

ASX Announcement



LANTERN HOTEL GROUP (ASX: LTN)

10 March 2014

Comment of Form 603 Filings Last Week

Lantern notes that Form 603 Notices were filed last week by Totem Holdings Pty Ltd (Totem) and CVC Limited (CVC).

The Lantern securities the subject of the options granted by Milinium Asset Services Pty Ltd as trustee for the Borg Fund (Borg Fund) in the option agreements referenced in the above filings, is currently the subject of an irrevocable offer to Lantern to purchase those securities via an off market selective buy-back.

Lantern has until 21st March 2014 to accept the offer and it is the Board's intention to do so.

Summary of key terms of the buy-back offer are:

214,724,222 Lantern stapled securities offered to be bought back, with a staged settlement as follows –

Tranche 1 - 71,574,741 within 60 days of any requisite security holder approval being obtained by Lantern;

Tranche 2 - 71,574,741 within 60 days from the Tranche 1 settlement being effected; and

Tranche 3 – 71,574,740 within 60 days from the Tranche 2 settlement being effected.

The price for each tranche will be the VWAP over the 20-day period up to and including each of the relevant settlement dates subject to a minimum price of 6.5c and a maximum price of 7.5c for each stapled security.

If any tranche is not purchased by Lantern within 30 days after each of the relevant settlement dates, then interest on the settlement amount payable for that particular tranche will accrue from that point at the rate of 8%, based on a price of 7.0c per share until payment is made for that Tranche.

Interest will be paid monthly.

The buy-back will require securityholder approval and it is also the Board's intention to appoint an independent expert in relation to the buy-back offer. Lantern securityholders will receive more information about the buy-back offer in due course.

Any shares not purchased by Lantern in the 12 month period from the date of the requisite securityholder meeting will be released back to the Borg Fund.

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