

APPENDIX 4E

PRELIMINARY FINAL REPORT

1. Details of the reporting period and the previous corresponding period:

| | |
|---|-------------------------|
| Reporting period | year ended 30 June 2016 |
| Previous corresponding reporting period | year ended 30 June 2015 |

Results for announcement to the market

Key information

| | | 30 Jun 2016 | 30 Jun 2015 | Change % |
|-----|---|--------------|----------------|-------------|
| 2.1 | Revenue from continuing operations | \$38,478,000 | \$35,314,000 | 9.0% |
| 2.2 | Profit (loss) from ordinary activities after tax attributable to members of the parent entity | (\$791,000) | (\$10,101,000) | 92.2% |
| 2.3 | Profit (loss) for the period attributable to members of the parent entity | (\$791,000) | (\$10,101,000) | 92.2% |
| 2.4 | Profit (loss) for the Group | \$7,006,000 | (\$8,885,000) | n/a |

| | | Amount per security | Franked amount per security |
|-----|--|---------------------------|--------------------------------------|
| 2.5 | Distributions | | |
| | On 4 July 2016, a special distribution was declared to security holders. \$17.7m was paid on 10 August 2016. | \$0.02 | \$Nil |

| | |
|-----|--------------------------|
| 2.6 | Distribution record date |
| | 27 July 2016 |

Lantern Hotel Group
APPENDIX 4E – Preliminary final report
For the year ended 30 June 2016

2.7 Brief commentary

Profit for the period was \$7.006m which represents a significant turnaround when compared to a loss of \$8.885m for the prior year.

The improvement in performance can be attributed to the successful implementation to date of the transformation plan as follows:

- The core hotels showed a 38.8% improvement in EBITDA when compared to the prior year;
- The programme of the divestment of non-core hotels is ahead of schedule. When all contracted sales are completed Lantern will have realised \$43m at a premium to book value of 14%;
- The divestment programme has enabled Lantern to reduce its debt and to invest in its core hotels;
- The termination of the out of the money interest rate swaps along with reduced debt has significantly reduced financing expenses.

Security holders have directly benefited from the turnaround via a special distribution of 2 cents per security which was declared subsequent to the end of the 2016 financial year and paid on 10 August 2016.

Lantern now has a strong balance sheet which provides a solid platform for active capital management, growth and /or other strategic alternatives for the Board to consider.

Please refer to the separate presentation that was released to the market on 22 August 2016 for more detail on the 2016 Full Year Results.

3. Net tangible assets per stapled security

| | Reporting period | Previous corresponding period |
|---|-------------------|-------------------------------|
| Net tangible assets per ordinary security | 7.48 cents | 5.92 cents |

4. Audit status

The financial statements for the year ended 30 June 2016 are in the process of being audited.

