

VILLAGE ROADSHOW ENTERS INTO EXCLUSIVE DISCUSSIONS WITH BGH

18 May 2020: Village Roadshow Limited (ASX: VRL) ("VRL") today announced that it has received a revised, non-binding proposal from BGH Capital Pty Ltd ("BGH") to acquire all of the shares of VRL by way of a scheme of arrangement representing total value of up to \$2.40 per share ("BGH Revised Proposal").

After careful consideration of the proposal, VRL has entered into a Transaction Process Deed with BGH under which BGH will be provided with the opportunity to undertake confirmatory due diligence and negotiate transaction documentation over a four week period on an exclusive basis. A copy of the Transaction Process Deed is attached to this announcement.

BGH Revised Proposal

The BGH Revised Proposal is for an acquisition of all of the shares in VRL at a price of up to \$2.40 per share. The offer price of up to \$2.40 per share consists of a:

- Base offer price of \$2.20 per share; plus
- Additional offer price of \$0.12 per share in the event that Warner Bros. Movie World and Sea World have re-opened to the public three business days prior to the day VRL shareholders meet and vote on the privatisation transaction; plus
- Additional offer price of \$0.08 per share in the event that a majority of the Cinemas business locations (representing 75% of Cinemas business revenue) have re-opened to the public three business days prior to the day VRL shareholders meet and vote on the privatisation transaction.

The Additional offer price is also subject to certain other conditions as set out in the Transaction Process Deed.

The offer price of \$2.20 per share (base price) and \$2.40 per share (increased price¹) represents:

- a 25-36% premium to VRL's closing price of A\$1.765 at last close (being Friday, 15 May 2020); and
- a 51-64% premium to the A\$1.460 VWAP from 19 March 2020 (being the day upon which the Company released the ASX announcement entitled "Update on COVID-19 Response") to the end of trading Friday, 15 May 2020.

Under the BGH Revised Proposal two transaction structures have been proposed to effect the transaction. The first structure ("Structure A") would involve a newly incorporated company ("BidCo") controlled by BGH acquiring the shares in VRC's ultimate holding company from John Kirby, Robert Kirby and Graham Burke (together, "VRC shareholders"),

¹ In the event that each of Warner Bros. Movie World, Sea World and a majority of the Cinemas business locations have re-opened to the public three business days prior to the day VRL shareholders meet and vote on the privatisation transaction

then VRC acquiring all VRL shares held directly by VRC shareholders and those held by shareholders other than VRC shareholders ("Non-VRC shareholders") via a scheme of arrangement.

The VRC shareholders would receive consideration comprising shares in the unlisted BidCo and a proportion of cash. Non-VRC shareholders would have the option to receive all cash or to receive some of the consideration as shares in the unlisted BidCo (subject to a maximum number of BidCo shares, with scale-back arrangements for all Non-VRC shareholders electing to receive scrip).

The second structure ("Structure B") would involve BidCo acquiring all of the shares in VRL via a scheme of arrangement. All shareholders would have the option to receive all cash or to receive some of the consideration as shares in the unlisted BidCo (subject to a maximum number of BidCo shares, with scale-back arrangements for all shareholders electing to receive scrip).

It is intended the Structure B would be proposed simultaneously with Structure A, and would be considered by shareholders in circumstances where the Structure A scheme did not secure shareholder approval. The Base offer price under Structure B would be \$2.10 per share.

The BGH Revised Proposal is subject to various conditions including:

- completion of confirmatory due diligence;
- arranging debt financing;
- no further material deterioration in the operating environment or outlook for VRL;
- negotiation and execution of all necessary transactions documentation, including:
 - a Scheme Implementation Agreement ("SIA") on terms mutually acceptable to both BGH and VRL; and
 - share sale agreements with the VRC Shareholders;
- FIRB approval.

VRL has entered into a Transaction Process Deed with BGH under which BGH will be provided with exclusive access to due diligence for an initial four week period to facilitate a binding offer. A break fee of \$4.29 million (1% of VRL's market capitalisation based on the offer) is payable if the exclusivity is breached.

It is currently the intention of the VRC shareholders to remain as significant, committed shareholders in the privatised business and Clark Kirby will remain as Chief Executive Officer with Robert Kirby as Executive Chairman.

