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VILLAGE ROADSHOW ENTERTAINMENT GROUP CONCLUDES PRODUCTION FINANCING RESTRUCTURE

Village Roadshow Entertainment Group ("VREG"), the parent of Village Roadshow Pictures ("VRP"), has been working with its lead banks, Rabobank International and JP Morgan Chase, to restructure the existing VRP film production facility for some time. Village Roadshow Limited ("VRL"), which owns approximately 40% of VREG, is delighted to announce that a restructure of the facility was successfully concluded in New York on 8 May 2009.

The major commercial terms of the restructured facility include:

- financial accommodation of US\$900 million; and
- availability (subject to financial covenants) until 30 September 2010, with amortisation after that date, ultimately repayable by 30 September 2012.

The restructure of the facility has included the financing of the 2008 releases *Get Smart*, *Nights in Rodanthe*, *Yes Man* and *Gran Torino* which were produced in partnership with Warner Bros.

VRL Managing Director Graham Burke said "The refinancing by VREG underpins its diversified entertainment business and better places it to maximise and realise the substantial value inherent in its film and music libraries.

"The outcome is testament to the underlying strengths of our motion picture interests and comes at a time when movie attendance is at an all time high as people seek out low cost escapes in difficult times.

"We pay tribute to the lead banks Rabobank and JP Morgan Chase who have steered complex negotiations to a successful conclusion in this unprecedented economic environment. Additionally, this restructure would not have been possible without the ongoing loyalty and commitment shown to us by our partners at Warner Bros. and Time Warner.

"We are extremely pleased that Village Roadshow has achieved its financial goals," said Alan Horn, President and Chief Operating Officer, Warner Bros. "The company has been an excellent partner for over 30 years, and they are terrific people. We look forward to continuing our successful relationship and to many more years of making great movies together."

Mr Burke said VRL is looking forward to the ongoing successful performance of films within the VRP portfolio, including its next release in October 2009, of the much anticipated *Where the Wild Things Are* which was filmed in Melbourne. Other film titles in production and scheduled for release in 2009 and 2010 are *Sherlock Holmes*, *Cats & Dogs 2* and *Guardians of Ga'Hoole*.

Under the restructure:

- VRL's guarantee in support of VRP, of up to US \$26.5 million, relating to fees previously received by VRL has been eliminated.
- VRL will continue to support VRP, including by way of a guarantee to Warner Bros. As part of the restructure, the way in which prints and advertising expenditure is recouped by Warner Bros. has been altered, significantly reducing the risk of the Warner Bros. guarantee being called upon. VRL does not believe that any future payment will be required under the guarantee to Warner Bros.
- As a result of VRL's previous contributions to VREG and amounts due to VRL from VREG, the actual additional cash paid by VRL to VREG as part of the 8 May refinancing is approximately US\$9 million. As outlined in previous announcements it was anticipated that VRL may provide credit support of up to US\$40 million to VREG as part of the refinancing. The VRL board has approved a loan of US\$45 million to VREG on attractive commercial terms. This loan is repayable upon the earlier of a refinancing of the VRP debt or 30 September 2013.
- VRL has agreed to provide a new, limited, guarantee capped at US\$7.5 million to JP Morgan Chase, one of the key financiers of VREG. This guarantee relates to interest potentially payable by VRP and VREG. In the event that the guarantee is called upon, VRL will be entitled to recover from VRP any amount paid. VRL does not believe that any permanent loss will result from this guarantee.

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