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2016

| | Note | June 2016 \$'000 | June 2015 \$'000 |
|--|------|------------------------|------------------------|
| Income | | | |
| Revenue from continuing operations | 2 | 38,478 | 35,313 |
| Revaluation of investment properties | | 1,100 | 413 |
| Other income | | 129 | 2,637 |
| Total income | | 39,707 | 38,363 |
| Cost of sales | | | |
| Cost of sales | | (14,785) | (13,727) |
| Employment expenses | | (9,925) | (9,559) |
| Finance costs | | (1,784) | (3,268) |
| Depreciation and amortisation | | (2,702) | (2,190) |
| Revaluation of property, plant and equipment | | - | (5,035) |
| Impairment of goodwill | | - | (500) |
| Impairment of investment properties | | (4,750) | - |
| Professional fees | | (1,644) | (3,015) |
| Repairs and maintenance | | (1,418) | (1,573) |
| Insurance | | (456) | (507) |
| Security | | (771) | (777) |
| Property expenses | | (864) | (938) |
| Loss on disposal of plant and equipment | | (752) | (3) |
| Other | | (2,541) | (2,753) |
| Total expenses | | (42,392) | (43,845) |
| Profit/(loss) from continuing operations before income tax expense | | (2,685) | (5,482) |
| Income tax expense | | - | (108) |
| Profit/(loss) from continuing operations after income tax expense | | (2,685) | (5,590) |
| Discontinued operations | | | |
| Profit/(loss) from discontinued operations | 7 | 9,691 | (3,295) |
| Profit/(loss) for the period | | 7,006 | (8,885) |
| Profit/(loss) is attributable to stapled securityholders as: | | | |
| Securityholders of Lantern Real Estate Trust (parent interest) | | (791) | (10,101) |
| Shareholders of Lantern Hotel Group Limited (non-controlling interest) | | 7,797 | 1,216 |
| | | 7,006 | (8,885) |
| | | Cents | Cents |
| Distributions per security | | - | - |
| Earnings per security - basic | | | |
| Profit/(loss) per stapled security attributable to the ordinary security holders of the trust - basic | | 0.80 | (1.01) |
| Profit/(loss) per stapled security attributable to the ordinary security holders of the Trust from continuing operations - basic | | (0.30) | (0.64) |
| Profit/(loss) per stapled security attributable to the ordinary security holders of the Trust from discontinued operations - basic | | 1.10 | (0.37) |
| Earnings per security - diluted | | | |
| Profit/(loss) per stapled security attributable to the ordinary security holders of the trust - diluted | | 0.78 | (1.01) |
| Profit/(loss) per stapled security attributable to the ordinary security holders of the Trust from continuing operations - diluted | | (0.30) | (0.64) |
| Profit/(loss) per stapled security attributable to the ordinary security holders of the Trust from discontinued operations - diluted | | 1.08 | (0.37) |

The above consolidated income statement should be read in conjunction with the accompanying notes to the consolidated financial statements.



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FULL YEAR ENDED 30 JUNE 2016

| Note | June 2016 \$'000 | June 2015 \$'000 |
|--|------------------------|------------------------|
| Parent interest - Lantern Real Estate Trust | | |
| Net profit/(loss) for the year | (791) | (10,101) |
| Other comprehensive income: | | |
| Items that will not be reclassified to profit or loss: | | |
| Revaluation surplus | (75) | (325) |
| Share based payment reserve | 30 | |
| Items that may be reclassified to profit or loss: | | |
| Exchange differences on translation of foreign operations | 7 | (343) |
| Total comprehensive profit/(loss) for the year - parent interest | (829) | (10,769) |
| Non-controlling interest - Lantern Hotel Group Limited | | |
| Net profit for the year | 7,797 | 1,216 |
| Items that will not be reclassified to profit or loss: | | |
| Share based payment reserve | 2 | - |
| Total comprehensive profit/(loss) for the year - non-controlling interest | 7,799 | 1,216 |
| Stapled Entity | | |
| Net profit/(loss) for the year | 7,006 | (8,885) |
| Other comprehensive income: | | |
| Items that will not be reclassified to profit or loss: | | |
| Revaluation surplus | (75) | - |
| Share based payment reserve | 32 | - |
| Items that may be reclassified to profit or loss: | | |
| Revaluation surplus | - | (325) |
| Exchange rate differences on translation of foreign operations | 7 | (343) |
| Total comprehensive profit/(loss) for the year - stapled entity | 6,970 | (9,553) |

The components of other comprehensive income shown above are presented net of related income tax effects of \$Nil (June 2015: \$Nil).

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes to the consolidated financial statements



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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016

