

ASX Announcement



LANTERN HOTEL GROUP (ASX: LTN)

7 April 2017

General Meeting

We attach the Notice of Meeting, together with Explanatory Notes and the Proxy Form, for a General Meeting to be held at Dentons Australia, Level 16, 77 Castlereagh Street, Sydney NSW 2000 on Tuesday 16 May 2017 at 12.00 noon (AEST).

The attached Notice of Meeting and Explanatory Notes sets out further information on the resolutions to be considered at the Meeting. All Securityholders should carefully consider the information contained in the Notice of Meeting and Explanatory Notes.

Graeme Campbell
Chairman
Lantern Hotel Group
GPO Box 5337
Sydney NSW 2001
+61 2 8223 3601

Leanne Ralph
Company Secretary
Lantern Hotel Group
GPO Box 5337
Sydney NSW 2001
+61 2 8223 3601



Notice of Meeting

Lantern Hotel Group (ASX: LTN)

LANTERN HOTEL GROUP LIMITED (ACN 145 967 899)

LANTERN REAL ESTATE TRUST (ARSN 108 982 627)

RESPONSIBLE ENTITY:

LANTERN RE LIMITED (ACN 145 968 574)

Notice is hereby given that a General Meeting of Securityholders of Lantern Hotel Group Limited (**Company**) will be held at Dentons Australia, Level 16, 77 Castlereagh Street, Sydney NSW 2000 on Tuesday 16 May 2017 at 12.00 noon (AEST) (**Meeting**).

The Explanatory Notes and the Proxy Form form part of this notice.

GENERAL INFORMATION

As investors will know, the Shares in the Company are stapled to the Units of the Fund and are quoted jointly on ASX as Lantern Hotel Group (ASX: LTN). As a result the securities cannot be traded separately.

The Meeting is a meeting of Securityholders of the Company only.

For information on how to vote, please see 'Voting Options and Proxies'.

Certain capitalised terms are defined in the Constitutions of the Fund and the Company unless the context requires otherwise.

For further general queries about meetings and voting arrangements, please email the Investor Relations Team at investors@lanternhotels.com.au.

DISCLAIMER AND FORWARD-LOOKING STATEMENTS

This Notice contains forward-looking statements which are statements that may be identified by words such as “may”, “could”, “believes”, “estimates”, “expects”, “intends” and other similar words that involve risks and uncertainties. Certain statements, beliefs and opinions contained in this Notice, particularly those regarding the possible or assumed future financial, including future potential distributions, or other performance and divestiture strategy of the Group, industry growth or other trend projections are or may be forward-looking statements. These statements are based on an assessment of present economic and operating conditions and on a number of best estimate assumptions regarding future events and actions that, at the date of this Notice, are expected to take place.

The Directors cannot and do not give any assurance that the results, performance, divestitures or achievements expressed or implied by the forward-looking statements contained in this Notice will actually occur, and investors are cautioned not to place undue reliance on these forward-looking statements. The Group has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Notice, other than to the extent required by law.

CHAIRMAN'S LETTER

Dear Securityholder

Since the Annual General Meeting held on 25 October 2016, at which the Securityholders approved the potential sale of the entire property portfolio of Lantern (**Sell Down Strategy**), Lantern has successfully implemented the Sell Down Strategy. All hotels have now been sold, with the sale of the Crown Hotel completing on 29 March 2017.

The rapid completion of the Sell Down Strategy, in conjunction with the premium sales values achieved for the hotels sold, is delivering strong returns to Securityholders.

Special business – Sell Down Incentive Bonus

The Board has given careful consideration to the incentives provided to the key Executives of the Group, in relation to the completion of the Sell Down Strategy, by way of cash bonuses (**Sell Down Incentive Bonus**). These incentives are outlined in detail in the Explanatory Notes and are broadly consistent with the details of the Executive incentive arrangements previously announced to the market on 21 October 2016.

As the Sell Down Incentive Bonus to be provided to the Executives will be provided in connection with the sale of the Lantern property portfolio, the approval of Securityholders is required under section 200E of the Corporations Act.

