

Mantra Group

May 2016

MANTRA
GROUP

PEPPERS

mantra BreakFree

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HIGHLIGHTS

Strong
H116
Results

UNDERLYING EBITDAI \$53.2M

↑ 26.1%



1

Confirm
guidance
FY16



2

Market supply
growth in line
with expectations



3

Portfolio growth
exceeding
expectations

10 PROPERTIES YTD



4

New properties
performing well



5

Refurbishments



6

Stakeholder
satisfaction



7

Asia platform
strengthened

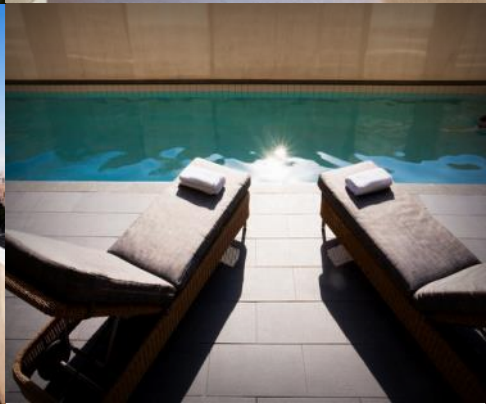


8

PEPPERS



MANTRA



BREAKFREE



AUSTRALIA & NEW ZEALAND

- Continued growth in resorts (variable structures)
- Strategic exposure to CBD locations (fixed and variable structures)



OFF SHORE

- Low risk approach
- Focussing on Mantra Group's competitive advantage





State of Market

DEMAND

Overnight trips forecast to increase
3.5% to 324m in 2015-16 and
3.7% to 336m in 2016-17



International arrivals to increase
5.9% to 7.5m in 2015-16 and
5.6% to 7.9m in 2016-17



INTERNATIONAL ARRIVALS

10 Year International Short-term (less than one year)



Source: ABS

INTERNATIONAL VS. DOMESTIC

10 Year - International Room Nights % for Hotel/Resort/Motel or Motor Inn



10 Year - Domestic Room Nights % for Hotel/Resort/Motel or Motor Inn

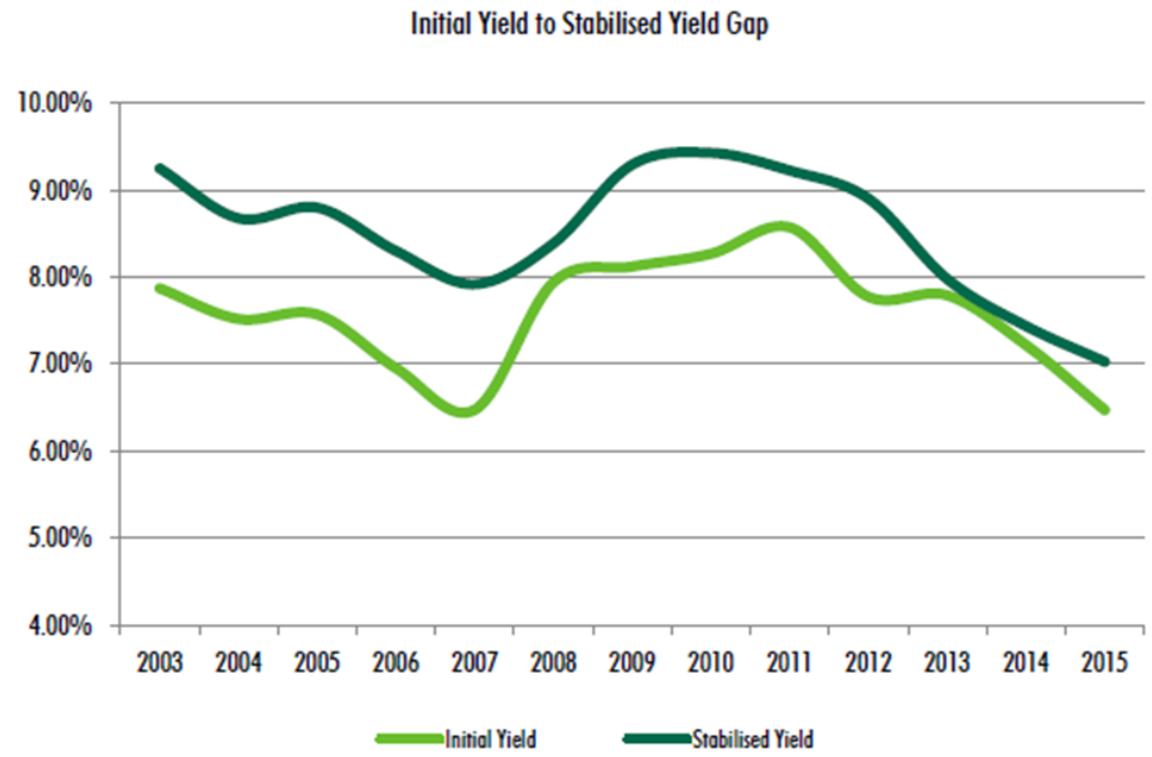


SUPPLY: 1-3% GROWTH

Hotel rooms across major Australian cities



HOTEL INVESTMENT RETURNS (AUS)



BUILD V BUY | BUYING EXISTING 12% CHEAPER

BUILD

Example	Rating	Keys	GRF/Key	Total GFA	Low Build Cost	High Build Cost	FF&E / OS&E	Land
Mantra	4 Star	220	75	16,500	\$225,000	\$275,000	\$25,000	\$35,000
					\$49,500,000	\$60,500,000	\$5,500,000	\$7,700,000
BUILD PER HOTEL					\$68,200,000			
BUILD PER KEY					\$310,000			

BUY (based on recent sales data)

Property	Keys	Buy Price	Transacted	Buy Per Key
Tryp Fortitude Valley, Brisbane	65	\$20,000,000	Jan 2016	\$307,692
Crowne Plaza Surfers Paradise	269	\$54,200,000	Jun 2015	\$201,487
Pullmans Cairns International	321	\$75,100,000	May 2015	\$233,956
Surfers Paradise Marriott Resort	329	\$85,000,000	May 2015	\$258,359
Next Hotel Brisbane	304	\$103,000,000	Jan 2015	\$338,816
Novotel Brighton Beach	296	\$84,750,000	Jan 2015	\$286,318
BUY PER KEY (avg)				\$271,105

