

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended: March 31, 2020

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 1-8625



READING INTERNATIONAL, INC.

(Exact name of Registrant as specified in its charter)

NEVADA

(State or other jurisdiction of incorporation or organization)

95-3885184

(IRS Employer Identification Number)

5995 Sepulveda Boulevard, Suite 300

Culver City, CA

(Address of principal executive offices)

90230

(Zip Code)

Registrant's telephone number, including area code: **(213) 235-2240**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Class A Nonvoting Common Stock, \$0.01 par value	RDI	NASDAQ
Class B Voting Common Stock, \$0.01 par value	RDIB	NASDAQ

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer Accelerated Filer Non-Accelerated Filer Smaller Reporting Company Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. As of June 24, 2020, there were 20,067,635 shares of Class A Nonvoting Common Stock, \$0.01 par value per share and 1,680,590 shares of Class B Voting Common Stock, \$0.01 par value per share outstanding.

EXPLANATORY NOTE

As previously disclosed in the Current Report on Form 8-K filed by Reading International, Inc. (the “Company”) with the Securities and Exchange Commission (“SEC”) on April 29, 2020, the filing of the Company’s Quarterly Report on Form 10-Q for the period ended March 31, 2020 (the “Form 10-Q”) was delayed due to circumstances related to the novel coronavirus outbreak (“COVID-19”). Between March 15, 2020 and March 17, 2020, we closed, on a temporary basis, all of the Company’s cinemas and live theatres in the United States in accordance with the directions and recommendations of the relevant local, state and federal authorities. We likewise, on March 22, 2020 and March 23, 2020, closed on a temporary basis all of our Australia and New Zealand cinemas as of the date of this report, however, certain of our Australian cinemas and all of our New Zealand cinemas have re-opened, with the exception of the ongoing closure of Reading Cinemas at Courtenay Central which remains closed due to seismic concerns. With respect to the Company’s real estate operations in Australia and New Zealand (which include the following centers: Newmarket Village (Queensland), Auburn Redyard (New South Wales), Cannon Park (Queensland), The Belmont Common (Western Australia) and Courtenay Central (New Zealand)), trading restrictions enforced by the local governments affected many of our tenants, which remained open for trading through the COVID-19 pandemic. In light of the temporary closures discussed above, and due to the continued uncertainty in the market due to COVID-19, the Company’s management has devoted significant time and attention to address the impact of COVID-19 and related events on the Company’s operations and financial position and to develop operational and financial plans to preserve the Company’s financial resources and flexibility, which has diverted management resources from completing tasks necessary to file the Form 10-Q by the original due date. The Company relied on the SEC’s Order under Section 36 of the Securities Exchange Act of 1934 Modifying Exemptions from the Reporting and Proxy Delivery Requirements for Public Companies dated March 25, 2020 (Release No. 34-88465) to delay the filing of this Form 10-Q.

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Item 1 - Financial Statements**READING INTERNATIONAL, INC.****CONSOLIDATED BALANCE SHEETS**

(U.S. dollars in thousands, except share information)

	March 31, 2020	December 31, 2019
ASSETS		
Current Assets:	(unaudited)	
Cash and cash equivalents	\$ 54,893	\$ 12,135
Receivables	2,865	7,085
Inventory	1,355	1,674
Prepaid and other current assets	10,305	6,105
Total current assets	69,418	26,999
Operating property, net	236,907	258,138
Operating lease right-of-use assets	213,907	229,879
Investment and development property, net	116,163	114,024
Investment in unconsolidated joint ventures	4,290	5,069
Goodwill	24,306	26,448
Intangible assets, net	4,421	4,320
Deferred tax asset, net	2,592	3,444
Other assets	5,718	6,668
Total assets	\$ 677,722	\$ 674,989
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 24,420	\$ 29,436
Film rent payable	3,599	8,716
Debt - current portion	171,426	36,736
Subordinated debt - current portion	651	644
Derivative financial instruments - current portion	199	109
Taxes payable - current	85	140
Deferred current revenue	9,726	11,324
Operating lease liabilities - current portion	19,717	20,379
Other current liabilities	3,310	3,653
Total current liabilities	233,133	111,137
Debt - long-term portion	59,252	140,602
Derivative financial instruments - non-current portion	358	233
Subordinated debt, net	29,058	29,030
Noncurrent tax liabilities	12,520	12,353
Operating lease liabilities - non-current portion	207,697	223,164
Other liabilities	18,304	18,854
Total liabilities	560,322	535,373
Commitments and contingencies (Note 14)		
Stockholders' equity:		
Class A non-voting common stock, par value \$0.01, 100,000,000 shares authorized, 32,982,873 issued and 20,046,762 outstanding at March 31, 2020 and 32,963,489 issued and 20,102,535 outstanding at December 31, 2019	231	231
Class B voting common stock, par value \$0.01, 20,000,000 shares authorized and 1,680,590 issued and outstanding at March 31, 2020 and December 31, 2019	17	17
Nonvoting preferred stock, par value \$0.01, 12,000 shares authorized and no issued or outstanding shares at March 31, 2020 and December 31, 2019	—	—
Additional paid-in capital	148,908	148,602
Retained earnings	14,772	20,647
Treasury shares	(40,407)	(39,737)
Accumulated other comprehensive income	(10,290)	5,589
Total Reading International, Inc. stockholders' equity	113,231	135,349
Noncontrolling interests	4,169	4,267
Total stockholders' equity	117,400	139,616
Total liabilities and stockholders' equity	\$ 677,722	\$ 674,989

See accompanying Notes to the Unaudited Consolidated Financial Statements.

READING INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited; U.S. dollars in thousands, except per share data)

	Three Months Ended	
	March 31,	
	2020	2019
Revenue		
Cinema	\$ 46,310	\$ 57,927
Real estate	2,918	3,565
Total revenue	49,228	61,492
Costs and expenses		
Cinema	(42,292)	(48,329)
Real estate	(2,760)	(2,445)
Depreciation and amortization	(5,270)	(5,594)
General and administrative	(5,945)	(6,484)
Total costs and expenses	(56,267)	(62,852)
Operating income (loss)	(7,039)	(1,360)
Interest expense, net	(1,789)	(1,852)
Other income (expense)	(218)	(20)
Income (loss) before income tax expense and equity earnings of unconsolidated joint ventures	(9,046)	(3,232)
Equity earnings of unconsolidated joint ventures	78	34
Income (loss) before income taxes	(8,968)	(3,198)
Income tax benefit (expense)	3,013	1,057
Net income (loss)	\$ (5,955)	\$ (2,141)
Less: net income (loss) attributable to noncontrolling interests	(80)	(16)
Net income (loss) attributable to Reading International, Inc. common shareholders	\$ (5,875)	\$ (2,125)
Basic earnings (loss) per share attributable to Reading International, Inc. shareholders	\$ (0.27)	\$ (0.09)
Diluted earnings (loss) per share attributable to Reading International, Inc. shareholders	\$ (0.27)	\$ (0.09)
Weighted average number of shares outstanding—basic	21,752,371	22,920,486
Weighted average number of shares outstanding—diluted	22,119,621	23,124,106

See accompanying Notes to the Unaudited Consolidated Financial Statements.

READING INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited; U.S. dollars in thousands)

	Three Months Ended	
	March 31,	
	2020	2019
Net income (loss)	\$ (5,955)	\$ (2,141)
Foreign currency translation gain (loss)	(15,698)	1,526
Gain (loss) on cash flow hedges	(214)	(69)
Other	33	53
Comprehensive income (loss)	(21,834)	(631)
Less: net income (loss) attributable to noncontrolling interests	(80)	(16)
Less: comprehensive income (loss) attributable to noncontrolling interests	(18)	1
Comprehensive income (loss) attributable to Reading International, Inc.	\$ (21,736)	\$ (616)

See accompanying Notes to the Unaudited Consolidated Financial Statements.

READING INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited; U.S. dollars in thousands)

	Three Months Ended March 31,	
	2020	2019
Operating Activities		
Net income (loss)	\$ (5,955)	\$ (2,141)
<i>Adjustments to reconcile net income (loss) to net cash provided by operating activities:</i>		
Equity earnings of unconsolidated joint ventures	(78)	(34)
Distributions of earnings from unconsolidated joint ventures	229	249
Amortization of operating leases	5,028	5,895
Amortization of finance leases	39	41
Change in operating lease liabilities	(4,833)	(5,754)
Interest on hedged derivatives	—	(5)
Change in net deferred tax assets	471	(166)
Depreciation and amortization	5,270	5,594
Other amortization	217	341
Stock based compensation expense	335	280
<i>Net changes in operating assets and liabilities:</i>		
Receivables	3,867	993
Prepaid and other assets	(4,027)	(1,957)
Payments for accrued pension	(171)	(171)
Accounts payable and accrued expenses	(3,552)	(2,145)
Film rent payable	(4,821)	(2,132)
Taxes payable	(49)	(1,151)
Deferred revenue and other liabilities	(642)	(1,579)
Net cash provided by (used in) operating activities	(8,672)	(3,842)
Investing Activities		
Purchases of and additions to operating and investment properties	(9,804)	(11,476)
Acquisition of business combinations	—	(1,380)
Change in restricted cash	—	243
Net cash provided by (used in) investing activities	(9,804)	(12,613)
Financing Activities		
Repayment of long-term borrowings	(22,733)	(6,113)
Repayment of finance lease principal	(40)	(41)
Proceeds from borrowings	84,648	22,349
Capitalized borrowing costs	(270)	—
Repurchase of Class A Nonvoting Common Stock	(671)	(9)
(Cash paid) proceeds from the settlement of employee share transactions	(29)	(259)
Noncontrolling interest contributions	—	18
Noncontrolling interest distributions	—	(27)
Net cash provided by (used in) financing activities	60,905	15,918
Effect of exchange rate changes on cash and cash equivalents	329	57
Net increase (decrease) in cash and cash equivalents	42,758	(480)
Cash and cash equivalents at January 1	12,135	13,127
Cash and cash equivalents at March 31	\$ 54,893	\$ 12,647
Supplemental Disclosures		
Interest paid	\$ 2,381	\$ 2,304
Income taxes paid	1,426	1,883
Non-Cash Transactions		
Additions to operating and investing properties through accrued expenses	5,671	3,423

See accompanying Notes to the Unaudited Consolidated Financial Statements.

Note 1 – Description of Business and Segment Reporting

The Company

Reading International, Inc., a Nevada corporation (“RDI” and collectively with our consolidated subsidiaries and corporate predecessors, the “Company,” “Reading,” and “we,” “us,” or “our”) was incorporated in 1999. Our businesses consist primarily of:

- the development, ownership, and operation of multiplex cinemas in the United States, Australia, and New Zealand; and,
- the development, ownership, operation and/or rental of retail, commercial and live venue real estate assets in the United States, Australia, and New Zealand.

Business Segments

Reported below are the operating segments of the Company for which separate financial information is available and evaluated regularly by the Chief Executive Officer, the chief operating decision-maker of the Company. As part of our real estate activities, we hold undeveloped land in urban and suburban centers in the United States, Australia, and New Zealand.

The table below summarizes the results of operations for each of our business segments for the quarter ended March 31, 2020 and 2019, respectively. Operating expense includes costs associated with the day-to-day operations of the cinemas and the management of rental properties, including our live theatre assets.

<i>(Dollars in thousands)</i>	Three Months Ended March 31,	
	2020	2019
Revenue:		
Cinema exhibition	\$ 46,310	\$ 57,927
Real estate	4,602	5,431
Inter-segment elimination	(1,684)	(1,866)
	\$ 49,228	\$ 61,492
Segment operating income (loss):		
Cinema exhibition	\$ (2,654)	\$ 2,583
Real estate	187	1,159
	\$ (2,467)	\$ 3,742

A reconciliation of segment operating income to income before income taxes is as follows:

<i>(Dollars in thousands)</i>	Three Months Ended March 31,	
	2020	2019
Segment operating income (loss)	\$ (2,467)	\$ 3,742
Unallocated corporate expense		
Depreciation and amortization expense	(192)	(61)
General and administrative expense	(4,380)	(5,041)
Interest expense, net	(1,789)	(1,852)
Equity earnings of unconsolidated joint ventures	78	34
Other income (expense)	(218)	(20)
Income (loss) before income tax expense	\$ (8,968)	\$ (3,198)

Note 2 – Summary of Significant Accounting Policies

Basis of Consolidation

The accompanying consolidated financial statements include the accounts of the Company’s wholly-owned subsidiaries as well as majority-owned subsidiaries that the Company controls, and should be read in conjunction with the Company’s Annual Report on Form 10-K as of and for the year ended December 31, 2019 (“2019 Form 10-K”). All significant intercompany balances and transactions have been eliminated on consolidation. These consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) for interim reporting with the instructions for Form 10-Q and Rule 10-01 of Regulation S-X of the Securities and Exchange Commission (“SEC”). As such, they do not include

all information and footnotes required by U.S. GAAP for complete financial statements. We believe that we have included all normal and recurring adjustments necessary for a fair presentation of the results for the interim period.

Operating results for the quarter ended March 31, 2020 are not necessarily indicative of the results that may be expected for the year ending December 31, 2020.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and footnotes thereto. Significant estimates include (i) projections we make regarding the recoverability and impairment of our assets (including goodwill and intangibles), (ii) valuations of our derivative instruments, (iii) recoverability of our deferred tax assets, (iv) estimation of breakage and redemption experience rates, which drive how we recognize breakage on our gift card and gift certificates, and revenue from our customer loyalty program, (v) allocation of insurance proceeds to various recoverable components, and (vi) estimation of our Incremental Borrowing Rate (“IBR”) as relates to the valuation of our right-of-use assets and lease liabilities. Actual results may differ from those estimates.

Recently Adopted and Issued Accounting Pronouncements

Adopted:

- 1) On January 1, 2020, we adopted *ASU 2017-04, Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*. This new guidance removes the second step of the two-step impairment test for measuring goodwill and is to be applied on a prospective basis only. Adoption of this standard has no material effect on our consolidated financial statements.
- 2) On January 1, 2020, we adopted *ASU 2016-13, Financial Instruments – Credit Losses (Topic 326)*. This new guidance replaces the incurred loss impairment methodology under prior GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. We have no history of significant bad debt losses and as such adoption of this standard has no material effect on our consolidated financial statements.
- 3) On January 1, 2019, we adopted *ASU 2016-02 Leases (Topic 842)* using the current adjustment method. We recognized the cumulative effect of initially applying the new leasing standard as an adjustment to the opening balance of retained earnings. The comparative information was not restated. Adoption of this standard has no material effect on our consolidated financial statements.

Issued:

v ASUs Effective 2020 and Beyond

- 1) In March 2020, the FASB issued *ASU 2020-04, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. The amendments in this update provide optional expedients and exceptions for applying generally accepted accounting principles to contracts, hedging relationships and other transactions that reference London Interbank Offered Rate (“LIBOR”) or another reference rate expected to be discontinued because of reference rate reform. ASC 2020-04 is effective as of March 12, 2020 through December 31, 2022. The Company is currently evaluating the effect the new standard will have on its consolidated financial statements.

Prior period financial statement correction of immaterial errors

Sales tax

During the fourth quarter of 2019, we identified immaterial errors related to the accounting for sales tax on certain products sold from cinemas dating back to 2017. These errors resulted in an overstatement of revenue for certain periods.

We assessed the materiality of these errors on our financial statements for prior periods in accordance with the SEC Staff Accounting Bulletin (“SAB”) No. 99, Materiality, codified in ASC 250, Presentation of Financial Statements, and concluded that they were not material to any prior annual or interim periods. However, the aggregate amount of \$993,000 related to the prior period immaterial errors through September 30, 2019, would have been material to the full year Consolidated Statement of Operations to December 31, 2019, presented within the December 31, 2019, Form 10-K. Consequently, in accordance with ASC 250 (specifically SAB No. 108, Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements), we have corrected these errors for all prior periods presented by revising the consolidated financial statements and other financial information included herein.

The following is a summary of the previously issued financial statement line items for all periods and statements included in this Form 10-Q report affected by the correction.

Consolidated Statements of Operations:

<i>(Dollars in thousands)</i>	Quarter Ended March 31, 2019		
	As Reported	Adjustment	As Revised
Cinema revenue	\$ 57,986	(59)	57,927
Total revenue	61,551	(59)	61,492
Operating income (loss)	(1,301)	(59)	(1,360)
Income (loss) before income taxes	(3,139)	(59)	(3,198)
Income tax (expense) benefit	1,042	15	1,057
Net income (loss)	(2,097)	(44)	(2,141)
Net income (loss) attributable to Reading International, Inc. common shareholders	(2,081)	(44)	(2,125)
Basic earnings (loss) per share	\$ (0.09)	(0.00)	(0.09)
Diluted earnings (loss) per share	(0.09)	(0.00)	(0.09)

Consolidated Balance Sheets:

<i>(Dollars in thousands)</i>	Summary of Equity		
	As Reported	Adjustment	As Revised
Equity at January 1, 2019	\$ 180,547	\$ (568)	\$ 179,979
Net income (loss) attributable to Reading International, Inc. common shareholders	(2,097)	(44)	(2,141)
Equity at March 31, 2019	179,946	(612)	179,334

Consolidated Statements of Cash Flows:

<i>(Dollars in thousands)</i>	Quarter Ended March 31, 2019		
	As Reported	Adjustment	As Revised
Net income (loss)	\$ (2,097)	\$ (44)	\$ (2,141)
Change in net deferred tax assets	(151)	(15)	(166)
Accounts payable and accrued expenses	(2,204)	59	(2,145)
Net cash provided by operating activities	(3,842)	—	(3,842)

Note 3 – Impact of COVID-19 Pandemic and Liquidity

On March 11, 2020, the World Health Organization (“WHO”) declared the recent spread of the novel coronavirus, COVID-19, a global pandemic. Since the date of this declaration, a number of nations have, either voluntarily or through government legislation, gone into various states of self-isolation in order to slow the spread of COVID-19. These measures involved closure of all business deemed ‘non-essential’, and that all ‘non-essential’ workers, and all members of the public, remain in their homes until further notice. These measures are widely expected to continue, in one form or another, until the COVID-19 spread is considered contained. There is no reliable estimate as to how long this may be. Recently, several jurisdictions have begun relaxing these measures but principally due to pressure on their economies, rather than material containment of the COVID-19 virus. As a result of COVID-19 and the associated local government legislation, beginning in March 2020 and continuing through and beyond the end of the first quarter of 2020, we temporarily closed all of our live theatres and cinema operations in the U.S., Australia and New Zealand. Trading restrictions enforced by the local governments in Australia and New Zealand have also affected many of our tenants at our centers, most of which remained open for trading through the COVID-19 crisis. As of the date of this Form 10-Q, all of our New Zealand cinemas are open with no social distancing measures, and approximately half our Australian cinemas are open, albeit with social distancing measures in place. We expect that, for a period of time, the number of patrons returning to our cinemas will be lower than that experienced before COVID-19.

