

# Appendix 3B

## New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

**Lantern Hotel Group (Lantern)**

Comprising:

Lantern Real Estate Trust (**Trust**) and Lantern Hotel Group Limited (**Company**)

ABN

**ACN 145 967 899 (Company)**

**ARSN 108 982 627 (Trust)**

We (the entity) give ASX the following information.

### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |   |   |                  |
|---|---|------------------|
| 1 | +Class of +securities issued or to be issued  | Unlisted Options |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 15,750,000       |

3	Principal terms of the <sup>+</sup> securities (e.g. if options, exercise price and expiry date; if partly paid <sup>+</sup> securities, the amount outstanding and due dates for payment; if <sup>+</sup> convertible securities, the conversion price and dates for conversion)	<p>The Options are granted under the terms and conditions of the Lantern Employee Share Incentive Plan.</p> <p>The vesting of the Options are subject to remaining employed and achieving the following performance conditions within 2 years (ie up to 15 May 2018).</p> <p>If there is a Control Change Trigger or Trading Trigger:</p> <p>During Year 1, at or higher than 12 cents per stapled security, then 33% of Options vest;</p> <p>During Year 1, at or higher than 15 cents per stapled security, then 100% of Options vest; or</p> <p>During Year 2, at or higher than 15 cents per stapled security, then 67% of Options vest.</p> <p>Upon vesting, the Options can be exercised for a nil exercise price.</p> <p>Unvested options lapse at the end of 2 years, or on ceasing employment before the end of 2 years.</p> <p>The expiry date for vested but unexercised Options is 15 May 2031.</p>
4	<p>Do the <sup>+</sup>securities rank equally in all respects from the <sup>+</sup>issue date with an existing <sup>+</sup>class of quoted <sup>+</sup>securities?</p> <p>If the additional <sup>+</sup>securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	<p>Upon the vesting and exercise of the Options, and the issue of a corresponding number of Lantern stapled securities, the Lantern stapled securities will rank equally with existing stapled securities on issue.</p>
5	Issue price or consideration	Nil

6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	To incentivise and retain key executives in the business.
6a	Is the entity an <sup>+</sup> eligible entity that has obtained security holder approval under rule 7.1A?  If Yes, complete sections 6b – 6h <i>in relation to the <sup>+</sup>securities the subject of this Appendix 3B</i> , and comply with section 6i	No
6b	The date the security holder resolution under rule 7.1A was passed	Not applicable.
6c	Number of <sup>+</sup> securities issued without security holder approval under rule 7.1	Not applicable.
6d	Number of <sup>+</sup> securities issued with security holder approval under rule 7.1A	Not applicable.
6e	Number of <sup>+</sup> securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	Not applicable.
6f	Number of <sup>+</sup> securities issued under an exception in rule 7.2	Not applicable.
6g	If <sup>+</sup> securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the <sup>+</sup> issue date and both values. Include the source of the VWAP calculation.	Not applicable.
6h	If <sup>+</sup> securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	Not applicable.

6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	Not applicable.					
7	<p><sup>+</sup>Issue dates</p> <p>Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.</p> <p>Cross reference: item 33 of Appendix 3B.</p>	15 May 2016					
8	Number and <sup>+</sup> class of all <sup>+</sup> securities quoted on ASX ( <i>including</i> the <sup>+</sup> securities in section 2 if applicable)	<table><tr><th>Number</th><th><sup>+</sup>Class</th></tr><tr><td>883,202,130</td><td>Stapled Securities</td></tr></table>	Number	<sup>+</sup> Class	883,202,130	Stapled Securities	
Number	<sup>+</sup> Class						
883,202,130	Stapled Securities						
9	Number and <sup>+</sup> class of all <sup>+</sup> securities not quoted on ASX ( <i>including</i> the <sup>+</sup> securities in section 2 if applicable)	<table><tr><th>Number</th><th><sup>+</sup>Class</th></tr><tr><td>15,750,000</td><td>Options</td></tr></table>	Number	<sup>+</sup> Class	15,750,000	Options	
Number	<sup>+</sup> Class						
15,750,000	Options						
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	No change					

## Part 2 - Pro rata issue

11	Is security holder approval required?	Not applicable.
12	Is the issue renounceable or non-renounceable?	Not applicable.
13	Ratio in which the *securities will be offered	Not applicable.
14	*Class of *securities to which the offer relates	Not applicable.
15	*Record date to determine entitlements	Not applicable.

16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	Not applicable.
17	Policy for deciding entitlements in relation to fractions	Not applicable.
18	Names of countries in which the entity has security holders who will not be sent new offer documents  <small>Note: Security holders must be told how their entitlements are to be dealt with.</small>  <small>Cross reference: rule 7.7.</small>	Not applicable.
19	Closing date for receipt of acceptances or renunciations	Not applicable.
20	Names of any underwriters	Not applicable.
21	Amount of any underwriting fee or commission	Not applicable.
22	Names of any brokers to the issue	Not applicable.
23	Fee or commission payable to the broker to the issue	Not applicable.
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	Not applicable.
25	If the issue is contingent on security holders' approval, the date of the meeting	Not applicable.
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	Not applicable.
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	Not applicable.
28	Date rights trading will begin (if applicable)	Not applicable.

29	Date rights trading will end (if applicable)	Not applicable.
30	How do security holders sell their entitlements <i>in full</i> through a broker?	Not applicable.
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	Not applicable.
32	How do security holders dispose of their entitlements (except by sale through a broker)?	Not applicable.
33	*Issue date	Not applicable.