| | Note | June 2016 \$'000 | June 2015 \$'000 |
|--|------|------------------------|------------------------|
| Current assets | | | |
| Cash and cash equivalents | | 12,011 | 3,611 |
| Trade and other receivables | | 1,248 | 1,361 |
| Inventories | | 642 | 1,333 |
| Assets of discontinued operations | 7 | 18,601 | 5,740 |
| Total Current Assets | | 32,502 | 12,045 |
| Non-current assets | | | |
| Investment properties | 3 | 16,250 | 26,963 |
| Property, plant and equipment | 4 | 72,829 | 106,020 |
| Intangibles | 5 | 24,221 | 35,934 |
| Other | | 183 | 237 |
| Total Non-current Assets | | 113,483 | 169,154 |
| Total Assets | | 145,985 | 181,199 |
| Current liabilities | | | |
| Payables | | 7,587 | 12,164 |
| Borrowings | 6 | - | 72,340 |
| Liabilities directly associated with assets classified as held for sale | 7 | 14,621 | - |
| Derivatives | | - | 3,449 |
| Provisions | | 88 | 115 |
| Total Current Liabilities | | 22,296 | 88,068 |
| Non-current liabilities | | | |
| Payables | | 2,156 | 750 |
| Borrowings | 6 | 26,267 | - |
| Derivatives | | - | 3,664 |
| Provisions | | 44 | 465 |
| Total Non-current Liabilities | | 28,467 | 4,879 |
| Total Liabilities | | 50,763 | 92,947 |
| Net Assets | | 95,222 | 88,252 |
| Equity attributable to stapled security holders as: | | | |
| Securityholders of Lantern Real Estate Trust (parent interest) | | | |
| Issued units | | 220,763 | 220,763 |
| Reserves | | (61) | (23) |
| Retained earnings/(accumulated losses) | | (136,001) | (135,210) |
| Total unit holders' interest attributable to securityholders of Lantern Real Estate Trust (parent interest) | | 84,701 | 85,530 |
| Shareholders of Lantern Hotel Group Limited (non-controlling interest) | | | |
| Issued shares | | 2,745 | 2,745 |
| Reserves | | 2 | - |
| Retained earnings/(accumulated losses) | | 7,774 | (23) |
| Total shareholders' interest attributable to shareholders of Lantern Hotel Group Limited (non-controlling interest) | | 10,521 | 2,722 |
| Total Security Holders' Interest | | 95,222 | 88,252 |

The above consolidated statement of financial position should be read in conjunction with the accompanying notes to the consolidated financial statements



CONSOLIDATED STATEMENT OF CASH FLOWS

FULL YEAR ENDED 30 JUNE 2016

| Note | June 2016 \$'000 | June 2015 \$'000 |
|--|------------------------|------------------------|
| Cash flows from operating activities | | |
| Cash receipts from customers (inclusive of GST) | 65,327 | 67,462 |
| Cash paid to suppliers and employees (inclusive of GST) | (60,487) | (57,837) |
| Proceeds from insurance claim | 191 | - |
| Lease incentive | - | 200 |
| Interest received | 81 | 61 |
| Interest paid | (4,756) | (6,555) |
| Net cash from operating activities | 356 | 3,331 |
| Cash flows from investing activities | | |
| Payment for property, plant, equipment and intangibles | (4,728) | (3,991) |
| Proceeds from sale of property, plant & equipment | - | 4,999 |
| Proceeds from sale of discontinued operations | 52,270 | 982 |
| Payments made on disposal of discontinued operations | (1,422) | - |
| Proceeds from loans repaid by third parties | - | 234 |
| Payment for acquisition of business, net of cash acquired | - | (18,368) |
| Net cash inflow from investing activities | 46,120 | (16,144) |
| Cash flows from financing activities | | |
| Proceeds from borrowings | 9,799 | 20,100 |
| Repayment of finance leases | (64) | (75) |
| Repayment of borrowings | (41,666) | (4,917) |
| Payment for terminated interest rate swaps | (5,519) | - |
| Payment for equity buyback facilitation | - | (1,400) |
| Payment for borrowing costs | (153) | (35) |
| Net cash inflow from financing activities | (37,603) | 13,673 |
| Net increase in cash or cash equivalents | 8,873 | 860 |
| Cash or cash equivalents at the beginning of the period | 3,611 | 2,747 |
| Effects of exchange rate changes on cash | (13) | 4 |
| Cash and cash equivalents at the end of the period | 12,471 | 3,611 |
| Cash and cash equivalents at the end of the period made up as follows: | | |
| Cash and cash equivalents at the end of the period - continuing operations | 12,011 | 3,611 |
| Cash and cash equivalents at the end of the period - discontinued operations | 7 (d) 460 | - |
| Cash and cash equivalents at the end of the period | 12,471 | 3,611 |

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes to the consolidated financial statements



