



HENRY DAVIS YORK  
LAWYERS

4 March 2014

Our Ref JDL/CMS/CZL/3134893

The Manager  
Company Announcements  
Australian Stock Exchange Limited  
Level 4  
20 Bridge Street  
SYDNEY NSW 2000

Dear Manager

**Lantern Hotel Group (LTN)  
Form 603: Notice of initial substantial holder**

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Please find enclosed a Form 603: Notice of initial substantial holder for Totem Holdings Pty Ltd ACN 168 266 742.

Yours faithfully  
Henry Davis York

James Lonie  
Partner  
+61 2 9947 6581  
james\_lonie@hdy.com.au

encl

# Form 603

Corporations Act 2001  
Section 671B

## Notice of initial substantial holder

To: Company Name/Scheme Lantern Hotel Group being a stapled entity comprising of Lantern Real Estate Trust (ARSN 108 982 627) (**Stapled Scheme**) and Lantern Hotel Group Limited (ACN 145 967 899) (**Stapled Company**).

### 1. Details of substantial holder

Name: Totem Holdings Pty Ltd

ACN: 168 266 742

The holder became a substantial holder in the Lantern Hotel Group on 28 February 2014, pursuant to an option deed dated 28 February 2014 and as annexed to this notice and marked "A" (**Option Deed**).

### 2. Details of voting power

The total number of votes attached to all the voting shares in the Stapled Company and voting interests in the Stapled Scheme that the substantial holder or an associate had a relevant interest in on the date the substantial shareholder became a substantial shareholder are as follows:

Class of securities	Number of securities	Persons' votes	Voting power
Stapled securities, being units in the Stapled Scheme stapled to shares in the Stapled Company ( <b>Stapled Securities</b> )	111,000,000	111,000,000	12.57%

### 3. Details of relevant interests

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

Holder of relevant interest	Nature of relevant interest	Class and number of securities
Totem Holdings Pty Ltd	Relevant interest arising from the Option Deed by virtue of section 608(8) of the Corporations Act 2001 (Cth)	Stapled Securities, 111,000,000

### 4. Details of present registered holders

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder	Class and number of securities
Millinium Asset Services Pty Limited (ABN 79 145 380 972) as trustee for the Borg Fund	Millinium Asset Services Pty Limited (ABN 79 145 380 972) as trustee for the Borg Fund	Millinium Asset Services Pty Limited (ABN 79 145 380 972) as trustee for the Borg Fund	Stapled Securities, 111,000,000

**5. Consideration**

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

Holder of relevant interest	Date of acquisition	Consideration		Class and number of securities
		Cash	Non-cash	
Totem Holdings Pty Ltd	28/02/14	\$30,000		Stapled Securities, 111,000,000

**6. Associates**

The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:

Name and ACN/ARSN (if applicable)	Nature of association
Not applicable	Not applicable

**7. Addresses**

The addresses of persons named in this form are as follows:

Name	Address
Totem Holdings Pty Ltd	C/- Henry Davis York, 44 Martin Place, Sydney NSW, 2000

**Signature**

Print name: James Lonie Capacity: Agent

date 4 / 03 / 2014

Sign here

*James Lonie*

**Annexure A - Option Deed**

**This is Annexure A of 15 pages (not including this cover page) referred to in ASIC Form 603 - Notice of initial substantial holder, signed by me:**



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Signature

James Lonie / Agent

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Name and Position

4 March 2014

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Date



HENRY DAVIS YORK  
LAWYERS

# Option Deed

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**Millinium Asset Services Pty Limited**  
as trustee for the Borg Fund  
ABN 79 145 380 972

**Totem Holdings Pty Ltd**  
ACN 168 266 742

**KEY DETAILS**

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<b>1</b>	<b>Date</b>	See Execution on page 10
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<b>2</b>	<b>Parties</b>	
	<b>Optionholder Name</b>	<b>Totem Holdings Pty Ltd</b> ACN 168 266 742
	<b>Trustee Name</b>	<b>Millinium Asset Services Pty Limited</b> as trustee for the Borg Fund ABN 79 145 380 972

