

ASX Announcement



LANTERN HOTEL GROUP (ASX: LTN)

11 August 2014

Security Trading Policy

Lantern Hotel Group advises that the Board has provided clarification around the closed period in which Restricted Persons can trade in the Group's securities, resulting in a change to the Security Trading Policy.

The relevant clause in the Group's Security Trading Policy, now states the following:

LTN's 'closed periods' are:

- *The period between the end of the Group's financial year, being 30 June and the release of the Group's full year preliminary financial results;*
- *The period between the end of the Group's half year, being 31 December and 24 hours following the release of LTN's half year result; and*
- *Any other period as advised in writing to employees by the Board.*

In accordance with Listing Rule 12.10, the revised policy is attached and is effective immediately.

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LANTERN HOTEL GROUP

SECURITIES TRADING POLICY

This policy sets out the procedures for all directors, officers and employees of Lantern Hotel Group (**LTN** or the **Group**) dealing in the Group's securities. Lantern Hotel Group comprises Lantern RE Limited, the responsible entity for the Lantern Real Estate Trust (**Trust**), Lantern Hotel Group Limited the shares of which are stapled to the units of the Trust, and related entities.

Directors, officers and employees of Lantern Hotel Group are encouraged to be long term holders of LTN securities. It is, however, important that care is taken in the timing of any acquisition or disposal of LTN securities because any perception of insider trading could seriously damage LTN and the Group's reputation.

If you do not understand this policy, or how it applies to you, you should raise the matter with the Company Secretary before trading in securities which may be affected by this policy.

Insider Trading Prohibition

It is the responsibility of every director, officer and employee of the Group to ensure that they do not do any of the things prohibited under sec 1043 of the Corporations Act when they are in possession of 'inside information'.

If you have 'inside information' relating to the Group or any entity that LTN is engaging in a transaction with, which has not been published or which is not otherwise generally available, it is illegal for you to:

- Buy, sell or otherwise deal in securities in LTN or any other entity that the Group is engaging in a transaction with;
- Advise, procure or encourage another person (for example, a family member, a friend, a family company, trust or investment manager) to buy or sell these securities, or
- Pass on information to any other person if you know, or ought reasonably to know, that the person may use the information to buy or sell (or procure another person to buy or sell) these securities.

Breach of insider trading laws or this policy will be regarded by Lantern Hotel Group as serious misconduct which may lead to disciplinary action and/or dismissal.

'Inside information' means information which is not generally available to the market and, if the information was generally available, a reasonable person would expect it to have a material effect on the price of a security. Information will have a material effect when a reasonable person would expect the information to influence an investor's investment decision to buy or sell securities.

Trading Excluded From The Operation Of This Policy

Lantern Hotel Group considers that it is not appropriate to restrict trading in LTN securities in circumstances where:

- The trading results in no change in beneficial interest in LTN securities
- The trading occurs via investments in a scheme or other arrangement where the investment decisions are exercised by a third party
- A person has no control or influence with respect to trading decisions, or
- The trading occurs under an offer to all or most of the LTN security holders.

The following are examples of types of trading excluded from the operation of this policy and thus do not require written authorisation under the terms of this policy:

- A transfer of securities of LTN already held in a superannuation fund or other saving scheme, in which a Restricted Person is a beneficiary, to another superannuation fund or saving scheme in which a Restricted Person is a beneficiary;
- An investment in, or trading in units of, a fund or other scheme (other than a scheme only investing in the securities of the entity) where the assets of the fund or other scheme are invested at the discretion of a third party
- Where a Restricted Person is a trustee, trading in LTN's securities by that trust provided the Restricted Person is not a beneficiary of the trust and any decision to trade during a closed period is taken by the other trustees or by the investment managers independently of the Restricted Person;
- Undertakings to accept, or the acceptance of, a takeover offer;
- Trading under an offer or invitation made to all or most of the LTN security holders, such as a rights issue, a security purchase plan, a dividend or distribution reinvestment plan and an equal access buy-back, where the plan that determines the timing and structure of the offer has been approved by the board. This includes decisions relating to whether or not to take up the entitlements and the sale of entitlements required to provide for the take up of the balance of entitlements under a renounceable pro rata issue;
- A disposal of LTN securities that is the result of a secured lender exercising their rights, for example, under a margin lending arrangement. By way of clarification, if a Restricted Person was to seek to sell ILTN securities to meet a margin call (rather than waiting for a lender to exercise their rights) this transaction would not be excluded; and
- The exercise (but not the sale of LTN securities following exercise) of an option or a right under an employee incentive scheme, or the conversion of a convertible security, where the final date for the exercise of the option or right, or the conversion of the security, falls during a closed period and the Restricted Person could not reasonably have been expected to exercise it at a time when free to do so.

When Can Employees Trade In LTN Securities?

