

Mantra Group

June 2016

MANTRA
GROUP

PEPPERS

mantra BreakFree

Peppers Docklands, Melbourne

Contents

Mantra Group Overview

3

State of Market

8

Australian Market

18

Mantra Group

24



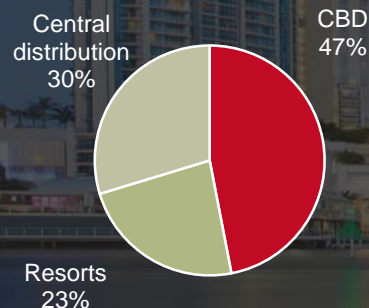
Mantra Group Overview

OVERVIEW

Mantra Group*

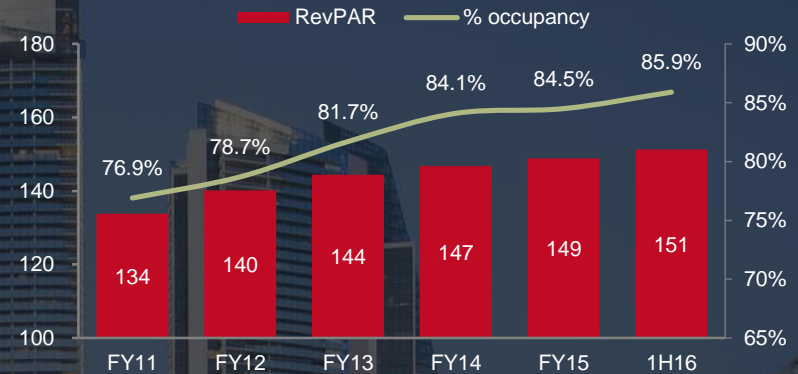
- Largest Australia-based hotel and resort operator
- 20,500+ rooms under management in 125+ properties across Australia, New Zealand, Bali – Indonesia and Hawaii
- Successfully listed on the Australian Securities Exchange in June 2014
- Quality, diversified property portfolio with long tenure—average remaining agreement tenure of 18 years
- 5,000+ employees

Operating segment

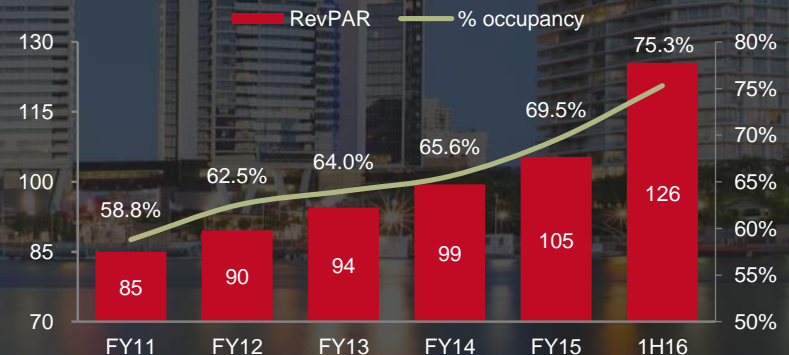


*Includes Ala Moana, Honolulu which settles in July 16

CBD - RevPAR (A\$)



Resorts – RevPAR (A\$)

