



Notice of Meeting

Lantern Hotel Group (ASX: LTN)

LANTERN HOTEL GROUP LIMITED (ACN 145 967 899)

Notice is hereby given that an Extraordinary General Meeting of Shareholders of Lantern Hotel Group Limited (**Company**) will be held at Level 37, Suite 3703, Gateway Building, 1 Macquarie Place, Sydney NSW 2000 on 28 October 2019 at 9:00 am (AEDT) (**Meeting**).

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

GENERAL INFORMATION

The Shares in the Company are quoted on the ASX as Lantern Hotel Group (ASX: LTN).

The Meeting will be conducted subject to the discretion of the Chairman to adjourn or reconvene the meeting. Each resolution will be voted on separately.

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

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 or other performance of the Company, 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 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 Company 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 Shareholder

As notified by the Company to ASX on 2 August 2019, the board of the Company has resolved to commence the winding up of the Company, including a return of capital to Shareholders.

The purpose of this Meeting is for Shareholders to approve the following resolutions associated with the winding up and return of capital:

- Resolution 1 – approval of an equal reduction of capital of 0.06 cents per Share;
- Resolution 2 – approval to delist from the ASX; and
- Resolutions 3 and 4 – approval to voluntarily wind up the Company and appoint liquidators,

(together, the **Winding Up Proposal**).

Since the Company's suspension from trading on 29 September 2017, the Company has been focused on maximising returns to Shareholders. Accordingly, the Company implemented a wind-down strategy, including:

- a sell-down of the assets of the Company and the Lantern Real Estate Trust (**Trust**) over the course of the 2017 financial year, realising revenue of \$206 million from asset sales and, after paying down debt and costs, distributing \$132.4 million (or 15.0 cents per Share) to Shareholders;
- the termination of the Trust on 21 June 2018, and its removal from the Official List on 26 July 2018; and
- a distribution to Shareholders of 0.07 cents per Share on 15 March 2019.

In the interests of making further returns to Shareholders, the Board considered a number of alternatives to the Winding Up Proposal. Ultimately, the Board determined that the Winding Up Proposal was the most effective method to maximise potential returns to Shareholders, primarily by reducing the ongoing operating costs of the Company (including by its listing on ASX) that are inconsistent with the current level of the Company's operations.

Key Dates

If all Resolutions are passed, the following key dates will apply.

Extraordinary general meeting (EGM)	28 October 2019
Shares quoted on an ex-entitlement basis	30 October 2019
Record date to determine entitlement to capital return	7:00 pm (AEST) on 31 October 2019
Payment of capital return	As soon as practicable, and within 21 days of the EGM

The above dates are indicative only and may be changed at the discretion of the Board, subject to the requirements of the ASX and the Corporations Act.

Board recommendations

The Board unanimously recommends that Shareholders approve the Winding Up Proposal by voting **in favour** of Resolutions 1 to 4.

The Explanatory Notes contain important information relating to the Resolutions, including further detail for the Board's recommendations. 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 Resolutions 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 28 October 2019 at 9:00 am (AEDT).

Thank you for your ongoing support.

Graeme Campbell
Executive Chairman

NOTICE OF EXTRAORDINARY GENERAL MEETING

Lantern Hotel Group Limited (ACN 145 967 899)

Notice is given that an Extraordinary General Meeting of the Shareholders of Lantern Hotel Group Limited (ACN 145 967 899) will be held at Level 37, Suite 3703, Gateway Building, 1 Macquarie Place, Sydney NSW 2000 on 28 October 2019 at 9:00 am (AEDT) to transact the following business.

BUSINESS OF THE MEETING

Resolution 1: Capital Return

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

*“That, conditional on the passing of Resolutions 2, 3 and 4, for the purposes of section 256C of the Corporations Act 2001 (Cth) (**Corporations Act**) and for all other purposes, approval is given for the share capital of the Company to be reduced by approximately \$529,921.28, such reduction of capital to be effected by the Company paying to each registered holder of Shares as at 7:00 pm (AEDT) on 23 October 2019 (**Record Date**), the amount of 0.06 cents for each Share held by that holder on the Record Date without cancelling any shares, and otherwise on the terms and conditions set out in the Explanatory Notes.”*

The Board recommends that Shareholders vote **in favour** of Resolution 1.

