

19 March 2015

ASX Release

MANTRA GROUP LIMITED (ASX: MTR) OUTRIGGER ACQUISITION AND EQUITY RAISING

Mantra Group Limited ("Mantra Group") is pleased to announce that it has entered into an agreement to acquire Outrigger Hotels & Resorts Australia Pty Ltd ("Outrigger") for \$29.5 million, subject to customary completion adjustments and conditions ("Outrigger Acquisition").

As a result, Mantra Group is today launching a fully underwritten institutional placement ("the Placement") to raise approximately \$50 million to assist in funding the Outrigger Acquisition as well as providing Mantra Group with additional capital to fund identified pipeline opportunities. Mantra Group will also offer all existing eligible shareholders in Australia and New Zealand the opportunity to acquire additional shares (up to a fixed amount) via a non-underwritten Share Purchase Plan (together with the Placement, "the Equity Raising").

A copy of the investor presentation relating to the Outrigger Acquisition and the Equity Raising has been lodged separately with ASX.

Outrigger Acquisition

Mantra Group, via a wholly owned subsidiary, has agreed to acquire all of the issued shares in Outrigger.

Outrigger operates 4 resort properties in Australia:

- Outrigger Surfers Paradise;
- Outrigger Twin Towns Resorts, Coolangatta;
- Outrigger Little Hastings Street Resort & Spa, Noosa; and
- Boathouse Apartments by Outrigger Airlie Beach.

These large-scale properties are located in some of Australia's key holiday destinations, where Mantra Group has a long-standing and high performing presence. Each property offers high quality resort facilities and the transaction presents the unique opportunity for Mantra Group to increase its footprint across 4 key locations – in a single transaction.

Comprising a total of 984 keys under management, plus freehold title to Managers Lot real estate (comprising restaurants, conference facilities and other common areas), the Outrigger Acquisition presents Mantra Group with a significant investment opportunity, and is aligned with Mantra Group's growth strategy to deliver shareholder value.

The impact of the Outrigger Acquisition and today's Placement is expected to be accretive to EPS in FY16. Settlement of the Outrigger Acquisition is expected to complete by June 2015, subject to closing conditions customary for an acquisition of this nature.

Mantra Group's CEO, Mr Bob East, said: "The Outrigger Acquisition is a natural fit for Mantra Group, extending the Group's footprint in key leisure destinations."

"This acquisition is complementary to our existing portfolio and, together with future pipeline growth initiatives, is expected to supplement Mantra Group's strong organic growth with incremental earnings. We look forward to working with the owners, guests and team members to make the transition as smooth as possible" Mr Bob East said.

Institutional Placement

Mantra Group has launched a fully underwritten placement to qualified and sophisticated institutional investors to raise approximately \$50 million through the issue of approximately 16.4 million additional shares (the "Placement Shares") to assist funding of the Outrigger Acquisition, as well as providing Mantra Group with additional capital to fund pipeline opportunities.

The Placement Shares have been underwritten by Macquarie Capital (Australia) Limited and UBS AG, Australia Branch at a floor of \$3.05 per share ("Underwritten Price"), which represents a 5.9% discount to the last closing share price on 18 March 2015. The price at which shares will be issued to investors under the Placement ("Placement Price") will be determined under a bookbuild which is expected to be completed today.

The Placement Shares will represent approximately 6.2% of Mantra Group's issued share capital after the Placement has been completed (excluding any shares issued under the Share Purchase Plan). New shares issued under the Placement will rank equally with existing shares of Mantra Group except that shareholders will not be entitled to participate in Mantra Group's interim dividend payable on 31 March 2015 in respect of those new shares because they will be issued after the ex date for the interim dividend (4 March 2015).

The Placement is expected to settle on Wednesday, 25 March 2015 and the Placement Shares will be allotted on the following business day, Thursday, 26 March 2015. No shareholder approval is required to be sought for the Placement, as the Company will utilise, in part, its placement capacity under Listing Rule 7.1.

Mantra Group's shares will remain in trading halt today while the Placement is conducted. Trading in Mantra Group shares is expected to recommence normal trading tomorrow or such other time as the completion of the Placement is announced to the market.

Share Purchase Plan

A Share Purchase Plan ("SPP") will also accompany the Placement, under which eligible existing Mantra Group shareholders will be able to acquire additional shares in the Company.

Shareholders on the Company's share register at 7.00pm on Wednesday, 18 March 2015 ("Record Date"), whose registered address is in Australia or New Zealand will be entitled to subscribe for up to A\$15,000 worth of Mantra Group shares through the SPP, subject to the terms and conditions of the SPP which will be set out in the SPP Booklet and dispatched to eligible shareholders in due course. Shares issued under the SPP will rank equally with existing shares of the Company except that shareholders will not be entitled to participate in Mantra Group's interim dividend payable on 31 March 2015 in respect of the those new shares because they will be issued after the ex date for the interim dividend (4 March 2015).

The issue price for shares under the SPP will be the lower of (i) the Placement Price and (ii) a 1% discount to the volume weighted average price (VWAP) of Mantra Group shares on the ASX over a 5 trading day period ending on the close of the SPP offer period (Monday, 13 April 2015).



The SPP offer period will be open from Friday, 27 March 2015 and will close at 5:00pm, Monday, 13 April 2015, subject to Mantra Group's discretion to amend these dates. Participation in the SPP is optional and Mantra Group reserves the right to scale back any applications under the SPP.

Trading Commentary

Mantra Group's strong operational performance has continued in January and February 2015, with business trading ahead of management's expectations. Forward order bookings also continue to be robust across all the businesses.

Highbury Partnership Pty Ltd is acting as Mantra Group's financial adviser.

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About the Placement and the SPP

Further information in relation to the specific details of the Placement and SPP described in this announcement including important notices and key risks in relation to certain forward looking information is set out in an investor presentation released on 19 March 2015 by Mantra Group. The information in the "Important Notice and Disclaimer" and "Key Risk" sections of the investor presentation applies to this announcement as if set out in full in this announcement.

This announcement is for information purposes only and is not a financial product or investment advice or a recommendation to acquire Mantra Group shares (nor does it or will it form any part of any contract to acquire Mantra Group shares). The information in this announcement is in summary form and does not contain all the information necessary to fully evaluate the transaction or investment. It should be read in conjunction with Mantra Group's other periodic and continuous disclosure announcements lodged with ASX. This announcement has been prepared without taking into account the objectives, financial situation or needs of individuals. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own objectives and financial situation and seek legal and taxation advice.

This announcement may include "forward looking statements" within the meaning of securities laws of applicable jurisdictions. These forward-looking statements are not historical facts but are based on Mantra Group's current expectations, estimates and projections about the industry in which it operates, and beliefs and assumptions. Forward looking statements can generally be identified by the use of the words "anticipate", "believe", "expect", "project", "forecast", "estimate", "likely", "intend", "should", "could", "may", "target", "plan", "guidance", "will", "predict" and other similar expressions. Indications of, and guidance on, future earnings or distributions and financial position and performance are also forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Mantra Group, and its officers, employees, agents, or associates, that may cause actual results to differ materially from any projections and forward-looking statements and the assumptions on which those statements are based. Readers are cautioned not to place undue reliance on forward looking statements and Mantra Group assumes no obligation to update such information.



Important Notice

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