Buying existing
Upscale Hotel
12% cheaper than
building

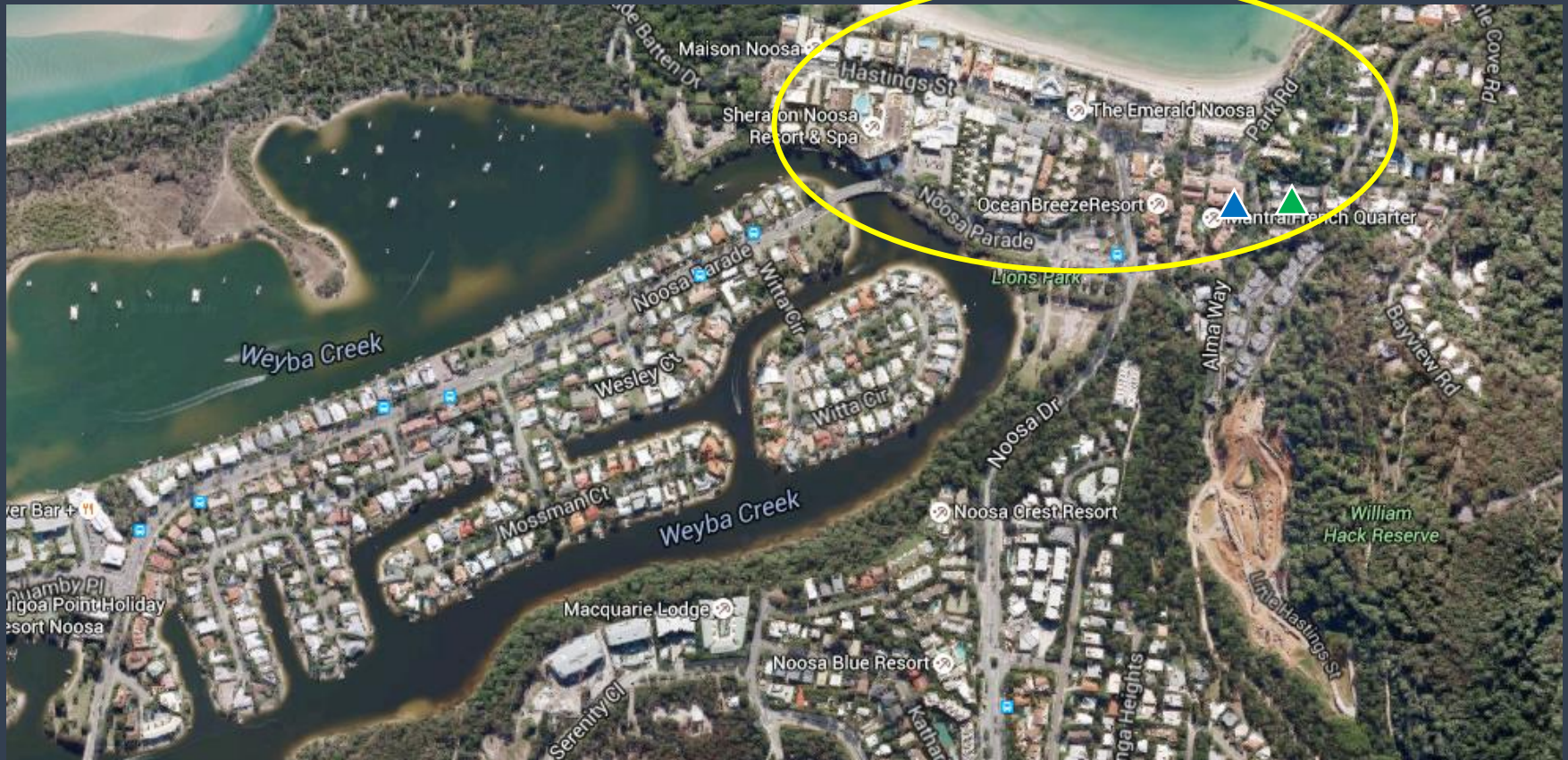
SHADOW SUPPLY & SUPPLY CHAIN

- Current state (noise in market)
- Inventory (market share)
- Mantra Group's experience and other operators
- Percentage that is competitive
- Market segments (business, leisure, group, conference, inbound, crew, incentive, family)
- Price points
- Critical mass and operating leverage

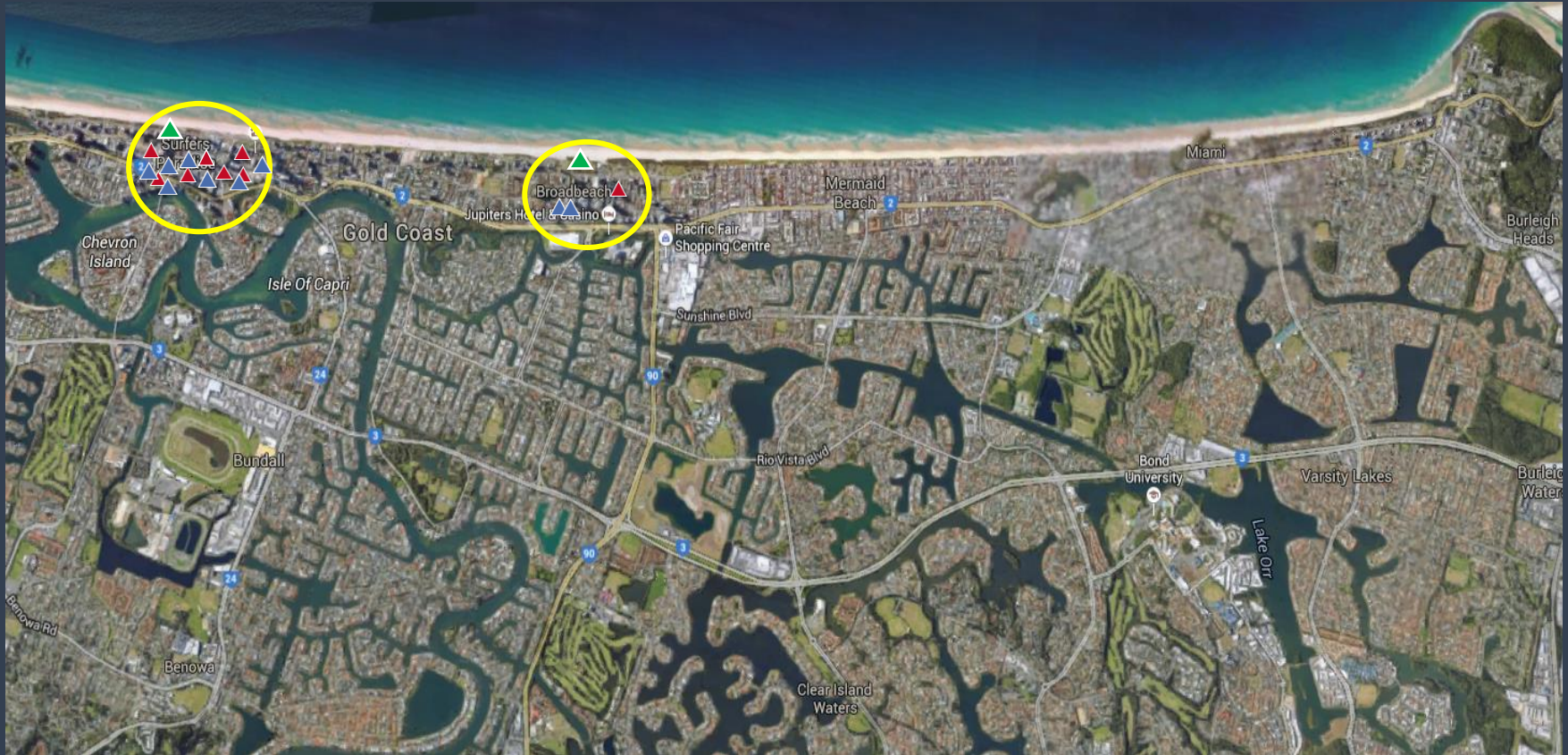
SHADOW SUPPLY & SUPPLY CHAIN

- No noticeable change in revenue or profitability in any market yet
- No loss of keys whatsoever
- A lot to learn / monitor
- Continued strength of OTAs
- Distribution cost static
- Sophisticated distribution model is critical