Next Steps

In deciding to enter into the Transaction Process Deed with BGH, the Independent Committee of the VRL Board of Directors ("IBC") carefully considered the proposals it received, as well as the significant change in the company's position and trading environment since 19 December 2019 when it first received a proposal from Pacific Equity Partners and 24 January 2020 when it received a proposal from BGH.

VRL will now proceed to engage with BGH to assist it to complete its confirmatory due diligence and negotiate transaction documentation in the next four weeks.

VRL shareholders do not need to take any action in relation to the BGH Revised Proposal at this stage. There is no certainty that the proposal will result in a transaction.

VRL will continue to keep the market informed of any material developments in accordance with its continuous disclosure requirements.

UBS and Stratford Advisory Group are acting as financial advisers and MinterEllison as legal adviser to VRL.

This announcement has been authorised by the VRL Board.

For more information:

Simon Phillipson Company Secretary +61 3 9281 1000



Final

Transaction Process Deed

Village Roadshow Limited (VRL) BGH Capital Pty Ltd (BGH)

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Level 23 Rialto Towers 525 Collins Street Melbourne Vic 3000 Australia DX 204 Melbourne T +61 3 8608 2000 F +61 3 8608 1000 minterellison.com

MinterEllison

Transaction Process Deed

Village Roadshow Limited (VRL)

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Details

Date 18 May 2020

Parties

Name Village Roadshow Limited

ACN 010 672 054

Short form name VRL

Notice details Level 1, 500 Chapel Street, South Yarra, Vic 3141

Email: Simon_Phillipson@vrl.com.au

Attention: Mr Simon Phillipson

Name BGH Capital Pty Ltd in its capacity as manager to each of the constituent

entities of the BGH Capital Fund I

ACN 617 836 982

Short form name BGH

Notice details Level 26, 101 Collins Street, Melbourne, Vic 3000

Email: Bgray@bgh.com
Attention: Ben Gray

Background

A On or before the date of this document, BGH provided to VRL a revised non-binding indicative proposal to directly or indirectly acquire 100% of the shares in VRL.

B In connection with that potential transaction, each party has agreed to progress the potential transaction on the Indicative Terms and on the other terms of this document.

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Agreed terms

Defined terms & interpretation

1.1 Defined terms

In this document:

Affiliate means, in respect of a person (Primary Person), a person:

- (a) Controlled directly or indirectly by the Primary Person;
- (b) Controlling directly or indirectly the Primary Person;
- (c) who is Controlled, directly or indirectly, by a person or persons who Control the Primary Person;
- (d) directly or indirectly under the common Control of the Primary Person and another person or persons; or
- (e) if the Primary Person is BGH, any collective investment vehicle, managed investment scheme or other entity operated or managed by BGH or any person mentioned in any of paragraphs (a) to (d) inclusive.

Agreement Fee means the amount of \$4.29 million.

Agreement Fee Payment Date means the date that is 10 Business Days after BGH has issued a written notice pursuant to clause 5.1(d).

Associate has the meaning set out in Division 2 of Part 1.2 of the Corporations Act, as if section 12(1) of the Corporations Act included a reference to this document and VRL was the designated body.

ASX means ASX Limited or the financial market known as the Australian Securities Exchange that it operates, as the context requires.

Business or VRL Business means the business currently carried on by the VRL Group.

Business Day means a day on which banks are open for general banking business in Melbourne, Victoria (not being a Saturday, Sunday or public holiday).

Competing Proposal means any offer, proposal, agreement, arrangement or transaction, whether existing before, on or after the date of this document, which, if entered into or completed, could mean that a person other than BGH or its Affiliates (either alone or with any Associate), including VRC acting in its own capacity or as an Associate or in consortium with a party other than BGH or its Affiliates, would:

- (a) acquire Control of any member of the VRL Group;
- (b) directly or indirectly acquire or become the holder of, or otherwise acquire or have a right to acquire a legal, beneficial or economic interest in, or control of, all or substantially all or a material part of the business or assets of any member of the VRL Group;
- (c) otherwise directly or indirectly acquire, be stapled with or merge with, VRL; or
- (d) require VRL to abandon, or otherwise fail to proceed with, the Potential Transaction,

whether by way of a takeover bid, scheme of arrangement, shareholder approved acquisition, capital reduction, buy back, sale, lease or purchase of shares, other securities or assets, assignment of assets or liabilities, joint venture, dual listed company (or other synthetic merger), deed of company arrangements, any debt for equity arrangement or other transaction or arrangement. Each successive material modification or variation of a Competing Proposal will constitute a new Competing Proposal.

