ASX RELEASE

VILLAGE ROADSHOW ANNOUNCES $51 MILLION PRO RATA NON RENOUNCEABLE ENTITLEMENT OFFER

10 July 2018

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

- **Fully underwritten accelerated pro rata non-renounceable entitlement offer to raise approximately $51 million**
- **Entitlement offer fully supported by Village Roadshow Corporation's shareholders[1], who have committed to underwrite VRC's full pro rata entitlement**
- **Combined with sale of Wet'n'Wild Sydney to Parques Reunidos, generates net proceeds of $87 million which will be used to reduce borrowings**
- **VRL expects to report FY18F EBITDA[2] of $88 - $92 million, and Adjusted FY18F EBITDA[2] of $98 –$102 million**
- **Pro forma CY17 net debt[3] / FY18F EBITDA will reduce to 2.8–2.9x and to 2.5–2.6x on an Adjusted FY18F EBITDA[2] basis, with further reduction budgeted for FY19**
- **FY19 earnings budgeted to benefit from a range of strategic initiatives and a number of factors impacting earnings in FY18 that are not expected to recur**

Village Roadshow Limited (ASX:VRL) ("**VRL**") today provided an FY18 trading update, and announced action to reduce net borrowings and strengthen the balance sheet.

Capital Raising

VRL announces the launch of a fully underwritten 5 for 26 accelerated pro rata non-renounceable entitlement offer (**"Entitlement Offer"**) to raise approximately $51 million in new fully paid ordinary shares (**"New Shares"**), at an offer price of $1.65 per New Share ("**Offer Price"**).

The Offer Price of $1.65 per New Share represents a 21.1% discount to TERP[4] of $2.09, and a 24.3% discount to VRL's closing price on 6 July 2018.

The Entitlement Offer is fully supported by the shareholders of Village Roadshow Corporation Pty Ltd (**"VRC"**), the major shareholder in VRL. Entities associated with the three VRC principals have committed to underwrite the full proportion of VRC's pro rata entitlement of approximately $21 million under the institutional component of the offer to

---

[1] Entities respectively controlled by VRC's three principals, John Kirby, Robert Kirby and Graham Burke

[2] Earnings before interest, tax, depreciation and amortisation, excluding material items, discontinued operations. Refer to page 11 of the Investor Presentation released to the ASX today for further information regarding adjustments to derive Adjusted FY18F EBITDA

[3] Pro forma adjustments for (i) movement in net debt in 2HFY18 of $38 million reflecting capital expenditure for Topgolf and movement in working capital; and (ii) net proceeds from Entitlement Offer and Asset Sale.

[4] The Theoretical Ex-rights Price ("TERP") is the theoretical price at which VRL shares should trade after the ex-date for the Entitlement Offer. TERP is calculated by reference to the closing price of VRL shares on 6 July 2018 of $2.18, being the last trading day prior to the announcement of the Offer. TERP is a theoretical calculation only and the actual price at which VRL shares trade immediately following the ex-date for the Offer will depend on many factors and may not be equal to TERP.

the extent not taken up by VRC itself as an eligible shareholder (**"VRC Commitment"**). No underwriting fees are payable in respect of underwriting of VRC entitlement.

Asset Sale

VRL announced on 2 July 2018 the sale of Wet'n'Wild Sydney (**"Asset Sale"**) to Parques Reunidos. The Asset Sale is expected to generate net proceeds of $37 million. The Asset Sale is expected to complete in 1QFY19, subject to customary closing conditions.

FY18 Trading Update

VRL expects FY18F EBITDA to be in the range of $88 –$92 million. There are a number of factors impacting FY18 results, including pre-opening costs for Topgolf and operating losses associated with the divested Wet'n'Wild Sydney. Adjusting for these factors, VRL expects an Adjusted FY18F EBITDA[2] of $98 –$102 million. FY18F Attributable Net Profit After Tax[5] is expected to be between $(10) –$(6) million, in line with guidance previously provided in April 2018. FY18F capital expenditure is expected to be approximately $87 million.

In Theme Parks, the result continues to be impacted by the Dreamworld tragedy. As happened in similar tragedies overseas, attendance has been impacted on rides. Gold Coast parks also experienced lower than expected attendances over the Easter school holidays in April 2018, which coincided with the Commonwealth Games. The increase in one day pass sales after the introduction of the new pricing strategy in December 2017 reduced average ticket yield in the short term, however the parks have seen a return to the higher priced annual pass in June 2018 with the trend continuing into July 2018. With the removal of the discount resellers from the market effective 30 June 2018, VRL's management believes overall ticket sales revenue will continue to increase.