Resolution 2: Delisting from ASX

To consider and, if thought fit, pass the following resolution as a **special resolution** of the Company:

“That, conditional on the passing of Resolutions 1, 3 and 4, for the purposes of ASX Listing Rule 17.11 and for all other purposes, approval is given for the Company to delist from the Official List of ASX on a date to be decided by the Company and the ASX, and that the Directors of the Company be authorised to do all things reasonably required to give effect to the delisting of the Company from the ASX.”

The Board recommends that Shareholders vote **in favour** of Resolution 2.

Resolution 3: Voluntary winding up

To consider and, if thought fit, pass the following resolution as a **special resolution** of the Company:

“That, conditional on the passing of Resolutions 1, 2 and 4, for the purposes of section 491 of the Corporations Act and for all other purposes, the Company be wound up voluntarily.”

The Board recommends that Shareholders vote **in favour** of Resolution 3.

Resolution 4: Appointment of Liquidators

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

“That, conditional on the passing of Resolutions 1, 2 and 3:

- a) Brian Silvia and Geoffrey Granger of Level 30, Australia Square, 264 George Street, Sydney NSW 2000 be appointed to act jointly and severally as liquidators of the Company; and*

b) *the remuneration of the Liquidators, partners and staff be fixed in accordance with the BRI Ferrier hourly rates and staff experience schedule as at 22 July 2019.*”

The Board recommends that Shareholders vote **in favour** of Resolution 4.

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 Shareholders as at 7:00 pm (AEDT) on 16 October 2019 (**Entitlement Time**), subject to any applicable voting exclusion.

This means that if you are not the registered holder of Shares 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 that accompanies this Notice.

Voting by Proxy

A Shareholder who is entitled to attend and vote at this Meeting is entitled to appoint not more than two proxies to attend and vote in place of the Shareholder.

If the Shareholder appoints two proxies, the Shareholder 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 Shareholder’s votes. If the specified proportion or number of votes exceeds that which the Shareholder is entitled to, each proxy may exercise half of the Shareholder’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 Shareholder. A body corporate appointed as a Shareholder’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 Company.

Subject to the specific proxy provisions set out in this Notice:

- If a Shareholder has not directed their proxy how to vote, the proxy may vote as the proxy determines; and
- If a Shareholder 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 intentions as stated in this Notice, namely **in favour** of all Resolutions.

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 Company’s share registry, no later than 7:00 pm (AEDT) on 16 October 2019 (**Proxy Deadline**).

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

- (i) **By mail** to Link Market Services Pty Ltd 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 Pty Ltd 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 Pty Ltd at Level 12, 680 George Street, Sydney NSW 2000.

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

CORPORATE REPRESENTATIVES

Where a shareholding is registered in the name of a corporation, the corporate Shareholder 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

John Hunter
Company Secretary
20 September 2019

Explanatory Notes

Notes on Business

1. RESOLUTION 1: CAPITAL RETURN

1.1 Proposed return of capital

The Company proposes to make a cash payment to Shareholders of 0.06 cents per Share (representing \$529,921.28 in total) as a return of capital.

The record date for determining entitlements to receive the return of capital is 7:00 pm (AEDT) on 23 October 2019 (**Record Date**). The terms of the Capital Return are the same for each Shareholder.

The proposed return of capital is an “equal” reduction of capital which requires the approval of Shareholders by ordinary resolution in general meeting under section 256C(1) of the Corporations Act. Accordingly, for the Capital Return to proceed, a majority of votes must be cast in favour of Resolution 1.

The Capital Return is also subject to the Delisting (Resolution 2) and Winding Up (Resolution 3) being approved. If all of Resolutions 1 to 4 are approved, the Capital Return will occur as soon as reasonably practicable, and in any event within 21 days of this Meeting.

1.2 Reason for the Capital Return

The Company intends to implement the Capital Return to enable Shareholders to realise value from their Shares before the commencement of the Winding Up. Any further value in Shares realised from the Winding Up (if any) will be distributed to Shareholders in the course of the Winding Up.

