



VILLAGE ROADSHOW

INCREASED CASH CONSIDERATION FROM BGH, SUBSTANTIAL SHAREHOLDER SUPPORT AND UPDATE ON VRL GROUP DEBT

- Village Roadshow Limited (ASX:VRL) ("VRL") announces that it has agreed with BGH Capital to increase the Cash Consideration to **\$3.00 per VRL Share** under the Structure A Scheme and to **\$2.95 per VRL Share** under the Structure B Scheme.
- Substantial Shareholder, Spheria Asset Management ("Spheria"), has revised its voting intention and intends to vote, or use its influence to vote, its aggregate relevant interest of approximately 7.80% of VRL Shares in favour of both Scheme A and Scheme B, in the absence of a Superior Proposal. Further details on Spheria's voting intentions are provided below.
- The Independent Directors continue to unanimously recommend that VRL Shareholders vote in favour of Each Alternative Scheme, and that the BGH Transaction is in the best interests of VRL Shareholders, in the absence of a Superior Proposal.
- The Cash Consideration under the Structure A Scheme and the Structure B Scheme is now above the Independent Expert's value range of \$2.03 to \$2.80 per VRL Share
- The Scheme Meeting date has been moved to **7 December 2020**, subject to Court approval.
- Elections can be made, varied or revoked prior to **5.00pm on Friday, 27 November 2020**.
- VRL operating cash flow post capital expenditure was negative for FY21 YTD to 31 October 2020 and is expected to remain negative through to 30 June 2021. Further details are provided below.
- Net debt for VRL as at 31 October 2020 was \$311 million and at 30 June 2021 is expected to be approximately \$370 million to \$380 million. Further details are provided below.

23 November 2020: Village Roadshow Limited (ASX: VRL) ("VRL") provides an update on the two alternative but concurrent schemes of arrangement under which an entity owned by funds managed by BGH Capital Pty Ltd ("BGH") proposes to acquire control of VRL ("Structure A Scheme", "Structure B Scheme" and together, "Each Alternative Scheme") referred to in the Scheme Booklet dated 12 October 2020.¹

¹ Defined terms in this announcement have the meaning given to them in the Scheme Booklet.

The parties to the Implementation Agreement have agreed to increase the Cash Consideration under the Structure A Scheme to **\$3.00 per VRL Share** and the Cash Consideration under the Structure B Scheme to **\$2.95 per VRL Share**.

Substantial shareholder support

VRL refers to its announcement of 12 November 2020 in relation to the voting intentions of Spheria, a substantial shareholder of VRL. Following the increase in Cash Consideration, VRL has received correspondence from Spheria that it intends to vote its shares in favour of both Scheme A and Scheme B, in the absence of a superior proposal. A copy of the correspondence from Spheria to the VRL Board has been attached to this announcement.

Spheria has a relevant interest in and controls voting in respect of approximately 6.88% of VRL Shares. In addition, Spheria has a relevant interest in circumstances where it can influence the voting representing an additional 0.91% of VRL Shares resulting in an aggregate relevant interest representing approximately 7.80% of VRL Shares².

Independent Directors' recommendation

The Independent Directors continue to unanimously recommend that VRL Shareholders vote in favour of Each Alternative Scheme and believes that the BGH Transaction is in the best interests of all VRL Shareholders, in the absence of a Superior Proposal.

The BGH Transaction provides the opportunity for all VRL shareholders to realise an attractive cash price for all of their VRL shares, in a very uncertain operating environment. It represents significant value for all VRL shareholders relative to all alternatives, including the status quo.

It is important that all VRL Shareholders vote on Each Alternative Scheme in order to realise this attractive cash price for their VRL Shares.

Independent Expert's opinion

The Cash Consideration under the Structure A Scheme and the Structure B Scheme is now above the Independent Expert's value range of \$2.03 to \$2.80 per VRL Share.

The Independent Directors have requested the Independent Expert, Grant Samuel & Associates Pty Limited to confirm that its opinion, namely that Each Alternative Scheme is fair and reasonable and that Each Alternative Scheme is in the best interests of VRL Shareholders, in the absence of a Superior Proposal, has not changed and will update VRL Shareholders upon receipt of the response from the Independent Expert.

² Spheria shareholding per its Notice of change of interests of substantial holder released to the ASX on 30 October

Timetable

VRL will engage with ASIC and the Court on further steps to be taken as a result of the increased consideration and it is proposed that supplementary disclosure materials will be released to ASX and to VRL Shareholders in the coming days. VRL intends to postpone the Scheme Meetings to **Monday, 7 December 2020**, subject to Court approval.

If you have already submitted a valid proxy and you want to change the way in which you have voted, you can register a new proxy at www.investorvote.com.au. **This is the recommended method for changing your proxy, given postal delays and the upcoming deadline of 11.00am (Melbourne time) on Saturday, 5 December 2020.** Alternatively, you can contact the VRL Shareholder Information Line on 1300 163 094 within Australia or +61 3 9415 4151 if outside Australia Monday to Friday between 8.30am and 5.30pm (Melbourne time) to request a new Proxy Form. Any subsequent Proxy Form that you lodge will revoke any earlier Proxy Form that you have previously lodged. The cut-off date for receipt of proxies is currently expected to be 11.00am (Melbourne time) on Saturday, 5 December 2020, subject to finalising the postponed Scheme Meeting date.