Recommendation of the Board

The Lantern Board believes the key Executives of the Group have done an outstanding job driving the operating performance of the Group and executing the Sell Down Strategy, hence delivering an excellent result for Securityholders.

It is for this reason that the Board unanimously recommends that you vote in favour of the Resolution.

In order for the Resolution to be approved, more than 50% of Securityholders present and voting at the Meeting (in person or by proxy) must approve the Resolution.

The Explanatory Notes contain important information relating to the Resolution, including reasons for the Board's recommendation. Please read the Explanatory Notes carefully and in their entirety before making your decision and voting (whether in person, by corporate representative, attorney or by proxy) at the Meeting.

Enquiries regarding the Resolution may be directed to investors@lanternhotels.com.au. Alternatively, contact your investment, tax, legal or other professional adviser.

I look forward to your participation at the Meeting on Tuesday 16 May 2017 at 12:00 noon and encourage you to vote in favour of the Resolution. Thank you for your ongoing support.

Graeme Campbell
Chairman

NOTICE OF GENERAL MEETING

Lantern Hotel Group Limited (ACN 145 967 899)

Notice is given that a General Meeting of the Securityholders of Lantern Hotel Group Limited (ACN 145 967 899) will be held at Dentons Australia, Level 16, 77 Castlereagh Street, Sydney NSW 2000 on Tuesday 16 May 2017 at 12.00 noon (AEST), to transact the following business.

BUSINESS OF THE MEETING

Item 1: Net asset position of the Group

To receive and consider a report on the net asset position of the Group.

Item 2: Resolutions

Resolution 1: Giving of Benefits to Executives

To consider, and, if thought fit, to pass the following resolution as an ordinary resolution of the Company:

“That, for the purposes of section 200E of the Corporations Act 2001 (Cth), and for all other purposes, the giving of the Benefits to the Executives as described in the Explanatory Notes accompanying this notice, is approved.”

ENTITLEMENT TO VOTE

The Directors have determined, pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth), that the persons eligible to vote at the Meeting are those who are registered Securityholders of the Group as at 7.00pm (AEST) on Sunday 14 May 2017 (**Entitlement Time**), subject to any applicable voting exclusion.

This means that if you are not the registered holder of a Stapled Security in the Group at the Entitlement Time, you will not be entitled to vote at the Meeting.

VOTING OPTIONS AND PROXIES

If you do not plan to attend the Meeting in person, you are encouraged to complete and return the Proxy Form which accompanies this Notice of Meeting.

Voting by Proxy

A Securityholder who is entitled to attend and vote at this Meeting is entitled to appoint not more than two proxies to attend and vote on the Securityholder's behalf.

If the Securityholder appoints two proxies, the Securityholder may specify the proportion or number of votes each proxy is entitled to exercise. If no proportion or number of votes is specified, each proxy may exercise half of the Securityholder's votes. If the specified proportion or number of votes exceeds that which the Securityholder is entitled to, each proxy may exercise half of the Securityholder's votes. Any fractions of votes brought about by the apportionment of votes to a proxy will be disregarded.

A proxy need not be a Securityholder of the Group. A body corporate appointed as a Securityholder's proxy may appoint a representative to exercise any of the powers the body may exercise as a proxy at the Meeting. The representative should bring to the meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been given to the Group.

- If a Securityholder has not directed their proxy how to vote, the proxy may vote as the proxy determines, and
- If a Securityholder appoints the Chairman of the Meeting as proxy and does not direct the Chairman how to vote on a Resolution, the Chairman will vote in accordance with his voting intention as stated in this Notice of Meeting, namely in favour of the proposed resolution as set out in the Notice of Meeting.

Proxy Voting by the Chairman

The Chairman intends to vote all undirected proxies in favour of the resolution outlined in this Notice.

Proxy Forms

To be effective, the Proxy Form must be completed, signed and lodged (together with the relevant original power of attorney or a certified copy if the proxy is signed by an attorney) with the Group's share registry, no later than 12.00 noon (AEST) on Sunday 14 May 2017 (**Proxy Deadline**).

