

SE Finance  
HD **Mantra eyes float despite past failures**  
BY BRIDGET CARTER  
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PROPERTY: Mantra's owners are expected to make a third attempt to sell the country's second-largest hotel operator later this year via a float on the Australian Securities Exchange.

They were forced this week to shelve plans for an April listing of the **company** that they had earlier paid a bullish \$450 **million** to buy near the peak of the market.

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Private **equity firm** CVC Asia Pacific and investment bank UBS pulled the Mantra float on Wednesday night, just hours after discounting the initial public offering by about 5 per cent, due to fears over how the **company** would trade.

Sources close to Mantra blamed the failure on weak demand from jittery **Hong Kong** and London investors, deterred by a major float failure in Japan.

"We have a lot of interest out there. It is anticipated it will be presented back to the market in some form. We haven't exactly worked out how," said Mantra's chief executive Bob East.

"The business is good and growing, so everybody likes that story."

Other sources close to the deal said another attempt at a listing between September and December was likely, with the hope Mantra's earnings would increase, driving stronger investor demand.

Mantra's decision to scrap its float plans takes the collective market value of planned IPOs that have been shelved in the past six months to at least \$2.5bn, with questions lingering over the success of other upcoming floats.

The hotel operator's market capitalisation was initially to be between \$476m and \$549m, before it was repriced down to \$449m.

Mr East said the **company** did not receive any investor feedback that the price was too high.

"We are obviously going to do a thorough review. We didn't set the price. At the end of the day, the banks assigned an appropriate value and we went with their recommendation," he said.

"If we get feedback around price, we will obviously take that into consideration."

CVC Asia Pacific paid \$450m for Mantra, previously known as Stella and once part of the failed **Gold** Coast group MFS, just before the market slump in 2008.

Attempts to offload the business via a trade **sale** two years ago were unsuccessful after one potential buyer, private **equity firm** Archer Capital, was understood to be offering \$350m.

Mantra operates 111 properties and more than 11,400 rooms across Australia, New Zealand and Indonesia, and is second only to Accor locally.

The listing of Mantra, which had been billed as the largest hotel float in more than a decade, was to have taken place at a time of increasing strength in the Australian hotel sector.

The offer was being handled by joint **lead** managers UBS and Macquarie Capital, supported by Ord Minnett and Morgans Financial.

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