

**MANTRA GROUP LIMITED ANNOUNCES RESULTS FOR THE YEAR
ENDED 30 JUNE 2016**

Mantra Group Limited (Mantra Group) (ASX code: MTR) today announced its FY2016 results reporting underlying EBITDAI* of \$89.8m in line with market guidance announced on 19 February 2016, up 23.0% on FY2015 (underlying results are the statutory results excluding transaction costs of \$7.3m incurred in respect of acquisitions). Underlying NPAT of \$43.8m was ahead of guidance of \$40m-\$42m. FY2016 statutory NPAT was \$37.1m. 11 hotels were added to the network in FY2016 and Ala Moana joined in July 2016. Other key highlights include:

- Statutory total revenue of \$606.1m representing a 21.6% increase on FY2015
- Statutory NPAT was \$37.1m, up \$1.0million on FY2015
- Statutory basic EPS of 13.8 cents per share, compared to 14.2 cents per share for FY2015
- Underlying EBITDAI* of \$89.8m, up 23% on FY2105
- Underlying EBITDAI* growth, excluding new properties of 6.9%
- Underlying NPAT* was \$43.8m, up \$7.6m on FY2015
- Underlying basic EPS* of 16.2 cps, up 13.8% on FY2015
- Fully franked final dividend of 5.5 cents per share to be paid on 4 October 2016 bringing total dividend for the year to 10.5 cents per share
- Strong pipeline of development opportunities
- FY2017 forecast EBITDAI, NPAT and NPATA of between \$101.0m - \$107.0m, \$48.5m - \$52.5m and \$51.0m - \$55.5m respectively

*Underlying results are the statutory results excluding transaction costs of \$7.3m incurred in respect of acquisitions.

Mantra Group Chief Executive Officer Bob East said: “FY2016 proved to be another landmark year in the growth and development of Mantra Group focussing on portfolio growth in key destinations as well as ongoing product improvement aimed at growing shareholder value. In FY2016 Mantra Group increased its portfolio by 11 new properties, adding more than 3,000 rooms to its inventory, making it Australia’s fastest growing hotel group in FY2016. A strongly supported capital raising of \$113.4 million was launched in late FY2016 for the acquisition of Ala Moana Hotel, Hawaii as well as providing available capital to support acquisitions aligned with the Group’s strategy. Consumer sentiment and demand lifted in FY2016 resulting in strong trading in CBD and leisure destinations mainly on the back of increased domestic and international airline capacity into key destinations and the increase in inbound Asian travellers.

“We are pleased to report that for the year ended 30 June 2016, the Group achieved earnings in line with guidance announced on 19 February 2016. The Group delivered total revenue of \$606.1 million representing a 21.5% increase on FY2015. Underlying NPAT was \$43.8 million, up \$7.6m (21.1%) on

FY2015 and underlying EBITDAI of \$89.8 million up 23.0% on FY2015. This result reflects performance of the business in FY2016 driven by ongoing acquisitions, product improvement, and strong performance in each of the operating segments as well as continued Management focus on cost control and improved efficiencies in key areas of the business. Underlying EPS was 16.2 cents per share, an increase of 13.8% on FY2015. Statutory EPS was impacted by the capital raising and transaction costs incurred on business combinations. With total assets of \$769.0 million, net assets of \$463.1 million, a strong cash flow and additional available capital raised in May 2016, the Group is well placed to increase its focus on strategic acquisitions in FY2017.”

Further, in addition to the fully franked interim dividend of 5 cents per share, the Board is pleased to deliver a fully franked final dividend of 5.5 cents per share in respect of the year to 30 June 2016 bringing the total fully franked dividend for FY2016 to 10.5 cents per share.

The Group achieved year-on-year growth in each of its key operating segments. Highlights include:

- Resorts delivered revenue of \$244.1 million and EBITDAI of \$34.8 million representing increases on FY2015 of 34.2% and 48.2% respectively. This sector benefitted from consistent leisure demand in all key regions, in particular the Gold Coast and Tropical North Queensland, assisted by an increase in the capacity of domestic and international low cost carriers into key leisure destinations.
- CBD delivered revenue of \$311.5 million and EBITDAI of \$46.0 million representing a year-on-year increase in revenue of 14.4% but a decrease of 2.9% in EBITDAI. The continued decline in the resources sector and government and infrastructure projects impacted business in Brisbane, Perth and Darwin. Excluding these three regions, EBITDAI increased by \$3.8m or 13.7%. Sydney, Canberra, Tasmania and Melbourne all performed strongly supported by an increase in major events with an average occupancy and average room rate increases of 1.7% and \$4.32 respectively. CBD new properties’ EBITDAI for the year posted a loss of \$0.5 million. This impact is normal for the first year of operation, in particular when this result includes a newly built property. It is expected that these properties will contribute positively to EBITDAI in FY2017.
- Central Revenue and Distribution (CR&D) delivered revenue of \$47.4 million and EBITDAI of \$33.5 million representing increases on FY2015 of 13.4% and 12.0% respectively. Full year contributions for properties under Management Agreements acquired in FY2015 and July 2015 contributed to this performance. Increased central reservation commissions driven by on-line booking volume as a result of the increased number of rooms in the portfolio also contributed to this solid performance.