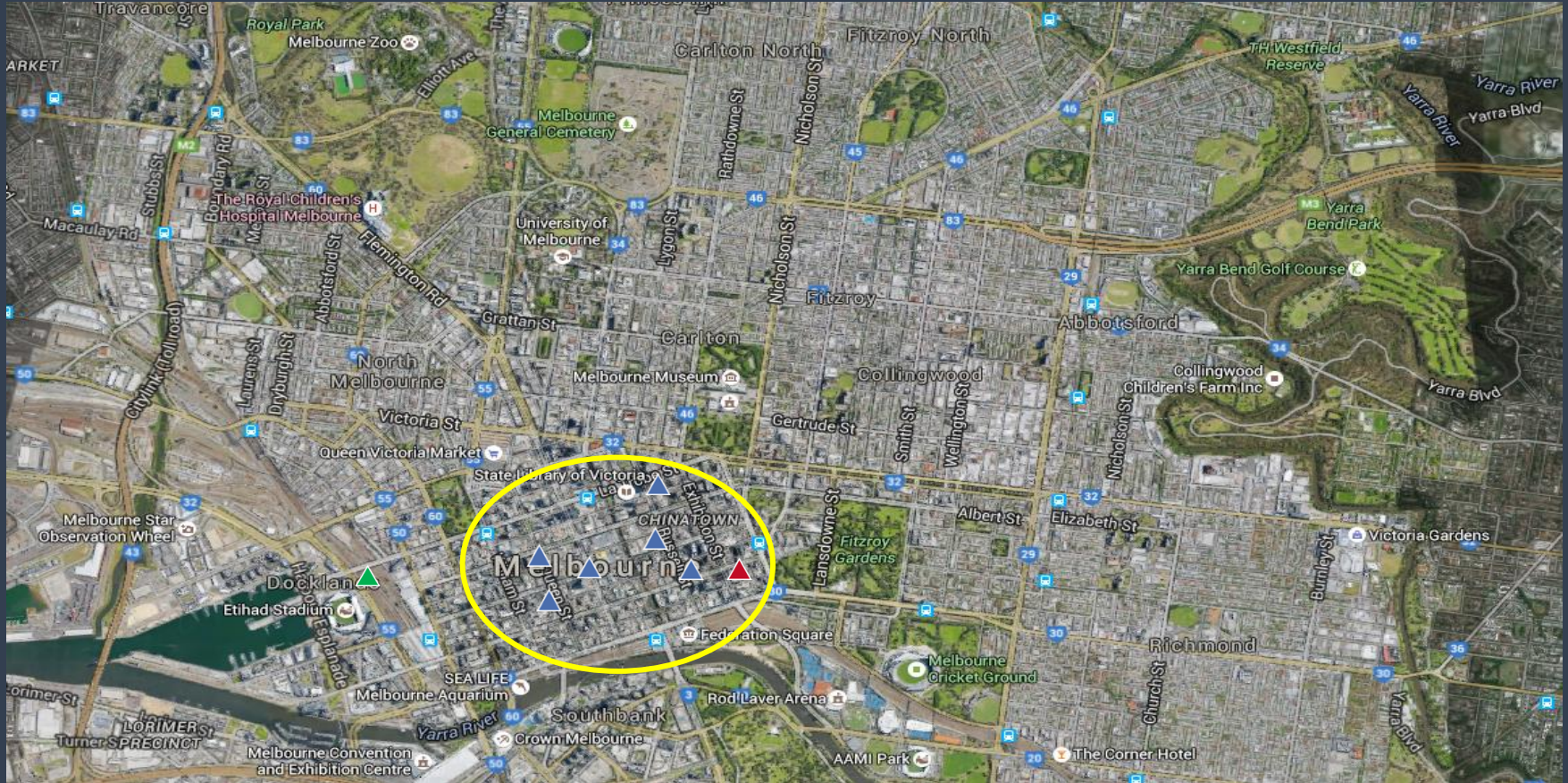
NOOSA



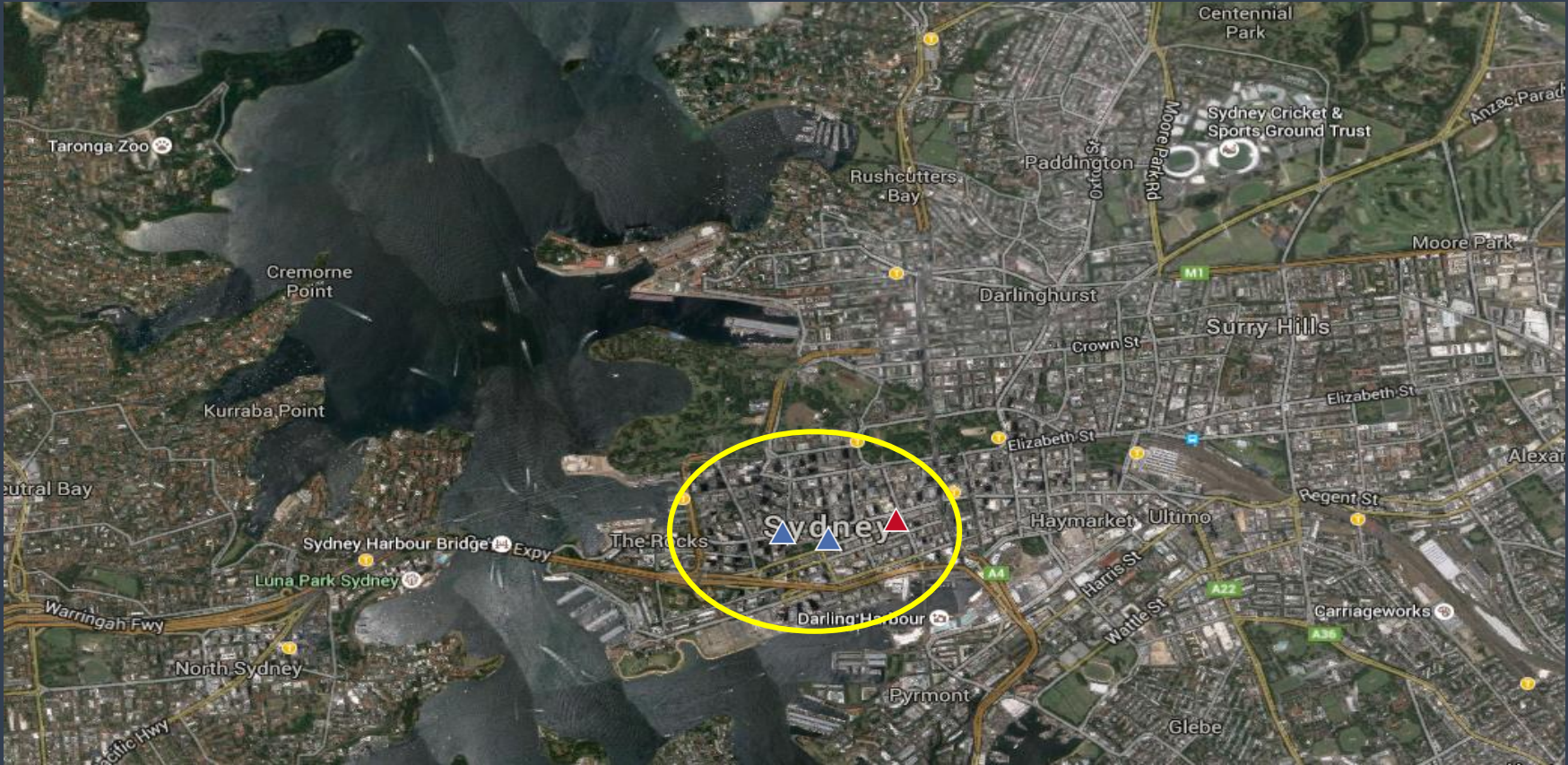
GOLD COAST



MELBOURNE



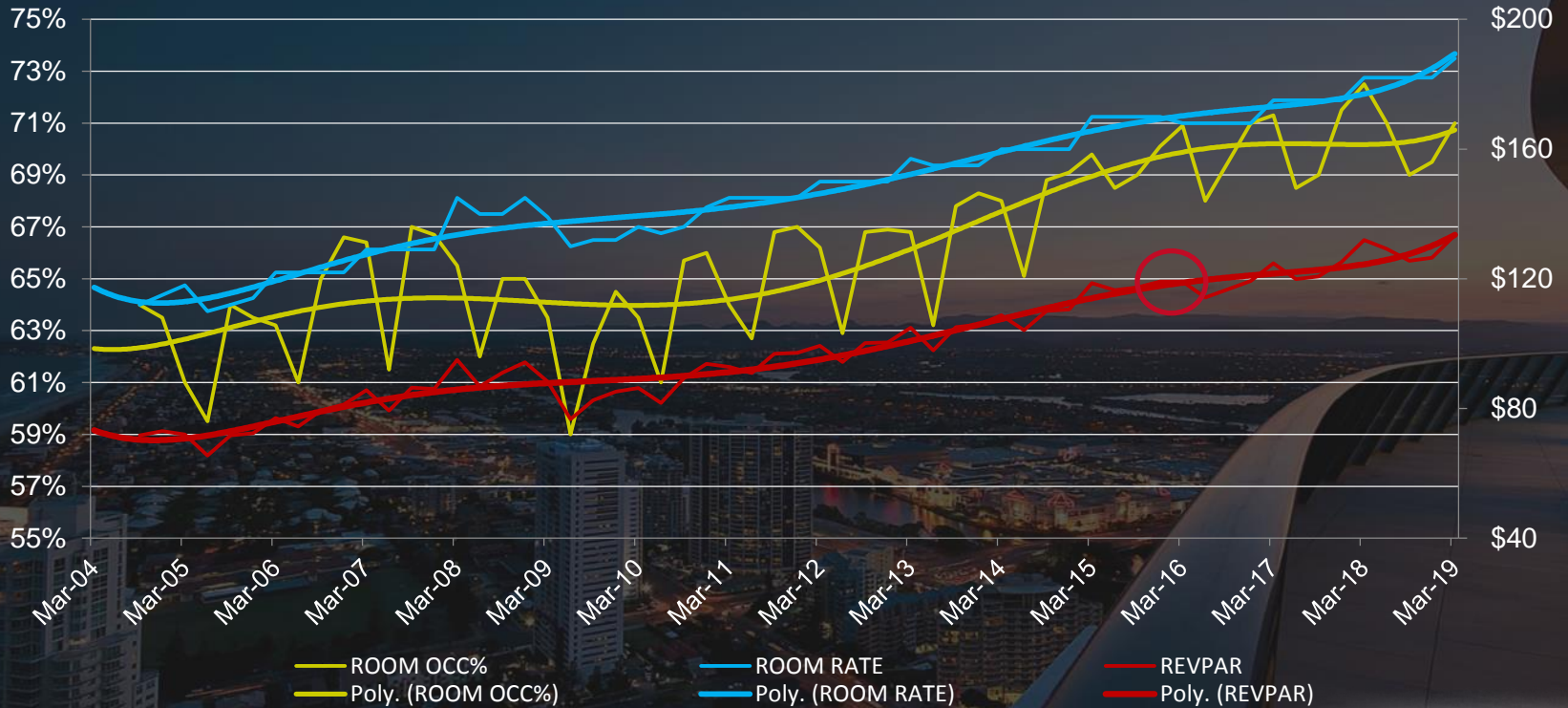
SYDNEY





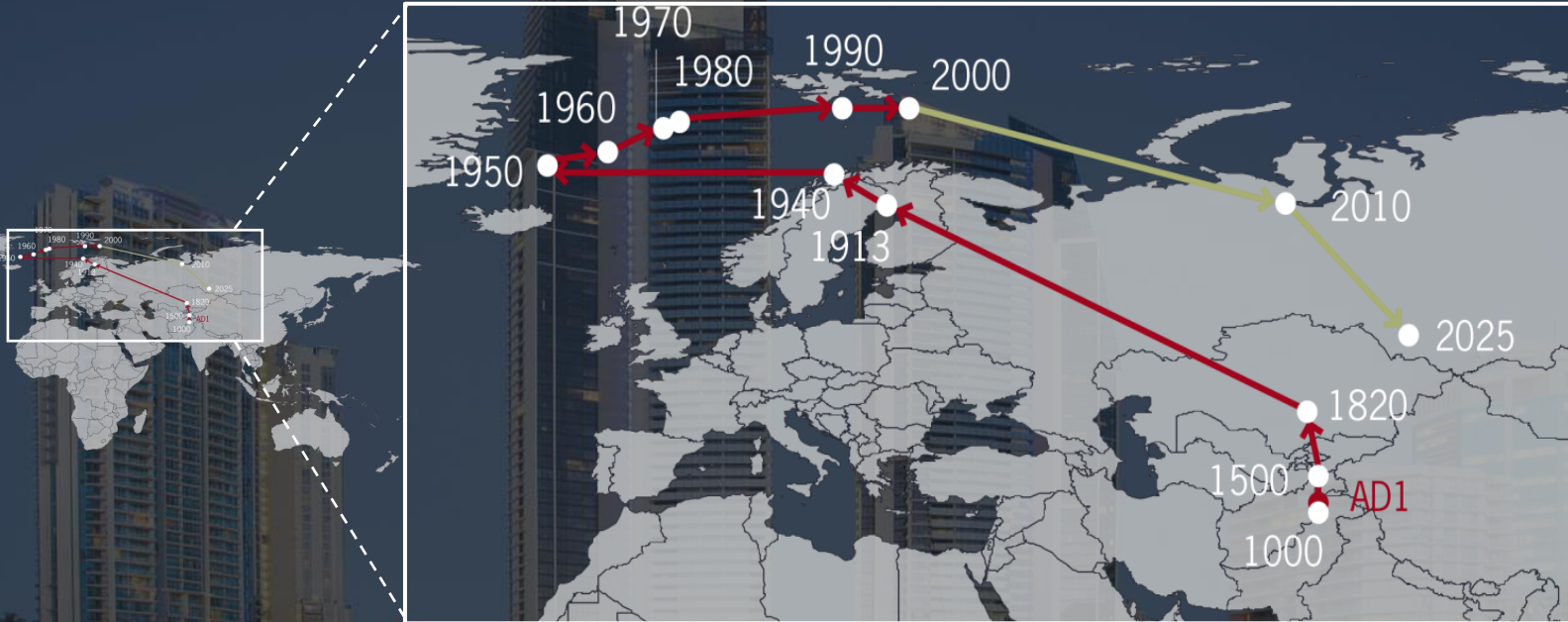