1.3 Requirements for the Capital Return

(a) Equal Reduction

The Capital Return is an equal reduction of the Company’s share capital for the purposes of the Corporations Act as it relates only to the Company’s ordinary shares, it applies to each Shareholder in proportion to the number of Shares they hold, and the terms of the Capital Return are the same for each Shareholder.

(b) Corporations Act

Under section 256B(1) of the Corporations Act, a company can reduce its share capital if the reduction:

- is fair and reasonable to the company’s shareholders as a whole;
- does not materially prejudice the company’s ability to pay its creditors; and
- is approved by shareholders under section 256C of the Corporations Act.

The Directors are of the opinion that the Capital Return is fair and reasonable to all Shareholders as it will apply to all Shareholders on the Record Date equally, in proportion to the number of Shares which they hold at the Record Date.

The Directors are also of the opinion that the Capital Return will not materially prejudice the Company’s ability to pay its creditors after having reviewed and considered the financial position of the Company,

including the Company's assets, liabilities, cash flow and capital requirements. In particular, the Company will have sufficient cash resources to pay its creditors after the Capital Return.

(c) **Effect on capital structure**

For the purposes of Listing Rule 7.20, the Company provides the following information to Shareholders regarding the effect of the Capital Return on its capital structure:

- the Company has 883,202,130 Shares on issue as at the date of this Notice, which will remain unchanged following completion of the Capital Return;
- fractional entitlements resulting from the Capital Return will be rounded down to the nearest cent as determined by the Board; and
- no Shares will be cancelled in connection with the Capital Return. Accordingly, the Capital Return will not affect the number of Shares held by each Shareholder, nor will it affect the control of the Company.

The Company currently has no options or other securities on issue.

(d) **Effect on share price**

Given that the Company's share price is below \$0.20 and is likely to decrease following implementation of the Capital Return, the Company has obtained a waiver from ASX Listing Rule 7.25 to the extent necessary to permit the Company to undertake the Capital Return.

1.4 Director's interests

The number of Shares in which each Director and their associates have an interest as at the date of this Notice and the amount they are likely to receive if Resolution 1 is passed and the Capital Return is implemented is set out in the table below:

Director	Shares held	Amount received if Capital Return is implemented
Alexander Beard	-	-
Graeme Campbell	-	-
Matthew Stubbs	172,400,000	\$103,440

1.5 No other material information

Other than as set out in this Notice, and information previously disclosed to Shareholders, there is no information that is known to the Directors which may reasonably be expected to be material to the making of a decision by Shareholders whether or not to vote in favour of Resolution 1.

1.6 Effect on financial position

The Company has sufficient cash reserves to fully fund the Capital Return. Set out below is an unaudited pro-forma statement of financial position for illustrative purposes, showing the effect of the Capital Return as if it had occurred on 30 June 2019. The pro-forma statement of financial position is not intended to be a statement of the Company's current financial position.

Lantern Hotel Group Limited Pro-forma Statement of Financial Position	30 June 2019	Pro-forma Adjustment	Pro-forma 30 June 2019
	\$	\$	\$
Current assets			
Cash and cash equivalents	908,370	(529,921)	378,449
Prepayments	9,267	-	9,267
Total current assets	917,637	(529,921)	387,716
Total assets	917,637	(529,921)	387,716
Current liabilities			
Payables	50,606	-	50,606
Provisions	300,000	-	300,000
Total current liabilities	350,606	-	350,606
Total liabilities	350,606	-	350,606
Net assets	567,031	(529,921)	37,110
Equity			
Issued shares	1,067,108	(529,921)	537,187
Accumulated losses	(500,077)	-	(500,077)
Total equity	567,031	(529,921)	37,110
Shares on Issue	883,202,130	883,202,130	883,202,130
NTA	0.0006	(0.0006)	0.0000

1.7 Directors' Recommendation

The Board unanimously recommends that Shareholders vote **in favour** of Resolution 1.

2. RESOLUTION 2: DELISTING FROM ASX

2.1 Overview

The Company seeks approval from Shareholders to remove the Company from the Official List (**Delisting**).

The Delisting will occur in conjunction with the Winding Up. The rationale for the Delisting and Winding Up is set out in section 3.1.

The Company has formally applied to ASX requesting that ASX remove the Company from the Official List under Listing Rule 17.11.

