



General Meeting of Lantern Real Estate Trust  
Annual General Meeting of Lantern Hotel Group Limited

29 November 2017

# Status of Lantern

## Successful implementation of the Sell Down Strategy



- Successful implementation of the Sell Down Strategy that was approved by securityholders at the AGM on 25 October 2016
- \$206m realised from core and non-core hotel sales. Core hotels and non-core hotels sold at a 47% and 14% premium to book value respectively
- Reported profit of \$40.9m, up from \$7.0m in the prior year
- Distributions paid of 15c per security (\$132.4m)

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# Status of Lantern

## Future intentions



- The Board is actively exploring the possible sale or re-purposing of the Group entities to create further securityholder value
- A number of opportunities have been considered, however none of these have been capable of completing
- The Board will continue to consider opportunities and in the event a suitable opportunity is identified, securityholder approval will be sought as required.
- The Board has also been progressively winding up the entities within the Group that hold no future value to reduce the cost and complexity of the group structure
- Ongoing operating costs have been reduced to a minimum
- Directors fees to be reduced immediately following the AGM

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# Net asset position

\$3.7m of net assets at 30 June 2017

Stapled Entity Consolidated	30 June 2017 \$'000
Cash	16,395
Other current assets	79
<b>Total current assets</b>	<b>16,474</b>
<b>Total assets</b>	<b>16,474</b>
Distributions payable <sup>(1)</sup>	7,949
Income tax payable	1,320
Other current liabilities	3,548
<b>Total current liabilities</b>	<b>12,817</b>
<b>Total liabilities</b>	<b>12,817</b>
<b>Net assets</b>	<b>3,657</b>

## Notes:

(1) Distribution declared on 26 June 2017 and paid on 17 July 2017

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# Net asset position

## Surplus cash



- Cash held is required for:
  - Settlement of existing liabilities
  - Future operating costs
  - Costs to simplify, and potentially wind up the group structure
- After making certain assumptions for each of the above, the Directors estimate surplus cash to be in the range of \$2m to \$3m (0.2c to 0.3c per security)
- If the assumptions made are not met, this may result in a materially higher or lower cash surplus

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# Net asset position

## Future distributions



- The Board intends to consider further distributions to securityholders once future opportunities for the group entities have been fully explored.
- Any future distributions will also take into account the potential requirement to retain cash for capital to fund future opportunities.

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# Financial performance

Reported profit reflects results of Sell Down Strategy



Stapled Entity Consolidated	Year to June	Year to June
	FY2017	FY2016
	\$'000	\$'000
<b>Total hotel EBITDA</b>	<b>7,187</b>	<b>12,162</b>
Central support services expenses	(5,484)	(2,570)
<b>Operating EBITDA</b>	<b>1,703</b>	<b>9,592</b>
Rental income	1,084	2,579
Corporate & fund expenses	(2,644)	(2,678)
<b>Group EBITDA</b>	<b>143</b>	<b>9,493</b>
Depreciation and amortisation	(1,235)	(3,574)
Net interest expense	(791)	(4,287)
Income tax expense	(1,320)	-
<b>Net profit/(loss) before significant items</b>	<b>(3,203)</b>	<b>1,632</b>
Significant items <sup>(1)</sup>	44,060	5,374
<b>Reported profit after tax</b>	<b>40,857</b>	<b>7,006</b>

**Notes:**

(1) Primarily relates to profits realised from the sale of fixed assets

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# Resolutions

- At the 2016 AGM, Lantern received a first strike against its Remuneration Report
- If Lantern receives a second strike against its Remuneration Report at the 2017 AGM then the Spill Resolution is required to vote on whether a Spill Meeting should be held. If the Spill Meeting is required it will be held immediately following this AGM
- The Key Management Personnel have delivered significant Securityholder value in the last financial year
- The Board unanimously recommends that Securityholders direct their votes as follows:
  - **In favour** of the Remuneration Report
  - **In favour** of the re-election of Ms Liew
  - **Against** the Spill Resolution



# Disclaimer



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