



## NOTICE OF GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that a General Meeting of Village Roadshow Limited (the "Company" or "VRL") will be held at Cinema Number 9, Village Cinemas, Jam Factory, 500 Chapel Street, South Yarra, Victoria on Tuesday 24 October 2006 at 2.00 p.m. Australian Eastern Standard Time.

*SHAREHOLDERS ARE ADVISED TO READ THIS NOTICE OF MEETING AND ACCOMPANYING EXPLANATORY MEMORANDUM CAREFULLY*

- A. To consider and if thought fit, approve the following resolution which will be proposed as a special resolution:

"That the Company approves the provision of financial assistance by each of the Warner Companies and Nara Companies, as outlined in the explanatory memorandum accompanying the notice of this meeting, for the purposes of section 260B(2) of the *Corporations Act*."

Dated: 22 September 2006

By order of the Board  
P. S. Leggo

Group Company Secretary

## VOTING ELIGIBILITY AND PROCEDURES

1. If you are unable to attend the meeting, you may appoint a proxy to attend the meeting on your behalf. See the section below headed "Appointment of Proxies".
2. If you are an ordinary shareholder attending the meeting, **please bring your bar coded Proxy Form/Invitation** to assist in shareholder identification and registration.
3. **Only ordinary shareholders may vote at the meeting.** A Class preference shareholders may attend but not vote. Any votes cast by A Class preference shareholders will be disregarded in determining the result of the resolutions.
4. On a show of hands each ordinary shareholder present in person or by proxy, representative or attorney is entitled to one vote. On a poll every ordinary shareholder present in person or by proxy, representative or attorney has one vote for every ordinary share held.
5. If two or more joint ordinary shareholders purport to vote, the vote of the joint holder whose name appears first in the Register will be accepted to the exclusion of the other joint holder or holders.
6. Any ordinary shareholder which is a corporation may appoint an individual as its representative as provided by the *Corporations Act 2001* ("the Act").
7. In accordance with Regulation 7.11.37 of the *Corporations Regulations*, all ordinary securities of the Company that are quoted securities at 2.00 p.m. Australian Eastern Standard Time on Sunday 22 October 2006 are taken, for the purposes of the above meeting, to be held by the persons who held them at that time. Only those persons will be entitled to vote at the General Meeting on Tuesday 24 October 2006.

## APPOINTMENT OF PROXIES

1. Each member entitled to attend and vote at the meeting is entitled to appoint a proxy. If the member is entitled to cast 2 or more votes at the meeting, they may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. The person(s) appointed may be an individual or a body corporate. If more than one proxy is appointed and the appointment does not specify the proportion or number of the member's votes each proxy may exercise, each proxy may exercise half of the member's votes. If more than one proxy is appointed, neither proxy shall have the right to vote on a show of hands but only on a poll.
2. A proxy need not be a member of the Company.
3. In the case of joint holders all should sign the proxy form.
4. In the case of corporations, proxies must be executed in accordance with Section 127 of the Act or be signed by an authorised officer or attorney.
5. A proxy form signed under a power of attorney, to be valid, must be accompanied by the signed power of attorney, or certified copy of such power of attorney.
6. If you mark the abstention box on the proxy form for any item of business, you are directing your proxy not to vote on a show of hands or on a poll and your shares will not be counted in calculating the required majority on a poll. If you do not indicate how your proxy is to vote, they may vote as they see fit.
7. If the proxy is signed by the member but does not name the proxy or proxies in whose favour it is given, the Chairman may either act as proxy or complete the proxy by inserting the names of one or more Directors. The Chairman intends to vote all undirected proxies in favour of the resolution.
8. The proxy form for ordinary shareholders is enclosed with this Notice of Meeting. To be valid it must be completed and deposited, together with power of attorney (if any) under which it is signed or a certified copy of such power of attorney, at the Company's share registry,

**Computershare Investor Services Pty Limited**  
**452 Johnston Street**  
**Abbotsford Vic 3067**

or returned to the share registry in the reply paid envelope provided so that it is **received not later than 2.00p.m.** Australian Eastern Standard Time **on Sunday 22 October 2006.** Alternatively, the proxy may be lodged by facsimile with the Company's share registry on +613 9473 2555 provided it is **received by the same time.**

## EXPLANATORY MEMORANDUM

### Background

On 29 May 2006, the Company announced that it had acquired the interest of Warner Bros. Entertainment Australia Pty Limited in the various theme parks located on the Gold Coast, in Queensland and jointly owned by them ("**Warner Acquisition**").