Elections

As stated in the Scheme Booklet, VRL shareholders are able to make an Election under Each Alternative Scheme. In particular, under the Structure A Scheme, VRL shareholders can elect to receive HoldCo Shares in relation to 100% or 50% of their VRL shares. Under the Structure B Scheme, VRL shareholders can elect to retain 100% of their VRL shares.

The deadline for VRL Shareholders making an Election has now been extended to 5.00pm (Melbourne time) on Friday, 27 November 2020. Accordingly, VRL Shareholders who wish to make an Election, or who wish to vary or revoke their existing Election, can do so by contacting the VRL Shareholder Information Line on 1300 163 094 within Australia or +61 3 9415 4151 if outside Australia Monday to Friday between 8.30am and 5.30pm (Melbourne time) to:

- submit their Election Form if they wish to make an Election;
- withdraw their Election; or
- request a new Election Form to vary an existing election which can then be returned by email to: corpactprocessing@computershare.com.au. Any subsequent Election Form will revoke an earlier Election Form.

Any Election or variation or revocation of Elections must be made by no later than 5.00pm (Melbourne time) on Friday, 27 November 2020.

Valid Election Forms for Each Alternative Scheme that have been lodged by a VRL Shareholder are valid unless revoked. VRL Shareholders who have already made an Election and do not wish to change their Election therefore do not need to take any action.

Update on VRL group debt, cash flow and liquidity

In the period 1 July 2020 to 31 October 2020, the VRL group generated positive operating cash flow of approximately \$5 million on a pre-capital expenditure basis (after taking into account the benefit of the Federal Government JobKeeper program and other government grants) and negative operating cash flow on a post-capital expenditure basis.

As at 31 October 2020, VRL had net debt of approximately \$311 million – comprising \$370 million of gross debt and \$59 million of cash³.

Undrawn debt facilities totalled approximately \$50 million out of total VRL group debt facilities of approximately \$420 million.

VRL expects operating cash flow (pre-capital expenditure) for the period 1 November 2020 to 30 June 2021 to be approximately (\$5) million to (\$15) million, after taking into account the benefit of the Federal Government JobKeeper program but excluding costs associated with the proposed BGH transaction. In addition, VRL expects to spend a further \$55 million (approximately) of capital expenditure prior to 30 June 2021. Consequently, VRL currently expects net debt at 30 June 2021 to be in the range of approximately \$370 million – \$380 million⁴. This estimate is based on the information currently available to the company and the current trading environment (which remains challenging) and is subject to change.

Based on this estimate, the VRL group's net debt will have increased by approximately \$152 – 162 million⁴ (or \$0.78 – \$0.83 per VRL Share) during the period 1 January 2020 to 30 June 2021.

The Independent Directors continue to unanimously recommend that VRL Shareholders vote in favour of Each Alternative Scheme, and that the BGH Transaction is in the best interests of Shareholders, in the absence of a Superior Proposal.

This announcement has been authorised by the VRL Board.

For more information:

Simon Phillipson
Company Secretary
+61 3 9281 1000

³ 'Cash' excludes cash floats, foreign restricted cash and cash which is held by JVs / associates.

⁴ This amount excludes the net proceeds from any capital raising which is expected to be required in the event that neither Scheme A nor Scheme B proceeds.

To: The Board
Village Roadshow Limited
Level 1
500 Chapel Street
South Yarra, 3141, VIC

Dear Village Roadshow Board,

Statement of intention regarding proposed schemes of arrangement

We write to you in relation to our shareholding in Village Roadshow Limited (**VRL**).

In this letter capitalised terms that are not otherwise defined in this letter have the meaning given in the VRL Scheme Booklet dated 12 October 2020.

Spheria Asset Management Pty Ltd (**Spheria**) has a relevant interest in ordinary shares, and controls voting in respect of, 13,440,480 VRL ordinary shares, representing 6.88% of the VRL ordinary shares on issue (**Spheria Held Shares**).

In addition, Spheria Asset Management Pty Ltd (**Spheria**) has an additional relevant interest in 1,786,747 ordinary shares, where it can influence the voting in respect of these shares, representing 0.91% of the VRL ordinary shares on issue (**Spheria Influenced Shares**).

Spheria understands that HoldCo, BidCo, VRC and VRL have agreed to amend the Implementation Agreement to increase the:

- (a) Structure A Cash Consideration to **\$3.00 per share**; and
- (b) Structure B Cash Consideration to **\$2.95 per share**.

Spheria confirms that, based on the terms of the Implementation Agreement (as amended above to increase the Cash Consideration), we intend to vote all Spheria Held Shares in favour of the Structure A Scheme and Structure B Scheme at the Scheme Meetings, in the absence of a Superior Proposal.

In addition, Spheria confirms that, based on the terms of the Implementation Agreement (as amended above to increase the Cash Consideration), we intend to recommend that all Spheria Influenced Shares held by our clients are voted in favour of the Structure A Scheme and Structure B Scheme at the Scheme Meetings, in the absence of a Superior Proposal.

Spheria consents to the contents of this letter being published (including in ASX announcements) and we are aware that ASIC's truth in takeovers policy will apply to this statement.



Matthew Booker, Director

for and on behalf of Spheria Asset Management Pty Ltd

Date:

22nd November 2020