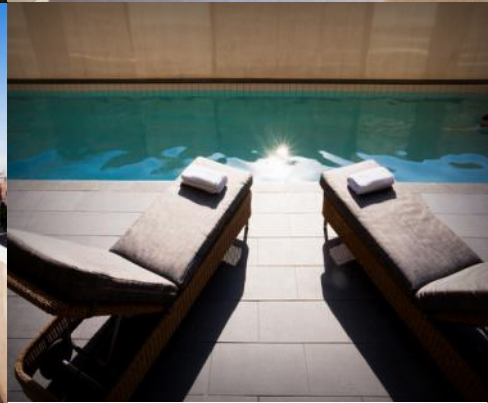


PEPPERS



MANTRA
GROUP

MANTRA



BREAKFREE

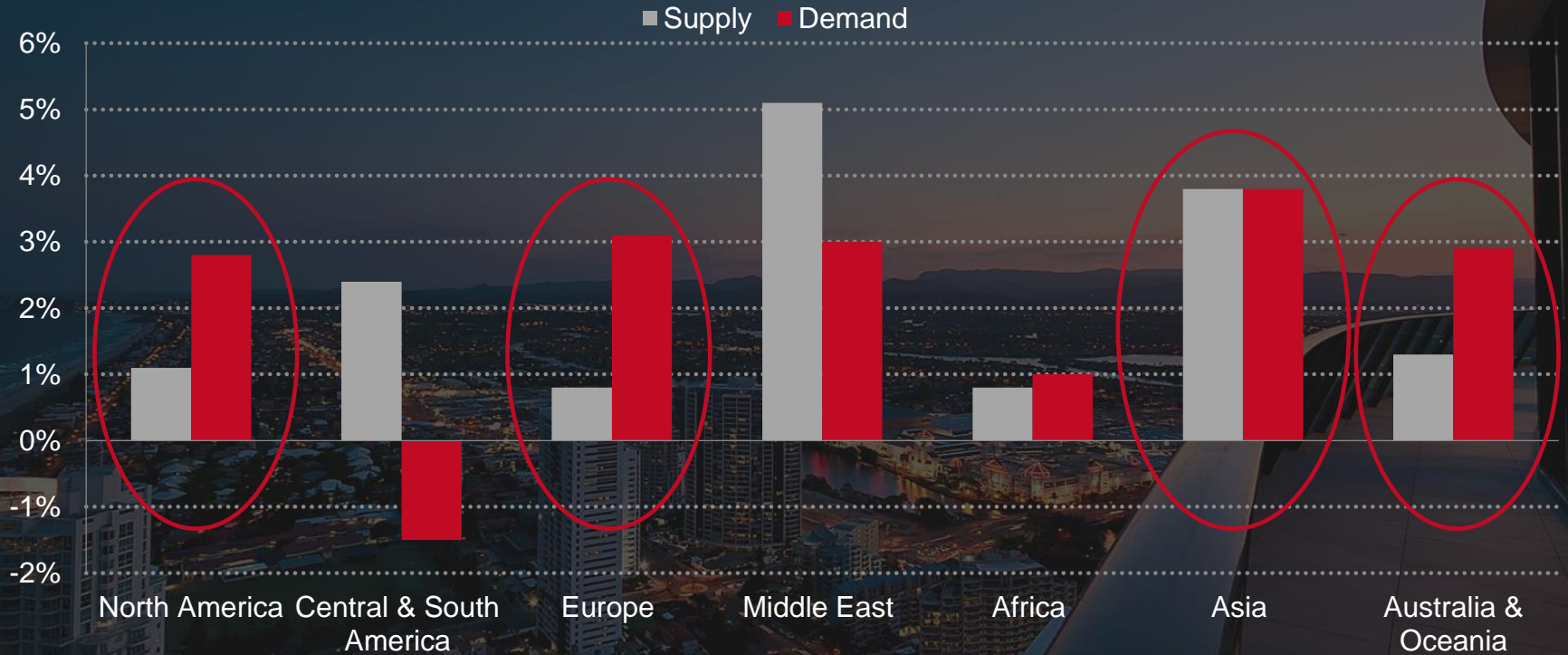


A scenic view of a beach at sunset. In the background, a tall, modern skyscraper with a unique, stepped design stands prominently. The sky is a mix of blue and orange, indicating the time is either dawn or dusk. The ocean waves are gently breaking on the shore, and the wet sand reflects the colors of the sky and the building. A large, solid red circle is superimposed over the center of the image, containing the text "State of Market" in white.