Proxy forms may be submitted in one of the following ways:

- (i) **By mail** to Lantern Hotel Group, C/- Link Market Services Limited using the reply paid envelope or Locked Bag A14, Sydney South NSW 1235. Please allow sufficient time so that it reaches the Registry by the Proxy Deadline;
- (ii) **By fax** to Link Market Services Limited on +61 2 9287 0309;
- (iii) **Online** via the Registry website at www.linkmarketservices.com.au. Please refer to the Proxy Form for more information; or
- (iv) **By hand** delivery to Link Market Services Limited at 1A Homebush Bay Drive, Rhodes NSW 2138.

Proxy Forms and powers of attorney must be received by the Proxy Deadline.

CORPORATE REPRESENTATIVES

Where a securityholding is registered in the name of a corporation, the corporate Securityholder may appoint a person to act as its representative to attend the meeting by providing that person with:

- (i) a letter or certificate authorising him or her as the corporation's representative, executed in accordance with the corporation's constitution; or
- (ii) a copy of the resolution appointing the representative, certified by a secretary or director of the corporation.

BY ORDER OF THE BOARD

Leanne Ralph
Company Secretary
7 April 2017

Explanatory Notes

Notes on Business

Item 1: Net asset position of the Group

As all of the hotels have been sold, the remaining financial assets and liabilities of the Group will be settled. The Board will provide a further update to Securityholders on the net asset position of the Group at the General Meeting.

There is no requirement for a formal resolution on this item.

The Chairman of the Meeting will allow a reasonable opportunity at the Meeting for Securityholders to ask questions about or make comments on the net asset position of the Group.

Securityholders may submit written questions to the Company in relation to the above matters.

A form to facilitate the submission of questions is attached to this Notice and it includes details on the return of this form to the share registry.

Item 2: Resolutions

Resolution 1: Giving of Benefits to Executives

1. Background to the Resolution

At the Annual General Meeting of Lantern held on 25 October 2016, the Securityholders approved the potential sale of the entire property portfolio of Lantern (**Sell Down Strategy**). Since that meeting, Lantern has successfully implemented the Sell Down Strategy.

In April 2016, Lantern established the Lantern Employee Share Investment Plan (**Lantern ESIP**) for three executives (**Executives**) to increase the market value of Lantern's securities over a two year period. On 21 October 2016, Lantern announced that:

- the Lantern ESIP would not be effective to encourage the Executives to maximise returns to Securityholders in a sell down scenario;
- in the event Securityholders voted in favour of the Sell Down Strategy, the three executives' employment agreements would be amended to provide an incentive by way of a cash bonus that is broadly equivalent to the one provided under the Lantern ESIP (**Cash Bonus**); and
- the Cash Bonus will ensure that the interests of the Executives will be aligned with Lantern's strategy.

The completion of the sale of the entire property portfolio of Lantern has been completed earlier than originally anticipated, with the final two properties sold in March 2017. To reflect this, and other changes in circumstances, the Board intends to amend certain aspects of the Cash Bonus, as described below. The amended Cash Bonus is referred to as the **Sell Down Incentive Bonus**.

As the Sell Down Incentive Bonus to be provided to the Executives will be provided in connection with the sale of the Lantern property portfolio, the approval of Securityholders is required under section 200E of the Corporations Act.

2. Sell down of properties and distributions to Securityholders

Lantern has made distributions to Securityholders progressively from the funds realised from the sale of the Group's property portfolio. Total distributions paid from August 2016 to February 2017 amount to 9.5c per security, and together with a further distribution of 4.6c per security declared on 7 April 2017 this makes a total of 14.1c per security. Further distributions may be made following conclusion of all remaining obligations of Lantern, including settlement of all remaining liabilities.