Initiatives undertaken in FY2016 which contributed to the results:

- The acquisition of 11 new properties in key destinations brought the total number of rooms under management in the portfolio to more than 15,000.
- The ongoing long term targeted refurbishment program delivered quality room inventory and hotel and resort facilities contributing to improving the overall guest experience across each brand.
- With an emphasis on overall business performance and optimal efficiency aimed at increased earnings and ongoing shareholder value, the operations, marketing, digital, sales, distribution and revenue business units were consolidated under a dedicated Chief Operating Officer, Tomas Johnsson. Tomas’ extensive industry experience spans 25 years

including senior management roles with leading hotel brands and almost 10 years as Director of Operations with Mantra Group.

- The appointment of Matt Granfield, Executive Director of Marketing and Digital, reflects the business' commitment and increasing focus on digital innovation and initiatives aimed at maintaining and growing its position in this increasing and fast moving area of the business. Matt joined Mantra Group in November 2015 with more than 15 years of digital and marketing experience.
- Optimised distribution channels by capitalising on increasing trends towards online central reservation channels.
- Upgraded Mantra Group websites to align with best practice, support increased volumes and improve mobile capability.
- Increased RevPAR (revenue per available room) via targeted sales, marketing and distribution initiatives aimed at securing quality corporate contracts and implemented systems that efficiently and cost effectively manage average room rates across the Group.
- Aligned with Mantra Group's ongoing focus on improved service delivery and overall guest experience via innovation, Mantra Group launched its property wide platform which enables corporate event facilitators to effectively and efficiently manage and co-ordinate events across all Mantra Group properties from a single platform.
- Management's focus on corporate cost control and economies of scale continued to drive cost efficiencies.
- Implemented a 'China Ready' program enabling Mantra Group to improve and capitalise on its ability to host the increasing number of arrivals from Asian markets.

FY2017 Outlook:

In line with Mantra Group's ongoing strategy to deliver properties in key destinations and aligned with the Group's strategy:

- In July 2016, the Ala Moana Hotel, Hawaii transitioned smoothly into the Mantra Group portfolio. This property represents Mantra Group's largest property to date, boasting more than 1,000 rooms, six restaurants and nine conference facilities. This venture into the North Pacific has been an exciting acquisition for Mantra Group and potentially a gateway property for the Group into this region. This acquisition has further demonstrated Mantra Group's ability to acquire and transition significant assets in key locations.
- Adding to the Group's existing permanent rental portfolio, Mantra Group has secured the rights to manage Southport Central, a permanent rental property in one of the Gold Coast's most established and advancing precincts and is viewed as a milestone and catalyst for further investment opportunities in the permanent rentals market. Settlement is scheduled for the end of August 2016.
- During the year, Mantra Group secured a number of properties in various stages of construction or pre-construction – most notably are:
 - The much sought after Mantra Sydney Airport Hotel due for completion in the second half of 2017;
 - Peppers Kings Square Hotel, Mantra's first Peppers property in Western Australia and CBD Perth – scheduled to open late 2016;
 - Another Perth property due to open towards the end of 2017, Tribe West Perth, an innovative and contemporary modular construction with high-end interior design. Mantra Group is well placed to manage additional Tribe branded properties planned for construction in other key CBD locations; and

- The opportunity to manage the multi-million dollar Wallaroo Shores Resort, South Australia – Mantra’s first property in regional South Australia and scheduled for completion at the beginning of 2018.

Strategy:

With a commitment to drive ongoing growth and deliver shareholder value in FY2017 and beyond, Mantra Group will continue to deliver on its key strategies:

- Grow its portfolio in key destinations;
- Explore opportunities and models to capitalise on diversified and sizeable asset acquisition opportunities;
- Deliver quality room inventory and service via its ongoing targeted refurbishment and service delivery programs;
- Position Mantra Group to optimise and capitalise on ongoing increases in domestic and international tourism demand primarily as a result of increases in domestic and international low cost airline capacity and desirability of location; and
- Optimise distribution channels and increase mobile capability, social media and website optimisation.

Following the announcement of the resignation of Steven Becker, Mantra Group’s long serving CFO who will leave the Group at the end of August 2016, recruitment of a replacement is well progressed via an industry leading recruitment consultant considering both internal and external candidates. In the interim, Kevan Funnell, Executive Director Finance will serve as Acting CFO. Kevan has over 22 years’ experience in senior finance roles in the hospitality industry. He joined Mantra Group in March 2006 and is responsible for the management of Mantra Group’s operational finance function across of all business segments. Kevan holds a Bachelor of Business (Accounting) from the Queensland University of Technology, Brisbane and is a member of the Institute of Chartered Accountants.

Mantra Group Chair of the Board, Peter Bush and Bob East acknowledged Steven’s significant contribution and commitment to the growth and development of Mantra Group over the past 10 years and also wished him well in his new role.

Mr East said: “In the year ahead Mantra Group is well positioned to capitalise on growth and development via asset and investment opportunities in strategically aligned locations and properties and take advantage of its ongoing strong acquisition pipeline and the forecast growth in Australia’s tourism sector.”

Mantra Group is the leading Australian-based hotel and resort operator. Mantra Group’s portfolio consists of 127 properties with more than 20,000 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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