Cinema Exhibition experienced a slow first half due to a lack of quality titles, however it has seen a stronger fourth quarter performance due to a slate of blockbuster films released late in the financial year.

Film Distribution's performance reflects the ongoing impact of piracy and decline of the physical (DVD and Blu-Ray) market, as well as underperformance of certain film titles.

Asset Impairment and Material Items

Following a review of VRL's business, it is expected that a non-cash asset impairment of approximately $166 million (pre-tax) will be recognised in its FY18 results. Approximately $25 million relates to Wet'n'Wild Sydney which is currently being divested. $95 million goodwill impairment relates to Gold Coast Theme Parks driven by lower earnings in FY18 ($21m), in combination with the accounting impact of sale and leaseback of land on the Gold Coast ($74m). The balance of the asset impairment relates to Film Distribution (approximately $30m, reflecting lower FY18 earnings), Wet'n'Wild Las Vegas (approximately $9m, recognised in 1HFY18) and other miscellaneous items (approximately $7m). These impairment outcomes are subject to the finalisation of VRL's full year FY18 accounts.

VRL also expects to incur restructuring costs of approximately $9 million in FY18 which primarily relate to one-off costs associated with initiatives implemented under the OneCo and operational cost saving programs.

---

[5] Excluding material items

The asset impairment and restructuring costs will be partly offset by a gain on disposal of approximately $157 million, primarily as a result of the sale of VRL's stake in Golden Village Singapore. VRL expects the total material items (after tax) in FY18 to be approximately $8 million positive.

FY19 Outlook

VRL has budgeted to deliver an improved earnings result in FY19. In particular, FY19 is budgeted to benefit from:

- Operating cost efficiencies and improving margins in Theme Parks;
- OneCo related annualised incremental cost savings in excess of $10 million are targeted in FY19, in addition to cost savings of $2 million achieved in FY18;
    - As part of this, all VRL Directors have agreed to a 25% reduction in Director's fees, and VRL's Co-Chair/CEOs have agreed to a 25% reduction in fixed remuneration from 1 July 2018
- Revised ticket pricing strategy introduced in December 2017. With the return to the sale of the higher priced annual passes in June 2018 and continuing into July 2018 and the removal of the discount resellers from the market effective June 2018, VRL believes overall core ticket sales revenues will show a substantial increase in FY19;
- Full year contribution of Topgolf, which successfully opened on 15 June 2018. Above expected forward bookings provide early confidence in the outlook for Topgolf in FY19. Topgolf annual EBITDA is budgeted to be in excess of $5m. The site has been open for 3 weeks, it is therefore too early to determine if this number will be achieved;
- In Cinema Exhibition, full year impact of new sites and a number of blockbuster movies expected in FY19 – including the new Avengers, Mamma Mia: Here We Go Again, Aladdin, Mary Poppins, Aquaman and others;
- A stabilisation in Film Distribution and ongoing initiatives to reduce piracy to be offset by a continued decline in the physical market;
- Further growth in Marketing Solutions, including the expected benefit of international expansion into the USA and Asia; and
- Budgeted capital expenditure of approximately $50 million is substantially lower than FY18.

Debt Facility and Balance Sheet Impact

Combined net proceeds of $87 million from the Entitlement Offer and Asset Sale will be used to reduce borrowings. Pro forma CY17 net debt[3] / FY18F EBITDA[4] is expected to be reduced to 2.8–2.9x and 2.5–2.6x on an Adjusted FY18F EBITDA[4] basis, with a further reduction budgeted for FY19.

VRL's current revolving credit facility ("**RCF**") limit is approximately $425 million, with $375 million maturing in December 2019, and $50 million maturing in December 2020. Net proceeds from the Entitlement Offer and Asset Sale will be used to reduce drawn borrowings under the RCF, with a corresponding expected reduction in facility limit, reflecting lower borrowing requirements of the Group. After that reduction, VRL expects to retain sufficient liquidity headroom to fund its operations, have no material near-term debt maturities and expects to continue to be in compliance with its financial covenants.

VRL also continues to review its go forward capital structure, funding mix (including the potential for a bond issuance), and further non-core asset sales.