The Warner Acquisition was made pursuant to a sale agreement dated 26 May 2006, under which the Company (through various wholly owned subsidiaries) acquired all of the shares held (directly or indirectly) in the following companies:

- (a) WW Australia Pty Ltd (formerly known as Warner World Australia Pty Limited);
- (b) WB Properties Australia Pty Ltd (formerly known as Warner Bros Properties Australia Pty Limited);
- (c) WSW Operations Pty Ltd (formerly known as Warner Sea World Operations Pty Limited);
- (d) Sari Lodge Pty Ltd;
- (e) WSW Units Pty Ltd (formerly known as Warner Sea World Units Pty Limited);
- (f) WSWI Pty Ltd (formerly known as Warner Sea World Investments Pty Limited);
- (g) WSW Aviation Pty Ltd (formerly known as Warner Sea World Aviation Pty Limited);
- (h) WV Entertainment Pty Ltd; and
- (i) Sea World Management Pty Limited,

(collectively the "**Warner Companies**").

The Company paid approximately \$254 million for the shares in the Warner Companies and assumed the Warner Companies' share of associated bank debt of approximately \$64.5 million.

In addition, the Company has (through various subsidiaries) entered into a legally binding heads of agreement with Nara Australia Pty Ltd and Samos Pty Limited to acquire the remaining shares held by them ("**Nara Acquisition**") in each of:

- (a) Sea World Nara International Pty Limited;
- (b) Sea World Nara Resort Hotel Pty Limited; and
- (c) Sea World Nara Equipment Company Pty Limited,

(collectively the "**Nara Companies**").

The Company has agreed to pay approximately \$20 million for the Nara Acquisition and to assume the vendors' share of associated bank debt of approximately \$5.5 million.

The Warner Acquisition was financed out of the Company's internal resources and various debt facilities ("**VRL Facility**").

A subsidiary within the theme parks division of the Company proposes to borrow up to \$350 million on a limited recourse basis (secured only against the assets of the Village Roadshow theme park division), in order to:

- (i) refinance existing theme park debt of approximately \$126 million;
- (ii) repay part of the VRL Facility used to facilitate the Warner Acquisition; and
- (iii) finance the purchase of the remaining shares in the Nara Companies.

A facility agreement ("**Facility Agreement**") is being negotiated with a syndicate of financial institutions led by Australia and New Zealand Banking Group Limited ("**Banking Syndicate**").

It will be a requirement of the Facility Agreement that all relevant companies (which includes the Warner Companies and the Nara Companies) grant cross guarantees and security (including a fixed and floating charge over all their assets) in favour of the Banking Syndicate ("**Security**").

By granting the Security, the Warner Companies and the Nara Companies could be granting "financial assistance" for the acquisition of their own shares for the purposes of Section 260A of the *Corporations Act* ("**Act**").

As the provision by the Warner Companies and the Nara Companies of the Security may constitute “financial assistance” for the purposes of section 260A of the Act, the Banking Syndicate has indicated that the terms of the Facility Agreement will require the Company to seek formal approval from its shareholders under the available procedures in the Act.

#### **Particulars of the proposed financial assistance**

It is proposed that each Warner Company and each Nara Company will, in accordance with the terms of the Facility Agreement, provide the Security in relation to all amounts that may be owing from time to time under the Facility Agreement.

By becoming a guarantor and security provider under the Facility Agreement, each Warner Company and each Nara Company will also secure any other obligations of the borrower (which at this stage is intended to be Village Themepark Management Pty Ltd) and related companies within the Village Roadshow theme parks division (the “Group”) under the Facility Agreement.

