



Property: BreakFree on Collins
Location: Melbourne, VIC
Model: HMR
Rooms: 95
Opened: July 2015

NEW PROPERTIES FY16



Property: Mantra on View
Location: Surfers Paradise, QLD
Model: MLR
Rooms: 411
Opened: July 2015

NEW PROPERTIES FY16



Property: Mantra Twin Towns
Location: Coolangatta, QLD
Model: MLR
Rooms: 464
Opened: July 2015

NEW PROPERTIES FY16



Property: Peppers Noosa
Location: Noosa, QLD
Model: MLR
Rooms: 198
Opened: July 2015

NEW PROPERTIES FY16



Property: Mantra Boathouse Apartments
Location: Airlie Beach, QLD
Model: MA
Rooms: 56
Opened: July 2015

NEW PROPERTIES FY16



Property: Peppers Soul
Location: Surfers Paradise, QLD
Model: MLR
Rooms: 288
Opened: July 2015

NEW PROPERTIES FY16



Property: Peppers Waymouth Hotel
Location: Adelaide, SA
Model: Lease
Rooms: 202
Opened: September 2015

NEW PROPERTIES FY16



Property: Chevron Renaissance
Location: Surfers Paradise, QLD
Model: MLR
Rooms: 711
Opened: September 2015

PROPERTIES SCHEDULED TO ENTER PORTFOLIO



Property: Peppers Suarga
Location: Padang Padang, Bali
Model: MA
Rooms: 48
Opening: H1FY2016

PROPERTIES SCHEDULED TO ENTER PORTFOLIO



Property: M on Mary
Location: Brisbane, QLD
Model: MLR
Rooms: 374
Opening: H1FY2016

PROPERTIES SCHEDULED TO ENTER PORTFOLIO



Property: Peppers Docklands
Location: Melbourne, VIC
Model: Lease
Rooms: 87
Opening: H2FY2016

PROPERTIES SCHEDULED TO ENTER PORTFOLIO



Property: Hotel Richmond by Mantra
Location: Brisbane, QLD
Model: MA
Rooms: 110
Opening: H2FY2016

PROPERTIES SCHEDULED TO ENTER PORTFOLIO



Property: Peppers King Square
Location: Perth, WA
Model: HMR
Rooms: 120
Opening: H2FY2016

PROPERTIES SCHEDULED TO ENTER PORTFOLIO



Property: Mantra Hideaway Villas
Location: Pecatu, Bali
Model: MA
Rooms: 30
Opening: H1FY2017

PROPERTIES SCHEDULED TO ENTER PORTFOLIO



Property: Mantra Northbourne Avenue
Location: Canberra, ACT
Model: LEASE
Rooms: 176
Opening: H1FY2017

PROPERTIES SCHEDULED TO ENTER PORTFOLIO



Property: Tribe
Location: West Perth, WA
Model: HMR
Rooms: 120
Opening: H1FY2017



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Annexure: Financial Performance

Soul Surfers Paradise, Gold Coast

YEAR ON YEAR RESULTS OVERVIEW

	FY2015 (\$m)	FY2014 (\$m)	Change (\$m)	Change (%)
Operating Revenue	498.6	454.7	43.9	9.7
Other income	0.2	-	0.2	n/c
Total operating expenses	(425.7)	(393.4)	32.3	8.2
EBITDAI¹	73.1	61.3	11.8	19.2
Impairment (net reversal)	-	1.1	(1.1)	(100)
Depreciation	(8.6)	(8.2)	0.4	4.9
Amortisation (excluding amortisation of lease rights)	(5.9)	(5.5)	0.4	7.3
EBITA	58.6	48.7	9.9	20.3
Amortisation of lease rights	(3.8)	(3.8)	-	-
EBIT	54.8	44.9	9.9	22.0
Net finance costs	(3.9)	(45.3)	(41.4)	(91.4)
Profit before tax	50.9	(0.4)	51.3	n/c
Tax (expense) / credit	(14.7)	0.1	14.8	n/c
NPAT	36.2	(0.3)	36.5	n/c
NPATA	38.9	2.4	36.5	n/c

COMMENTS

- Business has performed strongly in FY2015.
- Revenue, EBITDAI, NPAT and NPATA all performing ahead of the same period last year and ahead of prospectus forecast
 - Operating revenue increased by 9.7% to \$498.6m in FY2015 from \$454.7m in FY2014
 - EBITDAI increased by \$11.8m or 19.2% in FY2015 from \$61.3m in FY2014.
- EBITDAI margin increased from 13.5% to 14.7% for the year.
- Strong revenue growth driven principally by property acquisitions in the CBD segment as well as strong performance by CRD.
- Strong growth in EBITDAI driven principally from organic growth and margin expansion in the portfolio.
- Eleven new properties were added in FY2015. Like for like increase in revenue and EBITDAI was \$15.5m and \$8.2m respectively.