Confidentiality Deed means the document of that name entered between VRL and BGH on or about 3 March 2020.

Confidential Information has the meaning given in the Confidentiality Deed.

Control means with respect to any person (other than an individual) the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such person whether through the ownership of voting securities, by agreement or otherwise, and for the avoidance of doubt, a general partner is deemed to Control a limited partnership of which it is the general partner and, solely for the purposes of this document, a fund advised or managed directly or indirectly by or forming a stapled entity or group with a person will also be deemed to be Controlled by such person, and, in respect of BGH, will also include any fund, account, client, limited partnership, managed investment scheme or other collective investment vehicle or other person which is managed or advised by BGH or an Affiliate of BGH.

Corporations Act means the Corporations Act 2001 (Cth).

Exclusivity Period means:

- (a) the period commencing on the date of this document and ending on the earlier of:
 - (i) 5:00pm on the date that is four (4) weeks after the date of this document, which is 16 June 2020; and
 - (ii) the termination of this document under clause 5 other than pursuant to clause 5.1(c) or 5.1(d); and
- (b) if the period in paragraph (a) is extended in accordance with clause 3.3 and this document has not been terminated, the period commencing on the date that the period referred to in paragraph (a) ends and ending on the earlier of:
 - (i) 5:00pm on the date that is two (2) weeks after that date; and
 - (ii) the termination of this document under clause 5.

Extended Exclusivity Period means the period referred to in paragraph (b) of the definition of **Exclusivity Period**.

GST means a tax imposed under the *A New Tax System (Goods and Services Tax) Act 1999* (Cth) or any related legislation.

IBC means the Independent Board Committee of the VRL Board.

Implementation Agreement means an implementation agreement or deed to be entered into by VRL and BGH or its nominee for the purposes of the Potential Transaction, which agreement or deed will reflect any agreed terms and assumptions as at the date of that agreement or deed, will contain terms no less favourable to VRL shareholders than the Indicative Terms and which will otherwise be on customary terms.

Indicative Terms includes the key terms and conditions set out or referred to in Schedule 1.

Initial Exclusivity Period means the period referred to in paragraph (a) of the definition of **Exclusivity Period**.

Internal Representative means one of the Internal Representatives as defined in the Confidentiality Deed.

Positive Investments means Positive Investments Pty Ltd.

Potential Transaction means a potential transaction whereby BGH, or one or more Affiliates of BGH, or VRC acting in its capacity as Associate of BGH or its Affiliates, would acquire, directly or indirectly, 100% of the ordinary shares in VRL for consideration comprising cash or Securities or a combination and otherwise on the Indicative Terms.

Representative, in relation to a person, means:

- (a) an Affiliate of the person;
- (b) any entity that is a collective investment vehicle or managed investment scheme or an investor in an account that is managed or advised by the person or an Affiliate of the person;

- (c) an officer, employee, agent or contractor of the person or an Affiliate of the person;
- (d) any person who is an Authorised Person of the person as defined in the Confidentiality Deed: and
- (e) a financial or legal adviser to the person in relation to the Potential Transaction.

Securities has the meaning specified for the purposes of Chapters 6 to 6CA (inclusive) in section 92(3) of the Corporations Act.

Superior Proposal means a bona fide Competing Proposal which the VRL Board, acting in good faith in the interests of the VRL and its shareholders, and after taking advice from its legal and financial advisers, determines:

- is reasonably capable of being completed taking into account all aspects of the Competing (a) Proposal, including its conditions, the identity, reputation and financial condition of the person making such proposal, and all relevant legal, regulatory and financial matters; and
- (b) would be likely to be, if implemented in accordance with its terms, more favourable to VRL's shareholders than the latest proposal provided by BGH to VRL in relation to the Potential Transaction, taking into account all aspects of the Competing Proposal and the latest proposal provided by BGH to VRL, including the identity, reputation and financial condition of the person making such proposal, legal, regulatory and financial matters, certainty and any other matters affecting the probability of the relevant proposal being completed in accordance with its terms.