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<b>3</b>	<b>Option Securities</b>	111 million stapled securities in the Lantern Hotel Group (ASX: LTN)
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<b>4</b>	<b>Option Fee</b>	\$30,000
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<b>5</b>	<b>Exercise Price</b>	\$7,992,000 for all Option Securities less the sum of all distributions made in respect of the Option Securities after the date of this deed that are not paid to, and for the benefit of, the Optionholder.
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<b>6</b>	<b>Exercise Period</b>	Commences on the day of this deed and expires at the end of the Expiry Date
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<b>7</b>	<b>Expiry Date</b>	30 September 2014 or the Extension Option Date if the Extension Option is exercised in accordance with this deed
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<b>8</b>	<b>Extension Option</b>	an option exercisable by the Optionholder to extend the Expiry Date to the Extension Option Date
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<b>9</b>	<b>Extension Option Date</b>	31 March 2015
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<b>10</b>	<b>Extension Option Price</b>	\$30,000
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## BACKGROUND

- A The Trustee is the legal owner of the Option Securities on behalf of the Fund.
- B The Trustee has agreed to grant the Option to the Optionholder to acquire the Option Securities on the terms and conditions set out in this deed.
- C On the valid exercise of the Option, the Trustee must transfer the Option Securities to the Optionholder in return for the payment of the Exercise Price in accordance with the terms and conditions set out in this deed.

## Deed

### 1 Definitions and interpretation

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#### 1.1 Definitions

The items defined in the Key Details have the meanings shown and the following words have the following meanings in this deed, unless the context requires otherwise.

**ASX** means ASX Limited.

**Business Day** means a day that is not a Saturday, Sunday or public or bank holiday in New South Wales.

**Constitutions** means the constitutions for the Lantern Hotel Group.

**Encumbrance** means any encumbrance, mortgage, charge, pledge, lien, interest or power reserved in or over an interest in the Option Securities.

**Exercise Notice** means a notice substantially in the form set out in Schedule 1.

**Fund** means the trust known as the Borg Fund.

**Lantern Hotel Group** means the stapled entity admitted to the official list of the ASX (ASX Code: LTN) comprising the Lantern Real Estate Trust (and its controlled entities) and the Lantern Hotel Group Limited (and its controlled entities).

**Obligation** means all obligations, liabilities, claims, expenses and costs of whatsoever kind, undertaken or incurred by, or devolving upon, the Trustee under or in connection with this deed or any deed, agreement, document or other instrument collateral to this deed or given or entered into under this deed and includes, without limitation, all liabilities and obligations of the Trustee in any way connected with any representation, warranty, conduct, omission, agreement or transaction related to this deed.

**Option** means the option to purchase the Option Securities during the Exercise Period on payment of the Exercise Price pursuant to this deed.

**Rights** means the following accretions and rights, powers and discretions attaching to, or arising from, the Option Securities to which the Trustee is entitled:

- (a) as and from the execution of this deed:
  - (i) to requisition, or join in requisitioning, or to convene a meeting of Securityholders (including executing any notice of requisition or notice of meeting);
  - (ii) to appoint a proxy for any meeting of Securityholders and to execute an instrument appointing such a proxy; and
  - (iii) to attend, vote and exercise any powers in respect of the Option Securities on the Trustee's behalf at any Securityholder meetings; and
- (b) as and from the exercise of the Option, all distributions to be paid, or the entitlement to which is to be determined, after the exercise, in connection with the Option Securities.

**Same Day Funds** means bank cheque or immediately available funds.

**Security** means a fully paid stapled security in the Lantern Hotel Group.

**Securityholder** means a securityholder in the Lantern Hotel Group.

## 1.2 Interpretation

The following apply in the interpretation of this deed, unless the context requires otherwise.

- (a) A reference to this deed, this document or a similar term means either the agreement set out in this document or the document itself, as the context requires.
- (b) A reference to the singular includes the plural number and vice versa.
- (c) A reference to a party means a person who is named as a party to this deed.
- (d) **Person** includes a firm, corporation, body corporate, unincorporated association and a governmental authority.
- (e) **Includes** means includes but without limitation.
- (f) Where a word or expression has a defined meaning, its other grammatical forms have a corresponding meaning.
- (g) A reference to doing something includes an omission, statement or undertaking (whether or not in writing) and includes executing a document.
- (h) A reference to a clause, schedule or annexure is a reference to a clause of, or a schedule or an annexure to this deed.