The repercussions of COVID-19 resulted in a significant decrease in the Company’s revenues and earnings in the first quarter of 2020. During the period in which our cinemas and theaters are closed, we will continue to experience a significant decline in earnings. Our cinema and live theatre operations will generate effectively no revenue while they are closed to the public. Our real estate revenue and earnings will be affected by the closure of a number of our tenants’ businesses and the potential need to issue certain tenants with abatements in order to assist them through this period.

The Company may continue to be significantly impacted by COVID-19 even after some or all of our theaters are re-opened. The global economic impact of COVID-19 has led to high levels of unemployment in our operating jurisdictions and may lead to lower consumer spending in the near term. The timing of a recovery of consumer behavior and willingness to spend discretionary income on movie-going may delay our ability to produce financial results at pre-COVID-19 levels until such time as consumer spending recovers.

As discussed below in *Note 11 – Debt*, due to the matters noted above, there is uncertainty regarding our ability to continue to meet future debt covenants per our lending agreements with Bank of America and National Australia Bank. While we have to date been able to obtain waivers of these covenants, the determination whether to grant or not grant such waivers is in the hands of our lenders. Accordingly, as mandated by U.S. GAAP, we have classified a portion of our debt as current. As of March 31, 2020, the Company had negative working capital of \$163.7 million. In response to the uncertainties associated with COVID-19, the Company has taken and is continuing to take significant steps to preserve cash by eliminating non-essential costs, reducing employee hours and deferring all non-essential capital expenditures to minimum levels. The Company has successfully negotiated rent abatements and deferrals with a number of its landlords and continues to pursue additional concessions. The Company has also successfully secured access to government wage subsidy programs in Australia and New Zealand. The Company continues to review and apply for additional financial support where appropriate, but there can be no guarantee that the Company will be successful, or the degree that it may be successful, in its applications for such support. Management has drawn down in full the debt facilities available to the Company and has reviewed the potential sale of certain non-core real estate assets or the use of our unencumbered properties to provide collateral to support current or new financings in order to meet future liquidity demands.

The Company considers that the events and factors described above constitute impairment indicators under ASC 360 *Property, Plant and Equipment*. The Company performed a quantitative recoverability test of the carrying values of all of its asset groups. The Company estimated the undiscounted future cash flows expected to result from the use of these asset groups and determined that there was no impairment as of March 31, 2020. The cash flow estimates used in this review are consistent with budgetary revisions performed by management in response to COVID-19. The realization of these forecasts is dependent on a number of variables and conditions, many of which are due to the uncertainties associated with COVID-19 and as a result, actual results may materially differ from management’s estimates.

The Company considers that the events and factors described above constitute impairment indicators under ASC 350 *Intangibles – Goodwill and Other*. The Company performed a quantitative goodwill impairment test and determined that its goodwill was not impaired as of March 31, 2020. The test was performed at reporting unit level by comparing each reporting unit’s carrying value, including goodwill, to its fair value. The fair value of each reporting unit was assessed using a discounted cash flow model based on the budgetary revisions performed by management in response to COVID-19. The realization of these forecasts is dependent on a number of variables and conditions, many of which are due to the uncertainties associated with COVID-19 and as a result, actual results may materially differ from management’s estimates.

Note 4 – Operations in Foreign Currency

We have significant assets in Australia and New Zealand. Historically, we have conducted our Australian and New Zealand operations (collectively “foreign operations”) on a self-funding basis where we use cash flows generated by our foreign operations to pay for the expense of foreign operations. Our Australian and New Zealand assets and liabilities are translated from their functional currencies of Australian dollar (“AU\$”) and New Zealand dollar (“NZ\$”), respectively, to the U.S. dollar based on the exchange rate as of March 31, 2020. The carrying value of the assets and liabilities of our foreign operations fluctuates as a result of changes in the exchange rates between the functional currencies of the foreign operations and the U.S. dollar. The translation adjustments are accumulated in the Accumulated Other Comprehensive Income in the Consolidated Balance Sheets.

Due to the natural-hedge nature of our funding policy, we have not historically used derivative financial instruments to hedge against the risk of foreign currency exposure. However, in certain circumstances, we move funds between jurisdictions where circumstances encouraged us to do so from an overall economic standpoint. Going forward, particularly in light of recent tax law changes, we intend to take a more global view of our financial resources, and to be more flexible in making use of resources from one jurisdiction in other jurisdictions.

Presented in the table below are the currency exchange rates for Australia and New Zealand:

	Foreign Currency / USD		
	As of and for the quarter ended March 31, 2020	As of and for the twelve months ended December 31, 2019	As of and for the quarter ended March 31, 2019
Spot Rate			
Australian Dollar	0.6139	0.7030	0.7104
New Zealand Dollar	0.5959	0.6745	0.6820
Average Rate			
Australian Dollar	0.6578	0.6954	0.7123
New Zealand Dollar	0.6349	0.6593	0.6816

Note 5 – Earnings Per Share

Basic earnings per share (“EPS”) is calculated by dividing the net income attributable to the Company’s common stockholders by the weighted average number of common shares outstanding during the period. Diluted EPS is calculated by dividing the net income attributable to the Company’s common stockholders by the weighted average number of common and common equivalent shares outstanding during the period and is calculated using the treasury stock method for equity-based compensation awards.

The following table sets forth the computation of basic and diluted EPS and a reconciliation of the weighted average number of common and common equivalent shares outstanding:

	Three Months Ended March 31,	
	2020	2019
<i>(Dollars in thousands, except share data)</i>		
Numerator:		
Net income (loss) attributable to RDI common stockholders	\$ (5,875)	\$ (2,125)
Denominator:		
Weighted average number of common stock – basic	21,752,371	22,920,486
Weighted average dilutive impact of awards	367,250	203,620
Weighted average number of common stock – diluted	22,119,621	23,124,106
Basic earnings (loss) per share attributable to RDI common stockholders	\$ (0.27)	\$ (0.09)
Diluted earnings (loss) per share attributable to RDI common stockholders	\$ (0.27)	\$ (0.09)
Awards excluded from diluted earnings (loss) per share	678,377	496,089

Our weighted average number of common stock - basic decreased, primarily as a result of the repurchase of shares of Class A Non-Voting Common Stock pursuant to our current stock repurchase program offset by the vesting of restricted stock units. During the first three months of 2020, we repurchased 75,157 shares of Class A Non-Voting Common Stock at an average price of \$8.92 per share.

Note 6 – Property and Equipment

Operating Property, net

As of March 31, 2020 and December 31, 2019, property associated with our operating activities is summarized as follows:

<i>(Dollars in thousands)</i>	March 31, 2020	December 31, 2019
Land	\$ 70,006	\$ 75,663
Building and improvements	132,704	149,852
Leasehold improvements	55,563	56,912
Fixtures and equipment	173,802	186,949
Construction-in-progress	10,430	5,484
Total cost	442,505	474,860
Less: accumulated depreciation	(205,598)	(216,722)
Operating property, net	\$ 236,907	\$ 258,138

Depreciation expense for operating property was \$5.2 million for the quarter ended March 31, 2020 and \$5.4 million for the quarter ended March 31, 2019.

Investment and Development Property, net

As of March 31, 2020 and December 31, 2019, our investment and development property is summarized below:

<i>(Dollars in thousands)</i>	March 31, 2020	December 31, 2019
Land	\$ 23,098	\$ 24,446
Building	1,900	1,900
Construction-in-progress (including capitalized interest)	91,165	87,678
Investment and development property	\$ 116,163	\$ 114,024

Construction-in-Progress – Operating and Investing Properties

Construction-in-Progress balances are included in both our operating and development properties. The balances of our major projects along with the movements for the three months ended March 31, 2020 are shown below:

<i>(Dollars in thousands)</i>	Balance, December 31, 2019	Additions during the period ⁽¹⁾	Completed during the period	Foreign currency translation	Balance, March 31, 2020
Union Square development	\$ 81,934	\$ 4,075	\$ —	\$ —	\$ 86,009
Courtenay Central development	6,364	345	—	(762)	5,947
Cinema developments and improvements	3,032	5,426	(616)	(111)	7,731
Other real estate projects	1,832	491	(234)	(181)	1,908
Total	\$ 93,162	\$ 10,337	\$ (850)	\$ (1,054)	\$ 101,595

(1) Includes capitalized interest of \$0.9 million for the quarter ended March 31, 2020.

Real Estate Transactions

Exercise of Option to Acquire Ground Lessee's interest in Ground Lease and Improvements Constituting the Village East Cinema – On August 28, 2019, we exercised our option to acquire the ground lessee's interest in the ground lease underlying and the real property assets constituting our Village East Cinema in Manhattan. The purchase price under the option is \$5.9 million. It is anticipated that the transaction will close on or about May 31, 2021.

Note 7 – Investments in Unconsolidated Joint Ventures

Our investments in unconsolidated joint ventures are accounted for under the equity method of accounting.

The table below summarizes our active investment holdings in two (2) unconsolidated joint ventures as of March 31, 2020 and December 31, 2019:

<i>(Dollars in thousands)</i>	Interest	March 31, 2020	December 31, 2019
Rialto Cinemas	50.0%	\$ 994	\$ 1,175
Mt. Gravatt	33.3%	3,296	3,894
Total investments		\$ 4,290	\$ 5,069

For the quarter ended March 31, 2020 and 2019, the recognized share of equity earnings from our investments in unconsolidated joint ventures are as follows:

<i>(Dollars in thousands)</i>	Three Months Ended March 31,	
	2020	2019
Rialto Cinemas	\$ (14)	\$ (56)
Mt. Gravatt	92	90
Total equity earnings	\$ 78	\$ 34

Note 8 – Goodwill and Intangible Assets

The table below summarizes goodwill by business segment as of March 31, 2020 and December 31, 2019.

<i>(Dollars in thousands)</i>	Cinema	Real Estate	Total
Balance at December 31, 2019	\$ 21,224	\$ 5,224	\$ 26,448
Change in goodwill due to a purchase of a business combination	107	—	107
Foreign currency translation adjustment	(2,249)	—	(2,249)
Balance at March 31, 2020	\$ 19,082	\$ 5,224	\$ 24,306

The Company is required to test goodwill and other intangible assets for impairment on an annual basis and, if current events or circumstances require, on an interim basis. The Company has performed an interim goodwill assessment as described in *Note 3 – Impact of COVID-19 Pandemic and Liquidity*. Our next annual evaluation of goodwill and other intangible assets is scheduled during the fourth quarter of 2020. To test the impairment of goodwill, the Company compares the fair value of each reporting unit to its carrying amount, including the goodwill, to determine if there is potential goodwill impairment. A reporting unit is generally one level below the operating segment. As of March 31, 2020, we were not aware that any events indicating potential impairment of goodwill had occurred outside of those described at *Note 3 – Impact of COVID-19 Pandemic and Liquidity*.

The tables below summarize intangible assets other than goodwill, as of March 31, 2020 and December 31, 2019, respectively.

	As of March 31, 2020			
<i>(Dollars in thousands)</i>	Beneficial Leases	Trade Name	Other Intangible Assets	Total
Gross carrying amount	\$ 12,044	\$ 9,062	\$ 4,314	\$ 25,420
Less: Accumulated amortization	(10,032)	(7,148)	(3,819)	(20,999)
Net intangible assets other than goodwill	\$ 2,012	\$ 1,914	\$ 495	\$ 4,421

<i>(Dollars in thousands)</i>	Beneficial Leases	Trade Name	Other Intangible Assets	Total
Gross carrying amount	\$ 15,048	\$ 7,258	\$ 3,145	\$ 25,451
Less: Accumulated amortization	(14,496)	(5,449)	(1,186)	(21,131)
Net intangible assets other than goodwill	\$ 552	\$ 1,809	\$ 1,959	\$ 4,320

Beneficial leases obtained in business combinations where we are the landlord are amortized over the life of the relevant leases. Trade names are amortized based on the accelerated amortization method over their estimated useful life of 30 years, and other intangible assets are amortized over their estimated useful lives of up to 30 years (except for transferrable liquor licenses, which are indefinite-lived assets). The table below summarizes the amortization expense of intangible assets for the quarter ended March 31, 2020.

<i>(Dollars in thousands)</i>	Three Months Ended March 31,	
	2020	2019
Beneficial lease amortization	\$ 25	\$ 79
Other amortization	76	22
Total intangible assets amortization	\$ 101	\$ 101

Note 9 – Prepaid and Other Assets

Prepaid and other assets are summarized as follows:

<i>(Dollars in thousands)</i>	March 31, 2020	December 31, 2019
Prepaid and other current assets		
Prepaid expenses	\$ 2,443	\$ 2,163
Prepaid rent	39	1,093
Prepaid taxes	791	912
Income taxes receivable	6,767	1,669
Deposits	234	214
Investment in marketable securities	24	47
Restricted cash	7	7
Total prepaid and other current assets	\$ 10,305	\$ 6,105
Other non-current assets		
Straight-line rent	3,738	4,689
Other non-cinema and non-rental real estate assets	1,134	1,134
Investment in Reading International Trust I	838	838
Long-term deposits	8	7
Total other non-current assets	\$ 5,718	\$ 6,668

Note 10 – Income Taxes

The U.S. Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) was enacted on March 27, 2020 to provide, among other things, tax relief to companies impacted by the COVID-19 pandemic. The CARES Act includes, among other items, provisions for net operating loss carryback, modifications to the business interest expense deduction, a technical correction to tax depreciation methods for qualified improvement property, and alternative minimum tax credit refunds. During the quarter ended March 31, 2020, we recorded a tax benefit arising from the carryback of the net operating loss generated in the taxable year ended December 31, 2019.

The interim provision for income taxes is different from the amount determined by applying the U.S. federal statutory rate to consolidated income before taxes. The differences are attributable to foreign tax rate differential, unrecognized tax benefits, and foreign tax credit. Our effective tax rate was 33.6% and 33.1% for the three months ended March 31, 2020 and 2019, respectively. The change between 2020 and 2019 is primarily related to tax benefits from the carryback of the Company’s 2019 net operating loss, as a result of the CARES Act, to 2015 and 2016 tax years where the federal tax rate was 35%, offset by an increase in valuation allowance in 2020. The forecasted effective tax rate is updated each quarter as new information becomes available.

Note 11 – Debt

The Company's borrowings at March 31, 2020 and December 31, 2019, net of deferred financing costs and including the impact of interest rate derivatives on effective interest rates, are summarized below:

As of March 31, 2020						
<i>(Dollars in thousands)</i>	Maturity Date	Contractual Facility	Balance, Gross	Balance, Net ⁽¹⁾	Stated Interest Rate	Effective Interest Rate
Denominated in USD						
Trust Preferred Securities (USA)	April 30, 2027	\$ 27,913	\$ 27,913	\$ 26,340	5.77%	5.77%
Bank of America Credit Facility (USA)	March 6, 2023	55,000	55,000	54,986	3.99%	3.99%
Bank of America Line of Credit (USA)	March 6, 2023	5,000	5,000	5,000	3.99%	3.99%
Cinemas 1, 2, 3 Term Loan (USA)	April 1, 2022	25,000	25,000	24,504	4.25%	4.25%
Minetta & Orpheum Theatres Loan (USA) ⁽²⁾	November 1, 2023	8,000	8,000	7,894	3.63%	5.15%
U.S. Corporate Office Term Loan (USA)	January 1, 2027	9,199	9,199	9,096	4.64% / 4.44%	4.61%
Purchase Money Promissory Note	September 18, 2024	3,204	3,204	3,204	5.00%	5.00%
Union Square Construction Financing (USA)	December 29, 2020	50,000	36,947	36,782	5.50%	5.50%
Denominated in foreign currency ("FC") ⁽³⁾						
NAB Corporate Term Loan (AU)	December 31, 2023	73,668	73,668	73,512	1.69%	1.69%
Westpac Bank Corporate (NZ)	December 31, 2023	19,069	19,069	19,069	2.30%	2.30%
		\$ 276,053	\$ 263,000	\$ 260,387		

- (1) Net of deferred financing costs amounting to \$2.6 million.
- (2) The interest rate derivative associated with the Minetta & Orpheum loan provides for an effective fixed rate of 5.15%.
- (3) The contractual facilities and outstanding balances of the foreign currency denominated borrowings were translated into U.S. dollars based on the applicable exchange rates as of March 31, 2020.