Subsidiary of an entity means another entity which is a subsidiary of the first entity within the meaning of the Corporations Act.

Scheme means a members' scheme of arrangement under Part 5.1 of the Corporations Act to give effect to the Potential Transaction.

Voting Power has the meaning it is given in section 610 of the Corporations Act.

VRC means Village Roadshow Corporation Pty Ltd.

VRC Group means Positive Investments Pty Ltd and its Subsidiaries.

VRL Board means the board of directors for the time being of VRL.

VRL Group means VRL and its Subsidiaries.

1.2 Interpretation

In this document, except where the context otherwise requires:

- the singular includes the plural and vice versa, and a gender includes other genders;
- (b) another grammatical form of a defined word or expression has a corresponding meaning;
- a reference to a clause, paragraph, schedule or annexure is to a clause or paragraph of, (c) or schedule or annexure to, this document, and a reference to this document includes any schedule or annexure;
- (d) a reference to a document or instrument includes the document or instrument as novated, altered, supplemented or replaced from time to time;
- (e) a reference to **A\$**, **\$A**, **dollar** or **\$** is to Australian currency;
- a reference to time is to Melbourne, Australia time; (f)
- (g) a reference to a party is to a party to this document, and a reference to a party to a document includes the party's executors, administrators, successors and permitted assigns and substitutes;

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- (h) a reference to a person includes a natural person, partnership, body corporate, association, governmental or local authority or agency or other entity;
- a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (j) a word or expression defined in the Corporations Act has the meaning given to it in the Corporations Act;
- (k) the meaning of general words is not limited by specific examples introduced by including, for example or similar expressions;
- (I) a rule of construction does not apply to the disadvantage of a party because the party was responsible for the preparation of this document or any part of it; and
- (m) if a day on or by which an obligation must be performed or an event must occur is not a Business Day, the obligation must be performed or the event must occur on or by the next Business Day.

1.3 Headings

Headings are for ease of reference only and do not affect interpretation.

2. Implementation Agreement

2.1 Negotiation of the Implementation Agreement

VRL and BGH agree during the Exclusivity Period to negotiate an Implementation Agreement and any other transaction documentation required to Implement the Potential Transaction.

2.2 First draft

VRL will provide a first draft of the Implementation Agreement within 10 Business Days after the date of this document.

2.3 Commitment of necessary resources

VRL and BGH agree during the Exclusivity Period to commit all reasonably necessary resources (including management and financial, legal and other professional advisory resources) to enable:

- (a) BGH to complete its due diligence investigations in relation to the Potential Transaction within the Exclusivity Period; and
- (b) subject to clause 2.1, an Implementation Agreement and any other transaction documentation required to implement the Potential Transaction to be prepared and negotiated before the expiry of the Exclusivity Period.

2.4 Ceasing to progress Potential Transaction

If during the Exclusivity Period, either party decides to no longer progress the Potential Transaction, it will immediately notify the other party, but VRL must not during the Exclusivity Period cease to actively pursue the Potential Transaction (including complying with clauses 2.1 and 2.3) as a result of the existence of a Competing Proposal.

2.5 Engagement with FIRB, ASIC and VRC

VRL and BGH will agree protocols which will provide for BGH and its Representatives in consultation with VRL to engage with FIRB, ASIC, VRC and VRC's financiers in connection with the Potential Transaction.

3. Exclusivity

3.1 No shop

During the Exclusivity Period, VRL must ensure that neither it nor any of its Representatives directly or indirectly:

- (a) solicits, invites or initiates (including by the provision of non-public information to any third party) any enquiries, expressions of interest, offers, proposals, negotiations or discussions; or
- (b) communicates any intention to do any of these things,

with a view to, or that may be reasonably expected to lead to, obtaining any offer, proposal or expression of interest from any person in relation to a Competing Proposal.