- (i) A heading is for reference only. It does not affect the meaning or interpretation of this deed.

### 1.3 Schedules

Any schedule attached to this deed forms part of it. If there is any inconsistency between any clause of this deed and any provision in any schedule or attachment, the clause of this deed will prevail.

## 2 Option

### 2.1 Grant

The Trustee grants the Optionholder the Option to purchase the Option Securities on the terms and conditions of this deed.

### 2.2 Nature of the Option

The Option:

- (a) confers on the Optionholder the right, but not the obligation, to give the Trustee an Exercise Notice; and
- (b) confers an immediate right and interest in the Option Securities.

### 2.3 Number of Option Securities

The Optionholder may give an Exercise Notice for all (but not less than) the Option Securities.

### 2.4 Exercise

To exercise the Option the Optionholder must give the Trustee an Exercise Notice (which is irrevocable) during the Exercise Period and pay the Exercise Price in Same Day Funds.

### 2.5 Expiry Date

- (a) Subject to this deed, the Optionholder may exercise the Option at any time during the Exercise Period.
- (b) The Option will lapse and be of no further force or effect if it has not been exercised before the end of the Exercise Period.

### 2.6 Extension Option

- (a) On or before 30 September 2014, by written notice and on payment of the Extension Option Price in Same Day Funds, the Optionholder may exercise the Extension Option.
- (b) Upon exercise of the Extension Option the Exercise Period is automatically extended and will not expire until the end of 31 December 2014.

## 2.7 Uplift amount

If the Optionholder exercises the Option and within 6 months after that exercise agrees to sell the Option Securities for more than \$0.08 per Option Security, the Optionholder must pay the Trustee an additional \$60,000. This obligation does not merge on completion of the sale of the Option Securities.

## 3 Trustee's obligations

### 3.1 Transfer of Option Securities

The Trustee must, within 2 Business Days of receiving from the Optionholder:

- (a) a duly completed and executed Exercise Notice in respect of the unexercised Option; and
- (a) the Exercise Price of the Option in Same Day Funds,

do all things necessary to transfer the Option Securities free from any Encumbrance to the Optionholder including executing and delivering any transfer form or issuing instructions to its broker or the security registrar of the Lantern Hotel Group.

### 3.2 Title and risk

Upon exercise of the Option:

- (a) the Trustee holds the legal title to the Option Securities as bare trustee on behalf of the Optionholder until the transfer of the Option Securities to the Optionholder; and
- (b) title (other than legal title to be effected by the transfer of the Option Securities to the Optionholder) to, and risk in, the Option Securities passes to the Optionholder.

### 3.3 Exercise of Rights

The Trustee must not, other than as directed by the Optionholder:

- (a) dispose of, deal with or create an Encumbrance over or in respect of the Option Securities;
- (b) exercise any Rights; or
- (c) exercise or purport to exercise any powers which would derogate from, or be inconsistent with, the Optionholder's rights under this deed.

### 3.4 Documents

If the Trustee receives:

- (a) any proxy or other notice in relation to the Option Securities; or

- (b) any written information from the issuer of any Option Securities (or its agent),

the Trustee must promptly send the proxy, notice or information to the Optionholder.

#### **4 Indemnity**

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The Optionholder must at all times after the date of this deed indemnify the Trustee, and keep the Trustee indemnified, against all losses, damages, expenses, taxes, claims, demands, actions and proceedings suffered or incurred by, or made or instituted against the Trustee as a result of the exercise by the Optionholder of any power, right or discretion under clause 8.

#### **5 Reconstruction of capital**

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If the issued capital of the Lantern Hotel Group is reconstructed by way of a consolidation or division, then the number of Securities to be transferred pursuant to the exercise of the Option are to be adjusted to ensure, as far as possible, that the rights of the Optionholder are not unfairly prejudiced or benefited by the reconstruction.