Subject to the Corporations Act, employees of Lantern Hotel Group who are not Restricted Persons may trade in LTN securities, without prior approval, except in LTN 'closed periods'.

LTN's 'closed periods' are:

- The period between the end of the Group's financial year, being 30 June and the release of the Group's full year preliminary financial results;
- The period between the end of the Group's half year, being 31 December and 24 hours following the release of LTN's half year result; and
- Any other period as advised in writing to employees by the Board.

Any employee seeking to trade during a 'closed period' must demonstrate exceptional circumstances to trade during this period and obtain written authority to trade.

When Can Restricted Persons Trade In LTN Securities

A Restricted Person must not deal in LTN securities without obtaining written authority to trade.

'Restricted Persons' are:

- Directors
- Nominated executives
- Employees of Lantern Hotel Group (generally, those employees who may be privy to inside information) placed on the Restricted Persons Register
- Any employee who intends to trade in LTN securities during a 'closed period', and
- Any associate (as that term is defined in sec 92 of the Corporation Act) of any of the above persons including a person's spouse, de facto, family members, controlled trusts and companies or other third parties contemplating the acquisition or sale of LTN securities on behalf of the person.

A Restricted Person must not enter into a transaction that is designed or intended to hedge his or her exposure to unvested entitlements under any equity based remuneration scheme.

The following people have been approved to authorise securities trading by a Restricted Person:

- Mr Bryan Mogridge, Chairman, and Russell Naylor, Executive Director.

Any Restricted Person seeking to trade during a 'closed period' must demonstrate exceptional circumstances to trade during a 'closed period' and obtain written authority to trade.

A Restricted Person will, in some circumstances, have access to inside information and Lantern Hotel Group requires Restricted Persons not to disclose such information to other employees or individuals who could take advantage of this information before it becomes publically available.

Trading In A Closed Period In Exceptional Circumstances

A Restricted Person, who is not in possession of 'inside information' in relation to the Group, may be given prior written clearance to sell or otherwise dispose of LTN securities during a 'closed period' where the Restricted Person is in severe financial hardship, or their circumstances are otherwise exceptional and that the proposed sale or disposal of the relevant LTN securities is the only reasonable course of action available.

A person may be in severe financial hardship if he or she has a pressing financial commitment that cannot be satisfied otherwise than by selling the relevant LTN securities.

By way of example:

- A tax liability would not normally constitute severe financial hardship unless the person has no other means of satisfying the liability
- A tax liability relating to LTN securities received under an employee incentive scheme would also not normally constitute severe financial hardship or otherwise be considered an exceptional circumstance for the purpose of obtaining prior written clearance to sell or otherwise dispose of LTN securities during a prohibited period
- If the person is required by a court order, or there are court enforceable undertakings, for example, in a bona fide family settlement or other overriding legal or regulatory requirement, the transfer or sale the LTN securities may be considered an exceptional circumstance.

The determination of whether the person in question is in severe financial hardship or whether a particular set of circumstances falls within the range of exceptional circumstances can only be made by the Chairman or the Chief Executive Officer (where the Chairman is involved).

Margin Lending Agreements

Any director, or any person placed on the Restricted Persons Register, proposing to take out a margin loan in relation to LTN securities, or proposing to amend an existing arrangement, must disclose the existence of, and the terms of, the proposed margin loan arrangement, prior to its commencement, to Russell Naylor, Executive Director and must not enter into such arrangement without first receiving authorisation, in writing, from the Chairman.

Legal Obligation To Notify ASX Of Trading By Directors

Lantern Hotel Group is required under the ASX Listing Rule 3.19A to notify the ASX within 5 business days of any changes to a director's notifiable interests in LTN securities.

Directors are also required under sec 205G of the Corporations Act to notify the ASX of any changes to their notifiable interests in LTN securities within fourteen calendar days of the change.

Notifiable interests are defined in sec 205G of the Corporations Act and include all relevant interests in a security held by a director, including contracts that confer a right to obtain securities in LTN (such as options). A contract does not need to be in writing for it to be notifiable and includes a situation where a director is entitled to be paid a commission when another person subscribes for shares in LTN. [ASIC Regulatory Guide 193](#) provides a detailed outline of a director's obligation under this section.

A director has a relevant interest if they are the holder of the security or have the power to control the voting or disposal of the security.

The Company Secretary is responsible for lodging a Change of Directors' Interest Notice (Appendix 3Y of the Listing Rules) to the ASX no more than 5 business days after the change occurs. The Appendix 3Y includes a requirement to notify ASX whether the change occurred during a 'closed period' where prior written clearance was required and if so whether the prior written clearance was provided.

An Initial and Final Directors Interest Notice (Appendix 3X and 3Z of the listing Rules) must also be lodged on the appointment or resignation of a director. Lodgement of a Directors' Interest Notice will satisfy a director's obligation under sec 205G.

Review

This Securities Trading Policy will be reviewed for effectiveness on an annual basis.