State of Market

GLOBAL PICTURE SUPPLY & DEMAND

Supply & Demand % Change, December 2015 YTD



1914

**First commercial
passenger flight**

2014

**Global passenger
traffic
6.7 billion**

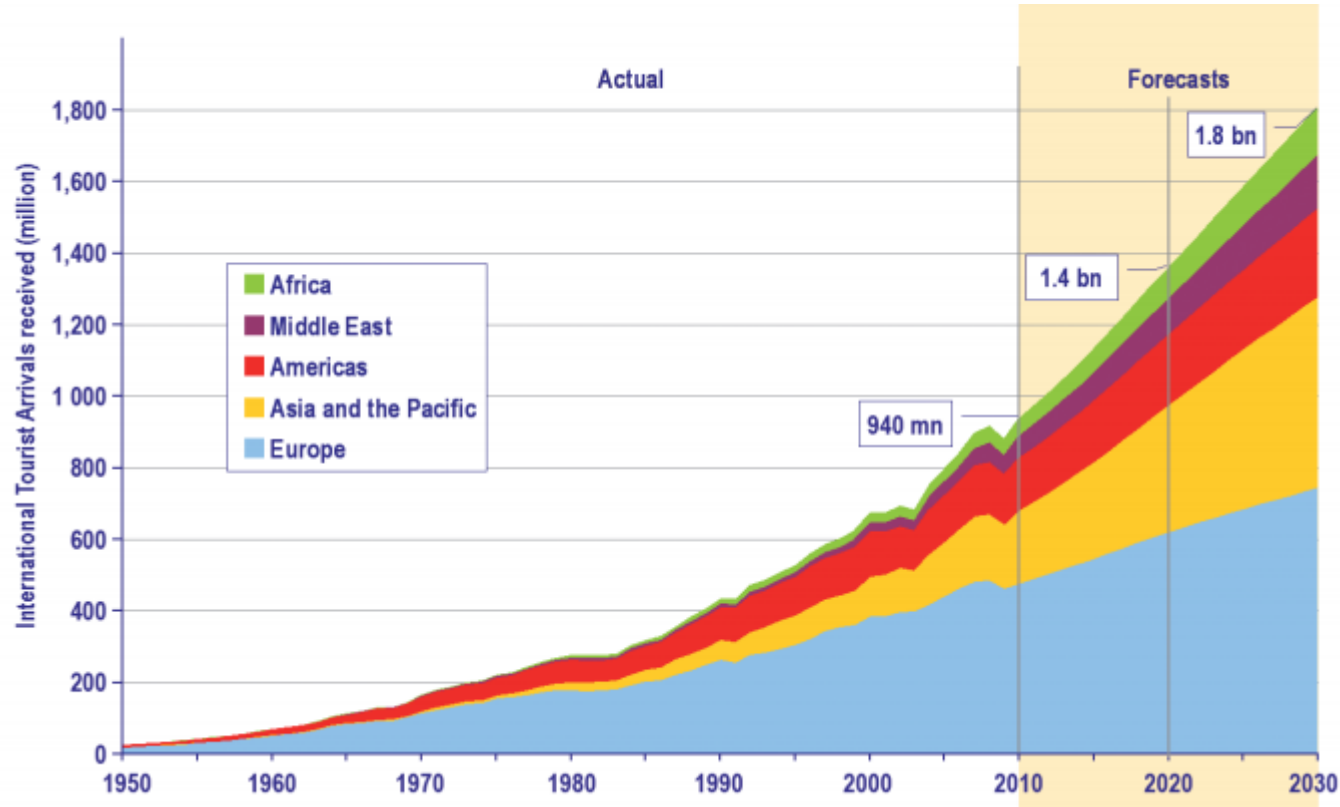
**1,205
passengers**

**32,600
new aircraft
2015-2034**

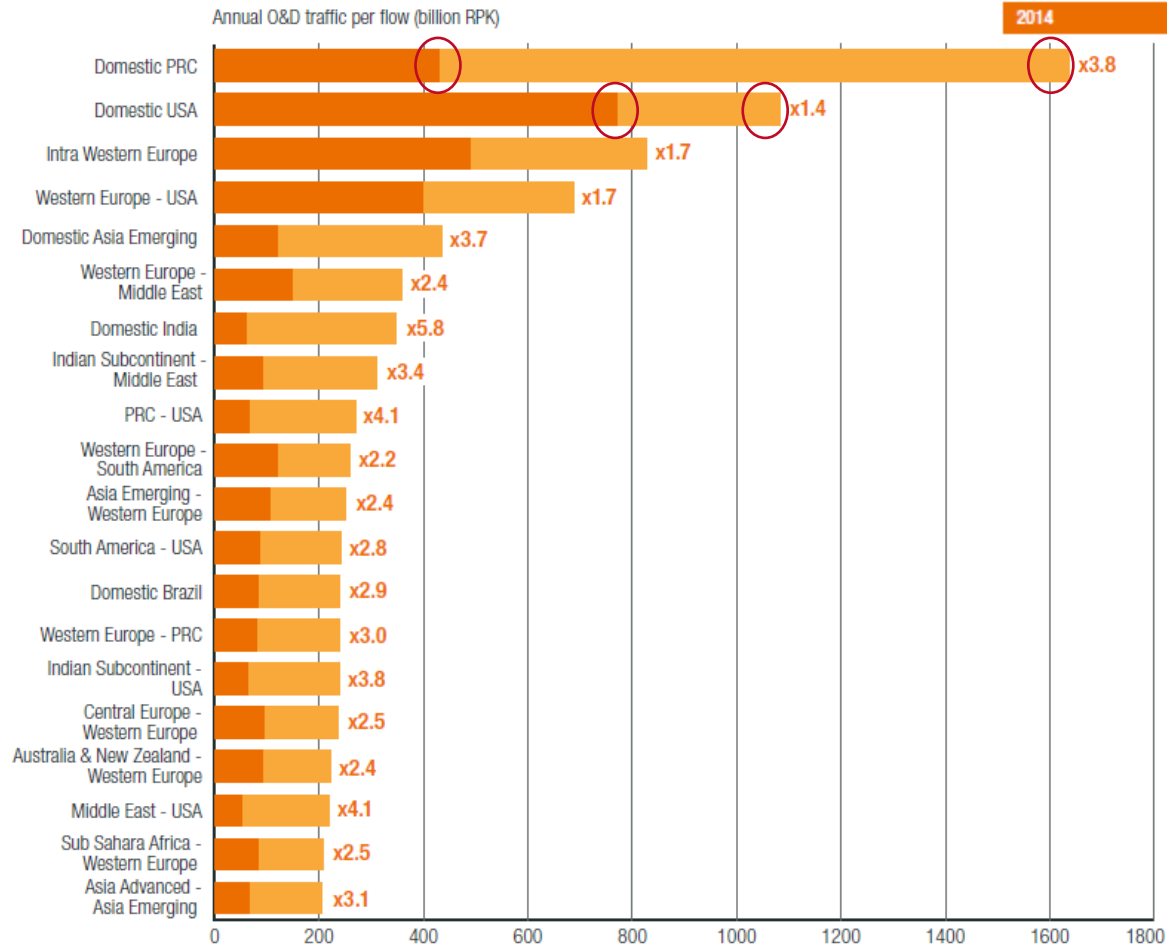
**40% Asia
Pacific**

INTERNATIONAL ARRIVALS

Tourism Towards 2030 – Actual trend and forecast 1950 - 2030



DOMESTIC PRC LARGEST O&D TRAFFIC FLOW 2034