As of December 31, 2019						
<i>(Dollars in thousands)</i>	Maturity Date	Contractual Facility	Balance, Gross	Balance, Net ⁽¹⁾	Stated Interest Rate	Effective Interest Rate
Denominated in USD						
Trust Preferred Securities (USA)	April 30, 2027	\$ 27,913	\$ 27,913	\$ 26,311	5.94%	5.94%
Bank of America Credit Facility (USA)	March 6, 2023	55,000	33,500	33,445	4.80%	4.80%
Bank of America Line of Credit (USA)	March 6, 2023	5,000	—	—	4.80%	4.80%
Cinemas 1, 2, 3 Term Loan (USA)	April 1, 2022	18,658	18,658	18,532	3.25%	3.25%
Minetta & Orpheum Theatres Loan (USA) ⁽²⁾	November 1, 2023	8,000	8,000	7,887	3.74%	5.15%
U.S. Corporate Office Term Loan (USA)	January 1, 2027	9,260	9,260	9,153	4.64% / 4.44%	4.64%
Union Square Construction Financing (USA)	December 29, 2020	50,000	36,048	36,035	6.02%	6.02%
Purchase Money Promissory Note	September 18, 2024	3,363	3,363	3,363	5.00%	5.00%
Denominated in foreign currency ("FC") ⁽³⁾						
NAB Corporate Term Loan (AU)	December 31, 2023	84,360	65,731	65,541	1.77%	1.77%
Westpac Bank Corporate (NZ)	December 31, 2023	21,584	6,745	6,745	3.05%	3.05%
Total		\$ 283,138	\$ 209,218	\$ 207,012		

- (1) Net of deferred financing costs amounting to \$2.2 million.
- (2) The interest rate derivative associated with the Minetta & Orpheum loan provides for an effective fixed rate of 5.15%.
- (3) The contractual facilities and outstanding balances of the foreign currency denominated borrowings were translated into U.S. dollars based on the applicable exchange rates as of December 31, 2019.

Our loan arrangements are presented, net of the deferred financing costs, on the face of our consolidated balance sheet as follows:

Balance Sheet Caption	March 31, 2020	December 31, 2019
Debt - current portion	\$ 171,426	\$ 36,736
Debt - long-term portion	59,252	140,602
Subordinated debt - current portion	651	644
Subordinated debt - long-term portion	29,058	29,030
Total borrowings	\$ 260,387	\$ 207,012

Impact of COVID-19

As of March 31, 2020, we were in breach of certain covenants with Bank of America and National Australia Bank (“NAB”). During the second quarter, we received bank covenant waivers from Bank of America for the first quarter of 2020, and from National Australia Bank for the second and third quarters of 2020. As of March 31, 2020, we were not in breach of any debt covenants with respect to any of our other borrowing.

Due to the continuing uncertainties relating to the effects of COVID-19, it is uncertain whether we will continue to meet our covenant requirements for the 12 months from March 31, 2020. We anticipate continuing to receive covenant waivers from the relevant lenders, although these waivers are not in our control and no assurances can be given that we will receive such waivers for a period of one year subsequent to the issuance of these financial statements. We are required by U.S. GAAP to classify the Bank of America and NAB debt as current liabilities.

Bank of America Credit Facility

On March 6, 2020, we amended our \$55.0 million credit facility with Bank of America extending the maturity date to March 6, 2023. The refinanced facility carries an interest rate of 2.5% - 3.0%, depending on certain financial ratios plus a variable rate based on the loan defined “Eurodollar” interest rate.

Bank of America Line of Credit

On March 6, 2020, the term of our \$5.0 million line of credit was extended to March 6, 2023.

Minetta and Orpheum Theatres Loan

On October 12, 2018, we refinanced our \$7.5 million loan with Santander Bank, which is secured by our Minetta and Orpheum Theatres, with a loan for a five-year term of \$8.0 million. Such modification was not considered to be substantial under US GAAP.

44 Union Square Construction Financing

On December 29, 2016, we closed our construction finance facilities totaling \$57.5 million to fund the non-equity portion of the anticipated construction costs of the redevelopment of our property at 44 Union Square in New York City. The combined facilities consisted of \$50.0 million in aggregate loans (comprised of three loan tranches) from Bank of the Ozarks (“BOTO”), and a \$7.5 million mezzanine loan from Tammany Mezz Investor, LLC, an affiliate of Fisher Brothers. As of December 31, 2016, BOTO advanced \$8.0 million to repay the existing \$8.0 million loan with East West Bank. On August 8, 2019, we repaid in full the \$7.5 million mezzanine loan from Tammany Mezz Investor, LLC. On January 24, 2020, we exercised the first of our two extension options on the BOTO loan, taking the maturity to December 29, 2020.

U.S. Corporate Office Term Loan

On December 13, 2016, we obtained a ten-year \$8.4 million mortgage loan on our new Los Angeles Corporate Headquarters at a fixed annual interest rate of 4.64%. This loan provided for a second loan upon completion of certain improvements. On June 26, 2017, we obtained a further \$1.5 million under this provision at a fixed annual interest rate of 4.44%.

Cinemas 1,2,3 Term Loan

On March 13, 2020, Sutton Hill Properties LLC (“SHP”), a 75% subsidiary of RDI, refinanced its \$20.0 million term loan with Valley National Bank with a new term loan of \$25.0 million, an interest rate of 4.25%, and maturity date of April 1, 2022 with two six-month options to extend.

Purchase Money Promissory Note

On September 18, 2019, we purchased 407,000 Company Class A shares in a privately negotiated transaction under our Share Repurchase Program for \$5.5 million. Of this amount, \$3.5 million was paid by the issuance of a Purchase Money Promissory Note, which bears an interest rate of 5.0% per annum, payable in equal quarterly payments of principal plus accrued interest. The Purchase Money Promissory Note matures on September 18, 2024.

Westpac Bank Corporate Credit Facility (NZ)

On December 20, 2018, we restructured our Westpac Corporate Credit Facilities. The maturity of the 1st tranche (general/non-construction credit line) was extended to December 31, 2023, with the available facility being reduced from NZ\$35.0 million to NZ\$32.0 million. The facility bears an interest rate of 1.75% above the Bank Bill Bid Rate on the drawn down balance and a 1.1% line of credit charge on the entire facility. The 2nd tranche (construction line) with a facility of NZ\$18.0 million was removed.

Australian NAB Corporate Term Loan (AU)

On March 15, 2019, we amended our Revolving Corporate Markets Loan Facility with National Australia Bank (“NAB”) from a facility comprised of (i) a AU\$66.5 million loan facility with an interest rate of 0.95% above the Bank Bill Swap Bid Rate (“BBSY”) and a maturity date of June 30, 2019 and (ii) a bank guarantee of AU\$5.0 million at a rate of 1.90% per annum into a (i) AU\$120.0 million Corporate Loan facility at rates of 0.85%-1.30% above BBSY depending on certain ratios with a due date of December 31, 2023, of which AU\$80.0 million is revolving and AU\$40.0 million is core and (ii) a Bank Guarantee Facility of AU\$5.0 million at a rate of 1.85% per annum. Such modifications of this particular term loan were not considered to be substantial under U.S. GAAP.

Note 12 – Other Liabilities

Other liabilities are summarized as follows:

<i>(Dollars in thousands)</i>	March 31, 2020	December 31, 2019
Current liabilities		
Liability for demolition costs	2,425	2,745
Accrued pension	684	684
Security deposit payable	108	114
Finance lease liabilities	60	93
Other	33	17
Other current liabilities	\$ 3,310	\$ 3,653
Other liabilities		
Lease make-good provision	6,243	6,667
Accrued pension	4,366	4,469
Environmental reserve	1,656	1,656
Lease liability	5,900	5,900
Acquired leases	31	37
Finance lease liabilities	102	116
Other	6	9
Other liabilities	\$ 18,304	\$ 18,854

Pension Liability – Supplemental Executive Retirement Plan

On August 29, 2014, the Supplemental Executive Retirement Plan (“SERP”) that has been effective since March 1, 2007, was ended and replaced in accordance with the terms of a pension annuity. As a result of the termination of the SERP program, the accrued pension liability of \$7.6 million was reversed and replaced with this pension annuity liability of \$7.5 million. The valuation of the liability is based on the present value of \$10.2 million discounted at a rate of 4.25% over a 15-year term, resulting in a monthly payment of \$57,000. The discounted value of \$2.7 million (which is the difference between the estimated payout of \$10.2 million and the present value of \$7.5 million) as of August 29, 2014 will be amortized and expensed based on the 15-year term. In addition, the accumulated actuarial loss of \$3.1 million recorded, as part of other comprehensive income will also be amortized based on the 15-year term.

In February 2018, we made a payment of \$2.4 million relating to the annuity representing payments for the 42 months outstanding at the time. Monthly ongoing payments of \$57,000 are now being made.

As a result of the above, included in our current and non-current liabilities are accrued pension costs of \$5.1 million at March 31, 2020. The benefits of our pension plan are fully vested and therefore no service costs were recognized for the quarter ended March 31, 2020 and 2019. Our pension plan is unfunded.

During the quarter ended March 31, 2020, the interest cost was \$68,000, and the actuarial loss was \$52,000. During the quarter ended March 31, 2019, the interest cost was \$51,000, and the actuarial loss was \$51,000 respectively.

Note 13 – Accumulated Other Comprehensive Income

The following table summarizes the changes in each component of accumulated other comprehensive income attributable to RDI:

<i>(Dollars in thousands)</i>	Foreign Currency Items	Unrealized Gain (Losses) on Available- for-Sale Investments	Accrued Pension Service Costs	Hedge Accounting Reserve	Total
Balance at January 1, 2020	\$ 8,118	\$ 10	\$ (2,287)	\$ (252)	\$ 5,589
Change related to derivatives					
Total change in hedge fair value recorded in Other Comprehensive Income	—	—	—	(243)	(243)
Other comprehensive income before reclassifications	—	—	—	—	—
Amounts reclassified from accumulated other comprehensive income	—	—	—	29	29
Net change related to derivatives	—	—	—	(214)	(214)
Net current-period other comprehensive income (loss)	(15,698)	(19)	52	(214)	(15,879)
Balance at March 31, 2020	\$ (7,580)	\$ (9)	\$ (2,235)	\$ (466)	\$ (10,290)

Note 14 – Commitments and Contingencies

Litigation General

We are currently involved in certain legal proceedings and, as required, have accrued estimates of probable and estimable losses for the resolution of these claims, including legal costs.

- Where we are a *plaintiff*, we accrue legal fees as incurred on an on-going basis and make no provision for any potential settlement amounts until received. In Australia, the prevailing party is usually entitled to recover its attorneys' fees, which recoveries typically work out to be approximately 60% of the amounts actually spent where first-class legal counsel is engaged at customary rates. Where we are a plaintiff, we have likewise made no provision for the liability for the defendant's attorneys' fees in the event we are determined not to be the prevailing party.
- Where we are a *defendant*, we accrue for probable damages that insurance may not cover as they become known and can be reasonably estimated, as permitted under ASC 450-20 *Loss Contingencies*. In our opinion, any claims and litigation in which we are currently involved are not reasonably likely to have a material adverse effect on our business, results of operations, financial position, or liquidity. It is possible, however, that future results of the operations for any particular quarterly or annual period could be materially affected by the ultimate outcome of the legal proceedings. From time-to-time, we are involved with claims and lawsuits arising in the ordinary course of our business that may include contractual obligations, insurance claims, tax claims, employment matters, and anti-trust issues, among other matters.

All of these matters require significant judgments based on the facts known to us. These judgments are inherently uncertain and can change significantly when additional facts become known. We provide accruals for matters that have probable likelihood of occurrence and can be properly estimated as to their expected negative outcome. We do not record expected gains until the proceeds are received by us. However, we typically make no accruals for potential costs of defense, as such amounts are inherently uncertain and dependent upon the scope, extent and aggressiveness of the activities of the applicable plaintiff.

Environmental and Asbestos Claims on Reading Legacy Operations

Certain of our subsidiaries were historically involved in railroad operations, coal mining, and manufacturing. Also, certain of these subsidiaries appear in the chain-of-title of properties that may suffer from pollution. Accordingly, certain of these subsidiaries have, from time-to-time, been named in and may in the future be named in various actions brought under applicable environmental laws. Also, we are in the real estate development business and may encounter from time-to-time unanticipated environmental conditions at properties that we have acquired for development. These environmental conditions can increase the cost of such projects and adversely affect the value and potential for profit of such projects. We do not currently believe that our exposure under applicable environmental laws is material in amount.

From time to time, there are claims brought against us relating to the exposure of former employees of our railroad operations to asbestos and coal dust. These are generally covered by an insurance settlement reached in September 1990 with our insurance providers. However, this insurance settlement does not cover litigation by people who were not our employees and who may claim

second-hand exposure to asbestos, coal dust and/or other chemicals or elements now recognized as potentially causing cancer in humans. Our known exposure to these types of claims, asserted or probable of being asserted, is not material.

Cotter Jr. Derivative Litigation

This action was originally brought by James J. Cotter, Jr. (“Cotter Jr.”) in June 2015 in the Nevada District Court against all of the Directors of the Company and against the Company as a nominal defendant: James J. Cotter, Jr., individually and derivatively on behalf of Reading International, Inc. vs. Margaret Cotter, et al.” Case No: A-15-719860-V. Summary judgment has been entered against Cotter, Jr., and in favor of all defendants and a \$1.55 million cost judgment has been entered against Cotter, Jr., and in favor of our Company. Cotter, Jr. has appealed both judgements. Our application for attorney’s fees was denied, and we have appealed that determination. The issues on appeal are currently being briefed. No date for oral argument has been set. It is unlikely that any hearing will be held this year. As the Directors and Officers Liability Insurance Policy covering Cotter, Jr.’s claims in the Derivative Case (\$10.0 million) has been exhausted, the financial burden of defending our Directors against these claims, as required by applicable Nevada Law, has fallen upon our Company. During 2019, out-of-pocket third-party costs in the amount of approximately \$925,000 were incurred by our Company in defending against these claims. For the first quarter ended March 31, 2020, an additional \$105,000 had been expensed, relating principally to the preparation of appellate briefs with respect to the Derivative Litigation.

Employment Litigation

The Company is currently involved in two California employment matters which include substantially overlapping wage and hour claims: Taylor Brown, individually, and on behalf of other members of the general public similarly situated vs. Reading Cinemas et al. Superior Court of the State of California for the County of Kern, Case No. BCV-19-1000390 (“Brown v. RC,” and the “Brown Class Action Complaint” respectively) and Peter M. Wagner, Jr., an individual, vs. Consolidated Entertainment, Inc. et al., Superior Court of the State of California for the County of San Diego, Case NO. 37-2019-00030695-CU-WT-CTL (“Wagner v. CEI,” and the “Wagner Individual Complaint” respectively). Brown v. RC was initially filed in December 2018, as an individual action and refiled as a putative class action in February 2019, but not served until June 24, 2019. These lawsuits seek damages, and attorneys’ fees, relating to alleged violations of California labor laws relating to meal periods, rest periods, reporting time pay, unpaid wages, timely pay upon termination and wage statements violations. Wagner v. CEI was filed as a discrimination and retaliation lawsuit in June 2019. The following month, in July 2019, a notice was served on us by separate counsel for Mr. Wagner under the California Private Attorney General Act of 2004 (Cal. Labor Code Section 2698, et seq) (the “Wagner PAGA Claim”) purportedly asserting in a representational capacity claims under the PAGA statute, overlapping, in substantial part, the allegations set forth in the Brown Class Action Complaint. On March 6, 2020, Wagner filed a purported class action in the Superior Court of California, County of San Diego, again covering basically the same allegations as set forth in the Brown Class Action Complaint, and titled Peter M. Wagner, an individual, on behalf of himself and all others similarly situated vs. Reading International, Inc., Consolidated Entertainment, Inc. and Does 1 through 25, Case No. 37-2020-000127-CU-OE-CTL (the “Wagner Class Action”). Neither plaintiff has specified the amount of damages sought.

The Company is investigating and intends to vigorously defend the allegations of the Brown Class Action Complaint, the Wagner Individual Complaint, the Wagner PAGA Claim and the Wagner Class Action Complaint. In addition, we have denied that a PAGA representative action is appropriate. These matters are in their early stages, and the putative class actions have not been certified. As these cases are in early stages, the Company is unable to predict the outcome of the litigation or the range of potential loss, if any; however, the Company believes that its potential liability with respect to such matters is not material to its overall financial position, results of operations and cash flows. Accordingly, the Company has not established a reserve for loss in connection with these matters.

Note 15 – Non-controlling Interests

These are composed of the following enterprises:

- Australia Country Cinemas Pty Ltd. - 25% noncontrolling interest owned by Panorama Group International Pty Ltd.;
- Shadow View Land and Farming, LLC - 50% noncontrolling membership interest owned by either the estate of Mr. James J. Cotter, Sr. (the “Cotter Estate”) and/or the James J. Cotter, Sr. Living Trust (the “Cotter Trust”); and,
- Sutton Hill Properties, LLC - 25% noncontrolling interest owned by Sutton Hill Capital, LLC (which in turn is 50% owned by the Cotter Estate and/or the Cotter Trust).