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FULL YEAR ENDED 30 JUNE 2016

| | Issued Capital | Reserves | Retained earnings | Non- controlling interest | Total |
|---|-------------------|-------------|----------------------|---------------------------------|---------------|
| Note | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Carrying amounts at 1 July 2015 | 220,763 | (23) | (135,210) | 2,722 | 88,252 |
| Lantern Real Estate Trust | | | | | |
| Net profit/(loss) for the year | - | - | (791) | - | (791) |
| Other comprehensive income | - | (38) | - | - | (38) |
| | - | (38) | (791) | - | (829) |
| Lantern Hotel Group Limited | | | | | |
| Net profit/(loss) for the year | - | - | - | 7,797 | 7,797 |
| Other comprehensive income | - | - | - | 2 | 2 |
| | - | - | - | 7,799 | 7,799 |
| Total stapled entity | | | | | |
| Net profit/(loss) for the year | - | - | (791) | 7,797 | 7,006 |
| Other comprehensive income | - | (38) | - | 2 | (36) |
| Total comprehensive profit/(loss) for the year | - | (38) | (791) | 7,799 | 6,970 |
| Carrying amounts at 30 June 2016 | 220,763 | (61) | (136,001) | 10,521 | 95,222 |

| | Issued Capital | Reserves | Retained earnings | Non- controlling interest | Total |
|---|-------------------|--------------|----------------------|---------------------------------|----------------|
| Note | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Carrying amounts at 1 July 2014 | 220,763 | 645 | (125,109) | 1,506 | 97,805 |
| Lantern Real Estate Trust | | | | | |
| Net profit/(loss) for the year | - | - | (10,101) | - | (10,101) |
| Other comprehensive income | - | (668) | - | - | (668) |
| | - | (668) | (10,101) | - | (10,769) |
| Lantern Hotel Group Limited | | | | | |
| Net profit/(loss) for the year | - | - | - | 1,216 | 1,216 |
| | - | - | - | 1,216 | 1,216 |
| Total stapled entity | | | | | |
| Net profit/(loss) for the year | - | - | (10,101) | 1,216 | (8,885) |
| Other comprehensive income | - | (668) | - | - | (668) |
| Total comprehensive profit/(loss) for the year | - | (668) | (10,101) | 1,216 | (9,553) |
| Carrying amounts at 30 June 2015 | 220,763 | (23) | (135,210) | 2,722 | 88,252 |

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes to the consolidated financial statements



NOTES TO THE FINANCIAL STATEMENTS

FULL YEAR ENDED 30 JUNE 2016

1. Significant Accounting Policies

Reporting Entity

The Lantern Real Estate Trust ('the Trust') was constituted on 20th April 2000. The responsible entity for the Trust is Lantern RE Ltd ('Lantern RE'), an Australian company limited by shares that was registered on 24th August 2010. The Responsible Entity has an Australian Financial Services Licence (Licence No. 386569).

On 26th April 2012 the units issued by Lantern Real Estate Trust were stapled to shares issued by Lantern Hotel Group Limited ('Lantern'). The Stapling Deed ensures that, for as long as the two entities remain jointly quoted, the number of units in the Trust and the number of shares in Lantern shall be equal and that Unit holders and Shareholders shall be identical. The issued securities in these entities trade as one listed security on the Australian Securities Exchange ('ASX') under the ticker code 'LTN'. The stapled securities cannot be traded or transferred independently and are quoted at a single price.

The consolidated financial statements include:

- (i) Lantern Real Estate Trust and its controlled entities, and;
 - (ii) Lantern Hotel Group Limited and its controlled entities
- collectively referred to as 'Lantern Hotel Group' or 'the Group'.

The consolidated financial statements of the Group have been prepared with the Trust identified as the Parent.

Basis of preparation of the financial report

These consolidated financial statements have been prepared in accordance with the recognition and measurement (but not all of the disclosure) requirements of Australian Accounting Standards, Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

This financial report covers the Trust and its controlled entities as a consolidated entity. The Trust is a for-profit entity for the purpose of preparing the financial statements.

Going concern

The financial statements have been prepared on a going concern basis, except for discontinued operations & disposal groups.



