

ASX Announcement



LANTERN HOTEL GROUP (ASX: LTN)

8 October 2015

Securities Trading Policy

Lantern Hotel Group (ASX: LTN) (**Lantern**) advises that the group's Securities Trading Policy has been updated effectively immediately.

In accordance with ASX Listing Rule 12.10, the revised policy is attached.

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Securities Trading Policy

Lantern Hotel Group
(Comprising Lantern Hotel Group Limited and Lantern RE Ltd)
(Lantern or Group)

Adopted by the Board on 23 September 2015

1. Introduction

This policy sets out the procedures for all employees, contractors and directors dealing in securities in Lantern Hotel Group (Lantern or Company), and in some circumstances, other companies.

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

If you do not understand this policy, or how it applies to you or your family or associates, you should raise the matter with the company secretary, before trading in any securities which may be affected by this policy. You may wish to obtain your own legal advice before dealing in Lantern securities.

1.1 What is a security ?

Securities are defined in sec 92 of the Corporations Act and include interests in shares, options or debentures in a company or related body corporate, as well as interests in managed investment schemes made available by the company or a related body corporate.

2. Insider Trading Prohibition

It is the responsibility of every director, officer, employee and contractor 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 Lantern or any other entity, which has not been published or which is not otherwise 'generally available', it is illegal for you to:

- (a) Buy, sell or otherwise deal in Lantern securities or any other entity
- (b) Advise, procure or encourage another person (for example, a family member, a friend, a family company, trust or investment manager) to

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buy or sell these securities

- (c) 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.

It does not matter how or in what capacity you become aware of the Inside Information. It does not have to be obtained from Lantern to be Inside Information.

You cannot avoid the insider trading prohibition by arranging for a member of your family or a friend to deal in Lantern Securities nor may you give "tips" concerning Inside Information relating to Lantern to others.

Breach of the 'insider trading' prohibitions by you or family members could expose you or them to:

- (a) Criminal liability - penalties include heavy fines and imprisonment;
- (b) Civil liability - you can be sued by another party or Lantern for any loss suffered as a result of illegal trading activities;
- (c) Civil penalty provisions - the Australian Securities and Investments Commission may seek civil penalties against you and may even seek a court order that you be disqualified from managing a corporation.

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

2.2 What Is 'Inside Information'?

'Inside information' means information which:

- (a) Is not generally available to the market; and
- (b) 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. For further guidance with respect to materiality please refer to our Continuous Disclosure Policy.

Examples of possible 'inside information' include:

- (a) The financial performance of Lantern against its budget;

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- (b) Entry into or termination of a material contract (such as a major joint venture);
- (c) A material acquisition or sale of assets by Lantern;
- (d) An actual or proposed takeover or merger;
- (e) An actual or proposed change to Lantern's capital structure;
- (f) A proposed dividend or a change in dividend policy; and
- (g) A material claim against Lantern or other unexpected liability.

2.3 When is information generally available?

Information is generally available if:

- (a) It consists of readily observable matter or deductions;
- (b) It has been brought to the attention of investors through an announcement to Australian Securities Exchange Limited (ASX) or otherwise similarly brought to the attention of investors who commonly invest in securities, and a reasonable period has elapsed since it was announced or brought to investors' attention; or
- (c) It consists of deductions, conclusions or inferences made or drawn from information referred to in paragraphs (a) or (b) above.

Examples of possible readily observable matters are:

- (a) A change in legislation which will affect Lantern's ability to make certain types of investments; or
- (b) A severe downturn in global securities markets.

3. Trading Excluded From The Operation Of This Policy

Lantern considers that it is not appropriate to restrict trading in securities in circumstances where;

- (a) The trading results in no change in beneficial interest in the securities;
- (b) The trading occurs via investments in a scheme or other arrangement where the investment decisions are exercised by a third party;

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- (c) A person has no control or influence with respect to trading decisions;
- (d) The trading occurs under an offer to all or most of the securityholders of the entity.

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) A transfer of securities of Lantern 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;
- (b) 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;
- (c) Where a Restricted Person is a trustee, trading in Lantern'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;
- (d) Undertakings to accept, or the acceptance of, a takeover offer;
- (e) Trading under an offer or invitation made to all or most of the 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;
- (f) A disposal of securities of Lantern Hotels 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 securities to meet a margin call (rather than waiting for a lender to exercise their rights) this transaction would not be excluded; and
- (g) The exercise (but not the sale of 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.