Industry Outlook

HOTEL OUTLOOK AUSTRALIA



WORLD'S ECONOMIC CENTRE OF GRAVITY

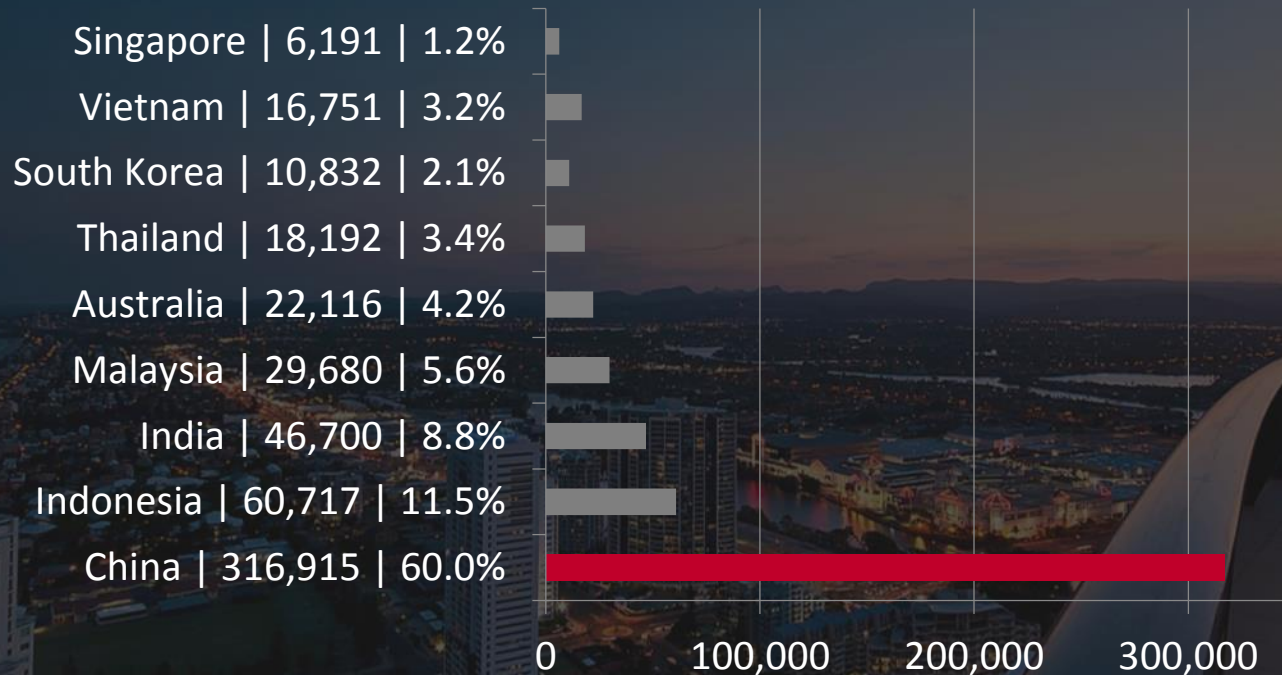
Evolution of the earth's economic centre of gravity¹
AD 1 to 2025