The components of noncontrolling interests are as follows:

<i>(Dollars in thousands)</i>	March 31, 2020	December 31, 2019
Australian Country Cinemas, Pty Ltd	\$ 101	\$ 119
Shadow View Land and Farming, LLC	2,124	2,145
Sutton Hill Properties, LLC	1,944	2,003
Noncontrolling interests in consolidated subsidiaries	\$ 4,169	\$ 4,267

The components of income attributable to noncontrolling interests are as follows:

<i>(Dollars in thousands)</i>	Three Months Ended March 31,	
	2020	2019
Australian Country Cinemas, Pty Ltd	\$ (1)	\$ 9
Shadow View Land and Farming, LLC	(21)	(14)
Sutton Hill Properties, LLC	(58)	(11)
Net income (loss) attributable to noncontrolling interests	\$ (80)	\$ (16)

Summary of Controlling and Noncontrolling Stockholders' Equity

A summary of the changes in controlling and noncontrolling stockholders' equity is as follows:

	Common Shares				Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Treasury Shares	Accumulated Other Comprehensive Income (Loss)	Reading International Inc. Stockholders' Equity	Noncontrolling Interests	Total Stockholders' Equity
	Class A Non- Voting Shares	Class A Par Value	Class B Voting Shares	Class B Par Value							
<i>(Dollars in thousands, except shares)</i>											
At January 1, 2020	20,103	\$ 231	1,680	\$ 17	\$ 148,602	\$ 20,647	\$ (39,737)	\$ 5,589	\$ 135,349	\$ 4,267	\$ 139,616
Net income (loss)	—	—	—	—	—	(5,875)	—	—	(5,875)	(80)	(5,955)
Other comprehensive income, net	—	—	—	—	—	—	(15,879)	—	(15,879)	(18)	(15,897)
Share-based compensation expense	—	—	—	—	336	—	—	—	336	—	336
Share repurchase plan	(75)	—	—	—	—	—	(670)	—	(671)	—	(671)
In-kind exchange of share for the exercise of options, net issued	—	—	—	—	—	—	—	—	—	—	—
Restricted Stock Units	19	—	—	—	(30)	—	—	—	(30)	—	(30)
Contributions from noncontrolling stockholders	—	—	—	—	—	—	—	—	—	—	—
Distributions to noncontrolling stockholders	—	—	—	—	—	—	—	—	—	—	—
At March 31, 2020	20,047	\$ 231	1,680	\$ 17	\$ 148,908	\$ 14,772	\$ (40,407)	\$ (10,290)	\$ 113,231	\$ 4,169	\$ 117,400

	Common Shares				Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Treasury Shares	Accumulated Other Comprehensive Income (Loss)	Reading International Inc. Stockholders' Equity	Noncontrolling Interests	Total Stockholders' Equity
	Class A Non- Voting Shares	Class A Par Value	Class B Voting Shares	Class B Par Value							
<i>(Dollars in thousands, except shares)</i>											
At January 1, 2019	21,195	\$ 232	1,680	\$ 17	\$ 147,452	\$ 47,048	\$ (25,222)	\$ 6,115	\$ 175,642	\$ 4,337	\$ 179,979
Net income (loss)	—	—	—	—	—	(2,125)	—	—	(2,125)	(16)	(2,141)
Adjustments to opening retained earnings on adoption of ASC 842	—	—	—	—	—	28	—	—	28	(46)	(18)
Other comprehensive income, net	—	—	—	—	—	—	1,510	—	1,510	1	1,511
Share-based compensation expense	—	—	—	—	280	—	—	—	280	—	280
Share repurchase plan	—	—	—	—	—	—	(9)	—	(9)	—	(9)
Class A common stock issued for share-based bonuses and options exercised	—	—	—	—	(185)	—	—	—	(185)	—	(185)
Restricted Stock Units	40	1	—	—	(75)	—	—	—	(74)	—	(74)
Contributions from noncontrolling stockholders	—	—	—	—	—	—	—	—	—	18	18
Distributions to noncontrolling stockholders	—	—	—	—	—	—	—	—	—	(27)	(27)
At March 31, 2019	21,235	\$ 233	1,680	\$ 17	\$ 147,472	\$ 44,951	\$ (25,231)	\$ 7,625	\$ 175,067	\$ 4,267	\$ 179,334

Employee and Director Stock Option Plan

The Company may grant stock options and other share-based payment awards of our Common Stock to eligible employees, directors, and consultants under the 2010 Stock Incentive Plan, as amended (the “Plan”). The aggregate total number of shares of the Common Stock authorized for issuance under the Plan at March 31, 2020 was 2,197,460, of which 521,297 remain available for future issuance. In total, 1,676,163 shares of Common Stock had, as of that date, been issued pursuant to the exercise of previously granted options and/or the vesting of restricted stock units.

Stock options are generally granted at exercise prices equal to the grant-date market prices and typically expire no later than five years from the grant date. In contrast to a stock option where the grantee buys the Company’s share at an exercise price determined on grant date, a restricted stock unit (“RSU”) entitles the grantee to receive one share for every RSU based on a vesting plan, typically between one and four years from grant. Grants to directors and certain executive officers are subject to Board approval; discretion to make grants to other officers and employees has been delegated to the Compensation and Stock Options Committee. At the time the options are exercised or RSUs vest and are settled, at the discretion of management, we will issue treasury shares or make a new issuance of shares to the option or RSU holder.

Stock Options

We estimate the grant-date fair value of our stock options using the Black-Scholes option-valuation model, which takes into account assumptions such as the dividend yield, the risk-free interest rate, the expected stock price volatility, and the expected life of the options. We expense the estimated grant-date fair values of options over the vesting period on a straight-line basis. Based on our historical experience, the “deemed exercise” of expiring in-the-money options and the relative market price to strike price of the options, we have not hereto estimated any forfeitures of vested or unvested options.

There were nil and 219,408 stock options issued in the quarter ended March 31, 2020 and March 31, 2019, respectively. The weighted average assumptions used in the option-valuation model were as follows:

	Three Months Ended March 31,	
	2020	2019
Stock option exercise price	\$ —	\$ 16.12
Risk-free interest rate	—	2.42%
Expected dividend yield	—	—
Expected option life in years	—	3.75
Expected volatility	—	23.32%
Weighted average fair value	\$ —	\$ 3.50

For the quarters ended March 31, 2020 and 2019, we recorded compensation expense of \$120,000 and \$70,000, respectively with respect to our prior stock option grants. At March 31, 2020, the total unrecognized estimated compensation expense related to non-vested stock options was \$1.0 million, which we expect to recognize over a weighted average vesting period of 1.69 years. The intrinsic, unrealized value of all options outstanding vested and expected to vest, at March 31, 2020 was nil, as the closing price of our Common Stock on that date was \$3.89.

The following table summarizes the number of options outstanding and exercisable as of March 31, 2020 and December 31, 2019:

	Outstanding Stock Options - Class A Shares			
	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Years of Contractual Life	Aggregate Intrinsic Value
	Class A	Class A	Class A	Class A
		\$		\$
Balance - December 31, 2018	586,469	14.01	2.88	1,530,528
Granted	219,408	16.12	—	—
Exercised	(69,500)	13.42	—	185,175
Forfeited	(25,000)	13.42	—	—
Balance - December 31, 2019	711,377	14.74	2.79	136,350
Granted	—	—	—	—
Exercised	—	—	—	—
Forfeited	(8,000)	12.34	—	—
Balance - March 31, 2020	703,377	14.79	1.69	—

Restricted Stock Units

We estimate the grant-date fair values of our RSUs using our Company's stock price at grant-date and record such fair values as compensation expense over the vesting period on a straight-line basis. The following table summarizes the status of the RSUs granted to-date as of March 31, 2020:

Grant Date	Outstanding Restricted Stock Units					
	RSU Grants (in units)		Total Grants	Vested,	Unvested,	Forfeited,
	Directors	Management		March 31, 2020	March 31, 2020	March 31, 2020
March 10, 2016	35,147	27,381	62,528	62,262	—	266
April 11, 2016	—	5,625	5,625	3,962	1,146	517
March 23, 2017	30,681	32,463	63,144	54,196	8,416	532
August 29, 2017	—	7,394	7,394	5,546	1,848	—
January 2, 2018	29,393	—	29,393	29,393	—	—
April 12, 2018	—	29,596	29,596	7,409	21,412	775
April 13, 2018	—	14,669	14,669	3,668	11,001	—
July 6, 2018	—	932	932	—	—	932
November 7, 2018	23,010	—	23,010	23,010	—	—
March 13, 2019	—	24,366	24,366	5,316	15,946	3,104
March 14, 2019	—	23,327	23,327	5,832	17,495	—
May 7, 2019	11,565	—	11,565	—	11,565	—
March 10, 2020	—	271,131	271,131	—	271,131	—
Total	129,796	436,884	566,680	200,594	359,960	6,126

RSU awards to management vest 25% on the anniversary of the grant date over a period of four years. Beginning this year, a performance component has been added to RSUs granted to Management. On March 10, 2020, RSUs covering 271,131 shares were issued to members of executive management and other employees of our Company.

Prior to November 7, 2018, RSU awards to non-employee directors vested 100% in January of the following year in which such RSUs were granted. At the November 7, 2018 Board meeting, it was determined that it would be more appropriate for the vesting of RSUs to align with the director's term of office. Accordingly, the RSUs granted on November 7, 2018, vest on the first to occur of (i) 5:00 pm, Los Angeles, CA time on the last business day prior to the one-year anniversary of the grant date, or (ii) the date on which the recipient's term as a director shall end and the recipient, or as the case may be, the recipient's successor is elected to the board of directors at the next occurring annual meeting or special meeting of stockholders called for such purpose (the "Vesting Date"). This means that the Vesting Date of the RSUs granted to directors on November 7, 2018 was the date of the 2019 annual meeting of stockholders. Due to the fact that our Company moved up our annual meeting of stockholders from November to May in 2019, an unanticipated shorter than normal vesting period for the RSUs issued on November 7, 2018 resulted. In order to adjust for this factor, the award of RSUs to directors made immediately following the 2019 Annual Meeting of Stockholders was determined using a value of \$35,000 or one half of the dollar amount of the prior year's annual grant. The RSUs issued to non-employee directors on May 7,

2019 vested on May 6, 2020. RSUs were issued to the directors in January 2020 pursuant to the RSU agreement. No RSUs were granted to non-employee directors during the first quarter of 2020.

For the quarter ended March 31, 2020 and 2019, we recorded compensation expense of \$216,000 and \$209,000, respectively. The total unrecognized compensation expense related to the non-vested RSUs was \$2.7 million as of March 31, 2020, which we expect to recognize over a weighted average vesting period of 2.12 years.

Stock Repurchase Program

On March 2, 2017, the Company's Board of Directors authorized management, at its discretion, to spend up to an aggregate of \$25.0 million to acquire shares of Reading's Class A Non-Voting Common Stock. On March 14, 2019, the Board of Directors extended this stock buy-back program for two years, through March 2, 2021. On March 10, 2020, the Board increased the authorized amount by \$25.0 million and extended it to March 2, 2022. At the present time, the repurchase program authorization is \$26.0 million.

The repurchase program allows Reading to repurchase its shares in accordance with the requirements of the SEC on the open market, in block trades and in privately negotiated transactions, depending on market conditions and other factors. All purchases are subject to the availability of shares at prices that are acceptable to Reading, and accordingly, no assurances can be given as to the timing or number of shares that may ultimately be acquired pursuant to this authorization.

Under the stock repurchase program, as of March 31, 2020, the Company had reacquired a total of 1,792,819 shares of Class A Non-Voting Common Stock for \$24.0 million at an average price of \$13.39 per share (excluding transaction costs). 75,157 shares of Class A Non-Voting Common Stock were purchased during the quarter ended March 31, 2020 at an average price of \$8.92 per share. This leaves \$26.0 million available under the March 2, 2017 program, as extended, to March 2, 2022.

Note 17 - Leases

In all leases, whether we are the lessor or lessee, we define lease term as the non-cancellable term of the lease plus any renewals covered by renewal options that are reasonably certain of exercise based on our assessment of economic factors relevant to the lessee. The non-cancellable term of the lease commences on the date the lessor makes the underlying property in the lease available to the lessee, irrespective of when lease payments begin under the contract.

As Lessee

We have operating leases for certain cinemas and corporate offices, and finance leases for certain equipment assets. Our leases have remaining lease terms of 1 to 20 years, with certain leases having options to extend to up to a further 20 years.

Contracts are analyzed in accordance with the criteria set out in ASC 842 to determine if there is a lease present. For contracts that contain an operating lease, we account for the lease component and the non-lease component together as a single component. For contracts that contain a finance lease we account for the lease component and the non-lease component separately in accordance with ASC 842.

In leases where we are the lessee, we recognize a right of use asset and lease liability at lease commencement, which is measured by discounting lease payments using an incremental borrowing rate applicable to the relevant country and lease term of the lease as the discount rate. Subsequent amortization of the right of use asset and accretion of the lease liability for an operating lease is recognized as a single lease cost, on a straight-line basis, over the term of the lease. A finance lease right-of-use asset is depreciated on a straight-line basis over the lesser of the useful life of the leased asset or the lease term. Interest on each finance lease liability is determined as the amount that results in a constant periodic discount rate on the remaining balance of the liability. Property taxes and other non-lease costs are accounted for on an accrual basis.

Lease payments for our cinema operating leases consist of fixed base rent, and for certain leases, variable lease payments consisting of contracted percentages of revenue, changes in the relevant CPI, and/or other contracted financial metrics.

The components of lease expense are as follows:

<i>(Dollars in thousands)</i>	Three Months Ended	
	March 31,	
	2020	2019
Lease cost		
Finance lease cost:		
Amortization of right-of-use assets	\$ 39	\$ 41
Interest on lease liabilities	2	3
Operating lease cost	7,719	7,921
Variable lease cost	48	105
Total lease cost	\$ 7,808	\$ 8,070

Supplemental cash flow information related to leases is as follows:

<i>(Dollars in thousands)</i>	Three Months Ended	
	March 31,	
	2020	2019
Cash flows relating to lease cost		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for finance leases	\$ 41	\$ 44
Operating cash flows for operating leases	7,528	7,780
Right-of-use assets obtained in exchange for new finance lease liabilities	—	—
Right-of-use assets obtained in exchange for new operating lease liabilities	—	2,181

Supplemental balance sheet information related to leases is as follows:

<i>(Dollars in thousands)</i>	March 31,	December 31,
	2020	2019
Operating leases		
Operating lease right-of-use assets	\$ 213,907	\$ 229,879
Operating lease liabilities - current portion	19,717	20,379
Operating lease liabilities - non-current portion	207,697	223,164
Total operating lease liabilities	\$ 227,414	\$ 243,543
Finance leases		
Property plant and equipment, gross	351	370
Accumulated depreciation	(194)	(165)
Property plant and equipment, net	\$ 157	\$ 205
Other current liabilities	60	93
Other long-term liabilities	102	116
Total finance lease liabilities	\$ 162	\$ 209
Other information		
Weighted-average remaining lease term - finance leases	3	3
Weighted-average remaining lease term - operating leases	11	11
Weighted-average discount rate - finance leases	5.19%	5.13%
Weighted-average discount rate - operating leases	4.89%	4.86%

The maturities of our leases were as follows:

<i>(Dollars in thousands)</i>	Operating leases	Finance leases
2020	\$ 22,780	\$ 54
2021	30,780	51
2022	30,806	42
2023	30,145	28
2024	28,357	—
Thereafter	153,958	—
Total lease payments	\$ 296,826	\$ 175
Less imputed interest	(69,412)	(13)
Total	\$ 227,414	\$ 162

As of March 31, 2020, we have additional operating leases, primarily for cinemas, that have not yet commenced operations of approximately \$36.0 million. It is anticipated that these operating leases will commence between fiscal year 2020 and fiscal year 2021 with lease terms of 15 to 20 years.

As Lessor

We have entered into various leases as a lessor for our owned real estate properties. These leases vary in length between 1 and 20 years, with certain leases containing options to extend at the behest of the applicable tenants. Lease components consist of fixed base rent, and for certain leases, variable lease payments consisting of contracted percentages of revenue, changes in the relevant CPI, and/or other contracted financial metrics. None of our leases grant any right to the tenant to purchase the underlying asset.

We recognize lease payments for operating leases as property revenue on a straight-line basis over the lease term. Lease incentive payments we make to lessees are amortized as a reduction in property revenue over the lease term.

Lease income relating to operating lease payments was as follows:

<i>(Dollars in thousands)</i>	Three Months Ended March 31,	
	2020	2019
Components of lease income		
Lease payments	\$ 2,237	\$ 2,229
Variable lease payments	263	265
Total lease income	\$ 2,500	\$ 2,494

The book value of underlying assets under operating leases from owned assets was as follows:

<i>(Dollars in thousands)</i>	March 31, 2020	December 31, 2019
Building and improvements		
Gross balance	\$ 59,694	\$ 67,766
Accumulated depreciation	(18,306)	(20,220)
Net Book Value	\$ 41,388	\$ 47,546

The Maturity of our leases were as follows:

<i>(Dollars in thousands)</i>	Operating leases
2020	\$ 6,197
2021	6,183
2022	5,474
2023	4,793
2024	3,846
Thereafter	5,351
Total	\$ 31,844

Note 18 – Hedge Accounting

As of March 31, 2020 and December 31, 2019, the Company held interest rate derivatives in the total notional amount of \$8.0 million and \$8.0 million, respectively.

The derivatives are recorded on the balance sheet at fair value and are included in the following line items:

<i>(Dollars in thousands)</i>	Liability Derivatives			
	March 31,		December 31,	
	2020		2019	
	Balance sheet location	Fair value	Balance sheet location	Fair value
Interest rate contracts	Derivative financial instruments - current portion	\$ 199	Derivative financial instruments - current portion	\$ 109
	Derivative financial instruments - non-current portion	358	Derivative financial instruments - non-current portion	233
Total derivatives designated as hedging instruments		\$ 557		\$ 342
Total derivatives		\$ 557		\$ 342

We have no derivatives designated as hedging instruments which are in asset positions.

The changes in fair value are recorded in Other Comprehensive Income and released into interest expense in the same period(s) in which the hedged transactions affect earnings. In the quarter ended to March 31, 2020 and March 31, 2019, respectively, the derivative instruments affected Comprehensive Income as follows:

<i>(Dollars in thousands)</i>	Location of Loss Recognized in Income on Derivatives	Amount of Loss Recognized in Income on Derivatives	
		Three Months Ended March 31, 2020	
		2020	2019
Interest rate contracts	Interest expense	\$ 29	\$ 12
Total		\$ 29	\$ 12

<i>(Dollars in thousands)</i>	Loss Recognized in OCI on Derivatives (Effective Portion)	
	Amount	
	Three Months Ended March 31	
	2020	2019
Interest rate contracts	\$ 243	\$ 81
Total	\$ 243	\$ 81

Line Item	Loss Reclassified from AOCI into Income (Effective Portion)	
	Amount	
	Three Months Ended March 31	
	2020	2019
Interest expense	\$ 29	\$ 12
Total	\$ 29	\$ 12

The derivative has no ineffective portion, and consequently no losses have been recognized directly in income.