NOTES TO THE FINANCIAL STATEMENTS

FULL YEAR ENDED 30 JUNE 2016

| 2. Revenue | June 2016 \$'000 | June 2015 \$'000 |
|--|------------------------|------------------------|
| Revenue from hotel operations | | |
| Gaming | 18,727 | 16,185 |
| Beverage | 13,098 | 12,767 |
| Food | 3,782 | 3,669 |
| Other | 1,062 | 939 |
| Rental revenue | 1,809 | 1,753 |
| Total revenue | 38,478 | 35,313 |
| 3. Investment properties | June 2016 \$'000 | June 2015 \$'000 |
| Investment properties - at fair value | 16,250 | 26,963 |
| <i>Reconciliation</i> | | |
| Non-Current | | |
| Carrying amount at beginning of the period | 26,963 | 25,850 |
| Additions | 37 | - |
| Revaluation | (3,650) | 1,113 |
| Transfer to discontinued operations | (7,100) | - |
| Investment properties carrying value at the end of the period | 16,250 | 26,963 |

Prior year comparatives have been adjusted to recognise the value of the Uncle Bucks Retail complex as Investment Properties. This asset was previously classified under Property, plant & equipment. The amount reclassified in the current year is \$5.150m (2015: \$5.150m).



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NOTES TO THE FINANCIAL STATEMENTS

FULL YEAR ENDED 30 JUNE 2016

| 4. Property, plant and equipment | June 2016 \$'000 | June 2015 \$'000 |
|--|------------------------|------------------------|
| Land and buildings - at cost | 62,839 | 92,575 |
| Plant and equipment - at cost | 13,369 | 18,466 |
| Less: Accumulated depreciation | (3,402) | (5,072) |
| | 9,967 | 13,394 |
| Motor vehicles - at cost | 51 | 76 |
| less: accumulated depreciation | (28) | (25) |
| | 23 | 51 |
| Total Property, plant and equipment | 72,829 | 106,020 |

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial period are set out below:

| | Land and buildings \$'000 | Plant and equipment \$'000 | Motor vehicles \$'000 | Total \$'000 |
|------------------------------------|---------------------------------|----------------------------------|-----------------------------|-----------------|
| Balance at 1 July 2015 | 92,575 | 13,394 | 51 | 106,020 |
| Additions | 939 | 4,155 | - | 5,094 |
| Disposals | - | (765) | (23) | (788) |
| Transfer to disposal group | (30,139) | (5,045) | - | (35,184) |
| Depreciation expense | (536) | (1,772) | (5) | (2,313) |
| Balance at 31 December 2016 | 62,839 | 9,967 | 23 | 72,829 |

Property, plant and equipment acquired in business combinations for the Waterworks Hotel & Exchange Hotel were accounted for on a provisional basis at 30th June 2015. During the year the Group retrospectively decreased the 30th June 2015 carrying value of Land and Buildings by (\$3.508m) in relation to these business combinations.

Freehold going concern assets includes Land and Buildings (including hotel licences), Property, plant and equipment and Intangibles (refer note 4 and note 5).

Whilst the accounting standards require separate disclosure of Land and Buildings, Plant and Equipment and Intangibles, the directors consider that the combined value of the Property, Plant and Equipment and Intangibles could be more easily understood as freehold going concern hotel assets.

The following table provides a summary of the continuing operations freehold going concern hotel asset values:

| | Note | June 2016 \$'000 | June 2015 \$'000 |
|--|------|------------------------|------------------------|
| Land and buildings | 4 | 62,839 | 92,575 |
| Plant and equipment | 4 | 9,967 | 13,394 |
| Intangibles | 5 | 24,221 | 35,934 |
| Total freehold going concern hotels | | 97,027 | 141,903 |



NOTES TO THE FINANCIAL STATEMENTS

FULL YEAR ENDED 30 JUNE 2016

| 5. Intangibles | June 2016 \$'000 | June 2015 \$'000 |
|---------------------------|------------------------|------------------------|
| Goodwill - at cost | 10,100 | 12,236 |
| Less: Impairment | (5,458) | (5,342) |
| | 4,642 | 6,894 |
| Gaming licences - at cost | 19,579 | 29,040 |
| Total Intangibles | 24,221 | 35,934 |