Comments from Graham Burke, VRL Co-CEO and Co-Chairman
"The Entitlement Offer and Asset Sale will be used to reduce borrowings and strengthen our balance sheet. Our primary objective for FY19 is to maximise operating and investment net cash flow through improving the operating performance of our core businesses, executing substantial identified cost savings across the Group, limiting capital expenditure and potentially selling some remaining non core assets.

Achievement of this objective would enhance VRL's financial flexibility to recommence the payment of dividends and execute on strategic initiatives."

Details of the Entitlement Offer
Under the Entitlement Offer, eligible shareholders in VRL will be invited to subscribe for 5 New Shares for every 26 existing fully paid ordinary share in VRL held as at 7.00pm (Melbourne time) on Thursday, 12 July 2018 (**"Record Date"**) at the Offer Price of $1.65 per New Share.

The fully underwritten Entitlement Offer is expected to raise gross proceeds of approximately $51 million. New Shares issued under the Entitlement Offer will rank equally in all respects with existing shares in VRL.

The Entitlement Offer is fully supported by the shareholders of VRC. Entities associated with the three VRC principals, John Kirby, Robert Kirby and Graham Burke, have committed to underwrite the full proportion of VRC's pro rata entitlement of approximately $21 million under the institutional component of the Offer to the extent not taken up by VRC itself as an eligible shareholder.

The entitlements of VRL shareholders other than VRC are underwritten by J.P. Morgan Australia Limited.

A Retail Entitlement Offer booklet containing information in respect of the retail component of the Entitlement Offer ("**Retail Entitlement Offer**") will be sent to eligible retail shareholders in Australia and New Zealand on Tuesday, 17 July 2018. Eligible retail shareholders should read the Retail Entitlement Offer booklet in full before deciding whether to apply for New Shares.

The Retail Entitlement Offer is proposed to open on Tuesday, 17 July 2018 and to close at 5.00pm (Melbourne time) on Thursday, 26 July 2018. Entitlements are non-renounceable and will not be tradeable on the ASX or otherwise transferable. Eligible retail shareholders who do not take up their entitlements in full will be diluted and will not receive any value in respect of those entitlements they do not take up.

Entitlement Offer Timetable

Announcement of Entitlement Offer, Institutional Entitlement Offer opens	Tuesday, 10 July 2018
Institutional Entitlement Offer closes	Wednesday, 11 July 2018
Announcement of results of Institutional Entitlement Offer	Thursday, 12 July 2018
Trading Halt lifted, Shares recommence trading on an "ex-entitlement" basis	Thursday, 12 July 2018
Record Date for Entitlement Offer (7.00pm Melbourne time)	Thursday, 12 July 2018
Retail Entitlement Offer opens and Retail Entitlement Offer booklet despatched (including Entitlement and Acceptance Form)	Tuesday, 17 July 2018
Settlement of Institutional Entitlement Offer	Thursday, 19 July 2018
Allotment and commencement of trading of New Shares issued under the Institutional Entitlement Offer	Friday, 20 July 2018
Retail Entitlement Offer closes	Thursday, 26 July 2018
Announcement of results of Retail Entitlement Offer	Tuesday, 31 July 2018
Settlement of New Shares under the Retail Entitlement Offer	Wednesday, 1 August 2018
Allotment of New Shares under the Retail Entitlement Offer	Thursday, 2 August 2018
Commencement of trading of New Shares issued under the Retail Entitlement Offer	Friday, 3 August 2018
Despatch of holding statements for New Shares issued under the Retail Entitlement Offer	Monday, 6 August 2018

The above timetable is indicative only and subject to change. All dates and times are a reference to Melbourne time.

Additional Information

Further details are contained in the Investor Presentation released to the ASX today. This announcement and the Investor Presentation should be read together and in conjunction with VRL's other ASX continuous disclosure documents. The Investor Presentation contains important information including key risks of VRL's business, details of the Entitlement Offer, and foreign selling restrictions applying to the Entitlement Offer.

Please contact the Offer Information Line on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) between 8.30am and 5.00pm (Melbourne time) Monday to Friday if you have any questions in connection with the Entitlement Offer. Please consult with your broker, solicitor, accountant, financial adviser or other professional adviser if you have any questions in relation to this announcement or the Entitlement Offer.