#### **Shareholder approval of financial assistance**

The approval of the shareholders of the Company in respect of the proposed financial assistance is sought under Section 260B(2) of the Act because the Company is, or will be, the listed holding company of the Warner Companies and Nara Companies.

#### **Effect of the proposed financial assistance**

If there is a default in the due and punctual payment of amounts owing under the Facility Agreement or if certain other events of default occur, the Group (including the Warner Companies and Nara Companies) could be required to immediately pay on demand all amounts then owing by the Group under the Facility Agreement. To the extent such amounts are not repaid, the Security will become enforceable by the Banking Syndicate.

The advantages of the proposed financial assistance include the following:

- (a) The directors of the Company believe that the Facility Agreement is the most appropriate form of financing available, in order to finance the Village Roadshow theme parks division, including the Warner Acquisition and the Nara Acquisition; and
- (b) If the proposed resolution is not approved, the Warner Companies and the Nara Companies may not be able to act as guarantors and security providers under the Facility Agreement which may prejudice the Company’s ability to achieve the best possible terms and conditions (including pricing) for these financing arrangements.

The directors of the Company do not believe there is any disadvantage to the Company in approving the proposed resolution and believe the entry into of the Facility Agreement and the granting of the Security is for the benefit of each member of the Group (including the Warner Companies and the Nara Companies).

#### **Directors’ recommendation**

The directors of the Company unanimously recommend that shareholders support the granting of financial assistance by each of the Warner Companies and the Nara Companies by voting in favour of the resolution set out in the notice of meeting.

#### **Directors’ Interests**

None of the directors of the Company has any interest (directly or indirectly) in the proposed financial assistance other than in relation to their position as a director or an employee of the Company, the Warner Companies, the Nara Companies or of a related body corporate of the Company, the Warner Companies, the Nara Companies or as a shareholder of the Company.

#### **Other relevant information**

The directors consider that there is no other information that is known to the Company that is material to a shareholder’s decision on how to vote on the proposed resolution, other than information which it would be unreasonable to require the Company to include in this document as the Company has previously disclosed the information to its shareholders.

Dated 22 September 2006



# Village Roadshow Limited

ABN 43 010 672 054

Mark this box with an 'X' if you have made any changes to your address details

## Proxy Form/Invitation

**All correspondence to:**  
Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia  
Enquiries (within Australia) 1300 850 505  
(outside Australia) 61 3 9415 4000  
Facsimile 61 3 9473 2555  
www.computershare.com



**SAMPLE CUSTOMER  
ADDRESS  
ADDRESS  
ADDRESS  
ADDRESS  
SAMPLETOWN TAS 7000**

Securityholder Reference Number (SRN)



VRL

**I 1234567890 IND**

### Appointment of Proxy

I/We being a member/s of Village Roadshow Limited and entitled to attend and vote hereby appoint



the Chairman  
of the Meeting  
(mark with an 'X')

**OR**

If you are not appointing the Chairman of the Meeting as your proxy, please write here the full name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy.

or failing the person named, or if no person is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the General Meeting of Village Roadshow Limited to be held at Cinema Number 9, Village Cinemas, Jam Factory, 500 Chapel Street, South Yarra, Victoria on Tuesday 24 October 2006 at 2.00pm Australian Eastern Standard Time and at any adjournment of that meeting.

### Voting directions to your proxy - please mark to indicate your directions

Item A Approve the provision of financial assistance by each of the Warner Companies and Nara Companies

**For Against Abstain\***

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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\* If you mark the Abstain box for the item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll, or if your votes entitlement cannot be voted by the Chairman of the Meeting, your vote will not be counted in computing the required majority on a poll.

### Appointing a second Proxy

I/We wish to appoint a second proxy



Mark with an 'X' if you wish to appoint a second proxy.

**AND**

 %

**OR**

State the percentage of your voting rights or the number of securities for this Proxy Form.

### PLEASE SIGN HERE This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Securityholder 1

Individual/Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

VRL

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031815 V\_00K9LB



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