

ASX Announcement



LANTERN HOTEL GROUP (ASX: LTN)

24 June 2015

CHAIRMAN'S ADDRESS

Since MAS issued the notice of meeting to convene this general meeting, the board and Lantern's management has continued to manage the business, and has achieved a great deal. Some of those things were announced to the ASX last week. Given not all of you may have yet had the opportunity to see those announcements, I wanted to highlight a few things that we've announce.

Security Buy Back

As you may recall we had entered into an agreement with MAS under which their Lantern securities would be bought back by Lantern.

In order to proceed with the buy-back, ASIC exemptions were required. In the end ASIC declined to grant those exemptions, and Lantern appealed to the Administrative Appeals Tribunal to challenge that decision.

Late last week the AAT upheld Lantern's appeal, paving the way for Lantern to proceed with the buy-back. Lantern has since resolved to proceed with the buy-back. Lantern believes this is in the best interests of all other security holders, including because the acquisition price is at a material discount to net asset value, and the acquisition will be earnings per security positive once the securities held by Millinium are bought back and cancelled. An independent expert's report prepared at the time agreed with these views.

Board Composition and Management

As announced to the ASX on Thursday 18 June 2015, the former Chairman of Lantern, Bryan Mogridge has resigned and I have replaced him as your Chairman. I would like to take this opportunity to thank Bryan for his service, and the contribution he has made to Lantern.

Additionally we have appointed Ms Shirley Liew to the Board as an independent director. We have decided to make this appointment in light of the serious health issues being faced by Deborah Cartwright, which means she is currently unable to perform her role as a director. Deborah has been Chair of our Audit and Risk Committee, and as we are on the brink of the end of our financial year, we thought it was essential to replace Deborah's skills as soon as we could in the circumstances. The search for a suitable candidate commenced prior to the receipt of the notice convening this meeting. Shirley has over 20 years experience in the finance sector, including as a partner with Moore Stephens and Grant Thornton, during which time she was audit partner for various large hospitality groups. She is now Chair of our Audit and Risk committee, and I am delighted she has agreed to join us. She will be up for re-election at our next AGM, which will be held in November.

Additionally, we have formalised the arrangements with our CEO Russell Naylor through a management services agreement. While the terms of it are consistent with his previous arrangements, in light of the uncertainties surrounding Lantern, the board thought that it was prudent to ensure that it could, if it wanted to, continue to have Russell's services, and we have achieved this by requiring Russell to give 6 months notice before he leaves Lantern. This was also important to provide our financiers with confidence in respect of business continuity.

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