The table below provides an illustration of the potential remaining distributions to Securityholders based on:

- an estimate of the remaining liabilities of the group, including tax; and
- an estimate of the remaining ongoing operating costs, including those associated with the wind up of various entities in the group, until such time as Lantern is sold or re-purposed.

Potential remaining distributions to be made (cents)	Total potential distributions since August 2016 (cents)
0.0	14.1
0.2	14.3
0.4	14.5
0.6	14.7
0.8	14.9
1.0	15.1

The above table is for illustrative purposes and is not intended to provide guidance on the final potential distributions.

As described in Section 3 below, the Sell Down Incentive Bonus is based on the total distributions to Securityholders.

The Group has made certain assumptions in calculating the estimated potential distributions to Securityholders set out above. If the assumptions are not met, this may result in a materially higher or lower cash surplus being available for distribution to Securityholders.

In the event that one or more assumptions differ from those set out then the potential returns will be affected to a greater or lesser extent by the combined effect of those changes to the assumptions.

The significant assumptions made are as follows:

A. Time and cost to settle remaining liabilities

It is assumed that settlement of the remaining liabilities of the Group would occur within a short timeframe following the sale of the property portfolio. If this takes longer than anticipated, or the quantum of the liabilities is different to that assumed, this could result in additional costs being incurred.

B. Ongoing operating costs

The Directors have allowed for certain ongoing operating costs and costs associated with the wind up of various entities in the Group, including an allowance for contingencies, until such time as the Group is sold or re-purposed. Should unforeseen events occur, this could result in these costs being higher than anticipated.

C. Change in law

A change in law or interpretation of the law (including tax laws) may impact on the cash available to Securityholders.

D. Tax consequences

The Group has historically incurred tax losses. Due to the sale of the Group's property portfolio, this is expected to give rise to tax profits. The Directors have allowed for an estimate of the tax liabilities that will arise, after utilisation of available accumulated tax losses. The actual tax liabilities will only be known after the conclusion of the current financial year and completion of the relevant tax returns.

If the calculation of tax profits or the amount of tax losses that can be offset against tax profits is different to that assumed, it is possible that additional tax payments may need to be made.

3. Sell Down Incentive Bonus

In addition to base pay and any annual performance bonus, the Executives currently hold options under the Lantern ESIP established in April 2016 which will vest if the Executives remain employed at a time when a control change trigger or trading trigger is met at:

- 12 cents or higher in year 1 (in this case, 33% of options vest);
- 15 cents or higher in year 1 (in this case, 100% of options vest); or
- 15 cents or higher in year 2 (in this case, 67% of options vest).

This incentive is only relevant if Lantern continues as a going concern, and therefore is not effective to encourage the Executives to maximise returns to Securityholders in the approved sell down scenario.

On 21 October 2016 Lantern announced that the Board proposed to amend the Executives' employment contracts to introduce the Cash Bonus, which is broadly equivalent to the existing Lantern ESIP but based on the distributions to Securityholders arising from the sale of the Lantern property portfolio. The Cash Bonus is based on the same 12 and 15-cent thresholds as the existing Lantern ESIP being met, but in the form of aggregate distributions to Securityholders by 31 August 2017 ('year 1') or 31 August 2018 ('year 2'), rather than the control change trigger or trading trigger that applies under the Lantern ESIP in relation to the 2-year period to 15 May 2018. The Cash Bonus is to be paid within 30 days after the first distribution that results in an entitlement. After each subsequent distribution, there is to be a top-up payment to ensure the aggregate

bonus paid equals the amount calculated as above (including any adjustment required to retrospectively apply a higher rate of bonus to prior distributions if applicable). The Cash Bonus is not paid if the options under the Lantern ESIP have vested.

The proposed Sell Down Incentive Bonus is generally consistent with the Cash Bonus with the exception of the following modifications:

A. Timing requirements

The completion of the sale of the entire property portfolio of Lantern has been completed earlier than originally anticipated, well within the 'year 1' timing requirement set out in the Cash Bonus. The Executives have performed everything that has been expected of them in executing the Sell Down Strategy, however due to factors outside of the control of the Board and the Executives the distributions to Securityholders will not be completed until all other commitments of the Group have been satisfied, including settlement of all remaining liabilities.