THE GOLDEN AGE OF TRAVEL

1947

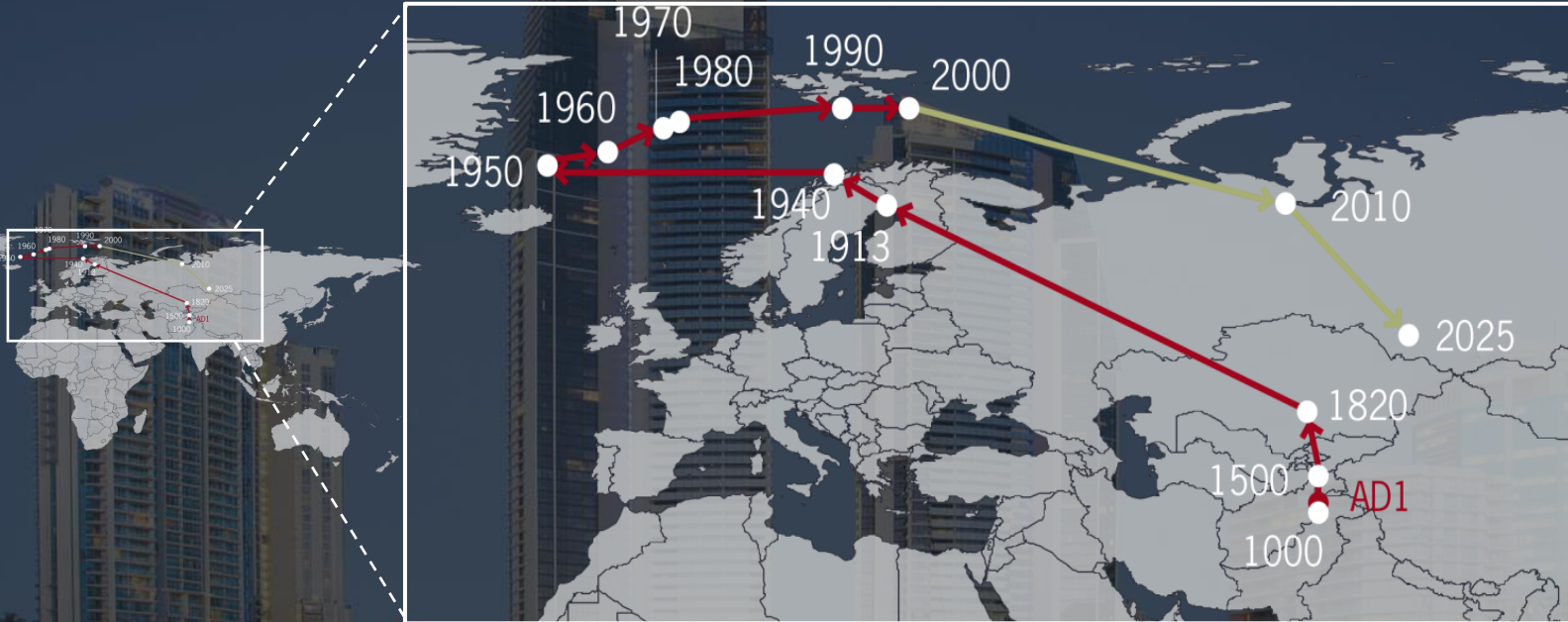
2015

85 week's
pay

1.3
week's
pay

WORLD'S ECONOMIC CENTRE OF GRAVITY

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



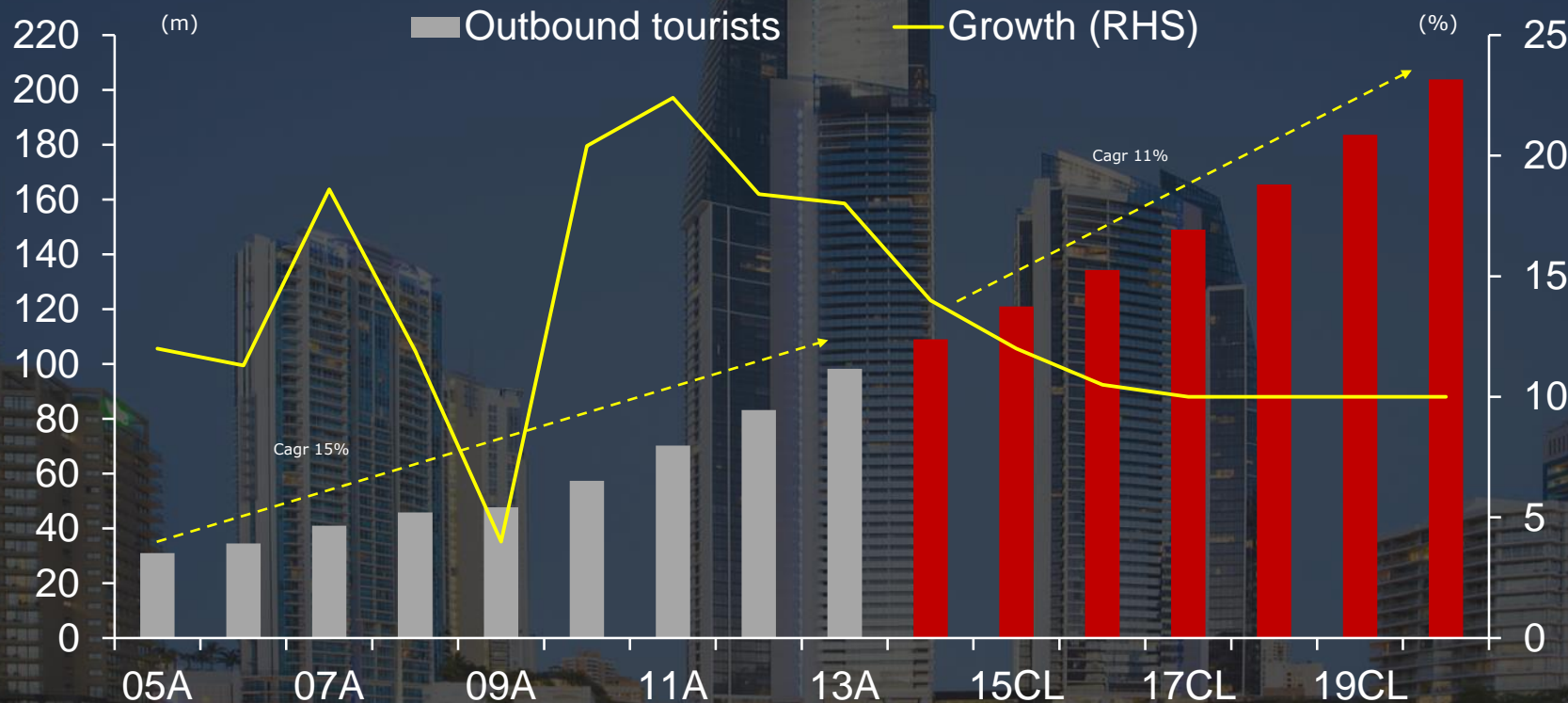
¹ Economic centre of gravity is calculated by weighting locations by GDP in three dimensions and projected to the nearest point on the earth's surface. The surface projection of the centre of gravity