Note 19 – Fair Value Measurements

ASC 820, *Fair Value Measurement* establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The statement requires that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

- Level 1: Quoted market prices in active markets for identical assets or liabilities;
- Level 2: Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets; and,

- Level 3: Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

As of March 31, 2020 and December 31, 2019 we had derivative financial liabilities carried and measured at fair value on a recurring basis of \$557,000 and \$342,000 respectively.

The following tables summarize our financial liabilities that are carried at cost and measured at fair value on a non-recurring basis as of March 31, 2020 and December 31, 2019, by level within the fair value hierarchy.

<i>(Dollars in thousands)</i>	Carrying Value ⁽¹⁾	Fair Value Measurement at March 31, 2020			Total
		Level 1	Level 2	Level 3	
Notes payable	\$ 231,883	\$ —	\$ —	\$ 228,695	\$ 228,695
Subordinated debt	31,117	—	—	21,913	21,913
	\$ 263,000	\$ —	\$ —	\$ 250,608	\$ 250,608

<i>(Dollars in thousands)</i>	Carrying Value ⁽¹⁾	Fair Value Measurement at December 31, 2019			Total
		Level 1	Level 2	Level 3	
Notes payable	\$ 177,942	\$ —	\$ —	\$ 181,916	\$ 181,916
Subordinated debt	31,276	—	—	22,132	22,132
	\$ 209,218	\$ —	\$ —	\$ 204,048	\$ 204,048

- (1) These balances are presented before any deduction for deferred financing costs.

Following is a description of the valuation methodologies used to estimate the fair value of our financial assets and liabilities. There have been no changes in the methodologies used at March 31, 2020 and December 31, 2019.

- **Level 1** investments in marketable securities primarily consist of investments associated with the ownership of marketable securities in U.S. and New Zealand. These investments are valued based on observable market quotes on the last trading date of the reporting period.
- **Level 2** derivative financial instruments are valued based on discounted cash flow models that incorporate observable inputs such as interest rates and yield curves from the derivative counterparties. The credit valuation adjustments associated with our non-performance risk and counterparty credit risk are incorporated in the fair value estimates of our derivatives. As of March 31, 2020 and December 31, 2019, we concluded that the credit valuation adjustments were not significant to the overall valuation of our derivatives.
- **Level 3** borrowings include our secured and unsecured notes payable, trust preferred securities and other debt instruments. The borrowings are valued based on discounted cash flow models that incorporate appropriate market discount rates. We calculated the market discount rate by obtaining period-end treasury rates for fixed-rate debt, or LIBOR for variable-rate debt, for maturities that correspond to the maturities of our debt, adding appropriate credit spreads derived from information obtained from third-party financial institutions. These credit spreads take into account factors such as our credit rate, debt maturity, types of borrowings, and the loan-to-value ratios of the debt.

The Company's financial instruments also include cash, cash equivalents, receivables and accounts payable. The carrying values of these financial instruments approximate the fair values due to their short maturities. Additionally, there were no transfers of assets and liabilities between levels 1, 2, or 3 during the quarter ended March 31, 2020 and March 31, 2019.

Note 20 – Business Combinations

Devonport, Tasmania, Australia

On January 30, 2019, we purchased the tenant’s interest and other operating assets of an established four-screen cinema in Devonport, Tasmania, Australia, for \$1.4 million (AU\$1.95 million). We commenced trading from this new cinema site on January 30, 2019.

The total purchase price was allocated to the identifiable assets acquired based on our estimates of their fair values on the acquisition date. The identified assets included fixtures and equipment and immaterial working capital balances. There were immaterial liabilities assumed.

Our final purchase price allocation is as follows:

(Dollars in thousands)	Preliminary Purchase Price Allocation ⁽¹⁾	Measurement Period Adjustments ⁽²⁾	Final Purchase Price Allocation ⁽¹⁾
Tangible Assets			
Operating property:			
Fixtures and equipment	\$ 153	\$ —	\$ 153
Intangible Assets			
Goodwill	1,248	(23)	1,225
<i>Total assets acquired</i>	<u>1,401</u>	<u>(23)</u>	<u>1,378</u>
Net assets acquired	\$ 1,401	\$ (23)	\$ 1,378

(1) The balances were translated into U.S. Dollars based on the applicable exchange rate as of the date of acquisition, January 30, 2019.

(2) The measurement period adjustments relate to finalization of immaterial employee obligations.

State Cinema Hobart, Tasmania, Australia

On December 3, 2019, we purchased the tenant’s interest and other operating assets of an established ten-screen cinema in Hobart, Tasmania, Australia, for \$6.2m (AU\$9.0m). We commenced trading from this new cinema site on December 5, 2019.

The Company finalized its purchase price allocation in the first quarter of 2020. The total purchase price was allocated to the identifiable assets acquired based on our estimates of their fair values on the acquisition date. The identified assets include fixtures and equipment, the State Cinema brand, inventory and immaterial working capital balances. The determination of the fair values of the acquired assets (and the related determination of their estimated lives where depreciation is permitted) requires significant judgment. There were immaterial liabilities assumed, including certain gift card obligations. Our final purchase price allocation is as follows:

(Dollars in thousands)	Preliminary Purchase Price Allocation ⁽¹⁾	Measurement Period Adjustments	Final Purchase Price Allocation ⁽¹⁾
Tangible Assets			
Operating property:			
Fixtures and equipment	\$ 481	(119)	\$ 362
Deferred tax	5	—	5
Current assets:			
Inventory	333	—	333
Intangible Assets			
Brand name	—	250	250
Liquor license	—	1	1
Goodwill	5,617	(132)	5,485
<i>Total assets acquired</i>	<u>6,436</u>	<u>—</u>	<u>6,436</u>
Liabilities			
Employee liabilities	(20)	—	(20)
Deferred revenue balances	(236)	—	(236)
<i>Total liabilities acquired</i>	<u>(256)</u>	<u>—</u>	<u>(256)</u>
Net assets acquired	<u>\$ 6,180</u>	<u>—</u>	<u>\$ 6,180</u>

(1) The balances were translated into U.S. Dollars based on the applicable exchange rate as of the date of acquisition, December 5, 2019.

Note 21 – Subsequent Events

Lender Waivers

As a result of the impact of COVID-19 on our business, we were in default of certain covenants under our principal credit facilities. See *Note 11 – Debt*, above. We have sought and received waivers with respect to such defaults. These waivers pertained to our \$55.0 million Bank of America Credit Facility, our \$5.0 million Bank of American Line of Credit, and AUS\$120.0 million Corporate Term loan with National Australia Bank. Copies of these waivers are attached as exhibits to our Report on 8K filed on June 2, 2020. Our remaining loans do not have covenants or default triggers that have been impacted by COVID-19.

Item 2 – Management’s Discussion and Analysis (“MD&A”) of Financial Condition and Results of Operations

Impact of COVID-19 Pandemic

Following increased reporting around the world in late February and early March 2020 about the spread of the novel coronavirus, COVID-19, the WHO declared a global pandemic on March 11, 2020. Since the date of this declaration, a number of nations around the world (including the United States, Australia and New Zealand), have ordered various states of self-isolation in order to slow the spread of the COVID-19 pandemic. These measures involved the closure of all businesses deemed ‘non-essential,’ and required that all ‘non-essential’ workers, and all members of the public, remain in their homes until further notice. These measures were widely expected to continue until the spread of the COVID-19 pandemic was considered contained.

Company Operations Temporarily Impacted by COVID-19

In late February 2020 and early March 2020, information about the spread of COVID-19 resulted in (i) the Company making various adjustments to its operating strategies and (ii) film distributors postponing the release of certain movies. During the last two weeks of March 2020, as a result of the COVID-19 pandemic, applicable local, state, and federal governments ordered cinemas and live theatres to temporarily close to help stop the spread of COVID-19.

The Company responded to these events as follows:

- i. In the United States, we implemented social distancing through seat count reduction and increased our cleaning and sanitization protocols at our cinemas from March 12-16, 2020.

In response to orders of local, state, and federal governments, (a) on March 15, 2020, we temporarily closed our Royal George Theatre in Chicago, (b) on March 17, 2020, we temporarily closed our live theatres in New York City and (c) between March 16 and March 17, 2020, we temporarily closed all our cinemas in United States.

- ii. In Australia, at our cinemas we implemented social distancing through seat count reductions and increased our cleaning and sanitization protocols starting on March 11, 2020, and, then, on March 22, 2020, we temporarily closed all our cinemas as a result of government orders.
- iii. In New Zealand, at our cinemas we implemented social distancing through seat count reductions and increased our cleaning and sanitization protocols starting on March 11, 2020, and, then, on March 23, 2020, we temporarily closed all our cinemas as a result of government orders.

With respect to our entertainment-themed centers (“ETCs”) in Australia, trading restrictions enforced by the local governments materially adversely impacted the trading ability of many of our third-party tenants. Despite the fact that many smaller tenants could not trade, most of our ETCs in Australia remained open, as our tenant portfolio includes tenants who operate “essential” businesses. In New Zealand, the tenants operating at Courtenay Central were required to close on March 26, 2020 as a result of the government’s lockdown.

Company Operations Begin Re-Opening

New Zealand’s government began easing orders requiring closure in late May 2020. As of May 27, 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). The remainder of our New Zealand cinema circuit re-opened on June 3, 2020, except for our Reading Cinemas at Courtenay Central, which is closed due to seismic concerns. Upon re-opening, we implemented a number of new safety measures based on guidance from health authorities and appropriate government agencies, including physical distancing practices and an increased focus on disinfecting and sanitation. As of June 8, 2020, governmentally imposed physical distancing requirements have been discontinued for all New Zealand cinemas, and we have liberalized our admission policies in some respect. While we believe a strong slate of films is now scheduled for release in the fall and winter of this year, as of May 27, 2020, no significant new film product has been released to the New Zealand market since our cinemas have re-opened. Not surprisingly, given this lack of new product, attendance has declined compared to the same period in 2019, even with the safety measures we have implemented. The first major film slated for release in New Zealand is *Trolls World Tour*, which is currently scheduled for release on July 1, 2020.

In Australia, commencing with six cinemas in Tasmania, South Australia, and Western Australia, we began a phased re-opening of our cinemas on June 10, 2020. On June 17, 2020, we re-opened four cinemas in Queensland and on June 21, 2020, we re-opened seven cinemas in Victoria. Our remaining six cinemas in New South Wales are scheduled to re-open on July 1, 2020. In Australia, we have also implemented a number of new safety protocols. As in New Zealand, no significant new film product has been released to the Australian market since our cinemas have re-opened and, like in New Zealand, our attendance has been light. As of today, the first major film slated for release in Australia is *Mulan* on July 22, 2020.

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. With the recent confirmation by Warner Bros. that Christopher Nolan's *Tenet* will open on July 31, 2020, we expect to begin our phased re-opening sometime in July 2020, assuming state and local governmental authority clearance and subject to applicable operating conditions. Like our circuits in New Zealand and Australia, we will re-open our cinemas with an elevated set of cleaning protocols and new operating strategies, including physical distancing through reduced seat counts.

Company Results Impacted by COVID-19

The repercussions of the COVID-19 pandemic resulted in a significant decrease in the Company's revenues and earnings in the first quarter of 2020. We believe that the early press reporting and our social distancing measures (in place prior to the temporary shutdowns) impacted our first quarter 2020 cinema attendance beginning in early March 2020. And, during the period in which our cinemas and theatres remain closed (when we effectively generate no revenue), we will continue to experience a significant decline in revenues and negative operating income.

Our real estate business has been less impacted by the COVID-19 pandemic 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. In the United States, we have received some rental revenue related to our live theatre business. However, while our real estate assets comprise a significant portion of our asset value, they have historically been responsible for only approximately 23% of our overall operating income.

The Company may continue to be significantly impacted by the COVID-19 pandemic even after some or all of our theaters are re-opened. The global economic impact of the COVID-19 pandemic has led to high levels of unemployment in our operating jurisdictions and may lead to lower consumer spending in the near term. Social distancing and increased cleaning protocols required by government orders needed to address consumer concerns may also delay our ability to produce financial results to pre-COVID-19 pandemic levels. Finally, in order to attract guests to our theaters, we need to offer them compelling movies that guests want to see in a cinema environment. While we have what we believe to be a strong slate of film through the end of 2020, no assurances can be given that the major studios will maintain current release schedules or as to the timeline for the development, production, and release of new films.

Counter balancing to some extent the challenges posed by the COVID-19 pandemic on a going forward basis, are what we believe to be the ongoing desire of people to enjoy entertainment outside of their homes. While no assurances can be given, we believe that, as our society re-opens, we will see cinemas once again return to their historic position as a principal source of outside the home entertainment, both in the U.S. and abroad. We have maintained key operating personnel in place and have worked out arrangements with substantially all of our landlords to maintain our leases while conserving cash. We are ready to expeditiously open our cinemas, when film becomes available and consumer demand returns.

BUSINESS OVERVIEW

We are an internationally diversified company principally focused on the development, ownership, and operation of entertainment and real estate assets in the United States, Australia, and New Zealand. Currently, we operate in two business segments:

- Cinema exhibition, through our 60 multiplex cinemas.
- Real estate, including real estate development and the rental of retail, commercial, and live theatre assets.

We believe that these two business segments complement one another, as we can use the comparatively consistent cash flows typically generated by our cinema operations to fund the front-end cash demands of our real estate development business.

Cinema Exhibition Overview

We operate our worldwide cinema exhibition businesses under various brands:

- in the U.S., under the Reading Cinemas, Angelika Film Centers, Consolidated Theatres, and City Cinemas brands.
- in Australia, under the Reading Cinemas, State Cinema, and the unconsolidated joint venture Event Cinemas brands.
- in New Zealand, under the Reading Cinemas and the unconsolidated joint ventures Rialto Cinemas brands.

Shown in the following table are the number of locations and screens in our theater circuit in each country, by state/territory/region, our cinema brands, and our interest in the underlying assets as of March 31, 2020.

Country	State / Territory / Region	Location Count	Screen Count	Interest in Asset Underlying the Cinema		Operating Brands
				Leased	Owned	
United States	Hawaii	9	98	9		Consolidated Theatres
	California	7	88	7		Reading Cinemas, Angelika Film Center
	New York	3	16	2	1	Angelika Film Center, City Cinemas
	Texas	2	13	2		Angelika Film Center
	New Jersey	1	12	1		Reading Cinemas
	Virginia	1	8	1		Angelika Film Center
	Washington, D.C.	1	3	1		Angelika Film Center
	U.S. Total		24	238	23	1
Australia	Victoria	7	51	7		Reading Cinemas
	New South Wales	6	44	4	2	Reading Cinemas
	Queensland	5	50	2	3	Reading Cinemas, Event Cinemas ⁽¹⁾
	Western Australia	2	16	1	1	Reading Cinemas
	South Australia	2	15	2		Reading Cinemas
	Tasmania	2	14	2		Reading Cinemas, State Cinema
Australia Total		24	190	18	6	
New Zealand	Wellington	3	18	2	1	Reading Cinemas
	Otago	3	15	2	1	Reading Cinemas, Rialto Cinemas ⁽²⁾
	Auckland	2	15	2		Reading Cinemas, Rialto Cinemas ⁽²⁾
	Canterbury	1	8	1		Reading Cinemas
	Southland	1	5		1	Reading Cinemas
	Bay of Plenty	1	5		1	Reading Cinemas
	Hawke's Bay	1	4		1	Reading Cinemas
New Zealand Total		12	70	7	5	
GRAND TOTAL		60	498	48	12	

(1) The Company has a 33.3% unincorporated joint venture interest in a 16-screen cinema located in Mt. Gravatt, Queensland managed by Event Cinemas.

(2) The Company is a 50% joint venture partner in two New Zealand Rialto Cinemas, with a total of 13-screens. We are responsible for the booking of these cinemas and our joint venture partner, Event Cinemas, manages their day-to-day operations.

Real Estate Overview

We engage in the real estate business through development and our ownership and rental or licensing to third parties of retail, commercial and live theatre assets. We own the fee interests in all of our live theatres, and in 12 of our cinemas (as presented in the preceding table). Our real estate business creates long-term value for our stockholders through the continuous improvement and development of our investment and operating properties, including our ETCs.

Our real estate activities have historically consisted principally of:

- the ownership of fee or long-term leasehold interests in properties used in our cinema exhibition activities or which were acquired for the development of cinemas or cinema-based real estate development projects;
- the acquisition of fee interests in land for general real estate development;
- the licensing to production companies of the use of our live theatres; and,
- the redevelopment of our existing fee-owned cinema or live theatre sites to their highest and best use.

Cinema Exhibition

Our cinema revenue consists primarily of admissions, Food & Beverage (“F&B”), advertising, gift cards, theater rentals, and online convenience fee revenue generated by the sale of our cinema tickets at the theater, on our own websites, and mobile apps. Cinema operating expense consists of the costs directly attributable to the operation of the cinemas, including film rent expense, operating costs, and occupancy costs. Cinema revenue and expense fluctuate with the availability of quality first run films and the numbers of weeks such first run films stay in the market. For a breakdown of our current cinema assets that we own and/or manage, please see Part I, Item 1 – *Our Business* of our 2019 Form 10-K.