#### **6 Warranties by Trustee**

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The Trustee warrants that, as at the date of this deed and until the Optionholder ceases to hold the Option Securities:

- (a) the Trustee is the legal owner of the Option Securities for the Fund and the holder of the Option Securities in the Securities register for the Lantern Hotel Group;
- (b) the Option Securities are not subject to any Encumbrance, right, restriction or liability which would attach to the Option Securities or bind the Optionholder;
- (c) all the Option Securities have been duly and properly issued and are fully paid;
- (d) it is validly existing under the laws of its place of creation or its place of incorporation;
- (e) it has the power and authority to enter into and perform its obligations under this deed;
- (f) the execution, delivery and performance of this deed by it will:

- (i) constitute legal, valid and binding obligations of it, enforceable in accordance with its terms; and
- (ii) not breach:
  - (A) any legislation or rule of law or regulation, authorisation, consent or any order or decree of any governmental authority;
  - (B) its constitution or any legislation, rules or other document constituting the Optionholder or governing its activities; or
  - (C) any instrument to which it is a party or which is binding on it or any of its assets; and
- (g) will not result in the creation or imposition of any encumbrance or restriction of any nature on any of its assets.

## **7 Trustee limitation of liability**

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### **7.1 Limitation of liability**

The Trustee has entered into, and will incur Obligations under, this deed only in its capacity as trustee of the Borg Fund (**Fund**) and in no other capacity. An Obligation can be enforced against the Trustee only to the extent to which it is satisfied out of the assets of the Fund out of which the Trustee is actually indemnified for the Obligation. This limitation of the Trustee's liability applies despite any other provision of this deed and extends to all Obligations.

### **7.2 Suing the Trustee**

The Optionholder may not sue the Trustee in any capacity other than as trustee of the Fund, including to seek the appointment of a receiver (except in relation to property of the Fund), a liquidator, an administrator or any similar person to the Trustee or prove in any liquidation, administration or arrangement of or affecting the Trustee (except in relation to the assets of the Fund).

### **7.3 The Trustee's fraud, negligence or breach of trust**

- (a) Clauses 7.1 and 7.2 do not apply to any Obligation to the extent it is not satisfied because under the Trust Deed establishing the Fund or by operation of law there is a reduction in the extent of the Trustee's indemnification out of the assets of the Fund as a result of the Trustee's fraud, negligence or breach of trust.
- (b) The Trustee is not to be regarded as being negligent or in breach of trust to the extent to which any failure by the Trustee to satisfy its obligations under this deed has been caused or contributed to by a failure by any other person to fulfil its obligations in relation to the Fund or any other act or omission of another person.

**7.4 Agents, etc**

No attorney, agent, receiver, or receiver and manager appointed in accordance with this deed has authority to act on behalf of the Trustee in any way which exposes the Trustee to any personal liability and no act or omission of any such person will be considered fraud, negligence or breach of trust of the Trustee for the purposes of clause 7.3.

**7.5 Contractual limitation of liability**

The Trustee is not obliged to do or refrain from doing anything under this deed (including incur any liability) unless the Trustee's liability is limited in the same manner as set out in clauses 7.1 to 7.4.

**8 Power of attorney****8.1 Appointment**

For valuable consideration, the Trustee irrevocably appoints each director from time to time of the Optionholder (**Attorney**), severally as the attorney of the Trustee from the date of this deed. Notwithstanding any other provision of this deed, this clause 8 is made for the benefit of, is held by the Optionholder for and may be enforced by, any person dealing with the Attorney in relation to the subject matter of this clause 8.

**8.2 Powers**

Each Attorney, in the Trustee's name or in its own name and as the act of the Trustee as legal owner of the Option Securities, may exercise all rights and powers that a holder of Securities may have including:

- (a) requisitioning, calling or convening a meeting of holders of Securities;
- (b) exercising any vote or other right attaching to the Option Securities at any meeting of holders of Securities; and
- (c) otherwise exercising any statutory right available to a holder of Securities.

**8.3 Registration**

The Optionholder or any Attorney may register this power of attorney in New South Wales and any other jurisdiction where registration is necessary or advisable for validity.