The finalisation of distributions may therefore occur after the 'year 1' timing requirement included in the Cash Bonus, being 31 August 2017. It is therefore proposed to modify the timing requirements for the purposes of the Sell Down Incentive Bonus such that the full value of the Cash Bonus will be provided based on achieving the 12 and 15-cent thresholds by 31 December 2017.

B. Payments relating to cash retained in the Group

The Board is continuing to evaluate the options for Lantern. Securityholder approval will be sought where applicable in the event an alternative option for Lantern is identified, which may include the retention of cash within the Group depending on the options identified.

In the event that cash is retained within the Group (**Retained Cash**), rather than distributed to Securityholders prior to 31 December 2017, this would inadvertently reduce the Cash Bonus payable to the Executives given the Cash Bonus is linked to distributions made. To address this anomaly, in the event the Group has Retained Cash that is not required for other financial commitments prior to 31 December 2017, the intention of the Directors is to resolve to pay the Sell Down Incentive Bonus as if the Retained Cash was distributed to securityholders.

C. Payments after termination of Executives

It is proposed that the Executives will retain their entitlement to the Sell Down Incentive Bonus after their employment with Lantern has been terminated. This is to ensure Lantern is able to remove operating costs from the business at the earliest possible time, without compromising the Executives entitlement to the Sell Down Incentive Bonus that will arise as a result of Securityholder distributions that will occur after their termination.

The amount of the proposed Benefits that will arise in relation to the Sell Down Incentive Bonus cannot be ascertained at the time of the preparation of these Explanatory Notes as it depends on the aggregate distributions to Securityholders.

The table below sets out the range of the amounts of the proposed Benefits arising from the Sell Down Incentive Bonus, and the basis of calculation, at the various levels of aggregate distributions as set out in Section 2 above.

	Total potential distributions since August 2016 (cents)					
	14.10	14.30	14.50	14.70	14.90	15.10
Chief Executive Officer						
Total options available	9,000,000	9,000,000	9,000,000	9,000,000	9,000,000	9,000,000
Options % used for bonus calculation	33%	33%	33%	33%	33%	100%
Options used for bonus calculation	2,970,000	2,970,000	2,970,000	2,970,000	2,970,000	9,000,000
Sell Down Incentive Bonus (\$)	418,770	424,710	430,650	436,590	442,530	1,359,000
Chief Operating Officer						
Total options available	4,050,000	4,050,000	4,050,000	4,050,000	4,050,000	4,050,000
Options % used for bonus calculation	33%	33%	33%	33%	33%	100%
Options used for bonus calculation	1,336,500	1,336,500	1,336,500	1,336,500	1,336,500	4,050,000
Sell Down Incentive Bonus (\$)	188,447	191,120	193,793	196,466	199,139	611,550
Financial Controller						
Total options available	2,700,000	2,700,000	2,700,000	2,700,000	2,700,000	2,700,000
Options % used for bonus calculation	33%	33%	33%	33%	33%	100%
Options used for bonus calculation	891,000	891,000	891,000	891,000	891,000	2,700,000
Sell Down Incentive Bonus (\$)	125,631	127,413	129,195	130,977	132,759	407,700
Total Sell Down Incentive Bonus (\$)	732,848	743,243	753,638	764,033	774,428	2,378,250

In the event that the total distributions to Securityholders differs to the amounts shown in the table above, then the Sell Down Incentive Bonus will be adjusted on a pro-rata basis accordingly.

4. Section 200C of the Corporations Act

Section 200C provides that a company must not give a person who holds or has, at any previous time, held a managerial or executive office in a company or a related body corporate in connection with the transfer of the whole or any part of the undertaking or property of the company.

Section 200C does not apply to the extent that there is Securityholder approval under section 200E.

The information contained in these Explanatory Notes and the Resolution to be considered by Securityholders has been prepared to ensure the Group is compliant with the requirements of section 200E of the Corporations Act so that the Group has Securityholder approval for giving the Benefits to the Executives under section 200C.