While our capital projects in recent years have been focused in growing our real estate segment, we have also maintained our focus on improving and enhancing our cinema exhibition portfolio, as discussed below:

Cinema Additions and Enhancements

The latest additions and enhancements to our cinema portfolio are as follows:

- *Acquisition of a well-established Cinema in Devonport, Tasmania, Australia:* On January 30, 2019, we purchased the tenant’s interest and other operating assets of a well-established four-screen cinema in Devonport, Tasmania, Australia, for \$1.4 million (AU\$1.95 million). We commenced trading from this new cinema site on January 30, 2019.
- *Leased a Cinema space in Lower Hutt, adjacent to Wellington, New Zealand:* To mitigate the ongoing temporary closure of Reading Cinemas at Courtenay Central, we opened a three-screen cinema that trades as The Hutt Pop Up by Reading Cinemas in late June 2019.
- *Acquisition of a Dynamic Arthouse Cinema in Hobart, Tasmania, Australia:* On December 5, 2019, we acquired the iconic State Cinema for \$6.2 million (AU\$9.0 million). This leasehold interest features 10 screens, a roof top cinema and bar, a large café, and a bookstore.
- *Opened a new state-of-the-art six-screen Cinema in Melbourne, Australia:* On December 6, 2019, we opened a six-screen Reading Cinemas in the Burwood Brickworks shopping center offering a TITAN LUXE with Dolby Atmos immersive sound, enhanced food and beverage offerings, and full recliner seating in all auditoriums.
- *U.S. Refurbishments:* In 2018 and 2019, we continued to invest in the refurbishment and enhancements of our existing cinemas, as contemplated by our strategic plan. During this period, six locations had significant refurbishment work performed: our Cal Oaks and Rohnert Park locations in California, our Pearlridge, Mililani, and Kahala (work commenced in late 2019, but is currently suspended due to COVID-19 shutdown) locations in Hawaii, and our Manville location in New Jersey. Also, during this period, we converted (or are in the process of converting), 20 of our 238 U.S. auditoriums to luxury recliner seating.
- *AU and NZ Refurbishments:* In 2018 and 2019, we improved 14 theaters: Charlestown, Elizabeth, Auburn, Chirnside Park, Dandenong, Harbour Town, Maitland, Rhodes, Waurn Ponds, West Lakes, Courtenay Central, Napier, Rotorua, and The Palms.

Cinema Pipeline

In the first quarter of 2020, we continued with the renovation of our Consolidated Theatres at the Kahala Mall in Honolulu in the U.S., as well as work on our new Reading Cinemas at Altona, Jindalee, and Traralgon in Australia. These projects were halted due to the COVID-19 pandemic. We have deferred most upgrades into later periods and will strategically evaluate when and how to allocate our capital resources based on the status of the COVID-19 pandemic in various markets, how certain cinemas react to the ramp up of re-opening, and our overall evaluation of the Company’s liquidity.

We currently have four cinemas under agreements to lease in Australia. The COVID-19 pandemic will delay the anticipated launch dates for some of these projects.

Our focus with respect to new cinemas includes state-of-the-art projection and sound, luxury recliner seating, enhanced F&B (typically including alcohol service), and typically at least one major TITAN type presentation screen. Our focus is on providing best-in-class services and amenities that will differentiate us from in-home and mobile viewing options. We believe that a night at the movies should be a special and premium experience and, indeed, that it must be able to compete with the variety of options being offered to consumers through other platforms.

During 2020, we will also be focusing on the rollout and enhancement of our proprietary online ticketing capabilities and social media interfaces. These are intended to enhance the convenience of our offerings and to promote guest affinity with the experience and product that we are offering. We will also be focusing on post-COVID-19 technology improvements to facilitate improved social distancing and contactless experiences. Further, expanding our online capabilities, we anticipate launching limited F&B ordering online for our cinema circuits in the U.S., Australia, and New Zealand during the third quarter of 2020.

Cinema Closures

As of March 2020, all of our cinemas in the United States, Australia, and New Zealand were temporarily closed in accordance with the directions and recommendations of the relevant local, state, and federal authorities relating to the COVID-19 pandemic. As the COVID-19 pandemic outbreak has been largely contained in most areas in Australia and New Zealand, and the restrictions have since been lifted by local government authorities, we have re-opened some of our cinemas. As of June 3, 2020, we had re-opened our New Zealand circuit except for our Reading Cinemas at Courtenay Central (which continues to be closed due to seismic concerns). As of June 21, 2020, we had re-opened 17 of our cinemas in Australia and we anticipate welcoming our customers back to our six remaining cinemas in New South Wales on July 1, 2020. In the U.S., we currently anticipate re-opening our cinemas in July 2020. The precise date of re-opening has not yet been determined. As discussed above, our decision to re-open will be impacted by concerns such as film availability, customer demand, and various liability considerations, as well as state and local governmental authority clearance and applicable operating conditions.

In January 2019, we temporarily closed our Courtenay Central cinema in Wellington, New Zealand. This temporary closure is ongoing due to seismic concerns. It is unclear when the pending redevelopment and seismic upgrading of that facility will take place amidst the COVID-19 crisis.

During the second quarter of 2019, the Company's management agreement for the operation of the 86th Street Cinema in New York City terminated due to the expiration of the underlying lease. Additionally, during the third quarter of 2019, the leases underlying our historically profitable Paris Theatre and Beekman Theatre in New York City both expired. We were unable to obtain extensions or new leases for these cinemas on commercially reasonable terms.

In December 2019, we temporarily closed our Consolidated Theatres at the Kahala Mall in Honolulu for a top-to-bottom renovation, a closure that is currently ongoing. The renovation is not yet completed, and our construction has been halted by the measures imposed on us due to the COVID-19 pandemic until further notice. When re-opened, the theatre will feature recliner seating throughout along with a state-of-the-art kitchen and an elevated F&B menu.

Some of our theaters have encountered new competition, and we believe that others will benefit from planned refurbishment and upgrading, therefore, several of our leased theaters will be, based on our careful evaluation of our capital expenditure approaches and liquidity positions, slated for temporary closure for some period of time but not until after the COVID-19 pandemic restrictions are removed.

Upgrades to our Film Exhibition Technology and Theater Amenities

As previously discussed, we continue to focus on areas of the well-established cinema business where we believe we have growth potential and ultimately, provide long-term value to our stockholders. In order to meet our changing role in the entertainment industry, we have invested both in (i) the upgrading of our existing cinemas and (ii) developing new cinemas to provide our customers with premium offerings, including state-of-the-art presentation (including sound, lounges, and bar service) and luxury recliner seating. As of March 31, 2020, all of the upgrades to our theater circuits' film exhibition technology and amenities over the years are as summarized in the following table:

	Location Count	Screen Count
Screen Format		
Digital (all cinemas in our theater circuit)	60	498
IMAX	1	1
TITAN XC and LUXE	24	29
Dine-in Service		
Gold Lounge (AU/NZ) ⁽¹⁾	9	24
Premium (AU/NZ) ⁽²⁾	14	33
Spotlight (U.S.) ⁽³⁾	1	6
Upgraded Food & Beverage menu (U.S.)⁽⁴⁾	16	n/a
Premium Seating (recliner seating features)	26	161
Liquor Licenses (Selling)⁽⁵⁾	33	n/a

- (1) **Gold Lounge:** This is our "First Class Full Dine-in Service" in our Australian and New Zealand cinemas, which includes an upgraded F&B menu (with alcoholic beverages), luxury recliner seating features (intimate 25-50 seat cinemas) and waiter service.
- (2) **Premium Service:** This is our "Business Class Dine-in Service" in our Australian and New Zealand cinemas, which typically includes upgraded F&B menu (some with alcoholic beverages) and may include luxury recliner seating features (less intimate 80-seat cinemas), but no waiter service.
- (3) **Spotlight Service:** On March 30, 2018 we opened "Spotlight," our first dine-in cinema concept in the United States at Reading Cinemas in Murrieta, California. Six of our 17 auditoriums at this theater feature this dine-in concept.
- (4) **Upgraded Food & Beverage Menu:** 16 of our U.S. theaters feature an elevated F&B menu served from a common counter, which includes, without limitation, beer, wine and/or spirits, and a food menu beyond traditional concessions. We have worked with former Food Network executives to create a menu of locally inspired and freshly prepared items.
- (5) **Liquor Licenses:** Licenses are applicable at each cinema location, rather than each theater auditorium. For accounting purposes, we capitalize the cost of successfully purchasing or applying for liquor licenses meeting certain thresholds as an intangible asset due to long-term economic benefits derived on future sales of alcoholic beverages. As of March 31, 2020, we have seven pending applications for additional liquor licenses in the U.S.

Real Estate

As of March 31, 2020, our operating properties consisted of the following:

- Newmarket Village (Brisbane area, QLD), Cannon Park (Townsville, QLD), The Belmont Common (Perth area, WA) Auburn Redyard (Sydney area, NSW) and Courtenay Central (Wellington area, NZ);
- two single-auditorium live theatres in Manhattan (Minetta Lane and Orpheum) and a four-auditorium live theatre complex (including the accompanying ancillary retail and commercial tenants) in Chicago (The Royal George);
- our worldwide headquarters' building in Culver City, California and our Australia corporate office building in Melbourne, Australia; and,
- the ancillary retail and commercial tenants at some of our non-ETC cinema properties.

In late March of 2020, trading restrictions enforced by the government affected many of our tenants at our real estate properties, including Newmarket Village (Brisbane area, QLD), Cannon Park (Townsville, QLD), The Belmont Common (Perth area, WA) Auburn Redyard (Sydney area, NSW), and Courtenay Central (Wellington area, NZ), which remained open for trading through the COVID-19 crisis. These tenants represented a majority of the leased space at each of these centers prior to the COVID-19 pandemic.

In addition, we have various parcels of unimproved real estate held for development in Australia and New Zealand and certain unimproved land in the United States, including some that was used in our legacy activities.

Our key real estate transactions in recent years are as follows:

Strategic Acquisitions

- Purchase of Property in Auburn, Australia – On June 29, 2018, we added 20,870 square feet of land, improved with a 16,830 square foot office building, to our Auburn Redyard ETC. The property was acquired at auction for \$3.5 million (AU\$4.5 million) and is bordered by our existing ETC on three sides. The property is leased to Telstra through July 2022. This lease will allow us time to plan for the efficient integration of the property into our ETC. With this acquisition, Auburn Redyard now represents approximately 519,358 square feet of land, with approximately 1,641 feet of uninterrupted frontage to Parramatta Road, a major Sydney arterial motorway.
- Exercise of Option to Acquire Ground Lessee's interest in Ground Lease and Improvements Constituting the Village East Cinema – On August 28, 2019, we exercised our option to acquire the ground lessee's interest in the ground lease underlying and the real property assets constituting our Village East Cinema in Manhattan. The purchase price under the option is \$5.9 million. It is now anticipated that the transaction will close on or about May 31, 2021. On March 12, 2020, we amended the original agreement to (i) extend the term of the lease to January 31, 2022 and extend the put option to December 4, 2021 and (ii) at the request of Sutton Hill Capital L.L.C. ("SHC"), in connection with our deferral of the closing date for our acquisition of SHC's interest in the Village East Cinema, the Company reinstated and extended until December 4, 2021 SHC's right to put that interest to us. That put right had previously expired on December 4, 2019. We are advised by SHC that it wanted this reinstatement and extension in order to assure itself that, in the event of the non-performance by us of our current contractual obligation to close our purchase of the interest in the ground lease on or about the extended date of May 31, 2021, that it could (as, in effect, an additional remedy) exercise this reinstated and extended put right. As the transaction is a related party transaction, it was reviewed and approved by our Board's Audit and Conflicts Committee and supported by a third-party valuation, which showed substantial value in the option and, upon closing, will result in an annual rent savings of \$590,000.

Value-creating Opportunities

Most of our real estate business plans have been at best delayed if not postponed due to COVID-19. During these challenging times, the Company's strong real estate base may provide (i) increased financial security through the potential sale of certain non-core real estate assets or (ii) provide collateral for strategic re-financing, in each case to meet liquidity demands.

United States:

- Sepulveda Office Building (Culver City, U.S.) – 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 (wwpinc.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'Oréal, LVMH and Mary Kay. On the date of the lease, possession of the space was turned over to WWP, which is responsible for building out its space. On a straight-line basis, rent will commence during the second quarter of 2020, and we anticipate receiving rental income during the fourth quarter of 2020.
- 44 Union Square (New York City, U.S.) – Historically known as Tammany Hall, this building with approximately 73,113 square feet of net rentable area overlooks Manhattan's Union Square. During the COVID-19 pandemic, New York City shut down non-essential construction and business, including construction work at our site. However, the construction of the improvements necessary to obtain a core and shell temporary certificate of occupancy were substantially completed prior to the shutdown. We anticipate that the site will re-open later this month for construction activities, and that the core and shell temporary certificate of occupancy will be in place before the end of the summer.

While the Real Estate Board of New York prohibited leasing activity during the COVID-19 shutdown, our leasing team is ramping up their leasing efforts again. This building, with its first in the city dome, brings the future to New York's fabled past and was awarded in 2017 the AIA QUAD Design Honor Award, and the Architizer A+ Awards, Typology Winner, Commercial Award. It is one of a very limited number of "brandable" sites available for immediate lease in New York City. We believe 44 Union Square will be attractive to potential tenants interested in both (i) operating in New York City and (ii) seeking to have greater control over the size and design of their spaces in a post-COVID-19 environment. As a practical matter, the building has now reached a state of completion where the premises can be delivered immediately upon the execution of leases.

- Minetta Lane Theatre (New York City, U.S.) – We have completed an initial feasibility study regarding the potential redevelopment of this property. However, at the present time, our theatre is being used by Audible, a subsidiary of Amazon, to present plays featuring a limited cast of one or two characters and special live performance engagements, which it is recording and making available to the public through the Audible streaming service. Due to COVID-19, no shows have been presented since March 2020.

· Cinemas 1,2,3 Redevelopment (New York City, U.S.) – As previously disclosed, our endeavors to negotiate a joint development deal with our adjoining neighbors have not borne fruit. Given the closure of our two cinemas in New York City’s Upper East Side, we have determined to continue to operate this location as a cinema for at least the near term. We are pursuing a rezoning of this property so as to allow us to continue our cinema use as a part of any such redevelopment. However, all other redevelopment activity related to this location has been suspended, until we are able to develop a better understanding of the ongoing effects of COVID-19 on our assets and the market.

Australia:

· Expansion Project for our Newmarket Village located in an affluent suburb of Brisbane, Australia – In December 2017, we opened our eight-screen Reading Cinema, 10,064 square feet of additional retail space and 124 parking spaces. On November 30, 2015, we acquired a separate parcel adjacent to our tenant Coles supermarket. This property is currently improved with an office building, which is now fully leased. These leases have early development provisions allowing us to terminate these arrangements in connection with a redevelopment of the property. We intend to ultimately demolish this office building and to integrate this parcel into Newmarket Village. Newmarket Village is approximately 98% leased.

New Zealand:

· Manukau/Wiri Land Rezoning (Auckland, New Zealand) – During the first quarter of 2020, we progressed infrastructure plans related to our 64.0-acre property, which we successfully re-zoned from agricultural to light industrial uses, and to the remaining 6.4-acre property, zoned for heavy industrial use, each located in the highly sought after industrial market of Manukau/Wiri close to the Auckland Airport.

In June 2020, the Auckland Council granted to us and the adjoining landowner, subject to certain conditions, certain consents required to construct certain infrastructure needed to take advantage of the new light industrial zoning.

Notwithstanding that the Auckland Airport recently announced that the COVID-19 pandemic may lead to an indefinite suspension of certain expansion plans, including the “Park and Ride” facility near our property, we continue to view the industrial property sector as being one of the most resilient in the current economic climate. We believe that the work completed to date has contributed to the overall value of our land in Manukau/Wiri.

· Courtenay Central Redevelopment (Wellington, New Zealand) – Located in the heart of Wellington – New Zealand’s capital city – our Courtenay Central property covers 161,071 square feet of land situated proximate to (i) the Te Papa Tongarewa Museum (attracting over 1.5 million visitors annually), and (ii) across the street from the site of the future Wellington Convention and Exhibition Centre (wcec.co.nz), the capital’s first premium conference and exhibition space, which is due to be completed in 2022. Despite the COVID-19 pandemic, construction for this major public project has resumed and plans include the creation of a public concourse linking through to Wakefield Street, across the street from our Courtenay Central project.

As previously reported, damage from the 2016 Kaikoura earthquake necessitated demolition of our nine-story parking garage at the site, and unrelated seismic issues caused us to close major portions of the existing cinema and retail structure in early 2019. Prior to the COVID-19 pandemic, the real estate team had developed a comprehensive plan featuring a variety of uses to complement and build upon the “destination quality” of the Courtenay Central location. As the COVID-19 pandemic lock down in New Zealand has ended, our real estate team is re-engaging with the consultants and city representatives to review feasible redevelopment plans.

Corporate Matters

§ Stock Repurchase Program – Our Board approved a \$25.0 million repurchase program on March 2, 2017 and on March 14, 2019, extended the program through March 2, 2021. Under this authorization Reading may repurchase its Class A Non-Voting Common Stock from time to time in accordance with the requirements of the Securities and Exchange Commission on the open market, in block trades and in privately negotiated transactions, depending on market conditions and other factors. Through March 31, 2020, we have repurchased 1,792,819 shares of Class A Non-Voting Common Stock at an average price of \$13.39 per share (excluding transaction costs). Of these, 75,157 shares were purchased during the quarter ended March 31, 2020, at an average price of \$8.92 per share. On March 10, 2020, our Board of Directors authorized a \$25.0 million increase to our stock repurchase program, bringing our total authorized repurchase amount remaining to \$26.0 million, and extended the program to March 2, 2022.

Due to the COVID-19 pandemic and its impact on our overall liquidity, for the foreseeable future our stock repurchase program will likely take a lower capital allocation priority.

§ Board Compensation and Stock Options Committee – Our Compensation and Stock Options Committee, during the first quarter, determined to pay out no cash bonuses, with respect to 2019, to any Reading senior executives, including our CEO.

Our Financing Strategy

Prior to COVID-19, our treasury management was focused on concerted cash management using cash balances to reduce debt. We have used cash generated from operations and other excess cash, to the extent that no capital investments are made in accordance with our business plan, to pay down our loans and credit facilities. This has provided us with availability under our available loan facilities for future use and thereby, reduced interest charges. On a periodic basis, we review the maturities of our borrowing arrangements and negotiate for renewals and extensions where necessary in the current circumstances. 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 COVID-19 crisis.

In response to the COVID-19 pandemic, the closure of our theaters, and the trading restrictions placed on many of our real estate tenants at our entertainment themed shopping centers, we have fully drawn-down on all our available lines-of-credit to provide future liquidity.