**8.4 Third party reliance**

A person dealing with an Attorney:

- (a) is not affected by any notice or irregularity in the exercise of this power of attorney (other than actual notice); and

- (b) may rely on (but is not obliged to obtain) a statement from the Attorney that this power of attorney is operative and has not been revoked and has been exercised without any regularity.

#### **8.5 Ratification**

The Trustee:

- (a) ratifies the actions of the Attorney under this power of attorney, including anything done between revocation of this power of attorney and that revocation becoming known to the Attorney; and
- (b) is bound, together with any person claiming under or the Optionholder, by the acts of the Attorney in exercising powers under this power of attorney.

#### **9 No assignment**

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Neither party may assign its rights or obligations, declare any trust with respect to or otherwise deal with (including encumber) in any manner its rights, title or interest under this deed to, or in favour of, any third party.

#### **10 Further assurance**

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Each party must do and perform all such other acts, matters and things as may be necessary or convenient to implement the provisions of this deed so as to give effect to the intentions of the parties as expressed in this deed.

#### **11 Counterparts**

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If this deed is signed in counterparts, each is deemed an original and all constitute one and the same instrument.

#### **12 Entire agreement**

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This deed contains the entire agreement between the parties. It supersedes all earlier conduct by the parties or any prior agreement between the parties with respect to their subject matter.

**13 Governing law**

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The contents of this deed, its meaning and interpretation and the relationship of the parties are to be governed by the laws of New South Wales. The parties submit to the jurisdiction of the courts of that place.

**Schedule 1 – Exercise Notice**

**TO:** Millinium Asset Services Pty Limited as trustee for the Borg Fund A.C.N.  
145 380 972 (Trustee)

**FROM:** Totem Holdings Pty Ltd (Optionholder)

1. In this Exercise Notice, words beginning with capital letters, have the meaning given to them in the Lantern Hotel Group Option Deed dated [insert date] 2014 between the Trustee and the Optionholder (**Option Deed**). This Exercise Notice is irrevocable.
2. The Optionholder has paid or will pay the Exercise Price to the Trustee.
3. The Optionholder exercises the Option conferred by the Option Deed and requires that the Trustee transfer the Option Securities to it in accordance with the Option Deed.

Date: [insert date]

**Executed for and on behalf of Totem  
Holdings Pty Ltd by:**

Signature of director/company secretary

Signature of director

Print name

Print name



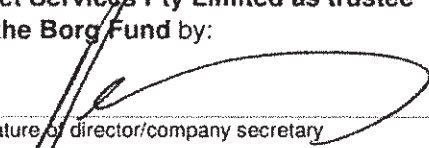
**EXECUTION**

Signed as a deed and deed poll on 28 February 2014

Executed for and on behalf of Millinium  
Asset Services Pty Limited as trustee  
for the Borg Fund by:

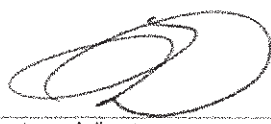
Signature of director/company secretary

Print name

  
DAVID GREY

Signature of director

Print name

  
TOM WALLACE

Executed for and on behalf of Totem  
Holdings Pty Ltd by:

Signature of director/company secretary

Print name

Signature of director

Print name

**EXECUTION**

Signed as a deed and deed poll on 28 February 2014

**Executed** for and on behalf of **Millinium Asset Services Pty Limited** as trustee for the Borg Fund by:

\_\_\_\_\_  
Signature of director/company secretary

\_\_\_\_\_  
Signature of director

\_\_\_\_\_  
Print name

\_\_\_\_\_  
Print name

**Executed** for and on behalf of **Totem Holdings Pty Ltd** by:



\_\_\_\_\_  
Signature of director/company secretary

\_\_\_\_\_  
Signature of director

MATT STUBBS

\_\_\_\_\_  
Print name

\_\_\_\_\_  
Print name

**EXECUTION**

Signed as a deed and deed poll on 28 February 2014

**Executed for and on behalf of Millinium  
Asset Services Pty Limited as trustee  
for the Borg Fund by:**

Signature of director/company secretary

Signature of director

Print name

Print name

**Executed for and on behalf of Totem  
Holdings Pty Ltd by:**



Signature of director/company secretary

Signature of director

*MATTHEW DONNELLAN*

Print name

Print name