3.2 No talk

Subject to clause 3.4, during the Exclusivity Period, VRL must ensure that neither it nor any of its Representatives:

- (a) negotiates or enters into;
- (b) participates in negotiations or discussions with any other person regarding;
- (c) discloses or otherwise provides any material non-public information about the business or affairs of the VRL Group to a third party with a view to obtaining, or which would reasonably be expected to encourage or lead to receipt of; or
- (d) communicate an intention to do any of the things described in clauses 3.2(a) to 3.2(c) or otherwise facilitate making,

a Competing Proposal with any person or any agreement, understanding or arrangement that may be reasonably expected to lead to a Competing Proposal with any person, even if that person's Competing Proposal was not directly or indirectly solicited, invited or initiated by VRL or any of its Representatives or the person has publicly announced the Competing Proposal.

3.3 Extension of Exclusivity Period

The Initial Exclusivity Period will be extended to the Extended Exclusivity Period if neither party has given a notice to the other under clause 2.4 during the Initial Exclusivity Period.

3.4 Fiduciary carve out

Clause 3.2 (no talk) does not apply during the Extended Exclusivity Period to the extent that it restricts VRL, the IBC or the VRL Board from taking or refusing to take any action with respect to a Competing Proposal (which was not solicited, invited or initiated in contravention of clause 3.1) provided that the VRL Board or the IBC has determined, in good faith and acting reasonably, that:

- (a) after consultation with its financial advisors, such a Competing Proposal is, or could reasonably be considered to become, a Superior Proposal; and
- (b) after receiving written legal advice from its external legal advisers (who must be reputable advisers experienced in transactions of this nature), failing to respond to such a Competing Proposal would be likely to constitute a breach of the VRL Board's or the IBC's fiduciary or statutory obligations.

3.5 Exceptions to the exclusivity arrangement

Nothing in this clause 3 prevents VRL from:

 engaging with its shareholders (in their capacity as shareholders of VRL) in relation to the VRL Group, provided that such engagement does not relate to VRL soliciting, inviting or initiating an actual, proposed or potential Competing Proposal;

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- continuing to make presentations to, and to respond to enquiries from, brokers, portfolio investors, analysts and institutional lenders in the ordinary course in relation to its business generally;
- (c) instructing or receiving advice from its Representatives; or
- (d) fulfilling its continuous disclosure requirements.

4. Agreement Fee

4.1 Payment

- (a) If (and only if) in the period commencing on the date of this deed and ending at the end of the Exclusivity Period VRL has breached its obligations under clause 3 and BGH has terminated this deed pursuant to clause 5.1(d), VRL must pay to BGH the Agreement Fee in cleared funds (without withholding or set off) into an Australian bank account notified in writing to VRL by BGH on the Agreement Fee Payment Date.
- (b) The Agreement Fee is only payable, if it is payable, once and only by VRL and by no other person.

4.2 Acknowledgement

The parties agree that the Agreement Fee is an amount to compensate BGH for:

- (a) advisory costs;
- (b) costs of management and directors' time;
- (c) out-of-pocket expenses;
- (d) the distraction of BGH's management from conducting BGH's business as usual caused by pursuing the Potential Transaction;
- reasonable opportunity costs incurred by BGH in pursuing the Potential Transaction or in not pursuing alternative acquisitions or strategic initiatives which BGH could have developed to further its business and objectives; and
- (f) damage to BGH's reputation associated with a failed transaction and the implications of that damage to BGH's business,

and that the costs incurred are of a nature that they cannot be accurately quantified and that a genuine pre-estimate of the costs would equal or exceed the Agreement Fee.

4.3 Other claims

The maximum aggregate amount which VRL is required to pay in relation to this document (including in relation to any breach of this document by VRL) is the Agreement Fee and in no event will the aggregate liability of VRL under or in connection with this document exceed the Agreement Fee.

4.4 Exclusive remedy

Despite any other provision of this document, where the Agreement Fee is paid to BGH under this document, BGH cannot and must not make any claim against VRL, its Affiliates or their respective directors, officers and employees under or in connection with this document.