Reconciliations

Reconciliations of the written down values at the beginning and end of the current period and previous financial year are set out below:

Property, plant and equipment acquired in business combinations for the Waterworks Hotel & Exchange Hotel were accounted for on a provisional basis at 30th June 2015. During the period the Group retrospectively increased the 30th June 2015 carrying value of Gaming Licences by \$3.508m in relation to these business combinations.

| | Goodwill \$'000 | Gaming \$'000 | Total \$'000 |
|--------------------------------|--------------------|------------------|-----------------|
| Balance at 1 July 2015 | 6,894 | 29,040 | 35,934 |
| Acquisitions | - | 1,172 | 1,172 |
| Tran | (2,252) | (10,633) | (12,885) |
| Balance at 30 June 2016 | 4,642 | 19,579 | 24,221 |

| 6. Borrowings | June 2016 \$'000 | June 2015 \$'000 |
|-------------------------------------|------------------------|------------------------|
| Current liabilities | | |
| Finance lease liabilities | - | 57 |
| Bank debt | - | 72,283 |
| Total current borrowings | - | 72,340 |
| Non-current liabilities | | |
| Bank debt | 26,267 | - |
| Total Non-current borrowings | 26,267 | - |

Total bank debt comprises Australian dollar denominated debt of \$40.416m (June 2015: \$72.283m). \$14.149m of these borrowings are classified as liabilities of the disposal group and reflect expected net sale proceeds to be applied against debt (see note 7 (d)).

| | | |
|--|---------------|---------------|
| Bank borrowings - continuing operations | 26,267 | 72,283 |
| Bank borrowings - discontinued operations (Note 7 (d)) | 14,149 | - |
| Total bank borrowings | 40,416 | 72,283 |

Debt is provided through two facilities. The primary facility, with a limit of \$60m and drawn to \$28.216m, is repayable on 30 June 2019.

The Group's fully drawn secondary facility (\$12.2m) is due for repayment on 30th June 2018.

The bank facilities are secured by first mortgages over the investment properties, property, plant, equipment and intangibles with a total carrying value at balance date of \$130.7m (June 2015: \$168.9m).



NOTES TO THE FINANCIAL STATEMENTS

FULL YEAR ENDED 30 JUNE 2016

| | June 2016 \$'000 | June 2015 \$'000 |
|-----------------------------------|------------------------|------------------------|
| 7. Discontinued operations | | |

(a) Details of discontinued operations

The New Zealand portfolio as at 30 June 2016 comprised no assets, with all remaining properties disposed of during the year.

The Australian disposal group comprises the following:

- Sold during the period: Bowral Hotel (June 2016), Dolphin Hotel (March 2016) and EL Toro Hotel (February 2016);
- Contract exchanged prior to 30th June 2016: Exchange Hotel (June 2016);
- Contracts exchanged after 30th June 2016: Courthouse Hotel (July 2016) & Lawson Park Hotel (August 2016); and
- Subject to ongoing sales process: Central Hotel.

(b) Financial performance

New Zealand

The results of the discontinued operations for the reporting period were:

| | | |
|---|--------------|--------------|
| Rental income from Investment properties | - | 128 |
| Other income | 1 | 1 |
| Revaluation of Investment properties | (420) | (537) |
| Realised FX gains / (losses) | - | 27 |
| Expenses | (30) | (23) |
| Profit/(loss) from New Zealand discontinued operations | (449) | (404) |

Australia

The results of the discontinued operations for the reporting period were:

| | | |
|---|-----------------|-----------------|
| Revenue from hotel operations | 20,781 | 24,244 |
| Rental income from Investment properties | 770 | 761 |
| Profit on sale of property, plant & equipment | 10,178 | - |
| Profit on sale of investment property | 1,001 | - |
| Total income | 32,730 | 25,005 |
| Cost of sales | (7,431) | (8,747) |
| Employment expenses | (6,842) | (7,678) |
| Other operating expenses | (3,857) | (4,480) |
| Finance costs | (1,345) | (2,082) |
| Depreciation & amortisation | (872) | (1,284) |
| Revaluation of property, plant & equipment | (470) | (2,290) |
| Revaluation of investment properties | (517) | 700 |
| Impairment of intangibles | (1,116) | (2,000) |
| Additional costs of goodwill acquired recognised in profit and loss | (136) | (32) |
| Loss on sale of assets | (4) | (3) |
| Total expenses | (22,590) | (27,896) |
| Profit/(loss) from Australian discontinued operations | 10,140 | (2,891) |
| Profit/(loss) from discontinued operations | 9,691 | (3,295) |