4. When Can Employees Trade In Company Securities?

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

Lantern's closed periods are:

- (a) The period between the end of Lantern's financial year, being the 30th of June and the business day after the release of Lantern's full year financial results to the ASX;
- (b) The period between the end of Lantern's half year, being the 31st of December and the business day after the release of Lantern's half year results are announced to the ASX;
- (c) From 14 days before, to the close of trading on the business day after, Lantern's annual general meeting; and
- (d) During any extension to the above closed periods, and during any additional closed periods, as determined by the board.

5. When Can Restricted Persons Trade Company Securities

Restricted Persons are:

- (a) Directors
- (b) Nominated executives
- (c) Employees or contractors of Lantern (generally, those employees and contractors who may be privy to inside information) placed on the Restricted Persons Register;
- (d) Any employee who intends to trade in Lantern securities during a closed period; and
- (e) 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, defacto, family members, controlled trusts and companies or other third parties contemplating the acquisition or sales of securities on behalf of the person.

A Restricted Person must not enter into a transaction that is designed or

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intended to hedge his or her exposure to unvested entitlements under any equity based remuneration scheme.

A Restricted Person must not deal in any Lantern securities without:

- (a) Completing the Lantern Hotels Securities Trading Form Schedule A; and
- (b) Obtaining written authority to trade.

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

- (a) Chairman of the board for all directors and alternate directors of Lantern (other than the chairman of the board), the chief executive officer and the company secretary;
- (b) The chairman of the Audit and Risk Committee and Chief Executive Officer for the chairman of the board; and
- (c) Company secretary for all other Restricted Persons, unless otherwise notified to the relevant Restricted Person.

The relevant authoriser may appoint a delegate to act on his or her behalf in the case of temporary absence.

An approval to trade by the relevant authoriser should be issued within one business day and expires five business days from the date of approval, unless it specifies a different expiry date.

An approval to trade confirms that the proposed dealing by the Restricted Person is within the terms of the trading policy but does not otherwise constitute approval or endorsement by Lantern or the authoriser for the proposed dealing. Even if a clearance is granted, a Restricted Person remains personally responsible for assessing whether the Insider Trading Prohibition applies to them.

A register of requests and approvals is kept by the company secretary.

In addition to providing prior notification and seeking authority to trade Restricted Persons must confirm in writing to the relevant authoriser as soon as reasonably possible and in any event within three business days from when the dealing in Lantern securities has occurred, the number of Lantern securities affected and the relevant parties to the dealing.

A register of Restricted Persons' interests in Lantern's securities is kept by the company secretary.

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6. Trading In A Closed Period In Exceptional Circumstances

A Restricted Person, who is not in possession of inside information in relation to Lantern, may be given prior written clearance to sell or otherwise dispose of 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 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 securities of the entity. By way of example:

- (a) A tax liability would not normally constitute severe financial hardship unless the person has no other means of satisfying the liability;
- (b) A tax liability relating to 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 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 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 chairman of the Audit and Risk Committee (where the chairman is involved).

Any Restricted Person seeking to trade during a closed period must:

- (a) Complete the Lantern's Securities Trading Form Schedule A;
- (b) Demonstrate exceptional circumstances to trade during a closed period; and
- (c) Obtain written authority to trade.

7. Margin Lending Agreements

Restricted Persons are not permitted to enter into margin lending arrangements in relation to Lantern securities. This is on the grounds that the terms may require Lantern Securities to be sold during a Closed Period or when the

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Restricted Person possesses inside information.

This restriction does not extend to other funding arrangements where Lantern securities may be included as security. Restricted Persons should consult the company secretary if they are uncertain as to whether an arrangement should be classified as a margin lending arrangement.

8. Other Restrictions

Lantern encourages Restricted Persons to be long-term investors in Lantern.

Restricted Persons must not engage in short term or speculative trading in Lantern securities or in financial products associated with Lantern securities. Short term means less than a 6 month period.

Restricted Persons are not permitted to engage in short selling of Lantern securities.

