

17 December 2014

INVESTMENT IN FILMNATION ENTERTAINMENT

Village Roadshow Limited (VRL) announced that its Film Distribution division, Roadshow Films, had agreed to acquire an approximate one-third interest in FilmNation Entertainment, a US-based international film sales and distribution company.

Roadshow Films will continue as distributor of FilmNation films in Australia and New Zealand, and this acquisition consolidates another supply channel for Roadshow, enabling growth of its content library both in terms of volume and diversity of product. This will help solidify Roadshow Films as Australia's leading independent film distributor and is also of strategic importance as the Digital Market for film continues to grow, with new digital platforms emerging in Australia, seeking quality content.

The transaction involves a wholly owned US subsidiary of VRL subscribing US\$18 million of equity into FilmNation in tranches during calendar 2015. The bulk of that investment, together with FilmNation's existing credit facilities, will be used to expand FilmNation's development slate, with the money going into content creation and/or acquisition to build its core business. FilmNation intends to target high quality independent films aimed at adult audiences 25 years and older, generally using a platform release strategy. Production budgets are expected to range between US\$12 million to US\$30 million.

The investment in FilmNation will be made from VRL's cash reserves and is expected to initially produce small equity accounted profits, before the growth in FilmNation's earnings from its new business expected after 2016, as the films in which FilmNation is involved are developed and released. The transaction will be effective from 1 January 2015.

Founded in 2008 by Glen Basner, FilmNation Entertainment deals with many of the world's most renowned filmmakers. Over the past six years, FilmNation has established itself as one of the premier producers, international distributors and marketers of high quality independent films. Films sold by FilmNation have grossed over US\$1 billion at the worldwide box office, with previous releases including *The King's Speech*, *Looper* and *Magic Mike* as well as *The Imitation Game* which has recently begun its US release and will open in Australia on 1 January 2015. Roadshow Films has had a long relationship with FilmNation and Glen Basner and has distributed many of its film projects in Australia and New Zealand.

The first two feature films scheduled to begin production in 2015 for release in 2016 under the new structure are *The Founder*, directed by John Lee Hancock, which tells the true story of how Ray Kroc created McDonald's into a billion dollar empire, and *The Good House*, starring Meryl Streep and Robert De Niro, based on the New York Times bestseller by Ann Leary.