



Reading International Announces Cinema Re-Openings in New Zealand and Australia and other COVID-19 Updates

06/02/2020

CULVER CITY, Calif.--(BUSINESS WIRE)-- Reading International, Inc. (NASDAQ: RDI), an internationally diversified cinema and real estate company with operations and assets in the United States, Australia and New Zealand, today announced that it has begun limited cinema operations in New Zealand and will commence operating certain Reading Cinemas in Australia on June 11, 2020, in line with government and health department regulations following recent easing of certain government mandated COVID-19 closures.

"We are thrilled to welcome our guests and employees back to our cinemas in New Zealand and soon in Australia," said Reading's President and Chief Executive Officer Ellen Cotter. "The aggressive approach of the New Zealand government to suppress the virus, alongside the successful efforts of Australia's government, have paved the way for Reading to re-start these important operational divisions that have long underpinned our global cash flow. And, with the U.S. economy now re-opening, we also look forward to a gradual and safe ramping up of our U.S. cinema business and the completion of our 44 Union Square project in New York City."

Ms. Cotter continued, "While the COVID-19 crisis is having a significant impact on our business, Reading's geographically diversified cinema and real estate portfolio, coupled with our proactive steps to preserve cash and ensure sufficient liquidity, give us confidence in our future. We will be prepared to navigate the new reality and will continue to adjust our thinking in order to preserve the significant value in Reading."

Reading Cinema operations resume in New Zealand and Australia

As of May 28, 2020, we re-started our cinema operations in New Zealand with the re-opening of our cinemas in Rotorua and Napier (each of which is owned by the Company in fee). In line with the government's national easing of the COVID-19 restrictions, the remainder of the Company's New Zealand cinema circuit will re-open on June 4, 2020.

In Australia, we intend to begin a phased re-opening of our cinemas on June 11, 2020 with four cinemas in South Australia and Western Australia. We anticipate re-opening our seven Reading Cinemas in Victoria between June 15, 2020 and June 22, 2020, and the remaining 12 cinemas in Queensland, Tasmania, and New South Wales will re-open when there is further local government easing of COVID-19 restrictions.

The re-opening plan for our cinemas in New Zealand and Australia is in line with local and national government and health department regulations related to COVID-19. In addition, we have developed new measures to protect the ongoing health and well-being of our guests, employees and local communities. Included in the measures are a reduction in auditorium and lobby capacities and a staggered seating approach to ensure appropriate physical distancing. An enhanced cleaning program is also being introduced. Our comprehensive set of protocols and procedures designed to protect our guests, employees and the community is described at Readingcinemas.co.nz. In New Zealand, we will also participate in the contact tracing program.

Prior to the anticipated release of movies from the major studios, including Christopher Nolan's *Tenet* from Warner Bros. and Disney's *Mulan*, programming for our New Zealand and Australian cinemas will include a mix of recently released major studio movies and older films combined with a variety of engaging community events.

The re-opening of our New Zealand and Australian cinemas in a phased approach, without the support of newly released movies from the major studios, is possible due to the economic support provided by the JobKeeper Payment program sponsored by the Australian government and the Wage Subsidy Scheme implemented by the New Zealand government. In addition, unlike many of our peers, we own the underlying real estate for 11 of our cinemas in Australia and New Zealand (representing over 33% of our international screens), thereby reducing our monthly fixed occupancy costs. We believe this gives our Company a significant advantage relative to our peers who depend on leased premises.

Plans to resume cinema operations underway in the United States

In the United States, we are developing a comprehensive re-opening strategy for our 24 cinemas in California, Hawaii, Texas, New York, New Jersey, Virginia and Washington, D.C. We expect to begin our phased re-opening in July 2020.

Consistent with our Australia and New Zealand cinemas, we will be implementing a number of new safety measures for our U.S. cinemas based on guidance from health authorities, such as the Centers for Disease Control and Prevention and appropriate government agencies, including physical distancing practices and an increased focus on disinfecting and sanitation.

Global Real Estate Operations

Our real estate business has been less impacted by COVID-19 than our cinema business.

In Australia, although trading restrictions enforced by the government affected many of our tenants, our centers at Newmarket Village (Brisbane area, QLD), Cannon Park (Townsville, QLD), The Belmont Common (Perth area, WA) and Auburn/Redyard (Sydney area, NSW) remained open for trading through the COVID-19 crisis. As of today, we are encouraged to see our property portfolio trading at an occupancy rate over 88%.

On May 27, 2020, we leased on a multi-year basis the entire second floor of our headquarter building in Culver City, California (approximately 11,000 rentable square feet) to WWP (www.pinc.com), a global company with over 35 years of experience providing the cosmetics and personal care industries with a range of packaging needs. Clients of WWP include the Estée Lauder Companies, L'Oreal, LVMH and Mary Kay. On the date of the lease,

possession of the space was turned over to WWP, which will be responsible for building out its space.

In New York City, though the construction of our historic Tammany Hall project at 44 Union Square has been substantially completed, COVID-19 governmental shutdown orders of non-essential construction and business have slowed leasing activity and the total construction completion. The project continues to be one of a limited number of "brand" buildings in Manhattan that we believe will be attractive to potential tenants interested in both (i) operating in New York City and (ii) seeking to now have greater control over the size and design of their spaces in a post COVID-19 environment.

COVID-19 - Liquidity and Strong Balance Sheet

We completed amending and extending various financing arrangements less than two weeks prior to the COVID-19 government mandated shutdowns, which we believe will provide necessary liquidity to see us through the pandemic crisis.

