



Year ended 30 June 2017

Investor update

30 August 2017

Highlights



- Distributions paid of 15c per security (\$132.4m) since August 2016.
- Reported profit of \$40.9m, up from \$7.0m in the prior year, arising from the sale of hotels during the year.
- Cash held and net assets at 30 June 2017 of \$16.4m and \$3.7m respectively.
- The Board estimates that surplus cash held, following the conclusion of all remaining obligations of the Lantern Group, will be in the range of approximately \$2m to \$3m (0.2c to 0.3c per security).
- Ongoing operating costs reduced significantly.
- The Board is actively exploring the possible sale or re-purposing of the Group entities. A further update will be provided at the AGM.

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Future intentions for Lantern



- The Board has reduced ongoing operating costs to a minimum.
- The Board is actively exploring the possible sale or re-purposing of the Group entities, while at the same time progressively winding up the entities within the Group that hold no future value to reduce the cost and complexity of the group structure.
- In the event a suitable opportunity is identified, securityholder approval will be sought as required.
- A further update will be provided at the AGM, the date for which will be notified to securityholders in due course.
- ASX will, in the absence of any other reason to suspend the quotation of LTN's securities, allow LTN to continue trading for a period of 6 months from the date of sale of the last hotel. The date of sale of the last hotel was 29 March 2017, therefore trading of LTN's securities will be allowed up to 29 September 2017.

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Net Asset Position

Balance sheet prepared on a liquidation basis of accounting



Stapled Entity Consolidated	30 June 2017 \$'000	31 December 2016 \$'000	30 June 2016 \$'000
Cash	16,395	21,979	12,011
Held for sale assets	-	80,479	18,601
Other current assets	79	1,576	1,890
Total current assets	16,474	104,034	32,502
Investment properties	-	-	16,250
Other non-current assets	-	-	97,233
Total non-current assets	-	-	113,483
Total assets	16,474	104,034	145,985
Current borrowings	-	-	-
Liabilities associated with assets held for sale	-	14,025	14,621
Distributions payable	7,949	17,664	-
Income tax payable	1,320	390	-
Other current liabilities	3,548	4,673	7,675
Total current liabilities	12,817	36,752	22,296
Non-current borrowings	-	-	26,267
Other non-current liabilities	-	-	2,200
Total non-current liabilities	-	-	28,467
Total liabilities	12,817	36,752	50,763
Net assets	3,657	67,282	95,222

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Net Asset Position

Balance sheet prepared on a liquidation basis of accounting



- Cash held is required for:
 - Settlement of existing liabilities.
 - Future operating costs.
 - Costs to simplify, and potentially wind up the group structure.
- Other current liabilities includes the sell down incentive bonus accrued for senior executives that arises from the distribution declared on 26 June 2017 and paid on 17 July 2017, amounting to \$1.6m. This is in line with the sell down incentive bonus approved by securityholders at the General Meeting held on 16 May 2017.
- Other current liabilities also includes \$1.0m recognised for future wind down costs. This reflects an estimate of future costs that are directly related to the wind down of the Lantern Group. This does not include ongoing operating costs for the Group, including central support services and corporate costs.
- The income tax payable reflects the tax payable from Lantern Hotel Group, primarily arising from the profits earned on the sale of the hotel operations, and is stated after the utilisation of accumulated tax losses.

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Full Year Results

Strong gaming led hotel performance up to time of sale



Stapled Entity Consolidated	Year to June FY2017 \$'000	Year to June FY2016 \$'000
Total hotel EBITDA	7,187	12,162
Central support services expenses	(5,484)	(2,570)
Operating EBITDA	1,703	9,592
Rental income	1,084	2,579
Corporate & fund expenses	(2,644)	(2,678)
Group EBITDA	143	9,493
Depreciation and amortisation	(1,235)	(3,574)
Net interest expense	(791)	(4,287)
Income tax expense	(1,320)	-
Net profit/(loss) before significant items	(3,203)	1,632

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Full Year Results

Results reflect the wind down of the Group



- The results reflect the sale of hotels, the wind down of operations and repayment of debt.
- Corporate and fund expenses for the year are higher than the PCP due to a number of one off costs associated with restructuring and strategic projects, including the sell down of Lantern's hotels. These costs have now been reduced to a minimum.
- Income tax expense has arisen from the profits realised on the sale of the operations, after utilising accumulated income tax losses.
- A reconciliation of the net profit before significant items to the reported results is included in Appendix 1.

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Distributions

Distributions of 15c per security paid to date



- Following the sell down of Lantern's hotels, surplus funds have been returned to security holders.
- Total distributions paid from August 2016 to July 2017 amount to 15c per security.
- The Board estimates that surplus cash held, following the conclusion of all remaining obligations of the Lantern Group, including the settlement of all remaining liabilities, will be in the range of approximately \$2m to \$3m (0.2c to 0.3c per security).
- The estimate of future surplus cash is based on a number of assumptions. In the event actual events vary from these assumptions the actual amount of surplus cash could be higher or lower than the estimate presented, and potentially materially so.
- The level of future distributions to securityholders is also dependent on whether a value adding opportunity for the Lantern shell is identified.

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Appendix 1

Reconciliation of reported results



Stapled Entity Consolidated	Year to June FY2017 \$'000	Year to June FY2016 \$'000
Net profit/(loss) before significant items	(3,203)	1,632
Change in fair value of PPE	-	(470)
Change in fair value of investment properties	-	(4,587)
Write off of goodwill	-	(1,116)
Change in fair value of interest rate swaps	-	1,239
Provision for costs of wind down	(1,037)	-
Profit on sale of fixed assets	45,182	10,423
Bad debts	(356)	-
Other items	271	(115)
Reported profit after tax	40,857	7,006

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Information contained in this presentation is current as at 30 August 2017.

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