As is its usual practice, ASX has imposed a requirement under Listing Rule 17.11 and Guidance Note 33 Removal of Entities from the ASX Official List that the Company obtain shareholder approval for its Delisting.

Resolution 2 seeks the required shareholder approval to the Delisting under and for the purposes of the ASX Listing Rules.

If Resolution 2 (and all other Resolutions) are passed, the Company will be able to proceed with the Delisting (and the Capital Return and Winding Up), in which case it is expected that the Company will delist on 1 November 2019.

If Resolution 2 (or any other Resolution) is not passed, the Company will not be able to proceed with the Delisting, will remain on the Official List and will not conduct the Capital Return or the Winding Up. In such circumstances, the Company will pursue alternative options to wind down its operations in an orderly manner.

ASX has granted the Company's request to be removed from the Official List pursuant to Listing Rule 17.11, subject to compliance with the following conditions:

- the Company's removal from the Official List is approved by a special resolution of the ordinary shareholders of the Company;
- the notice of meeting seeking shareholder approval for the Company's removal from the Official List must include a statement, in form and substance, satisfactory to ASX, setting out:
 - that the removal shall take place as soon as practicable once the resolution to approve the removal is passed;
 - the time and date at which the Company will be removed from ASX if that approval is given;
 - that the Company gives to ASX confirmation that it has completed the return of capital (of approximately 0.06 cents per Share); and
 - to ASX's satisfaction, information prescribed in section 2.11 of ASX Guidance Note 33.
- the Company releases the full terms of ASX's decision to the market upon making a formal application to ASX to remove the Company from the Official List.

In accordance with the conditions as stated above:

- Resolution 2 seeks Shareholder approval via a special resolution for the removal of the Company from the Official List;
- these Explanatory Notes include the statements required by ASX's approval; and
- the Company released the full terms of ASX's decision to the market upon making a formal application to ASX to remove the Company from the Official List in its announcement dated 20 September 2019.

The proposed Delisting is considered by the Directors to be in the best interests of the Company for the reasons set out in section 2.2.

The Delisting may be perceived to have some disadvantages for Shareholders. Possible disadvantages are set out in section 2.3.

The Board recommends that Shareholders seek legal, financial and tax advice about the potential impact of Resolution 2, including the potential advantages and disadvantages of holding shares in a company that is not listed on ASX.

2.2 Key advantages of Delisting

If the Company is Delisted, the Directors expect that the Company will save the following expenses per annum:

ASX listing fees	\$27,500
Other ASX compliance & registry costs	\$15,000
Audit and insurance costs	\$100,000
Total	\$142,500

The above does not include any allocation of the cost of management's time taken up by matters associated with being listed.

Additionally, if the Delisting occurs, the Company is expected to incur one-off costs of up to \$207,500, including:

- \$112,500 for directors & officers insurance;
- up to \$50,000 payable to the liquidators to conduct the Winding Up;
- legal fees of between \$25,000 and \$35,000 (which will be payable regardless of whether the Delisting occurs); and
- costs associated with lodging the Company's final tax return, expected to be up to \$10,000.

The Delisting will only occur if the Capital Return and Winding Up are approved by Shareholders (and vice versa). Accordingly, the advantages of the Winding Up Proposal that the Board has identified, being the maximisation of return to Shareholders, are the advantages of the Delisting. Similarly, given that Shares are suspended from trading on ASX, the Capital Return and Winding Up will provide Shareholders an opportunity to realise value on their investment in the Company.

2.3 Key disadvantages of Delisting

(a) Shareholders' ability to sell Shares may be diminished

After the Company is delisted, the Shares will no longer be traded on ASX. However, given the Company's shares are currently suspended from trading on ASX (having been suspended since 29 September 2017), Shareholders are unable to sell or transfer their Shares except by private transaction. The Company intends to implement the Capital Return to return value to Shareholders in circumstances where liquidity of Shares is low. If the Delisting is approved, it is anticipated that Shares will remain in suspension until the Delisting is completed.

Additionally, given that the Delisting is conditional on the Winding Up and appointment of liquidators to the Company, Shares will not be capable of sale in any form after the passing of Resolution 3 (including any private off-market transfers), without the express consent of the joint and several liquidators.

