



Takeover complete

The curtain has come down on the listed life of Mantra Group, with the company receiving the remaining approvals needed for the takeover by the French hotel chain Accor. Shareholders voted in favour of the Scheme of Arrangement last month, while Federal Court approval was also secured.

The shares were delisted last week with the scheme consideration of \$3.80 per share paid to shareholders. A full franked special dividend of \$0.16 per share has also been distributed.

The transaction has been somewhat drawn out but ultimately has confirmed the long-standing value offered by Mantra. Accor in our view has extracted a very good deal. The company is well leveraged to rising levels of tourism both from a domestic and international perspective. Weakness in the A\$ will only further boost this dynamic.

The final exit price including dividends is just off our initial recommended entry price, although we have also made multiple recommendations at much lower levels. This has provided an opportunity for some Members with our view that the disruptive threats (e.g Airbnb) being priced in by the market were overstated. We have regularly stated that Mantra's offering had multiple points of differentiation.

This has been recognised by Accor, whose business is more hotel-style centric via the Ibis, Mercure, Sofitel and Novotel brands. This makes for an attractive combination with Mantra's business model focussed on serviced apartments offered through the Peppers, Mantra, Art Series and Breakfree brands.

MANTRA GROUP LOCATIONS

MANTRA
GROUP

Mantra Group benefits from diversified geographic presence in the Australian accommodation market and has a growing presence in selected overseas markets



Source: Mantra

The deal sees the merger of the country's two biggest hotel operators and Accor now has over 300 hotels and 50,000 rooms, although with a still relatively modest market share of just over 10%.

We will maintain a look for other opportunities in the space. In the meantime, Members seeking overseas exposures in the sector, may be interested in our latest coverage of PPHE Hotels Group in our UK Equities report. Click [here](#) for the link.

Mantra will be removed from the Fat Prophets Portfolio.

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Snapshot MTR

Mantra Group

Latest Closing Price: \$3.80

Mantra is an Australian-based accommodation operator with the second largest network of hotels, resorts and serviced apartment properties in Australia (by total room number). Mantra has a total portfolio of 114 properties and over 11,700 rooms across Australia, New Zealand, and in Indonesia. Mantra provides both leisure and business accommodation, and accordingly offers a range of accommodation options from luxury retreats and coastal resorts to serviced apartments.

Market Capitalisation:

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