On March 6, 2020, we (i) entered into an amendment to our \$55.0 million credit facility with Bank of America, which supports our U.S. Cinema operation, extending the maturity date to March 6, 2023 and implementing an interest rate of 2.5% - 3.0% dependent on certain financial ratios plus a variable rate and (ii) extended the term of our \$5.0 million line of credit with Bank of America to March 6, 2023. Additionally, on March 13, 2020, Sutton Hill Properties LLC, a 75% subsidiary of Reading, increased its term loan with Valley National Bank to \$25.0 million from \$20.0 million, with an interest rate based on (i) the 2 year U.S. Treasury Rate plus 2.5% or (ii) 4.25%, whichever is greater. The current interest rate used for the Valley National Loan is 4.25%.

Following the COVID-19 related closure of our Australian cinemas, on April 9, 2020, and with respect to our AU\$120.0 million corporate loan facility and AU\$5.0 million bank guarantee facility with the National Australia Bank Limited ("NAB"), we negotiated a waiver of (i) our covenants related to any failure of compliance with applicable Fixed Charges Coverage Ratios or Leverage Ratios for the quarters ending June 30, 2020 and September 30, 2020 and (ii) NAB's right to call an Event of Default due to the occurrence of a Material Adverse Effect due to the COVID-19 pandemic.

On May 15, 2020, with respect to our \$55.0 million facility with Bank of America, we negotiated a waiver of various Events of Defaults, including, without limitation, compliance with financial covenants for the fiscal quarter ended March 31, 2020. The Company is in ongoing discussions with Bank of America to seek covenant waivers with respect to upcoming calendar quarters.

Other Proactive COVID-19 Measures

Since the COVID-19 crisis began, we have taken and continue to take proactive steps to preserve cash and ensure sufficient liquidity to withstand the duration of the COVID-19 shutdown.

- We have negotiated rent deferrals or abatements covering a majority of our third-party cinema leases across all three countries.
- We have actively worked with major suppliers to modify the timing and terms of certain contractual payments.
- We have postponed all non-essential operating and capital expenditures, mostly related to our cinema pipeline.
- Unlike Australia and New Zealand, where governmental employee subsidy programs have permitted us to retain our cinema personnel, we terminated our U.S. hourly cinema staff during the COVID-19 closure, but have kept key cinema-level management, in order to effectively and efficiently re-start after relaxation of current governmental shut-down requirements.
- We are evaluating and availing ourselves of certain provisions under the Coronavirus Aid, Relief, and Economic Security Act of 2020 (the "CARES Act"), including beneficial tax provisions. We will explore the potential opportunities offered by the CARES Act's Main Street Lending Program.
- We are evaluating the potential sale of certain non-core real estate assets.

In addition, our Board's Compensation and Stock Options Committee previously determined to pay out no cash bonuses to any Reading senior executives, including our CEO, with respect to 2019.

Participation in Gabelli Conference

Reading International, Inc. will be participating in Gabelli & Company's 12th Annual Entertainment & Broadcasting Virtual Symposium on Thursday, June 4, 2020 at 2:30 p.m. EDT. The presenters from Reading will be Gilbert Avanes, EVP, Chief Financial Officer, and Andrzej Matyczynski, EVP – Global Operations. This year's conference will be held virtually via ZOOM in a webinar format.

About Reading International, Inc.

Reading International Inc. (NASDAQ: RDI) an internationally diversified cinema and real estate company is a leading entertainment and real estate company, engaging in the development, ownership and operation of multiplex cinemas and retail and commercial real estate in the United States, Australia, and New Zealand.

The family of Reading brands includes cinema brands: Reading Cinemas, Angelika Film Centers, Consolidated Theatres, City Cinemas, and State Cinema; live theatres operated by Liberty Theatres in the United States; and signature property developments, including Newmarket Village, Auburn Redyard, Cannon Park, and The Belmont Common in Australia, Courtenay Central in New Zealand, and 44 Union Square in New York City.

Additional information about Reading can be obtained from the Company's website: <http://www.readingrdi.com>.

Forward-Looking Statements

This press release contains certain statements that are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including those related to the expected timing of the re-opening of our cinemas and the completion of our 44 Union Square project in New York City; the adequacy of our liquidity and financial position to see us through the COVID-19

pandemic; our ability to obtain further waivers from our lenders; our ability to successfully react to and adjust our business strategies to the evolving nature of the economic and human crisis resulting from COVID-19; the implementation and effectiveness of protocols and procedures designed to protect our guests, employees and the community; the anticipated mix of programming at our cinemas; our belief regarding the attractiveness of the 44 Union Square project to potential tenants; and our intentions to explore opportunities offered by the CARES Act's Main Street Lending Program. Such statements are qualified by the inherent risks and uncertainties surrounding future expectations generally and also may materially differ from actual future experience involving any one or more of such statements. Such risks and uncertainties include the adverse impact of the COVID-19 pandemic on our business, financial condition and operating results; the impact of the current government-mandated shutdowns or subsequent shutdowns on our ability to maintain compliance with the terms and conditions of our credit facilities or to otherwise obtain waivers from our respective lenders; a reduction in guest visitation to and spending habits for entertainment and hospitality venues such as our cinemas and other properties due to the COVID-19 pandemic; changes in the release of film content to the public; the impact of restrictions and social distancing requirements placed on our operations and services after reopening our cinemas and other properties, including an increase in operational costs; and these and other risks and uncertainties set forth from time to time in Reading's filings with the U. S. Securities and Exchange Commission. The inclusion of a forward-looking statement in this press release should not be regarded as a representation by Reading that its objectives will be achieved. Reading undertakes no obligation to update cinema or real estate openings, closures or other matters discussed herein or to otherwise publicly update forward-looking statements, whether as a result of new information, future events, or otherwise.



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