(b) **Various requirements of the Listing Rules will no longer apply to the Company**

Following the Delisting, the Company will be relieved from some reporting and disclosure requirements and restrictions, including the removal of restrictions on the issue of Shares, requirements concerning significant changes to the Company's activities and restrictions on transfers of assets to related parties.

Some Shareholders may perceive a disadvantage in the Company no longer being subject to the Listing Rules. However, given that the Delisting will only occur in conjunction with the Winding Up, any disadvantage to Shareholders from a lower level of regulation will have limited impact on Shareholders.

2.4 What approvals are required for the Delisting?

The Delisting is conditional on compliance with the conditions which ASX has imposed as part of its approval. Details of ASX's approval for the Delisting and the conditions attaching to that approval are described in section 2.1. ASX's conditions include that the Delisting is approved by a special resolution of Shareholders.

Accordingly, Resolution 2 is being put to Shareholders as a special resolution. Resolution 2 will be passed if at least 75% of the votes cast in person or by proxy by Shareholders at the Meeting who are entitled to vote on Resolution 2 are cast in favour of Resolution 2. Additionally, Resolution 2 will only take effect if Resolutions 1 and 3 are also passed by the requisite majority.

2.5 The effect of Delisting

If Shareholders approve Resolutions 1 to 4, the Company will be removed from the Official List on a date to be decided by ASX (**Delisting Date**) which will be as soon as practicable after the Meeting, currently expected to be 1 November 2019.

Following the Delisting, the Company will become an 'unlisted disclosing entity' under the Corporations Act and will be subject to the continuous disclosure obligations in section 675 of the Corporations Act. These obligations are substantively the same as those that currently apply to the Company under section 674 of the Corporations Act and Listing Rule 3.1.

If a Shareholder considers the Delisting to be contrary to the interests of the Shareholders as a whole or oppressive to, unfairly prejudicial to, or unfairly discriminatory against a Shareholder or Shareholders, it may apply to the court for an order under Part 2F.1 of the Corporations Act 2001. Under section 233 of the Corporations Act, the court can make any order that it considers appropriate in relation to the Company, including an order that the Company be wound up or an order regulating the conduct of the Company's affairs in the future.

If a Shareholder considers that the Delisting involves "unacceptable circumstances", it may apply to the Takeovers Panel for a declaration of unacceptable circumstances and other orders under Part 6.10 Division 2 Subdivision B of the Corporations Act (refer also to Guidance Note 1: Unacceptable Circumstances issued by the Takeovers Panel). Under section 657D of the Corporations Act, if the Takeovers Panel has declared circumstances to be unacceptable, it may make any order that it thinks appropriate to protect the rights or interests of any person or group of persons, where the Takeovers Panel is satisfied that those rights or interests are being affected, or will be or are likely to be affected, by the circumstances.

2.6 Directors' recommendation

The Board unanimously recommends that Shareholders vote **in favour** of Resolution 2.

3. RESOLUTIONS 3 AND 4 – VOLUNTARY WINDING UP

3.1 Rationale for Winding Up

As announced to ASX on 2 August 2019, the Board has resolved to wind up the Company, which necessarily involves the Delisting.

The Company is undertaking the Delisting and Winding Up as:

- since 2016, the Company has been implementing a wind-down strategy, including:
 - a sell-down of the assets of the Company and the Lantern Real Estate Trust (**Trust**) over the course of the 2017 financial year, realising revenue of \$206 million from asset sales and, after paying down debt and costs, distributing \$132.4 million (or 15.0 cents per Share) to Shareholders;
 - the termination of the Trust on 21 June 2018, and its removal from the Official List on 26 July 2018; and
 - a distribution to Shareholders of 0.07 cents per Share on 15 March 2019;
- the Company's Shares have been suspended from trading since 29 September 2017 and it is unlikely that they will recommence trading; and
- the ongoing operating costs of the Company (including by its listing on ASX) are inconsistent with the level of the Company's operations and the Board is eager to maximise returns to Shareholders where possible.

It is intended that the majority of the capital of the Company will be distributed to Shareholders through the Capital Return. Any remaining value in the Company (if any) will be distributed to Shareholders through the course of the Winding Up.