shifts north over the course of the century, reflecting the fact that in three-dimensional space America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



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

Emerging
middleclass
two-thirds
larger within
five years

CHINA OUTBOUND TOURISM

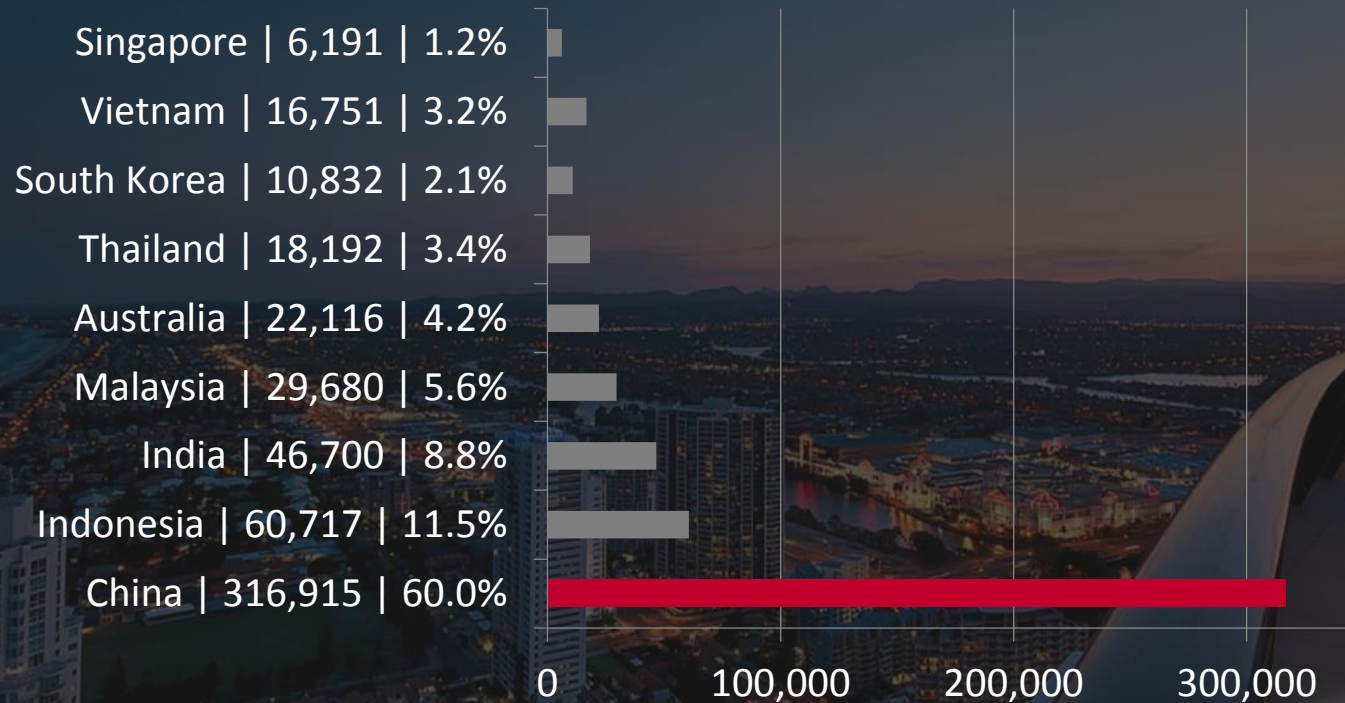


- Outbound tourists to increase from 83m in 2012 to 200m in 2020
- Australia is placed 15th (competing with Europe and US)