5. Term and Termination

5.1 Termination

This document, and the parties' obligations under it, will, subject to clause 5.2, terminate and be of no further force or effect on the earliest of the following to occur:

- (a) the expiry of the Exclusivity Period;
- (b) VRL giving BGH written notice of termination with immediate effect, following any notification by BGH to VRL pursuant to clause 2.4;
- (c) BGH giving VRL written notice of termination with immediate effect, following any notification by VRL to BGH pursuant to clause 2.4;
- (d) BGH giving VRL written notice of termination with immediate effect, following any breach by VRL of its obligations under clause 3;
- (e) the execution by the parties of an Implementation Agreement in respect of the Potential Transaction; and
- (f) VRL giving BGH written notice of termination with immediate effect during the Extended Exclusivity Period following receipt of a Competing Proposal where clause 3.2 does not apply in relation to the Competing Proposal as a result of the application of clause 3.4.

5.2 Effect of termination

If this deed is terminated by either party under clause 5.1:

- each party will be released from its obligations under this deed, except that this clause 5.2, and clauses 1, 4, 7, 8, 9 and 10, will survive termination and remain in force;
- (b) each party will retain the rights it has or may have against the other party in respect of any past breach of this deed;
- (c) in all other respects, all future obligations of the parties under this deed will immediately terminate and be of no further force and effect; and
- (d) if BGH terminates pursuant to clause 5.1(c) or 5.1(d) (other than where the Agreement Fee has been paid by VRL), the Exclusivity Period continues to apply and VRL agrees to continue to be bound by clause 3 until the end of the Exclusivity Period.

5.3 No other termination

Neither party may terminate or rescind this document except as permitted under this clause 5.

6. Other Acknowledgments

6.1 Confidential Information

The parties agree that the existence of this document and the discussions between the parties before and after the date of this document concerning the Potential Transaction constitute Confidential Information for the purposes of the Confidentiality Deed.

6.2 Standstill

The parties acknowledge and agree that the standstill obligations set out in the Confidentiality Deed continue to apply in accordance with its terms.

6.3 Potential Transaction

Each party agrees that:

- this document is not intended to constitute, and does not constitute, an offer capable of acceptance or to otherwise give rise to a binding contract to proceed with the Potential Transaction;
- (b) there is no certainty that the Potential Transaction will proceed; and
- (c) this document does not constitute a proposal to make a takeover bid for the purposes of section 631 of the Corporations Act.

6.4 Announcements

- (a) Each party agrees that, to the extent practicable and permitted by law or the rules of any financial market and the terms of the Confidentiality Deed, it will consult with the other party as to the form of any public announcement about this document including to ASX, the Potential Transaction or the content or existence of negotiations between the parties prior to making any such announcement.
- (b) BGH acknowledges that VRL will announce to ASX the Potential Transaction promptly after the parties sign this document and the announcement may be accompanied by a copy of this document.

7. Notices and other communications

7.1 Service of notices

A notice, demand, consent, approval or communication under this document (Notice) must be:

- (a) in writing, in English and signed by a person duly authorised by the sender; and
- (b) hand delivered or sent by or email to the party's address for Notices specified in the 'Details' section of this document, as varied by any Notice given by either party to the other party.

7.2 Effective on receipt

A Notice given in accordance with clause 7.1 takes effect when taken to be received (or at a later time specified in it), and is taken to be received:

- (a) if hand delivered, on delivery; or
- (b) if sent by email (and the sender does not receive an email delivery failure notification), when the sender's computer or device generates a message confirming that the Notice has been sent,

but if the delivery, receipt or transmission is not on a Business Day or is after 5.00pm on a Business Day, the Notice is taken to be received at 9.00am on the next Business Day.

8. BGH limitation of liability

Notwithstanding any other provision of this document, the parties (other than BGH) acknowledge and agree that:

- (a) BGH enters into and performs this document and the transactions it contemplates in its capacity as manager or adviser to each of the constituent entities of the BGH Capital Fund I (the **BGH Fund**) and in no other capacity. This applies also in respect of any past and future conduct (including omissions) relating to this document or those transactions;
- (b) BGH is not liable to pay or satisfy any of its obligations under and in connection with this document and those transaction and will have no liability to the other parties except to the extent of BGH's right of indemnity out of the assets of the BGH Fund;
- (c) if those assets are insufficient, the other parties will not seek to recover any shortfall by bringing proceedings against BGH personally and may not seek the appointment of a liquidator, administrator, receiver or similar person to BGH or prove in any liquidation, administration or arrangement of o affecting BGH; and
- (d) the other parties waive their rights and release BGH from any personal liability whatsoever in respect of any loss or damage which cannot be paid or satisfied out of the assets of the BGH Fund.

