

ASX Announcement



LANTERN HOTEL GROUP (ASX: LTN)

6 January 2015

Corporate Governance Statement

The Board of Lantern provides the following information in relation to the independence of certain of its directors and certain other information that was inadvertently omitted from our 2014 Annual Report.

As stated in the Corporate Governance Statement in the 2014 Annual Report, the Board considers specific principles in determining whether its directors are independent.

In relation to Mr Bryan Mogridge, Box 2.1 of Recommendation 2.6 of the ASX Corporate Governance Principles and Recommendations suggests that a factor that may be relevant in the consideration of a director's independence is whether that director is 'a substantial shareholder of the company or an officer of, or otherwise associated directly with, a substantial shareholder of the company.'

Mr Mogridge's directorships have been disclosed by Lantern on many occasions (including in its most recent Annual Report).

Mr Mogridge is Chairman and an independent director of Pyne Gould Corporation Limited (**PGC**), the ultimate holding company of Torchlight GP Limited (**Torchlight**), a substantial securityholder of Lantern. Mr Mogridge does not have any material financial interest in Torchlight or PGC. The Board considers that Mr Mogridge is independent as he is not directly associated with a substantial shareholder of the Group. In particular, Torchlight acts as a general partner on behalf of third party investors. Its investment in Lantern is managed through an investment committee that Mr Mogridge is not a member of. Mr Mogridge has no involvement in Torchlight's investment activities, and receives no financial benefit from Torchlight's activities (other than as a small shareholder in PGC).

As stated in the 2014 Annual Report, the Board (excluding Mr Mogridge) considers Mr Mogridge to be an independent director. Mr Mogridge considers himself to be independent.

In addition, Box 2.1 of ASX Recommendation 2.6 suggests that when considering the independence of a director the Board should review 'a relationship with a material supplier or customer of the company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer'.

Lantern Director Ms Deborah Cartwright is a partner with accounting firm Pitcher Partners. In that role she has provided professional services advice to entities associated with Mr George Kerr, a director of and (through associated entities) substantial shareholder of PGC. The Board is aware of these services and understands that this advice generates fee income for Pitcher Partners and Ms Cartwright which is immaterial in quantum and as a percentage of the size of her practice. As such, the provision of these services is not viewed by the Board (excluding Ms Cartwright) as impacting Ms Cartwright's independence, and therefore Lantern confirms that she is considered an independent Director. Ms Cartwright considers herself to be independent.

The Company also notes that the proportion of women employees were inadvertently missing from page 9 of the 2014 Annual Report, they are set out below:

- The proportion of women employees in the whole organisation: 45%
- The proportion of women employees in senior executive positions: 0%
- The proportion of women on the Board: 25%

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