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.

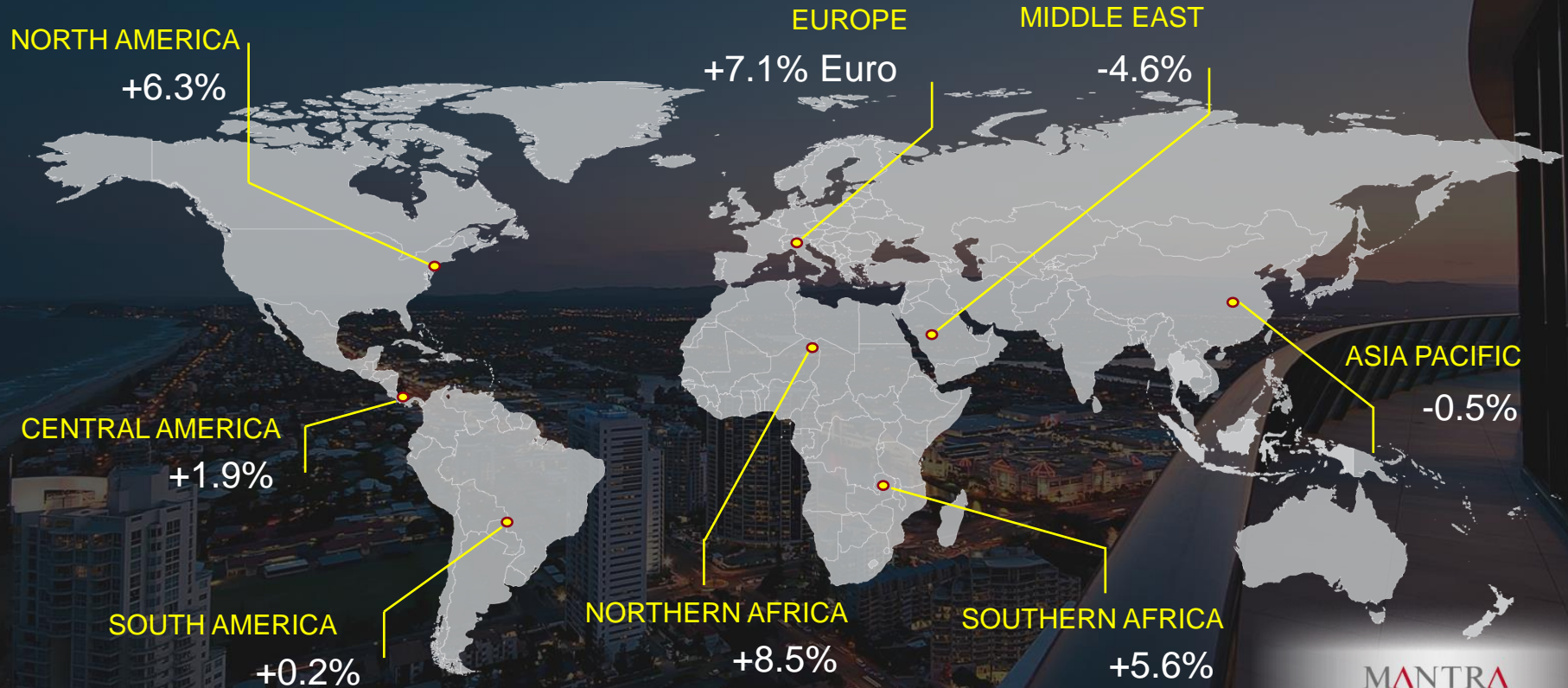
SUPPLY - ASIA PACIFIC PIPELINE

Total of 528,094 rooms in the pipeline for the listed regions



REVPAR % CHANGE MAP

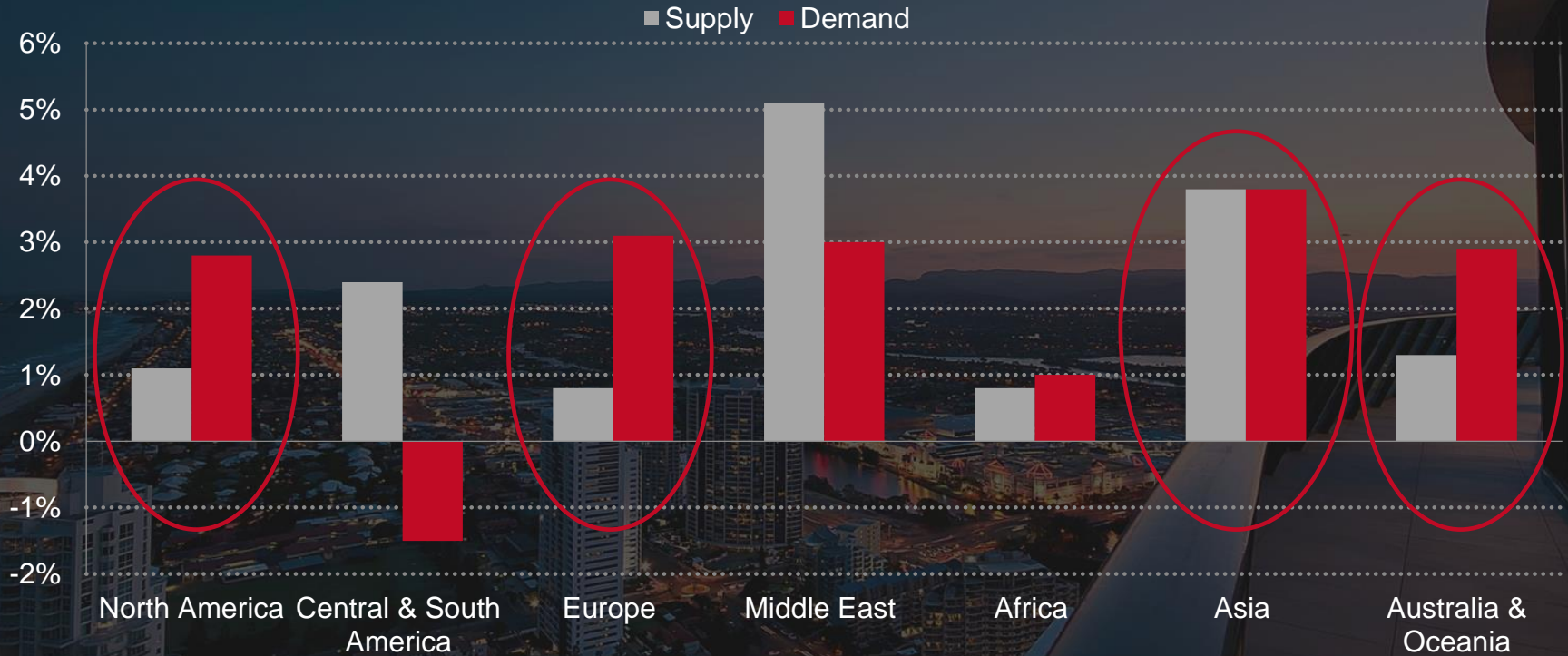
December 2015 YTD, USD, Europe in EUR, Constant Currency