The limitation of liability under this clause 8 will not apply to the extent that BGH's right of indemnity from the BGH Fund f which BGH is a manager or adviser is reduced or lost as a result of operation of law or as a result of any fraud, negligence, wilful misconduct or breach of trust by BGH.

9. GST

Unless expressly stated otherwise in this document, all amounts payable or consideration to be provided under this document are exclusive of GST. If GST is payable on any supply under this document, for which the consideration is not expressly stated to include GST, then subject to receiving a valid tax invoice, recipient of the payment agrees to pay to the pay an additional amount equal to the GST payable at the same time that the consideration for the supply is to be provided.

10. Miscellaneous

10.1 Consideration

Each party acknowledges entering into this document and incurring obligations and giving rights under this document for valuable consideration received from the other party.

10.2 Discretion in exercising rights

A party may exercise a right or remedy or give or refuse its approval or consent in any way it considers appropriate (including by imposing conditions), unless this document expressly states otherwise.

10.3 Partial exercising of rights

If a party does not exercise a right or remedy fully or at a given time, the party may still exercise it later.

10.4 Approvals and consents

By giving its approval or consent a party does not make or give any warranty or representation as to any circumstance relating to the subject matter of the consent or approval.

10.5 Variation and waiver

A provision of this document or a right created under it, may not be waived or varied except in writing, signed by the party or parties to be bound.

10.6 Costs

The parties agree to pay their own legal and other costs and expenses in connection with the preparation, execution and completion of this document and other related documentation except for stamp duty.

10.7 Survival

Subject to clause 10.8(a), clauses 7 (Notices and other communications) and 9 (Miscellaneous) survive expiry of the Exclusivity Period and termination of this document.

10.8 Relationship to Implementation Agreement

- (a) The parties acknowledge that it is their intention that, subject to clause 2.1, an Implementation Agreement will be entered into that will supersede this document.
- (b) If any provision of this document is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms and provisions of this document will remain in full force and effect and shall not be affected, impaired or invalidated.

10.9 Assignment

A party may not assign or otherwise deal with its rights under this document or allow any interest in them to arise or be varied in each case, without the consent of the other party.

10.10 Governing law

- (a) This document and any dispute arising out of this document is governed by the laws of the State of Victoria, Australia.
- (b) Each party submits to the non-exclusive jurisdiction of the courts of that State and courts of appeal from them, in respect of any proceedings arising out of this document.

10.11 Counterparts

This document may be executed in any number of counterparts of copies with signatures appearing on different counterparts or copies, and this has the same effect as if the signatures on the counterparts or copies were on a single copy of this document. Without limiting the foregoing, if any of the signatures on behalf of one party are on different counterpart or copies of this document, this will be taken to be, and have the same effect as, signatures on the same counterpart and on a single copy of this document. A party who has executed a counterpart of this document may exchange it with another party emailing a pdf (portable document format) copy of, the executed counterpart to that other party.