On March 6, 2020, we (i) entered into an amendment for 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.

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 two-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%.

Prior to COVID-19, in March 2019, we amended our Revolving Corporate Markets Loan Facility with NAB from a facility comprised of (i) a AU\$66.5 million loan facility with an interest rate of 0.95% above the BBSY and a maturity date of June 30, 2019 and (ii) a bank guarantee of AU\$5.0 million at a rate of 1.90% per annum into (i) a AU\$120.0 million Corporate Loan facility at a rate of 0.85% - 1.3% above BBSY, depending on certain ratios, with a due date of December 31, 2023, of which AU\$80.0 million is revolving and AU\$40.0 million is core and (ii) a Bank Guarantee Facility of AU\$5.0 million at a rate of 1.85% per annum. Such debt modifications of this particular term loan were not considered to be substantial under U.S. GAAP.

On December 20, 2018, we restructured our Westpac Corporate Credit Facilities. The maturity of the 1st tranche (general/non-construction credit line) was extended to December 31, 2023, with the available facility being reduced from NZ\$35.0 million to NZ\$32.0 million. The facility bears an interest rate of 1.75% above the Bank Bill Bid Rate on the loan balance and a 1.1% line of credit charge on the full amount of the facility. The 2nd tranche (construction line) with a facility of NZ\$18.0 million matured on December 31, 2018 and was not renewed.

As of March 31, 2020, we have received bank covenant waivers from Bank of America for the first quarter of 2020, and from NAB for the second and third quarters of 2020. We did not require any other covenant waivers for the first quarter of 2020.

Due to the continuing uncertainties relating to the effects of COVID-19, it is uncertain whether we will continue to meet our covenant requirements for the 12 months beginning March 31, 2020. We anticipate continuing to receive covenant waivers from the relevant lenders, although these waivers are not in our control and no assurances can be given that we will receive such waivers. We are required by U.S. GAAP to classify the Bank of America and NAB debt as current liabilities.

Refer to our 2019 Form 10-K for more details on our cinema and real estate segments.

RESULTS OF OPERATIONS

The table below summarizes the results of operations for each of our principal business segments along with the non-segment information for the quarter ended March 31, 2020 and March 31, 2019, respectively:

<i>(Dollars in thousands)</i>	Three Months Ended		% Change Fav/ (Unfav)
	March 31, 2020	March 31, 2019	
SEGMENT RESULTS			
Revenue			
Cinema exhibition	\$ 46,310	\$ 57,927	(20) %
Real estate	4,602	5,431	(15) %
Inter-segment elimination	(1,684)	(1,866)	10 %
Total revenue	49,228	61,492	(20) %
Operating expense			
Cinema exhibition	(43,976)	(50,195)	12 %
Real estate	(2,760)	(2,445)	(13) %
Inter-segment elimination	1,684	1,866	10 %
Total operating expense	(45,052)	(50,774)	11 %
Depreciation and amortization			
Cinema exhibition	(3,778)	(4,157)	9 %
Real estate	(1,300)	(1,376)	6 %
Total depreciation and amortization	(5,078)	(5,533)	8 %
General and administrative expense			
Cinema exhibition	(1,210)	(992)	(22) %
Real estate	(355)	(451)	21 %
Total general and administrative expense	(1,565)	(1,443)	(8) %
Segment operating income			
Cinema exhibition	(2,654)	2,583	(>100) %
Real estate	187	1,159	(84) %
Total segment operating income	\$ (2,467)	\$ 3,742	(>100) %
NON-SEGMENT RESULTS			
Depreciation and amortization expense	(192)	(61)	(>100) %
General and administrative expense	(4,380)	(5,041)	13 %
Interest expense, net	(1,789)	(1,852)	3 %
Equity earnings of unconsolidated joint ventures	78	34	>100 %
Other income (expense)	(218)	(20)	(>100) %
Income before income taxes	(8,968)	(3,198)	(>100) %
Income tax benefit (expense)	3,013	1,057	>100 %
Net income (loss)	(5,955)	(2,141)	(>100) %
Less: net income (loss) attributable to noncontrolling interests	(80)	(16)	(>100) %
Net income (loss) attributable to RDI common stockholders	\$ (5,875)	\$ (2,125)	(>100) %
Basic earnings (loss) per share	\$ (0.27)	\$ (0.09)	(>100) %

Consolidated and Non-Segment Results:

First Quarter Results

For the three months ended March 31, 2020, net loss attributable to RDI common stockholders increased by \$3.8 million, to a loss of \$5.9 million, compared to the same period prior year. Basic Loss per Share ("LPS") for the three months ended March 31, 2020, increased by \$0.18, to a loss of \$0.27 compared to the three months ended March 31, 2019. These results are primarily attributable to COVID-19 which led to the temporary closures of our global cinemas in March of 2020. Prior to the cinema closures, however, seat occupancy was already being reduced to create social distancing and limit the spread of the virus for the health and safety of moviegoers, as well as our employees. In regard to our Real Estate Segment, many of our tenants at our centers were affected by trading restrictions enforced by the local governments in Australia and New Zealand, most of which remained open for trading through the COVID-19 crisis. While the COVID-19 pandemic impacted the operations of certain tenants at our Australian centers, due to the proactive approach of the Australian government, as of today, occupancy across our Australian centers is over 97%.

Revenue for the three months ended March 31, 2020 decreased by 20%, or \$12.3 million, to \$49.2 million compared to the same period prior year. Revenue decreased in the Cinema operating segment across all three countries primarily due to the temporary closure of our cinemas in the United States, Australia, and New Zealand as a result of COVID-19. In our Real Estate segment, revenue decreased primarily as a result of the temporary closure of our Live Theatres, the weakening foreign exchange rate of the Australian and New Zealand dollars, as well as the trading restrictions enforced by the local governments on our real estate operations in Australia and New Zealand in late March of 2020.

Non-Segment General & Administrative Expenses

For the three months ended March 31, 2020, non-segment general and administrative expense decreased by 13%, or \$0.7 million, to \$4.4 million compared to the three months ended March 31, 2019

Income Tax Benefit

Income tax benefit for the three months ended March 31, 2020, increased by \$2.0 million compared to the equivalent prior-year period. The change between 2020 and 2019 is primarily related to tax benefits from the carryback of the Company's 2019 net operating loss, as a result of the CARES Act, to 2015 and 2016 tax years where the federal tax rate was 35%, offset by an increase in valuation allowance in 2020.

Business Segment Results

As of March 31, 2020, we leased or owned and operated 60 cinemas with 498 screens, which includes our interests in certain unconsolidated joint ventures that total three cinemas with 29 screens. As of March 31, 2020, we also:

- expanded into Tasmania acquiring a four-screen cinema in Devonport in the first quarter of 2019 and a ten-screen cinema (the State Cinema) in Hobart in the fourth quarter of 2019;
- opened a three-screen pop-up in Lower Hutt located in the greater region of Wellington, New Zealand at the end of June 2019;
- ended our management agreement related to the 86th Street Cinema in New York City due to the expiration of the underlying lease and closed our profitable Paris and Beekman theatres in New York City due to lease expirations;
- launched our six-screen Reading Cinemas in Burwood, a suburb of Melbourne, Australia, in December 2019;
- owned and operated five ETCs located in Newmarket Village (a suburb of Brisbane), Belmont (a suburb of Perth), Auburn Redyard (a suburb of Sydney) and Cannon Park (in Townsville) in Australia, and Courtenay Central (in Wellington) in New Zealand;
- owned and operated our headquarters' office buildings in Culver City (an emerging high-tech and communications hub in Los Angeles County) and Melbourne, Australia;
- owned and operated the fee interests in three developed commercial properties in Manhattan and Chicago improved with live theatres comprising six stages and ancillary retail and commercial space;
- owned a 75% managing member interest in a limited liability company which in turn owns the fee interest in Cinemas 1,2,3;
- owned our Union Square development property with approximately 73,113 square feet of net leasable area comprised of retail and office space, currently in the leasing phase;
- held for development approximately 70.4-acres of developable industrial land located next to the Auckland Airport in New Zealand;
- owned a 50% managing member interest in a limited liability company, which in turn owns a 202-acre property in Coachella, California that is zoned approximately 150-acres for single-family residential use (maximum 550 homes) and approximately 50-acres for high density mixed use in the U.S., that is held for development, and;
- owned 197-acres principally in Pennsylvania from our legacy railroad business, including the Reading Viaduct in downtown Philadelphia.

Our Company transacts business in Australia and New Zealand and is subject to risks associated with fluctuations in foreign currency exchange rates. During the quarter, compared to the same period prior year, the Australian dollar and New Zealand dollar weakened against the U.S. dollar by 7.7% and 6.8%, respectively.

Cinema Exhibition

The following table details our cinema exhibition segment operating results for the quarter ended March 31, 2020 and March 31, 2019, respectively:

		Three Months Ended					
		March 31, 2020		March 31, 2019		% Change Fav/(Unfav)	
			% of Revenue		% of Revenue		
<i>(Dollars in thousands)</i>							
REVENUE							
United States	Admissions revenue	\$ 13,914	30%	\$ 19,913	34%	(30)%	
	Food & beverage revenue	6,964	15%	9,517	16%	(27)%	
	Advertising and other revenue	2,429	5%	2,545	5%	(5)%	
		<u>\$ 23,307</u>	<u>50%</u>	<u>\$ 31,975</u>	<u>55%</u>	<u>(27)%</u>	
Australia	Admissions revenue	\$ 12,510	27%	\$ 14,037	24%	(11)%	
	Food & beverage revenue	5,611	12%	6,061	11%	(7)%	
	Advertising and other revenue	1,466	4%	1,343	2%	9%	
		<u>\$ 19,587</u>	<u>43%</u>	<u>\$ 21,441</u>	<u>37%</u>	<u>(9)%</u>	
New Zealand	Admissions revenue	\$ 2,265	5%	\$ 2,991	5%	(24)%	
	Food & beverage revenue	983	2%	1,309	2%	(25)%	
	Advertising and other revenue	168	0%	212	1%	(21)%	
		<u>\$ 3,416</u>	<u>7%</u>	<u>\$ 4,512</u>	<u>8%</u>	<u>(24)%</u>	
	Total revenue	<u>\$ 46,310</u>	<u>100%</u>	<u>\$ 57,928</u>	<u>100%</u>	<u>(20)%</u>	
OPERATING EXPENSE							
United States	Film rent and advertising cost	\$ (7,258)	16%	\$ (10,127)	17%	28%	
	Food & beverage cost	(1,820)	4%	(2,322)	4%	22%	
	Occupancy expense	(6,585)	14%	(6,945)	12%	5%	
	Other operating expense	(9,242)	20%	(10,174)	18%	9%	
		<u>\$ (24,905)</u>	<u>54%</u>	<u>\$ (29,568)</u>	<u>51%</u>	<u>16%</u>	
Australia	Film rent and advertising cost	\$ (5,464)	12%	\$ (6,279)	11%	13%	
	Food & beverage cost	(1,155)	2%	(1,115)	2%	(4)%	
	Occupancy expense	(3,888)	8%	(3,962)	7%	2%	
	Other operating expense	(5,387)	12%	(5,415)	9%	1%	
		<u>\$ (15,894)</u>	<u>34%</u>	<u>\$ (16,771)</u>	<u>29%</u>	<u>5%</u>	
New Zealand	Film rent and advertising cost	\$ (1,055)	2%	\$ (1,336)	2%	21%	
	Food & beverage cost	(195)	0%	(292)	1%	33%	
	Occupancy expense	(819)	2%	(803)	1%	(2)%	
	Other operating expense	(1,107)	3%	(1,425)	3%	22%	
		<u>\$ (3,176)</u>	<u>7%</u>	<u>\$ (3,856)</u>	<u>7%</u>	<u>18%</u>	
	Total operating expense	<u>\$ (43,975)</u>	<u>95%</u>	<u>\$ (50,195)</u>	<u>87%</u>	<u>12%</u>	
DEPRECIATION, AMORTIZATION, GENERAL AND ADMINISTRATIVE EXPENSE							
United States	Depreciation and amortization	\$ (2,020)	4%	\$ (2,626)	4%	23%	
	General and administrative expense	(869)	2%	(604)	1%	(44)%	
		<u>\$ (2,889)</u>	<u>6%</u>	<u>\$ (3,230)</u>	<u>5%</u>	<u>11%</u>	
Australia	Depreciation and amortization	\$ (1,393)	3%	\$ (1,181)	2%	(18)%	
	General and administrative expense	(370)	1%	(387)	1%	4%	
		<u>\$ (1,763)</u>	<u>4%</u>	<u>\$ (1,568)</u>	<u>3%</u>	<u>(12)%</u>	
New Zealand	Depreciation and amortization	\$ (366)	1%	\$ (350)	1%	(5)%	
	General and administrative expense	29	(0)%	(1)	0%	>100%	
		<u>\$ (337)</u>	<u>1%</u>	<u>\$ (351)</u>	<u>1%</u>	<u>4%</u>	
	Total depreciation, amortization, general and administrative expense	<u>\$ (4,989)</u>	<u>11%</u>	<u>\$ (5,149)</u>	<u>9%</u>	<u>3%</u>	
OPERATING INCOME (LOSS) – CINEMA							
United States		\$ (4,487)	(10)%	\$ (823)	(1)%	(>100)%	
Australia		1,930	4%	3,102	5%	(38)%	
New Zealand		(97)	(0)%	305	(0)%	(>100)%	
	Total Cinema operating income (loss)	<u>\$ (2,654)</u>	<u>(6)%</u>	<u>\$ 2,584</u>	<u>4%</u>	<u>(>100)%</u>	

First Quarter Results

Cinema Segment operating income

Cinema segment operating income for the first quarter 2020 decreased by \$5.2 million, to a loss of \$2.7 million when compared to the same period in 2019. This decrease is primarily due to (i) the increased press reports in February 2020 and March 2020 about COVID-19, (ii) reduced seating occupancy as a result of social distancing measures, and (iii) the temporary closure of our cinemas, which all led to a significant attendance drop in March 2020.

Revenue

Cinema revenue decreased by 20%, or \$11.6 million, to \$46.3 million for the first quarter 2020 compared to the first quarter 2019.

Below are the changes in our cinema revenue by market:

- U.S. cinema revenue decreased by 27%, or \$8.7 million, to \$23.3 million for the first quarter, primarily due to a 32% decrease in attendance (significantly due to the temporary closures of our U.S. Cinemas as a result of the COVID-19 pandemic); offset by a 7% increase in Spend per Patron (“SPP”) and a 2% increase in Average Ticket Price (“ATP”). These decreases were significantly due to the temporary closures of our U.S. Cinemas as a result of the COVID-19 pandemic, the temporary closure of our Consolidated Theatre at the Kahala Mall in Honolulu since December of 2019 for renovations, and the closures of our Paris and Beekman theatres.
- Australia cinema revenue decreased by 9%, or \$1.9 million, to \$19.6 million for the first quarter, primarily due to a 14% decrease in attendance; offset by an 8% increase in SPP and a 4% increase in ATP. These decreases were significantly due to the temporary closures of our cinemas in Australia as a result of the COVID-19 pandemic and the decline in the value of the Australian dollar.
- New Zealand cinema revenue decreased by 24%, or \$1.1 million, to \$3.4 million for the first quarter, primarily due to a 25% decrease in attendance; offset by a 1% increase in ATP, while SPP stayed relatively flat. These decreases were significantly due to the temporary closures of our cinemas in New Zealand as a result of the COVID-19 pandemic and the decline in the value of the New Zealand dollar.

Operating expense

Operating expense for the first quarter 2020 decreased by 12%, or \$6.2 million, to \$44.0 million, primarily attributable to social distancing measures and, eventually, the temporary closures of our cinemas as a result of the COVID-19 pandemic, which ultimately led to employee terminations in late March resulting in a reduction in labor costs.

Operating expense as a percentage of gross revenue has increased by 8% percentage points, to 95% for the first quarter 2020, compared to 87% in the same period in 2019, due to the lower than anticipated revenue in our box office and the fact that certain of our occupancy costs are generally fixed and cannot be adjusted to reflect such lower admission levels.

Depreciation, amortization, general and administrative expense

Depreciation, amortization, general and administrative expense for the first quarter 2020 decreased by 3%, or \$0.2 million, to \$5.0 million, compared to the same period in 2019. This decrease is attributable to a reduction in depreciation expense for our U.S. cinemas digital projector lease, which has been substantially depreciated by the end of 2019 and a decrease in legal fees. Total depreciation, amortization, general and administrative expense were partially reduced by the foreign exchange movements in Australia and New Zealand.