Source: STR, December 2015

GLOBAL PICTURE SUPPLY & DEMAND

Supply & Demand % Change, December 2015 YTD



An infographic with a background image of an airport tarmac and a large white aircraft. Five semi-transparent circles of different colors (grey and red) are overlaid on the image, each containing text. The circles are arranged in a cluster, with the largest grey circle at the top center and four smaller circles below it. The text inside the circles is white. The background image shows a wide-angle view of an airport with multiple runways, taxiways, and a large terminal building. A large white aircraft is visible on the tarmac. The sky is blue with some clouds.

1914

**First commercial
passenger flight**

2014

Global passenger
traffic
6.7 billion

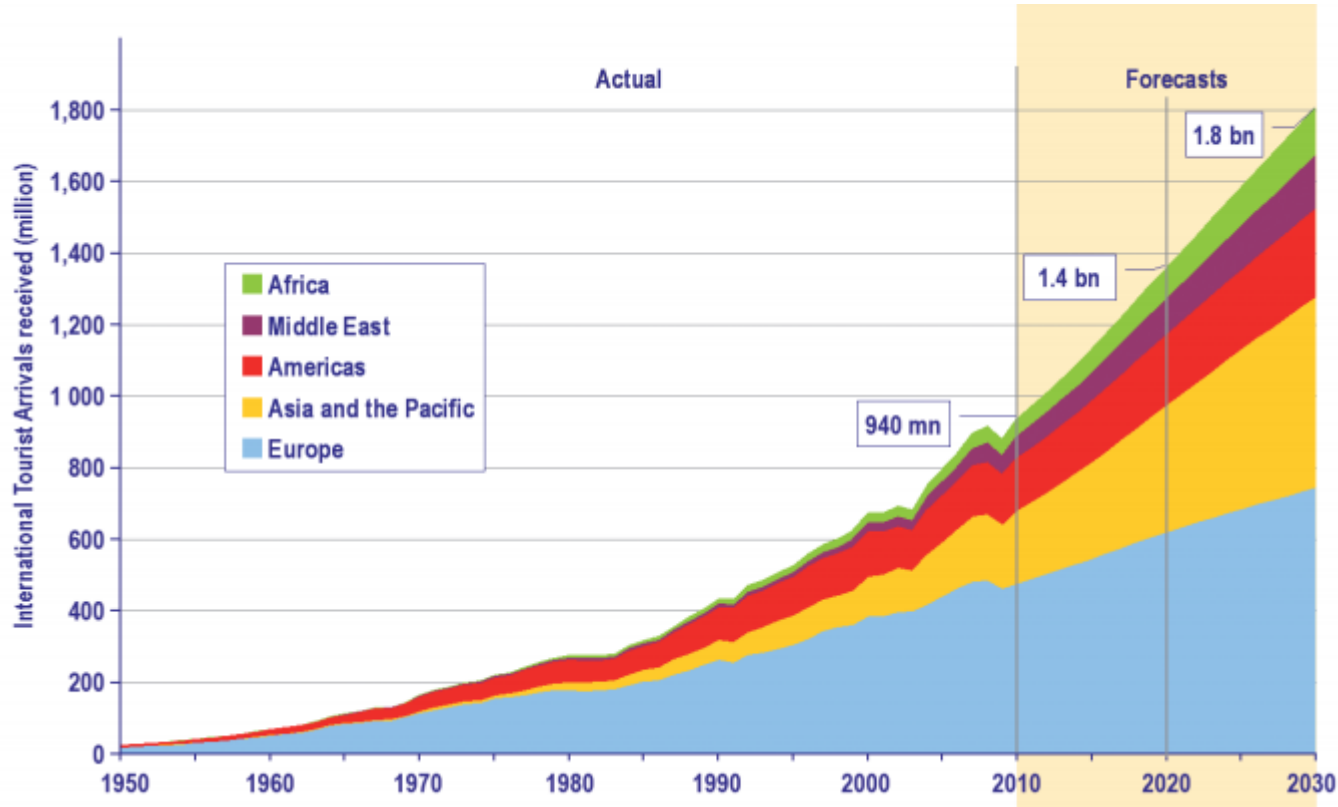
1,205
passengers

32,600
new aircraft
2015-2034

40% Asia
Pacific

INTERNATIONAL ARRIVALS

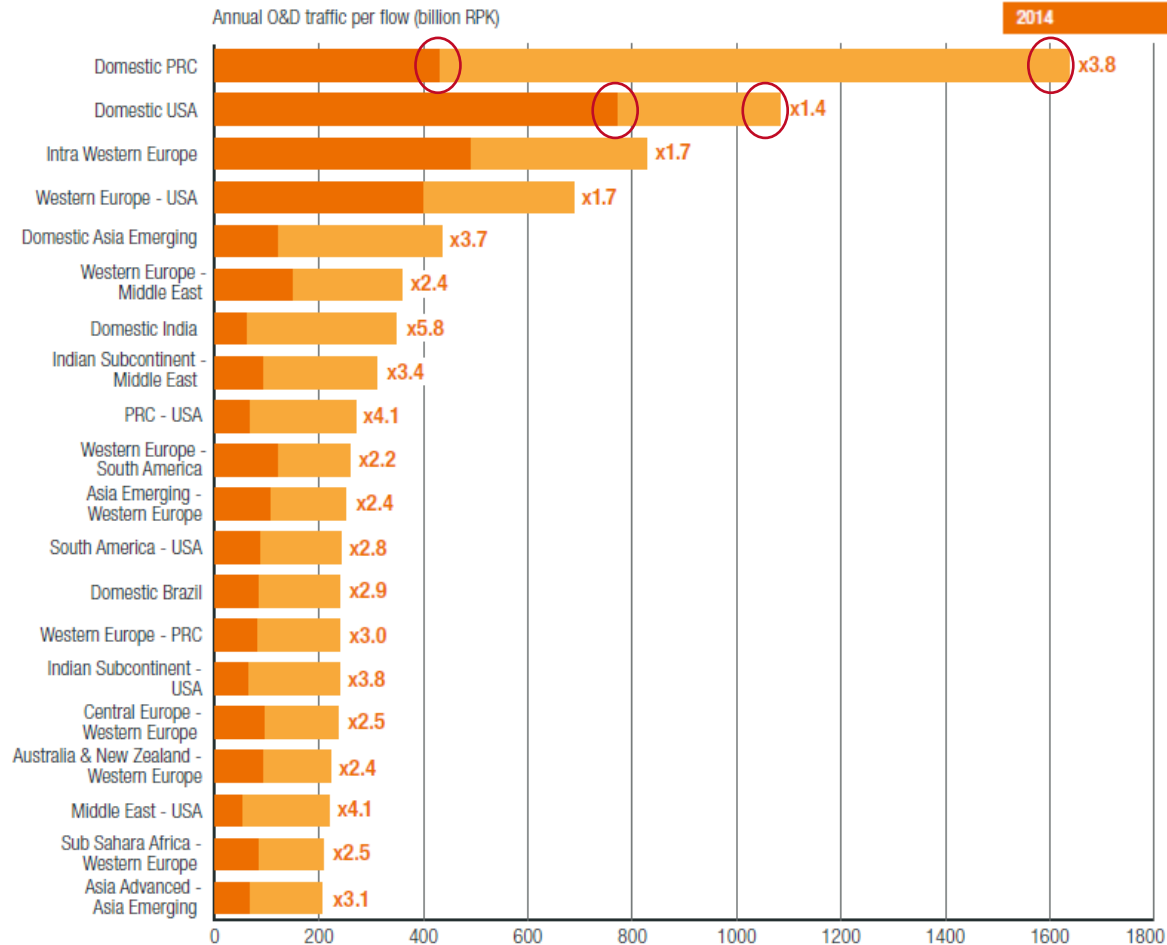
Tourism Towards 2030 – Actual trend and forecast 1950 - 2030