For further information, please contact:

Graham Burke
Co-Executive Chairman & Co-CEO
03 9829 0667

Julie Raffe
Finance Director
03 9667 6511

Not for release or distribution in the United States

This announcement has been prepared for publication in Australia and may not be released or distributed in the United States. This announcement does not constitute an offer, invitation or recommendation to subscribe for or purchase any security or financial product and neither this announcement nor anything attached to this announcement shall form the basis of any contract or commitment. In particular, this announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction in which such an offer would be illegal. Neither the entitlements nor the new shares have been, or will be, registered under the U.S. Securities Act of 1933 (the "U.S. Securities Act") or the securities laws of any state or other jurisdiction of the United States. Accordingly, the entitlements may not be exercised or taken up by, and the new shares may not be offered or sold, directly or indirectly, to, persons in the United States unless they have been registered under the U.S. Securities Act (which VRL has no intention or obligation to do or procure) or are offered and sold pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities laws of any state or other jurisdiction of the United States.

Financial information

You should note that this announcement includes certain pro forma historical and pro forma forecast financial information of VRL, which is for illustrative purposes only and is not presented as being indicative of VRL's views on its future financial condition and/or performance, and that such pro forma financial information is not prepared with a view towards compliance with the published guidelines of the U.S. Securities and Exchange Commission or the American Institute of Certified Public Accountants for the preparation and presentation of pro forma financial information. You should also note that this announcement contains certain "forward-looking statements" (defined below), including but not limited to projections, estimates and guidance on VRL's future financial performance and outlook, and that such forward-looking statements are provided for illustrative purposes only and are not indicative of VRL's actual performance for the relevant period; are based on assumptions and contingencies that are subject to change and involve known and unknown risks and uncertainties and other factors that are beyond the control of VRL and may not be reliably predictable; and should not be relied upon as an indication or guarantee of future performance, and that actual results, performance and achievements may differ materially from those expressed or implied in such forward-looking statements and any assumptions on which these statements are based.

This announcement may include certain financial measures that may be considered "non-GAAP financial measures" under Regulation G of the U.S. Securities Exchange Act of 1934, as amended, and are not recognized under AAS or International Financial Reporting Standards (IFRS). These measures include EBITDA, Adjusted EBITDA, net debt, pro forma net debt, and EBIT. Such non-GAAP and non-IFRS financial measures do not have a standardized meaning prescribed by AAS or IFRS. Therefore, the non-IFRS financial information is not a measure of financial performance, liquidity or value under the IFRS and may not be comparable to similarly titled measures presented by other entities, and should not be construed as an alternative to other financial measures determined in accordance with AAS or IFRS. The information is presented to assist in making appropriate comparisons with prior periods and to assess the operating performance of the business. VRL uses these measures to assess the performance of the business and believes that information is useful to investors. You are cautioned not to place undue reliance on any non-GAAP and non-IFRS financial measures included in this announcement. This information is unaudited.

Forward-looking statements

This announcement contains certain "forward-looking statements", including but not limited to projections and guidance on future financial performance and outlook, the outcome and effects of the Entitlement Offer and the use of proceeds, and the future performance of VRL. The words "expect", "anticipate", "estimate", "intend", "believe", "guidance", "should", "could", "may", "will", "predict", "plan" and other similar expressions are intended to identify forward-looking statements. Forward-looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies which are subject to change without notice and involve known and unknown risks and certainties and other factors which are beyond the control of VRL, its directors and management. Forward-looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Actual results, performance or achievements may differ materially from those expressed or implied in such statements and any projections and assumption on which these statements are based. These statements may assume the success of VRL's business strategies. The success of any of those strategies will be realised in the period for which the forward-looking statement may have been prepared or otherwise. Readers are cautioned not to place undue credence on forward-looking statements and, except as required by law or regulation, none of VRL, its representatives or advisers assumes any obligation to update these forward-looking statements. No representation or warranty, express or implied, is made as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns or statements in relation to future matters contained in this announcement. The forward-looking statements are based on information available to VRL as at the date of this announcement. Except as required by law or regulation (including the ASX Listing Rules), none of VRL, its representatives or advisers undertakes any obligation to provide any additional or updated information whether as a result of a change in expectations or assumptions, new information, future events or results or otherwise. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward-looking statements.

About VRL

Village Roadshow was founded by Roc Kirby in Melbourne, Australia in 1954 and has been listed on the Australian Securities Exchange since 1988 (ASX:VRL). Since these humble beginnings, VRL has become a leading entertainment company with strong cashflow generating businesses and well recognised retail brands. Village Roadshow holds a diversified portfolio of assets including Theme Parks, Cinema Exhibition, Film Distribution, Marketing Solutions and Film Production, entertaining millions of people annually.