Subject to the law, Restricted Persons must not:

Enter into transactions or arrangements with anyone which could have the effect of limiting their exposure to risk relating to an element of their remuneration that:

- (a) Has not vested; or
- (b) Has vested but remains subject to a holding lock; or
- (c) Deal at any time in financial products associated with Lantern securities, except for a type of dealing permitted by law or a permitted dealing under this policy.

8.1 Dealing In Securities Of Other Companies

If you have inside information relating to a company other than Lantern which is not generally available, the same insider trading rules apply to trading in securities in that company.

In the course of performing your duties as an employee of Lantern you may obtain inside information relating to another company in a variety of circumstances. Examples include:

- (a) Another company may provide inside information about itself to Lantern in the course of a proposed transaction

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- (b) Another company with which Lantern is dealing with may provide inside information about a company
- (c) Information concerning Lantern or actions which may be taken by Lantern (e.g. a planned takeover offer) could reasonably be expected to have a material effect on the price of another company's securities.

Apart from the application of the insider trading rules to securities in other companies, employees are also bound by a duty of confidentiality in relation to confidential information obtained in the course of their employment in respect of third parties.

9. Analysts, Investors And Journalists

Directors, senior executives, employees and contractors should be aware that selective disclosure of non-public information may result in a breach of insider trading and Continuous Disclosure obligations. A person in possession of non-public information who does not engage in a transaction but transmits such information to someone who trades on the basis of that information may be just as liable as the person who made the trade.

Similarly, if a report containing material non-public information were communicated only to select investors, journalists or other third parties, and if full public disclosure of the information were not made at the same time, it is possible that this may give rise to a breach of the Corporations Act.

For further details on the personnel who are authorised to liaise with investors, journalists and other stakeholders, please refer to the Media And External Communications Policy.

10. Legal Obligation To Notify Trading By Directors

Lantern 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.

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

ASIC Regulatory Guide 193 provides a detailed outline of a director's obligation under this section.

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 Lantern (such as options). A contract does not need to be in writing for it to be notifiable and includes a situation where a

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director is entitled to be paid a commission when another person subscribes for shares in Lantern..

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. Appendix 3Y includes a requirement to notify 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. Lodgment of a Directors' Interest Notice will satisfy a director's obligation under sec 205G.

11. Policy Awareness

To ensure all new employees, directors, alternate directors, officers and contractors of Lantern including their family and associates are aware of the Company's Security Trading Policy and its contents the policy will be:

- (a) Be part of the Company's Induction Pack for all new employees, directors, alternate directors, officers and contractors of Lantern including their family and associates;
- (b) Be available on the Company's website and intranet;
- (c) Training sessions on the policy will be held annually;
- (d) Emails will be sent to Restricted Persons notifying them when Prohibited Periods are open and closed; and
- (e) Annual Statements of Compliance with the policy will be required to be completed by Restricted Persons.

12. Compliance

Compliance with this policy will be monitored by the board. The register of requests and approvals to trade will be reviewed by the Audit and Risk Committee at least annually, with any abnormalities being reported to the board. The Audit and Risk Committee will also review the register of Restricted Person's at least annually.

13. Administration

The board will review this policy from on at least an annual basis. This policy may be amended by resolution of the board.

A copy of this policy will be available on the Lanterns website. It will be distributed to all directors, employees and other persons as relevant. Key features will be published in the Corporate Governance Statement.

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SCHEDULE A

SECURITIES TRADING FORM

Name of employee	
Approval to buy or sell	
Number of securities	
Dollar value	\$
Security Lantern Hotel Group (stock name) Other (stock name)	
Will the trade lead to a conflict or potential conflict?	
Is the trade for a SMSF or Investment Company?	
Are you entering into a margin loan / similar funding arrangement?	

I am not in possession of any price sensitive information which could reasonably be expected to have a material effect on the price or value of the security if it was available.

Signature	
Date and Time	
Permission GRANTED / NOT GRANTED by	
Signature	
Date and Time	

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*Once approved, you have five (5) business days to complete the transaction. If not completed within this timeframe, you will need to seek further approval. Please confirm to the Company Secretary when the transaction is completed, and return completed form to the Company Secretary who will liaise with the Authoriser.