5. Directors' Recommendation

The Board unanimously recommends that Securityholders vote in favour of the Resolution.

GLOSSARY

AEST means Australian Eastern Standard Time as observed in Sydney, Australia.

General Meeting, EGM or Meeting means the meeting convened by the Notice.

ASX means ASX Limited ACN 008 624 691.

ASX Listing Rules means the Listing Rules of the ASX, as amended or replaced from time to time except to the extent of any express written waiver by ASX.

Benefits means the Sell Down Incentive Bonus proposed to be given to the Executives as described in the Explanatory Notes.

Board means the current Board of directors of the Company.

Company means Lantern Hotel Group Limited (ACN 145 967 899).

Constitution means the Company's Constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

Executives means John Osborne, Chief Executive Officer, Mark Ronfeldt, Chief Operating Officer and Michael Thaler, Financial Controller.

Explanatory Notes means the Explanatory Notes accompanying the Notice.

Fund means Lantern Real Estate Trust (ASRN 108 982 627).

Lantern or Group means the Lantern Hotel Group (ASX code: LTN), a stapled vehicle made up of a share in Lantern Hotel Group Limited and a unit in Lantern Real Estate Trust and, where applicable, all subsidiaries of the Company and all sub-trusts of the Fund.

Notice or Notice of Meeting or Notice of General Meaning means this notice of general meaning and the explanatory notes accompanying the Notice and the Proxy Form.

Proxy Form means the proxy form accompanying the Notice.

Resolution means the resolution set out in the Notice.

Share means a fully paid ordinary share in the capital of the Company.

Securityholder means a holder of a Stapled Security.

Stapled Security means one stapled security comprised of a Share and Unit.

Unitholder means a holder of a unit in the Fund.

LODGE YOUR VOTE



ONLINE

www.linkmarketservices.com.au



BY MAIL

Lantern Hotel Group
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



BY FAX

+61 2 9287 0309



BY HAND

Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138



ALL ENQUIRIES TO

Telephone: 1300 554 474

Overseas: +61 1300 554 474



X99999999999

PROXY FORM

I/We being a member(s) of Lantern Hotel Group and entitled to attend and vote hereby appoint:

APPOINT A PROXY



the Chairman of the
Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting
as your proxy, please write the name of the person or
body corporate you are appointing as your proxy



or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the General Meeting of the Company to be held at **12:00 noon (AEST) on Tuesday, 16 May 2017 at Dentons Australia, Level 16, 77 Castlereagh Street, Sydney NSW 2000** (the **Meeting**) and at any postponement or adjournment of the Meeting.

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an ☒

Resolutions

For Against Abstain*

1 Giving of Benefits to Executives

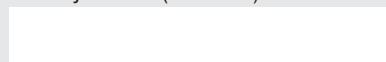
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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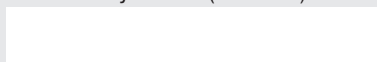
* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SECURITYHOLDERS – THIS MUST BE COMPLETED

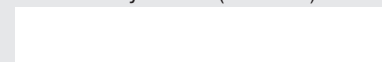
Securityholder 1 (Individual)



Joint Securityholder 2 (Individual)



Joint Securityholder 3 (Individual)



Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the securityholder. If a joint holding, either securityholder may sign. If signed by the securityholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

LTN PRX1701A

HOW TO COMPLETE THIS SECURITYHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's security register. If this information is incorrect, please make the correction on the form. Securityholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your securities using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a securityholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's security registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either securityholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's security registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **12:00 noon (AEST) on Sunday, 14 May 2017**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, securityholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



BY MOBILE DEVICE

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link www.linkmarketservices.com.au into your mobile device. Log in using the Holder Identifier and postcode for your securityholding.

QR Code



To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.



BY MAIL

Lantern Hotel Group
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138

* During business hours (Monday to Friday, 9:00am–5:00pm)

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**