1. EBITDAI – Earnings Before Interest, Taxation, Depreciation, Amortisation and Impairment

REVENUE AND EBITDAI BY SEGMENT

Operating Revenue	FY2015 (\$m)	FY2014 (\$m)	Change (\$m)	Change (%)
CBD	272.3	236.2	36.1	15.3
Resorts	181.8	177.3	4.5	2.5
Central Revenue and Distribution	41.8	36.9	4.9	13.3
Corporate	2.7	4.3	(1.6)	(37.2)
Total	498.6	454.7	43.9	9.7

EBITDAI 1.	FY2015 (\$m)	FY2014 (\$m)	Change (\$m)	Change (%)
CBD	47.3	42.9	4.4	10.3
Resorts	23.5	22.6	0.9	4.0
Central Revenue and Distribution	29.9	25.3	4.6	18.2
Corporate	(27.6)	(29.5)	1.9	6.4
Total	73.1	61.3	11.8	19.2

COMMENTS

- Strong CBD revenue growth of \$36.1m or 15.3% to \$272.3m compared to FY2014 revenue
 - Like for like revenue growth of \$8.4m (3.6%), with new properties contributing \$27.7m to revenue in the period.
- Solid Resorts revenue growth of 2.5% to \$181.8m compared to FY2014 revenue.
 - Resorts EBITDAI of \$23.5m is 4.0% or \$0.9m ahead of FY2014 EBITDAI.
- CRD segment results were driven by an increase in revenue from higher booking volumes through central channels and increased management fees from new properties under management.
- A saving in costs associated with last year's IPO benefited the results of the Corporate segment.

CBD SEGMENT - HIGHLIGHTS



CBD revenue increased by \$36.1m, from \$236.2m FY14 result to \$272.3m, an increase of 15.3%

- Total rooms available increased by 12.7%. Increase predominately came from new properties.
 - New properties include Peppers Gallery Hotel, Canberra, Mantra Midtown and Mantra on Edward in Brisbane and Mantra Collins and Mantra Charles, Tasmania.
- Occupancy increased by 0.4% as business sentiment improved and events such as the Cricket World Cup, Asian Champions League and city wide conferences increased demand in Melbourne, Adelaide, Darwin and Brisbane.
- Average room rate increased by 1.0%. Constrained demand in Darwin and city wide conferences in Melbourne and Brisbane were the key drivers.

	FY2015 Actual	FY2014 Actual	FY 2014-2015 Change	FY 2014-2015 Change (%)
Total rooms available ('000)	1,629	1,446	183	12.7
Paid rooms sold ('000)	1,376	1,216	160	13.2
Occupancy (%)	84.5	84.1	0.4	0.5
Average room rate (\$)	176.20	174.46	1.74	1.0
RevPAR (\$)	148.81	146.78	2.03	1.4

RESORT SEGMENT - HIGHLIGHTS

Resorts revenue increased by \$4.5m, from \$177.3m to \$181.8m, an increase of 2.5%

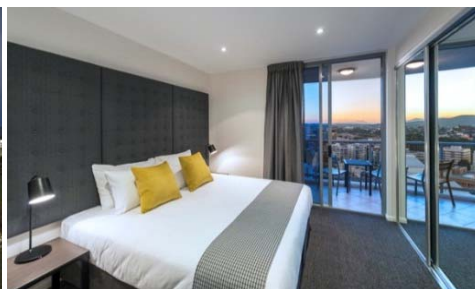
- Occupancy increased by 3.9% from 65.6% to 69.5% as a result of consistent leisure demand across all key regions during the year as a result of:
 - Increased capacity from low cost carriers into Queensland
 - Increased demand for Australian holidays from domestic travellers
 - Strong profitable group/events business
- RevPAR was higher by 5.9% as a result of strong demand in key leisure destinations despite no change to the average room rates compared to FY2014.

	FY2015 Actual	FY2014 Actual	FY 2014-2015 Change	FY 2014-2015 Change (%)
Total rooms available ('000)	1,906	1,922	(16)	(0.8)
Paid rooms sold ('000)	1,325	1,260	65	5.2
Occupancy (%)	69.5	65.6	3.9	5.9
Average room rate (\$)	151.62	151.69	(0.07)	-
RevPAR (\$)	105.37	99.48	5.89	5.9

CRD SEGMENT

CRD revenue increased by \$4.9m, from \$36.9m to \$41.8m, an increase of 13.3%

- CRD EBITDAI of \$29.9m exceeded last year by \$4.6m.
- Management fees grew from new properties under management. There were six managed properties added during the year; namely Mantra Terrace Hotel, Brisbane, BreakFree on Clarence, Sydney, Mantra and BreakFree Bell City, Melbourne, BreakFree on Cashel, Christchurch and Mantra Sakala, Bali.
- Other growth resulted from the continued consumer trend to book through centralised channels.



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All dollar values are in Australian dollars (A\$) unless otherwise stated.