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

SUPPLY - ASIA PACIFIC PIPELINE

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





Australian Market

MANTRA
GROUP

Peppers Beach Club & Spa, Palm Cove

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)



INTERNATIONAL VS. DOMESTIC

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

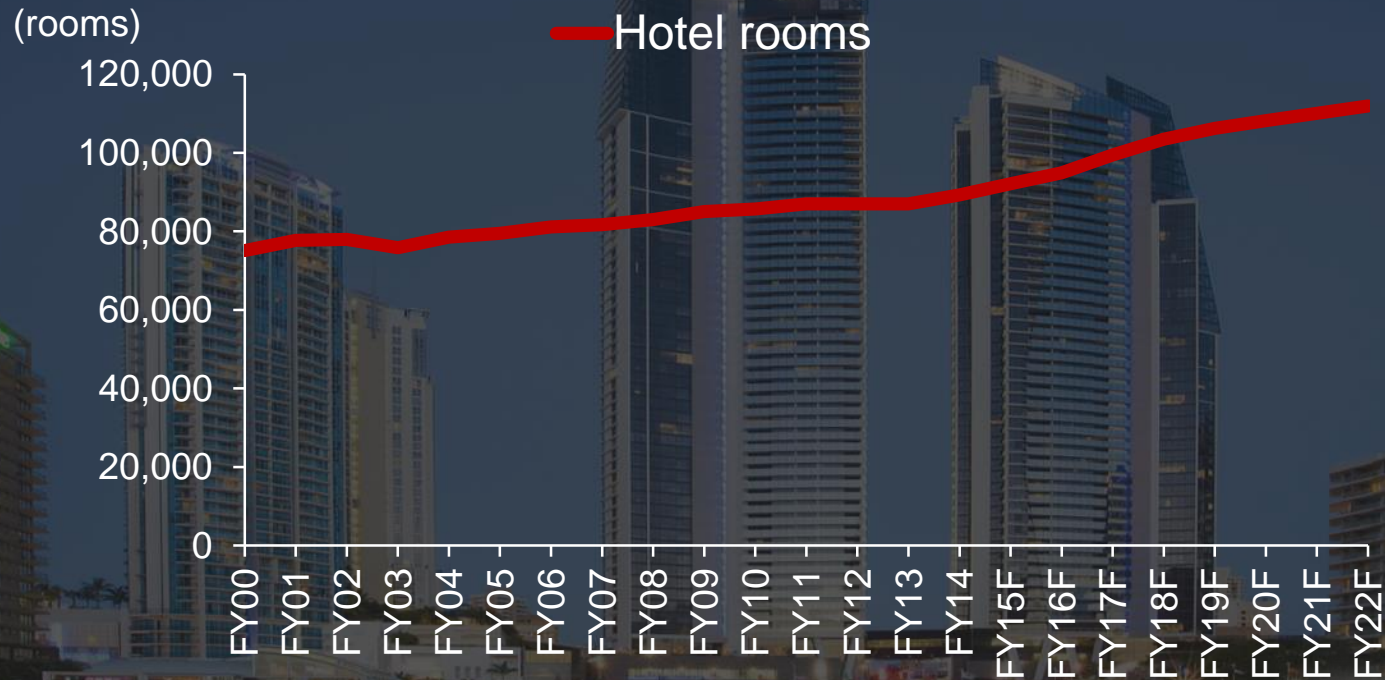


10 Year - Domestic Room Nights % for Hotel/Resort/Motel or Motor Inn

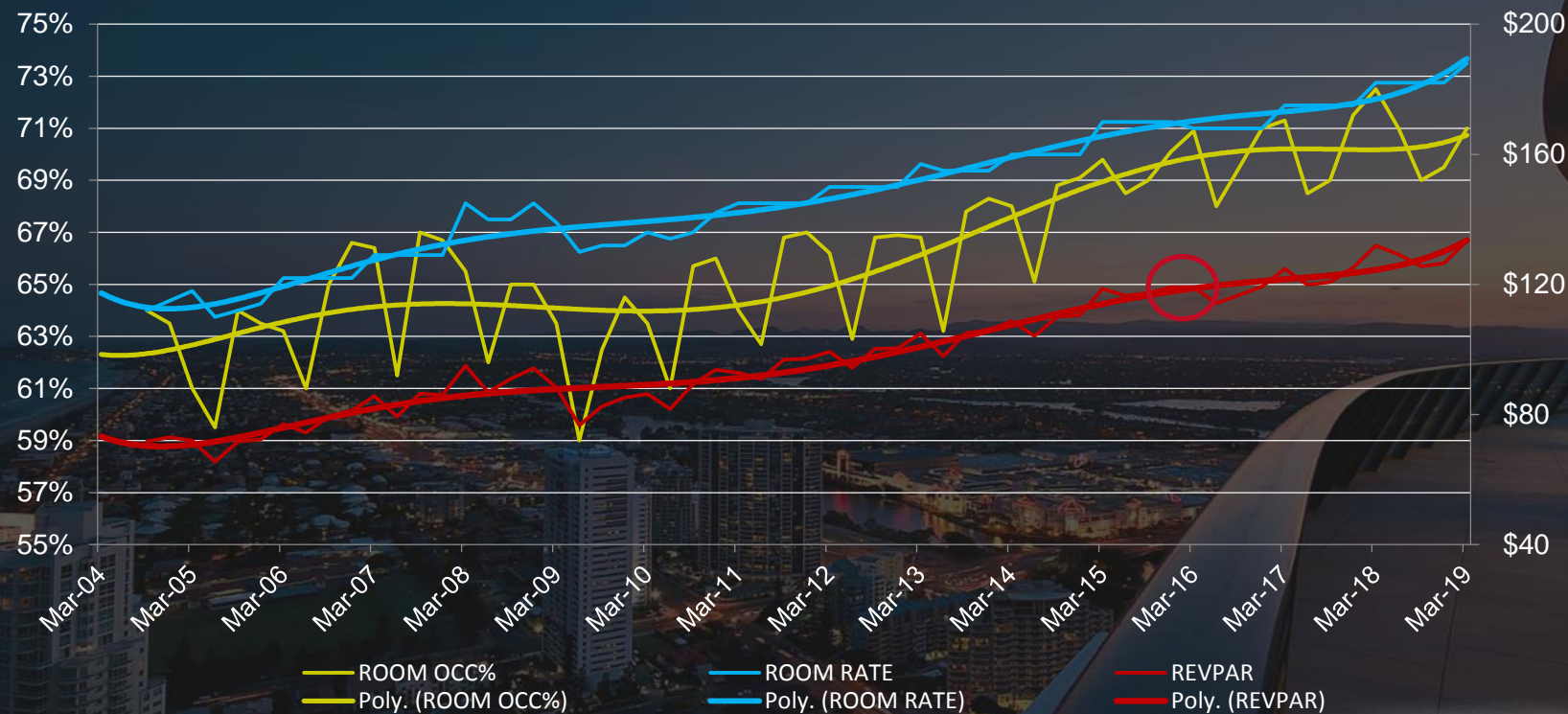


SUPPLY: 1-3% GROWTH