Schedule 1- Indicative Terms

Transaction Structure and Price

- (a) "Structure A" transaction involving:
 - (i) the establishment of a new company (HoldCo) and its wholly owned subsidiary (BidCo);
 - (ii) the acquisition by Bidco of all of the shares in Positive Investments, with Positive Investment shareholders related to:
 - (A) Robert Kirby and Graham Burke currently intending to receive consideration comprising 100% shares in HoldCo; and
 - (B) John Kirby currently intending to receive consideration comprising 50% cash and 50% shares in HoldCo;
 - (iii) VRC offering to acquire all VRL shares held by the VRC principals, John Kirby, Robert Kirby and Graham Burke and/or their respective closely related parties for consideration currently intended to comprise 50% cash and 50% HoldCo shares; and
 - (iv) the acquisition by VRC of all VRL shares that it and the VRC principals do not own by way of scheme of arrangement.
- (b) "Structure B" under which Bidco would acquire all VRL shares including VRL shares held by VRC and the VRC principals for consideration comprising cash or HoldCo shares, subject to a maximum number of HoldCo shares, with scale back arrangements for all VRL shareholders who elect HoldCo shares.
- (c) "Structures A" and "B" to be proposed simultaneously with Structure B proceeding if Structure A is not approved by VRL shareholders or the Court.
- (d) Base offer price per VRL share to be:
 - (i) under the "Structure A" transaction \$2.20; and
 - (ii) under the "Structure B" transaction \$2.10.
- (e) Subject to paragraph 1(f), if no later than 3 Business Days before the day VRL shareholders pass a resolution approving the Potential Transaction, Warner Bros. Movie World and Sea World have re-opened to the public and/or a majority of the Cinemas business locations have re-opened to the public (in each case, have remained open up until the morning of the second Court hearing), the base offer price will increase by:
 - 12 cents per share if only Warner Bros. Movie World and Sea World have reopened to the public;
 - (ii) 8 cents per share if only a majority of the Cinemas business locations have reopened to the public; or
 - (iii) 20 cents per share if both (i) and (ii) have occurred.
- (f) Paragraph 1(e) is subject to the following conditions:
 - (i) VRL has acted in good faith in deciding to re-open Warner Bros. Movie World, Sea World and a majority of the Cinema business locations taking into consideration the expected impact on operating performance of any State or Federal Government laws, directions or recommendations;
 - (ii) the cinema business is re-opened in circumstances where film studios and/or distributors are making titles available for theatre release in a manner (including blockbusters that are expected to be released in the period prior to implementation of the transaction) that a reasonable cinema operator would decide to re-open;

(iii) the cinema sites opened represented at least 75% of the revenue derived from the total cinema business for the previous financial year (including for the avoidance of doubt sites under the Australian Theatres Joint Venture)

2. Material adverse change condition

A material adverse change condition precedent and termination right on customary market terms will be included in the Implementation Agreement. BGH will exclude existing circumstances to the extent the effect of these are known or have been fairly disclosed to BGH.

3. Unlisted share alternative

- (a) Under "Structure A", VRL shareholders (not being VRC or VRC Affiliates) to have the ability to elect to take unlisted Securities, subject to a maximum of 15% of the existing VRL shares on issue if and only if holders of at least 5% of the existing VRL shares on issue have so elected. This is on the condition that BGH or an Affiliate would own approximately between 55% and 70% of the shares in VRL after implementation of the Potential Transaction.
- (b) Under "Structure B", the unlisted Securities alternative be able to accommodate such percentage of the register of shareholders of VRL as equates to:
 - (i) all of VRC's shareholding;
 - (ii) half of the VRC principals' respective shareholding; and
 - (iii) 10% of the existing VRL shares on issue which are not held by VRC or by Affiliates of VRC.

This is on the condition that BGH would own approximately between 55% and 65% of the shares in VRL after implementation of the Potential Transaction.

4. Exclusivity provisions in Implementation Agreement

For the avoidance of doubt, the exclusivity provisions in this document are not reflective of the exclusivity provisions to be included in the Implementation Agreement which will include customary provisions including a 'fiduciary carve out' where required or consistent with market practice and a break fee of not more than 1% of the market capitalisation of VRL based on the base offer price for the Potential Transaction.

5. Funding

- (a) BGH to provide binding funding commitment to VRL to be agreed and documented in good faith within 7 days of the date of this deed.
- (b) Implementation of the Potential Transaction will be conditional on the existing VRL senior debt providers agreeing to continue to provide financial accommodation to the VRL Group on terms acceptable to VRL and BGH.

6. Bidco shareholder arrangements

Bidco shareholding arrangements and board composition to be agreed and documented in good faith on entry into the Implementation Agreement.

Signing page

EXECUTED as a deed.

Executed by Village Roadshow Limited in accordance with Section 127 of the Corporations Act 2001	
That le Signature of director	Signature of director/company secretary (Please delete as applicable)
JULIE RAFFE	SIMON PHILLIPSON
Name of director (print)	Name of directer/company secretary (print)
of this document bearing his or her signature for th	y hold the position or are the person named with r director or secretary (as applicable) to produce a copy se purpose of signing the copy to complete its execution by of the signature appearing on the copy so executed
Executed by BGH Capital Pty Ltd by its duly authorised officer	Be
	Signature of officer
	Ben Gray
	Name of officer