3.2 Resolution 3 – Voluntary Winding Up

Resolution 3 authorises the Company to be wound up and the joint and several liquidators to divide among the Shareholders the whole or any part of the property of the Company.

If Resolution 3 is passed, a transfer of Shares or an alteration in the status of Shareholders will be void unless the joint and several liquidators give written consent and that consent is unconditional or if the consent is subject to conditions, those conditions must be satisfied, or the transfer of Shares or the alteration of status of the Shareholders is authorised by the court.

Under section 491(1) of the Corporations Act, a resolution to voluntarily wind up a company must be passed by a special resolution. For the Winding Up to be approved, not less than 75% of the votes which are cast on Resolution 3 must be cast in favour of the resolution.

As required by section 494 of the Corporations Act, the Directors have filed a declaration of solvency with the Australian Securities and Investments Commission before sending this Notice to Shareholders.

Resolution 3 is conditional upon Resolutions 1, 2 and 4 also being passed by the requisite majority.

3.3 Resolution 4 – Appointment of Liquidators

Subject to the passing of Resolution 3, Resolution 4 authorises:

- the Company to appoint Brian Silvia and Geoffrey Granger to act as joint and several liquidators of the Company; and
- that the remuneration of the liquidators, partners and staff be fixed in accordance with the BRI Ferrier hourly rates and staff experience schedule as at 22 July 2019, estimated to be a total of \$50,000.

Any surplus funds that remain in the Company after paying costs associated with the Winding Up and absolving all outstanding liabilities of the Company will be distributed to Shareholders. There is no guarantee that any surplus funds will be available for distribution to Shareholders.

Pursuant to section 493 of the Corporations Act, from the time of passing Resolution 3 the Company is required to cease to carry on its business except so far as in the opinion of the liquidators required for the beneficial disposal or winding up of that business. Subject to Resolutions 1 to 4 being passed, the Company has made arrangements with the proposed joint and several liquidators Brian Silva and Geoffrey Granger to allow the Company to complete the Capital Return and Delisting.

3.4 Directors' recommendation

The Board unanimously recommends that Shareholders vote **in favour** of Resolution 3 and 4.

GLOSSARY

AEDT means Australian Eastern Daylight Savings Time as observed in Sydney, Australia.

ASX means ASX Limited ACN 008 624 691 or the security exchange operated by it (as the context requires).

Board means the board of directors of the Company.

Capital Return means the equal reduction in the share capital of the Company by an amount of \$0.06 cents per Share.

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

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

Delisting means the delisting of the Company from the Official List.

Directors means the directors of the Company.

Explanatory Notes means the explanatory notes accompanying the Notice.

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.

Meeting means the extraordinary general meeting of the Company to be held at Level 37, Suite 3703, Gateway Building, 1 Macquarie Place, Sydney NSW 2000 on 28 October 2019.

Notice means this notice of extraordinary general meeting including the Explanatory Notes and the Proxy Form.

Official List means the official list of securities quoted on ASX.

Proxy Form means the proxy form accompanying the Notice.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

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

Shareholder means a holder of a Share.

Winding Up means the voluntary winding up of the Company and distribution of the surplus assets to Shareholders.


LODGE YOUR VOTE

 **ONLINE**
www.linkmarketservices.com.au

 **BY MAIL**
Lantern Hotel Group Limited
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
Level 12, 680 George Street, Sydney NSW 2000

 **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 Limited 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

STEP 1

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 Extraordinary General Meeting of the Company to be held at **9:00AM (AEDT) on Monday, 28 October 2019 at Level 37, Suite 3703, Gateway Building, 1 Macquarie Place, 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 Capital Return	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Delisting from ASX	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Voluntary winding up	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Appointment of Liquidators	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

 * 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 SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder'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).

STEP 3

LTN PRX1901A



HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares 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 shareholder 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 shares 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 shares 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 share 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 shares 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 shareholder 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" must be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share 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 **9:00AM (AEDT) on Saturday, 26 October 2019**, 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, shareholders will need their "Holder Identifier" - Securityholder Reference Number (SRN) or Holder Identification Number (HIN).



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 shareholding.

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 Limited
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*
Level 12
680 George Street
Sydney NSW 2000

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

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