Hotel rooms across major Australian cities



HOTEL OUTLOOK AUSTRALIA



Source: Tourism Research Australia, Tourism Forecasts 2015 (Deloitte Access Economics, Tourism & Hotel Market Outlook August 2015)



Mantra Group

MANTRA
GROUP

Peppers Cradle Mountain, Tasmania

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

BUSINESS MODEL

Mantra Group has demonstrated a flexibility in its approach to operating agreements

MANAGEMENT
AGREEMENT
(MA)

MANAGEMENT
LETTING RIGHTS
(MLR)

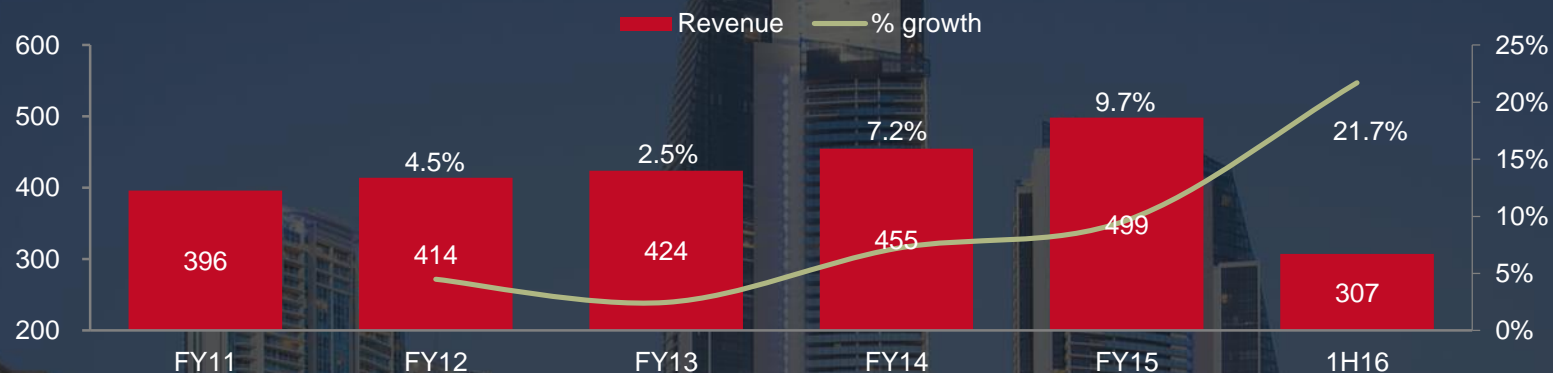
MANAGEMENT
SERVICES
AGREEMENT
(MSA)