NOTES TO THE FINANCIAL STATEMENTS

FULL YEAR ENDED 30 JUNE 2016

| 7. Discontinued operations (continued) | June 2016 \$'000 | June 2015 \$'000 |
|--|------------------------|------------------------|
|--|------------------------|------------------------|

(c) Cash flows

New Zealand

The cash flows of the discontinued operations during the reporting period were:

| | | |
|--|--------------|--------------|
| Cash flows from operating activities | | |
| Rental and other property income | - | 202 |
| Payments to suppliers | (14) | (118) |
| Other receipts | - | 161 |
| Interest received | - | 2 |
| Cash flows from investing activities | | |
| Proceeds from sale of investment properties | 5,320 | 982 |
| Loan proceeds received from lessee | - | 64 |
| Payments made on disposal of discontinued operations | (189) | - |
| Effects of exchange rate on cash | (13) | 4 |
| Cash flows from New Zealand discontinued operations | 5,104 | 1,297 |

Australia

The cash flows of the discontinued operations during the reporting period were:

| | | |
|---|--------------|--------------|
| Cash flows from operating activities | | |
| Receipts from customers | 23,706 | 27,506 |
| Payments to suppliers | (20,501) | (23,656) |
| Finance costs | (1,346) | (2,082) |
| Cash flows from investing activities | | |
| Proceeds from sale of Property, plant and equipment | 41,700 | (33) |
| Proceeds from sale of Investment property | 5,250 | - |
| Payments made on disposal of discontinued operations | (1,233) | - |
| Repayment of borrowings | (40,166) | - |
| Cash flows from Australian discontinued operations | 7,410 | 1,735 |



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NOTES TO THE FINANCIAL STATEMENTS

FULL YEAR ENDED 30 JUNE 2016

| 7. Discontinued operations (continued) | June 2016 \$'000 | June 2015 \$'000 |
|--|------------------------|------------------------|
| (d) Assets and liabilities | | |
| The assets of the discontinued operations as at reporting date were: | | |
| Assets - New Zealand | | |
| Investment properties | - | 5,740 |
| Total assets of New Zealand Discontinued operations | - | 5,740 |
| Assets - Australia | | |
| Property, plant & equipment | 9,991 | - |
| Intangibles | 4,952 | - |
| Investment property | 2,500 | - |
| Inventory | 187 | - |
| Cash | 460 | - |
| Receivables | 511 | - |
| Total assets of Australian Discontinued operations | 18,601 | - |
| Total assets of Discontinued operations | 18,601 | 5,740 |
| Liabilities - Australia | | |
| Borrowings | 14,149 | - |
| Payables | 472 | - |
| Total liabilities of Discontinued operations | 14,621 | - |
| Net assets of Discontinued operations | 3,980 | 5,740 |



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NOTES TO THE FINANCIAL STATEMENTS

FULL YEAR ENDED 30 JUNE 2016

8. Events subsequent to the reporting date

1. On 4th July 2016 a special distribution was declared by Lantern Real Estate Trust to security holders, with a record date of 27th July 2016, for payment on the 10th August 2016 at 2c per security (\$17.7 million).
2. On 21st July 2016 contracts for the sale of the land and business of the Cairns Courthouse Hotel were exchanged for \$6.25m with settlement likely to occur in October 2016.
3. On 3rd August 2016 contracts for the sale of the land and business of the Lawson Park Hotel were exchanged for \$4.05m with settlement likely to occur mid September 2016.
4. On 15th August 2016 the land and business of the Exchange Hotel was sold for \$6.625m.

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