**Air traffic will
double in the
next 15
years**

DOMESTIC PRC LARGEST O&D TRAFFIC FLOW 2034

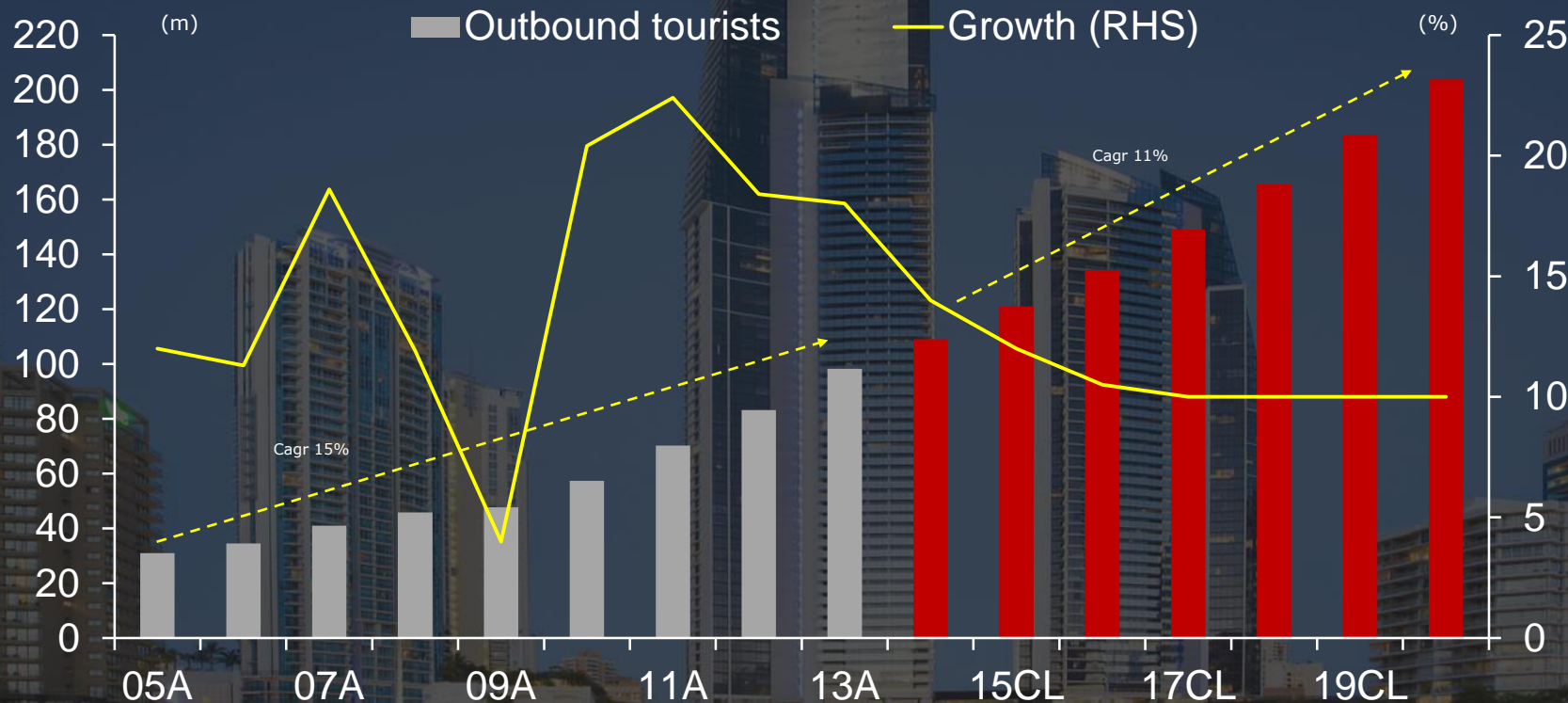




**Asia's middle
class 500m
to 3.2b in
2030**

Emerging
middleclass
two-thirds
larger within
five years

CHINA OUTBOUND TOURISM



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

THE GOLDEN AGE OF TRAVEL

1947

2015

85 week's
pay

1.3
week's
pay

A scenic view of a beach at sunset. In the background, a tall, modern skyscraper with a unique, stepped design stands prominently. The sky is a mix of blue and orange, indicating the time is either dawn or dusk. The ocean waves are gently breaking on the sandy beach, and the wet sand reflects the colors of the sky and the building.

Growth and outlook

FY16 OUTLOOK



Mantra Group reaffirms its FY2016 guidance

- Guidance provided in August 2015 was EBITDAI, NPAT and NPATA of between \$84m - \$87m, \$40m - \$42m and \$42.5m - \$45m respectively
- Guidance for FY2016 excluded the impact of any additional conditional or uncontracted properties as at 30 June 2015 and any transaction costs associated with FY2016 acquisitions, including transaction costs associated with Outrigger and Soul, which completed on 1 July 2015
- Inclusive of new properties to 18 February 2016, updated guidance for FY2016 is EBITDAI, NPAT and NPATA of between \$88.5m - 90.5m, \$41.5m - \$43m and \$44.2m and \$45.7m respectively
- Guidance excludes the impact of any additional conditional or uncontracted properties as at 18 February 2016 and any transaction costs associated with FY2016 acquisitions
- Mantra Group will continue to assess suitable acquisition opportunities both domestically and abroad

PROPERTIES SCHEDULED TO ENTER PORTFOLIO



Property: Hotel Richmond by Mantra
Location: Brisbane, QLD
Model: HMR
Rooms: 110
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: Peppers Kings Square
Location: Perth, WA
Model: HMR
Rooms: 120
Opening: H1FY2017

PROPERTIES SCHEDULED TO ENTER PORTFOLIO



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

PROPERTIES SCHEDULED TO ENTER PORTFOLIO



Property: Mantra Springhill Jimbaran
 Location: Bali, Indonesia
 Model: MA
 Rooms: 226
 Opening: H1FY2017

PROPERTIES SCHEDULED TO ENTER PORTFOLIO



Property: Mantra Wallaroo Shores
 Location: Wallaroo, SA
 Model: MA
 Rooms: 100
 Opening: H2FY2017

PROPERTIES SCHEDULED TO ENTER PORTFOLIO



Property: Mantra Sydney Airport
 Location: Sydney, NSW
 Model: HMR
 Rooms: 136
 Opening: H2FY2017

PROPERTIES SCHEDULED TO ENTER PORTFOLIO



Property: Mantra Macarthur Hotel
 Location: Canberra, ACT
 Model: Lease
 Rooms: 176
 Opening: H2FY2017

PROPERTIES SCHEDULED TO ENTER PORTFOLIO



Property: Mantra Tamansari Gangga
 Location: Bali, Indonesia
 Model: MA
 Rooms: 132
 Opening: H1FY2018