LEASES

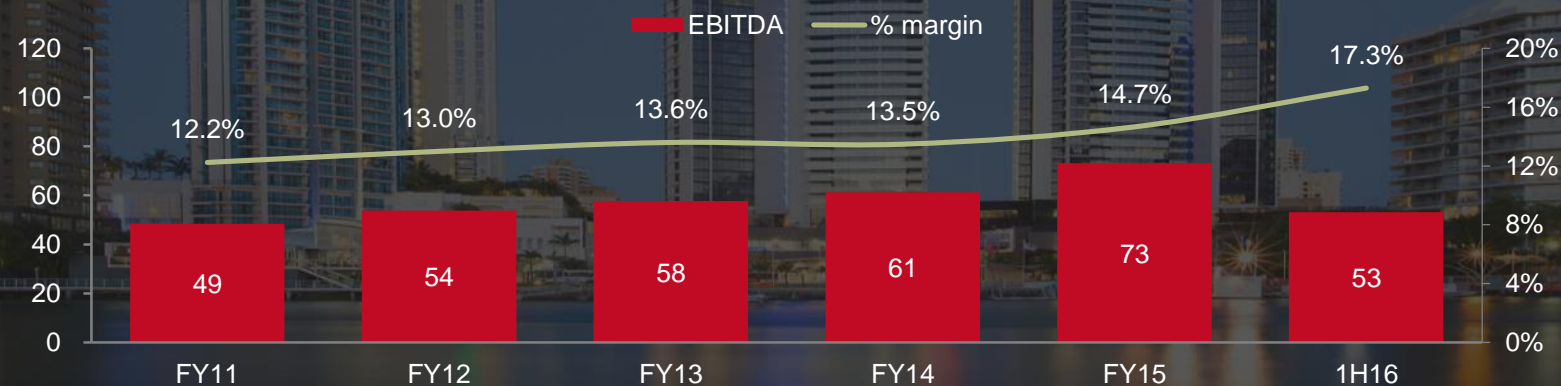
FREEHOLD

OPERATING EARNINGS

Revenue (A\$mm)



EBITDA (A\$mm)



CORNERSTONES OF MANTRA GROUP'S SUCCESS

Largest category marketer
in Australia

- A\$20mm+ annual sales & marketing spend
- 25,000+ online hits per day

#1 Australia based hotel & resort operator

- 19,500+ rooms under management

A\$7bn+ assets under management

- Large hotel leasing portfolio
- Significant bargaining power

3 high awareness brands

mantra⁺
room for everyone

PEPPERS

BreakFree[®]

MANTRA
GROUP

Best-in-class structures

- Centralised low-cost group operating model
- 50%+ gross margins

Market leading sales support

- 60 sales specialists
- Cater to corporate, leisure & property-based divisions


Complete investor offering

- Real estate sales & branding
- In house design & renovation

Flexible & tailored operating models

- Caters to the requirements of all kinds of stakeholders

MANTRA GROUP LOCATIONS

A world map is overlaid on a background image of a city skyline at night. The map highlights several locations with colored markers: Hawaii (red), Australia (red), New Zealand (red), Indonesia (blue), Malaysia (yellow), Singapore (green), Thailand (green), and Hawaii (red).

Australia
New Zealand
Indonesia
Malaysia
Singapore
Thailand
Hawaii

GREAT BARRIER REEF



GOLD COAST

MANTRA
GROUP



SYDNEY

MANTRA
GROUP



MELBOURNE

MANTRA
GROUP



GROWTH TIMELINE SINCE IPO



FINANCIAL OVERVIEW

Income statement

(A\$mm)	FY15	1H16
Revenue	499	307
Total operating expenses	(426)	(259)
EBITDAI¹	73	48
<i>%margin</i>	<i>14.7%</i>	<i>15.7%</i>
Depreciation, amortisation (excluding amortisation of lease rights) and impairment	(15)	(9)
EBITA	59	39
Amortisation of lease rights	(4)	(2)
EBIT	55	37
<i>%margin</i>	<i>11.0%</i>	<i>12.1%</i>
Net interest	(4)	(3)
Pretax income	51	35
Tax	(15)	(11)
Net income	36	24
<i>%margin</i>	<i>7.3%</i>	<i>7.9%</i>

Balance sheet

(A\$mm)	Dec-15
Cash and cash equivalents	42
Trade and other receivables	69
Other current assets	6
Current assets	117
PPE	121
Intangible assets	475
Other non-current assets	1
Total non-current assets	596
Total assets	713
Trade and other payables	45
Other	61
Total current liabilities	106
Borrowings	160
Deferred tax liabilities	93
Other non-current liabilities	3
Total non-current liabilities	257
Total liabilities	363
Net assets	350

Note: Financial year ends in June

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



Thank you

MANTRA
GROUP

Mantra South Bank, Brisbane