PROPERTIES SCHEDULED TO ENTER PORTFOLIO



Property: Mantra Hercules, Hamilton Harbour
 Location: Brisbane, Qld
 Model: MLR
 Rooms: 228
 Opening: H1FY2018

PROPERTIES SCHEDULED TO ENTER PORTFOLIO



Property: Mantra Albury Hotel
 Location: Albury, NSW
 Model: HMR
 Rooms: 158
 Opening: H2FY2018

PROPERTIES SCHEDULED TO ENTER PORTFOLIO



Property: Mantra 900 Hay Street
 Location: Perth, WA
 Model: Lease
 Rooms: 250
 Opening: H2FY2018

PROPERTIES SCHEDULED TO ENTER PORTFOLIO



Property: Peppers James Hotel
 Location: Brisbane, QLD
 Model: HMR
 Rooms: 144
 Opening: H2FY2018

PROPERTIES SCHEDULED TO ENTER PORTFOLIO



Property: Mantra The Miller, North Sydney
 Location: Sydney, NSW
 Model: Lease
 Rooms: 100
 Opening: H2FY2018

PROPERTIES SCHEDULED TO ENTER PORTFOLIO



Property: Mantra Epping Hotel
 Location: Melbourne, Vic
 Model: HMR
 Rooms: 204
 Opening: H2FY2018

PROPERTIES SCHEDULED TO ENTER PORTFOLIO



Property: Mantra Macquarie Park
Location: Sydney, NSW
Model: HMR
Rooms: 154
Opening: H2FY2018

PROPERTIES SCHEDULED TO ENTER PORTFOLIO



Property: Mantra on Daly
Location: Darwin, NT
Model: MA
Rooms: 201
Opening: H2FY2018

PROPERTIES SCHEDULED TO ENTER PORTFOLIO



Property: Mantra Medan Tuanku
 Location: Kuala Lumpur, Malaysia
 Model: HMR
 Rooms: 220
 Opening: H2FY2018

A modern, minimalist interior space featuring a large, curved staircase with illuminated steps on the right. The walls are made of light-colored stone or concrete. On the left, there are two armchairs, a floor lamp, and a large potted plant. A large, semi-transparent red circle is overlaid in the center of the image, containing the text "Financial Performance".

Financial Performance

PERIOD ON PERIOD RESULTS OVERVIEW

	H1FY2016 (\$m)	H1FY2015 (\$m)	Change (\$m)	Change (%)
Total revenue	307.4	252.6	54.8	21.7
Statutory results				
EBITDAI ¹	48.4	42.2	6.2	14.7
NPAT	24.3	21.8	2.5	11.5
NPATA	25.6	23.1	2.5	10.7
Underlying Results²				
EBITDAI ¹	53.2	42.2	11.0	26.1
NPAT	27.6	21.8	5.8	26.6
NPATA	28.9	23.1	5.8	25.3
Other key statistics				
Rooms available ('000)	2,093	1,766	327	18.5
Occupancy (%)	79.9	78.1	1.80	2.3
Average room rate (\$)	171.14	165.17	5.97	3.6
RevPAR (\$)	136.82	129.04	7.78	6.0

- COMMENTS
- Business has performed strongly in H1FY2016
 - The commentary refers to Underlying Results².
 - Revenue, EBITDAI, NPAT and NPATA all performed ahead of the pcip
 - Total revenue increased by 21.7% to \$307.4m from \$252.6m
 - EBITDAI increased by \$11.0m or 26.1% to \$53.2m from \$42.2m
 - EBITDAI margin increased from 16.7% to 17.3% for the period primarily driven by increased rate and occupancy in Resorts segment
 - Strong revenue growth driven by
 - Nine property acquisitions completed in the period (increase of \$32.2m)
 - Organic³ growth (increase of \$22.6m)
 - Strong Chinese inbound trends continue

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

² Underlying Results are the statutory results excluding transaction costs of \$4.8m incurred in respect of the acquisitions completed in the period

³ Organic excludes properties added in H1FY2016

REVENUE AND UNDERLYING EBITDAI BY SEGMENT

Operating Revenue	H1FY2016 (\$m)	H1FY2015 (\$m)	Change (\$m)	Change (%)
CBD	157.4	136.3	21.0	15.4
Resorts	125.3	95.1	30.2	31.8
Central Revenue and Distribution	23.1	20.1	3.0	14.9
Corporate	1.5	1.0	0.5	50.0
Total	307.3	252.5	54.9	21.7

Underlying EBITDAI ^{1,2}	H1FY2016 (\$m)	H1FY2015 (\$m)	Change (\$m)	Change (%)
CBD	27.7	25.1	2.6	10.4
Resorts	21.7	15.0	6.7	44.7
Central Revenue and Distribution	16.8	15.8	1.0	6.3
Corporate	(13.0)	(13.7)	0.7	5.1
Total	53.2	42.2	11.0	26.1

COMMENTS

- Strong CBD revenue growth of \$21.0m or 15.4% to \$157.4m
 - New CBD properties contributed \$6.8m in revenue. New CBD properties contribution to H1FY2016 EBITDAI was marginal due to start-up costs and timing of acquisitions
 - Organic increase in CBD revenue was \$14.2m
- Very strong Resorts revenue growth of 31.8% to \$125.3m compared to pcpc
 - New Resorts properties contributed \$25.4m in revenue and \$4.7m in EBITDAI
 - Organic increase in Resorts revenue and EBITDAI was \$4.8m and \$2.0m respectively
- CR&D segment results were driven by an increase in revenue from higher booking volumes through central facilitated channels and increased management fees from new properties under management
- Tight cost control in the Corporate segment resulted in savings of \$0.7m compared to the pcpc

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

² Underlying Results are the statutory results before transaction costs of \$4.8m incurred in respect of the acquisitions completed in the period

FY2016 NEW PROPERTIES

Ten new properties added in FY2016 and performing in line with expectations

BreakFree on Collins, Melbourne



Mantra on View, Surfers Paradise



Mantra Twin Towns, Gold Coast



Peppers Noosa, Noosa



Mantra Boathouse, Airlie Beach



Peppers Waymouth Hotel, Adelaide



FY2016 NEW PROPERTIES

Ten new properties added in FY2016 and performing in line with expectations

Mantra on Chevron, Surfers Paradise



Mantra on Mary, Brisbane



*Peppers Soul, Surfers Paradise



Peppers Docklands, Melbourne



* Peppers Soul, Surfers Paradise successfully transitioned from MA to MLR during the period

BALANCE SHEET AND CREDIT METRICS

Statutory balance sheet	31 Dec 15 Actual (\$m)
Cash and cash equivalents	42.0
Other current assets	75.0
Current assets	117.0
PPE	120.5
Intangible assets	474.8
Other non-current assets	1.0
Total non-current assets	596.3
Total assets	713.3
Trade and other payables	45.3
Other liabilities	60.9
Total current liabilities	106.2
Borrowings	160.4
Other non-current liabilities	96.5
Total non-current liabilities	256.9
Total liabilities	363.1
Net assets	350.2

COMMENTS
<ul style="list-style-type: none"> • Very strong balance sheet and cash position • Intangible assets have increased by \$110.6m (30.4%) since 30 June 2015 following the acquisition of nine properties • Syndicated Facility Agreement extended by \$40m in the period. The Group is well within debt covenants under banking facilities • Strong balance sheet leaves the Group in a good position to take advantage of growth opportunities, which may include hotel acquisitions • The Group expects to review some of its debt facilities pre 30 June 2016

Credit metrics	
Borrowings (\$m)	160.4
Cash and cash equivalents (\$m)	42.0
Net total indebtedness (\$m)	118.4
Net debt /LTM Underlying EBITDAI	1.4x
FY2016 LTM Underlying EBITDAI/LTM Net finance cost	20.3x



Mantra Group

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