Real Estate

The following table details our real estate segment operating results for the first quarter ended March 31, 2020 and 2019, respectively:

		Three Months Ended					
		March 31, 2020		March 31, 2019		% Change Fav/(Unfav)	
(Dollars in thousands)			% of Revenue		% of Revenue		
REVENUE							
United States	Live theatre rental and ancillary income	\$ 574	12%	\$ 936	17%	(39)%	
	Property rental income	51	1%	52	1%	(2)%	
		625	13%	988	18%	(37)%	
Australia	Property rental income	3,579	78%	3,916	72%	(9)%	
New Zealand	Property rental income	398	9%	527	10%	(24)%	
	Total revenue	\$ 4,602	100%	\$ 5,431	100%	(15)%	
OPERATING EXPENSE							
United States	Live theatre cost	\$ (342)	7%	\$ (298)	5%	(15)%	
	Property cost	(622)	14%	(158)	3%	(>100)%	
	Occupancy expense	(159)	3%	(151)	3%	(5)%	
		(1,123)	24%	(607)	11%	(85)%	
Australia	Property cost	(651)	14%	(701)	13%	7%	
	Occupancy expense	(584)	13%	(692)	13%	16%	
		(1,235)	27%	(1,393)	26%	11%	
New Zealand	Property cost	(299)	7%	(298)	5%	-%	
	Occupancy expense	(103)	2%	(147)	3%	30%	
		(402)	9%	(445)	8%	10%	
	Total operating expense	\$ (2,760)	60%	\$ (2,445)	45%	(13)%	
DEPRECIATION, AMORTIZATION, GENERAL AND ADMINISTRATIVE EXPENSE							
United States	Depreciation and amortization	\$ (203)	4%	\$ (195)	4%	(4)%	
	General and administrative expense	(191)	4%	(159)	3%	(20)%	
		(394)	8%	(354)	7%	(11)%	
Australia	Depreciation and amortization	\$ (863)	19%	\$ (926)	17%	7%	
	General and administrative expense	(168)	4%	(292)	5%	42%	
		(1,031)	23%	(1,218)	22%	15%	
New Zealand	Depreciation and amortization	(234)	5%	(256)	5%	9%	
	General and administrative expense	4	(0)%	—	0%	-%	
		(230)	5%	(256)	5%	10%	
	Total depreciation, amortization, general and administrative expense	\$ (1,655)	36%	\$ (1,828)	34%	9%	
OPERATING INCOME (LOSS) - REAL ESTATE							
United States		\$ (892)	(19)%	\$ 27	0%	(>100)%	
Australia		1,313	28%	1,305	24%	1%	
New Zealand		(234)	(5)%	(174)	(3)%	(34)%	
	Total real estate operating income (loss)	\$ 187	4%	\$ 1,158	21%	(84)%	

First Quarter Results

Real Estate Segment income

Real estate segment operating income decreased by 84%, or \$1.0 million, to \$0.2 million for the first quarter ended March 31, 2020, compared to the same period in 2019, attributable to a decrease in rental and ancillary income in our Live Theatre business unit in the U.S. offset by a decrease in operating expenses in Australia and New Zealand. Real Estate segment operating income has also been negatively impacted by social distancing measures related to the COVID-19 pandemic. In addition to that, a weakening foreign currency exchange rate also contributed to the decline in operating income.

Revenue

Real estate revenue for the first quarter ended March 31, 2020 decreased by 15%, or \$0.8 million, to \$4.6 million, primarily due to lower Live Theatre attendance in late February through mid-March of 2020 followed by the temporary closure of our Live Theatres, further impacted by the unfavorable foreign currency movements in both Australia and New Zealand.

Operating expense

Operating expense for the first quarter ended March 31, 2020 increased by 13%, or \$0.3 million, to \$2.8 million, due to an increase in legal fees in the U.S. segment.

Depreciation, amortization, general and administrative expense

Depreciation, amortization, general and administrative expense for the first quarter ended March 31, 2020 decreased by 9%, or \$0.2 million, to \$1.7 million, primarily driven by general and administrative expense reductions in Australia, while depreciation remained relatively flat.

LIQUIDITY AND CAPITAL RESOURCES

In the first quarter of 2020, in response to uncertainties associated with the outbreak of the COVID-19 pandemic and its impact on the Company's business, management drew down the remaining unrestricted available borrowing capacity resulting in total outstanding borrowings of \$263.0 million at March 31, 2020.

The coronavirus outbreak has clearly affected the United States, Australia, and New Zealand. Outbreaks of COVID-19 have caused cinemas and other public assembly venues to close in certain parts of the world. To comply with the rules, guidelines, and recommendations set forth by local, state, and federal government authorities in the United States, Australia, and New Zealand, we temporarily closed all of our cinemas in March of 2020. Certain major studios have announced the delayed release of major motion pictures to resume in July 2020. The delayed releases of major motion pictures, assuming the effects of the COVID-19 pandemic are surmounted, will push revenues into later quarters, thereby potentially reducing our full year revenues, and may accelerate our decisions to consider more permanent reductions of operational levels at our cinemas. By July of 2020, we anticipate that all of our cinemas worldwide will be re-opened with the exception of the ongoing temporary closure of Reading Cinemas in Courtenay Central due to seismic concerns, assuming state and local governmental authority clearance and subject to applicable operating conditions.

With respect to the re-opening of our venues following governmental directives to temporarily close due to the COVID-19 pandemic, we have developed an extensive set of new protocols to protect the health and well-being of our employees. For instance in Australia and New Zealand, such employee protocols, include, without limitation, (i) creating work spaces that take into account social distancing requirements and recommendations, (ii) the installation of plexiglass shields at concession and ticket stations, (iii) the reduction of areas where cash can be accepted, and (iv) new policies and procedures with respect to employee sick leave. In the United States, we are developing substantially similar protocols for the employees at our cinemas and live theaters. In the United States, the Company will require upon re-opening the cinemas and live theaters, that employees wear masks during their shifts. Additionally, in Australia and New Zealand, the Company has complied with all governmentally mandated contact tracing requirements.

With respect to our home office employees, the Company is similarly developing a new set of protocols for implementation in the office environment. As of June 25, 2020, the home offices in Culver City, CA, New York City, NY, Wellington, New Zealand and Melbourne, Australia have not been officially re-opened. The home office executives and employees continue to work from home.

The COVID-19 pandemic has reduced our liquidity and, as such, our management has postponed, or reprioritized capital expenditures based on assessments of conditions and liquidity requirements during this time. Due to the continuing uncertainties relating to the effects of COVID-19, it is uncertain whether we will continue to meet our covenant requirements for the 12 months beginning March 31, 2020. We anticipate continuing to receive covenant waivers from the relevant lenders, although these waivers are not in our control and no assurances can be given that we will receive such waivers. We are required by U.S. GAAP to classify the Bank of America and NAB debt as current liabilities.

The Credit Facilities require that the Company maintain certain bank covenants. The longer the COVID-19 pandemic and associated protective measures persist, the more likely it becomes, in the absence of other actions by the Company, that it will be unable to maintain compliance with its covenants. In such an event, however, the Company expects to be able to obtain an amendment or waiver from its lenders, such as was obtained in the first quarter.

Prior to the COVID-19 pandemic, our cinema exhibition business plan had been to enhance our current cinemas where it was financially reasonable to do so; develop our specialty cinemas in select markets; expand our F&B offering, and continue on an opportunistic basis, to identify, develop, and acquire cinema properties that allow us to leverage our cinema expertise over a larger operating base. This continues to be our plan once we are able to re-open.

We continue to advance most of our real estate initiatives as these are, generally speaking, still in the planning stage and, as a result, less impacted than projects in their construction phase. We, fortunately, have only one project in a construction phase – the redevelopment of our 44 Union Square property – but even that project is substantially complete. It is more correctly, in the lease up phase. As “stay at home” restrictions in Manhattan loosened, we are seeing renewed tenant activity with respect to that project.

Our pre-COVID-19 business plan was to reassess and master-plan our Cinemas 1,2,3 property for redevelopment as a stand-alone 96,000 square foot mixed use property and in the interim to continue to use it as a cinema; to continue the build-out of our Newmarket Village and Auburn ETCs in Australia; to master-plan and consider the redevelopment of our Courtenay Central site in New Zealand into an urban entertainment center with a focus on cinema exhibition, food and beverage, and grocery store uses; in Manukau/Wiri, New Zealand, to develop in concert with other major landowners, our plans for the development of the infrastructure needed to support the construction of income-producing light industrial improvements; and to continue to be sensitive to opportunities to convert our entertainment assets to higher and better uses, or, where appropriate, to dispose of such assets. Currently, we have determined to postpone further consideration of any redevelopment of our Cinemas 1,2,3 property until we better understand the impact of the COVID-19 pandemic on our assets and the market. However, we continue to advance the planning of our remaining projects. We continued to explore potential synergistic acquisitions that may or may not readily fall into either our cinema or real estate segments.

The success of our Company is dependent on our ability to execute these business plans effectively through our available resources (both cash and available borrowing facilities) while still timely addressing our liquidity risk. Liquidity risk is the risk relating to our ability to meet our financial obligations when they come due. Prior to the COVID-19 pandemic, our financial obligations arise mainly from capital expenditure needs, working capital requirements, and debt servicing requirements. We manage the liquidity risk by ensuring our ability to generate sufficient cash flows from operating activities and to obtain adequate, reasonable financing or extension of maturity dates under reasonable arrangements, and/or to convert non-performing or non-strategic assets into cash.

At March 31, 2020, our consolidated cash and cash equivalents totaled \$54.9 million. Of this amount, \$26.1 million, \$15.1 million, and \$13.7 million were held by our U.S., Australian, and New Zealand operations, respectively. Due to the impact of COVID-19, we do not intend to indefinitely reinvest offshore any earnings derived from our Australian and New Zealand operations.

The changes in cash and cash equivalents for the first quarter ended March 31, 2020 and 2019 are discussed as follows:

<i>(Dollars in thousands)</i>	Three Months Ended		% Change
	March 31,		
	2020	2019	
Net cash provided by (used in) operating activities	\$ (8,672)	\$ (3,842)	(>100) %
Net cash provided by (used in) investing activities	(9,804)	(12,613)	22 %
Net cash provided by (used in) financing activities	60,905	15,918	>100 %
Effect of exchange rate changes on cash and cash equivalents	329	57	>100 %
Increase (decrease) in cash and cash equivalents	<u>\$ 42,758</u>	<u>\$ (480)</u>	>100 %

Operating activities

Cash used in operating activities for the first quarter ended March 31, 2020 increased by \$4.8 million, to net cash used of \$8.7 million primarily driven by \$3.6 million lower cash inflows from operating activities as well as a \$1.3 million decrease in net operating assets.

Investing activities

Cash used in investing activities during the first quarter ended March 31, 2020 decreased by \$2.8 million compared to the same period in 2019, to net cash used of \$9.8 million, primarily due to a decrease in our cinema refurbishment activities compared to the same period in 2019.

Financing activities

The \$60.9 million net cash provided by financing activities during the first quarter ended March 31, 2020 was primarily related to \$84.6 million of new borrowings, offset by \$22.7 million of loan repayments. Proceeds from these new borrowings will be primarily used towards working capital provided for ongoing operations in the U.S., Australia, and New Zealand during the COVID-19 pandemic.

On March 10, 2020, the Board increased the stock repurchase program capacity by \$25.0 million and extended it to March 2, 2022. At March 31, 2020, there was \$26.0 million of capacity remaining in that authorization. During the first quarter 2020, we repurchased 75,157 shares of our Class A Non-Voting Common Stock, at an average price of \$8.92. In view of the need to garner our financial resources, for the foreseeable future our stock repurchase program will likely take a lower capital allocation priority.

We will continue to manage our cash, investments, and capital structure so that we are able to meet the short-term and long-term obligations of our business, while maintaining financial flexibility and liquidity. We forecast, analyze, and monitor our cash flows to enable investment and financing within the overall constraints of our financial strategy. In recent years, our treasury management has been focused on more aggressive cash management using cash balances to reduce debt. As a result of the COVID-19 pandemic, this focus has been temporarily suspended and as shown on our balance sheet, we have and will continue to endeavor to maintain, as in earlier years, significant cash balances in our bank accounts. Prior to the COVID-19 pandemic, we have used cash generated from operations and other excess cash, to the extent not needed for any capital investment, to pay down our loans and credit facilities providing us some flexibility on our available loan facilities for future use and thereby, reducing interest charges. As a part of our COVID-19 planning, we have determined to maintain significant cash balances, and have accordingly fully drawn on our various bank lines.

The table below presents the changes in our total available resources (cash and borrowings), debt-to-equity ratio, working capital, and other relevant information addressing our liquidity for the first quarter ended March 31, 2020 and preceding four years:

(\$ in thousands)	As of and for the 3-Months Ended		Year Ended December 31			
	March 31, 2020	2019	2018 ⁽¹⁾	2017 ⁽²⁾⁽³⁾	2016 ⁽²⁾	
Total Resources (cash and borrowings)						
Cash and cash equivalents (unrestricted)	\$ 54,893	\$ 12,135	\$ 13,127	\$ 13,668	\$ 19,017	
Unused borrowing facility	13,053	73,920	85,886	137,231	117,599	
Restricted for capital projects ⁽¹⁾	13,053	13,952	30,318	62,280	62,024	
Unrestricted capacity	—	59,968	55,568	74,951	55,575	
Total resources at period end	67,946	86,055	99,013	150,899	136,616	
Total unrestricted resources at period end	54,893	72,103	68,695	88,619	74,592	
Debt-to-Equity Ratio						
Total contractual facility	\$ 276,053	\$ 283,138	\$ 252,929	\$ 271,732	\$ 266,134	
Total debt (gross of deferred financing costs)	263,000	209,218	167,043	134,501	148,535	
Current	171,426	37,380	30,393	8,109	567	
Non-current	91,574	171,838	136,650	126,392	147,968	
Finance lease liabilities	162	209	—	—	—	
Total book equity	117,400	139,616	179,979	181,382	146,890	
Debt-to-equity ratio	2.24	1.50	0.93	0.74	1.01	
Changes in Working Capital						
Working capital (deficit) ⁽⁴⁾	\$ (163,715)	\$ (84,138)	\$ (56,047)	\$ (47,294)	\$ 6,655	
Current ratio	0.30	0.24	0.35	0.41	1.10	
Capital Expenditures (including acquisitions)	\$ 9,804	\$ 47,722	\$ 56,827	\$ 76,708	\$ 49,166	

- (1) This relates to the construction facilities specifically negotiated for: (i) 44 Union Square redevelopment project, obtained in December 2016, and (ii) New Zealand construction projects, obtained in May 2015. The New Zealand construction loan expired December 31, 2018.
- (2) Certain 2017 and 2016 balances included the restatement impact as a result of a prior period financial statement correction of immaterial errors (see Note 2 – Summary of Significant Accounting Policies – Prior Period Financial Statement Correction of Immaterial Errors).
- (3) See Note 2 – Summary Accounting Policies – Prior Period Financial Statements Correction of Immaterial Errors of the 2019 Form 10-K for the prior period adjustments for accounting for accrued sale tax deemed not material.
- (4) Typically, our working capital is reported as a deficit, as we receive revenue from our cinema business ahead of the time that we have to pay our associated liabilities. We use the money we receive to pay down our borrowings in the first instance

CONTRACTUAL OBLIGATIONS, COMMITMENTS AND CONTINGENCIES

The following table provides information with respect to the maturities and scheduled principal repayments of our recorded contractual obligations and certain of our commitments and contingencies, either recorded or off-balance sheet, as of March 31, 2020:

(Dollars in thousands)	2020	2021	2022	2023	2024	Thereafter	Total
Debt ⁽¹⁾	\$ 37,554	\$ 846	\$ 24,260	\$ 161,019	\$ 293	\$ 7,911	\$ 231,883
Operating leases, including imputed interest	22,780	30,780	30,806	30,145	28,357	153,957	296,825
Finance leases, including imputed interest	54	51	42	28	—	—	175
Subordinated debt ⁽¹⁾	485	676	711	747	585	27,913	31,117
Pension liability	513	684	684	684	684	1,801	5,050
Estimated interest on debt ⁽²⁾	7,713	7,709	7,573	5,565	1,966	4,678	35,204
Village East purchase option ⁽³⁾	—	5,900	—	—	—	—	5,900
Total	\$ 69,099	\$ 46,646	\$ 64,076	\$ 198,188	\$ 31,885	\$ 196,260	\$ 606,154

- (1) Information is presented gross of deferred financing costs.
- (2) Estimated interest on debt is based on the anticipated loan balances for future periods and current applicable interest rates.
- (3) Represents the lease liability of the option associated with the ground lease purchase of the Village East Cinema.

Refer to Note 14 – Commitments and Contingencies for additional information.

Litigation

We are currently involved in certain legal proceedings and, as required, have accrued estimates of probable and estimable losses for the resolution of these claims.

Where we are the plaintiffs, we expense all legal fees on an ongoing basis and make no provision for any potential settlement amounts until received. In Australia, the prevailing party is usually entitled to recover its attorneys' fees, which recoveries typically work out to be approximately 60% of the amounts actually spent where first-class legal counsel is engaged at customary rates. Where we are a plaintiff, we have likewise made no provision for the liability for the defendant's attorneys' fees in the event we are determined not to be the prevailing party.

Where we are the defendants, we accrue for probable damages that insurance may not cover as they become known and can be reasonably estimated. In our opinion, any claims and litigation in which we are currently involved are not reasonably likely to have a material adverse effect on our business, results of operations, financial position, or liquidity. It is possible, however, that future results of the operations for any particular quarterly or annual period could be materially affected by the ultimate outcome of the legal proceedings.

Please refer to *Item 3 – Legal Proceedings* in our 2019 Form 10-K for more information. There have been no material changes to our litigation since our 2019 Form 10-K, except as set forth in *Note 14 – Commitments and Contingencies* in the accompanying consolidated financial statements included in this Form 10-Q.

Off-Balance Sheet Arrangements

See *Note 14 – Commitments and Contingencies* to the Consolidated Financial Statements included herein on this report, there are no off-balance sheet arrangements or obligations (including contingent obligations) that have, or are reasonably likely to have, a current or future material effect on our financial condition, changes in the financial condition, revenue or expense, results of operations, liquidity, capital expenditures or capital resources.

CRITICAL ACCOUNTING POLICIES

We believe that the application of the following accounting policies requires significant judgments and estimates in the preparation of our Consolidated Financial Statements and hence, are critical to our business operations and the understanding of our financial results:

(i) Impairment of Long-lived Assets (other than Goodwill and Intangible Assets with indefinite lives) – we evaluate our long-lived assets and finite-lived intangible assets using historical and projected data of cash flows as our primary indicator of potential impairment and we take into consideration the seasonality of our business. If the sum of the estimated, undiscounted future cash flows is less than the carrying amount of the asset, then an impairment is recognized for the amount by which the carrying value of the asset exceeds its estimated fair value based on an appraisal or a discounted cash flow calculation. For certain non-income producing properties or for those assets with no consistent historical or projected cash flows, we obtain appraisals or other evidence to evaluate whether there are impairment indicators for these assets.

No impairment losses were recorded for long-lived and finite-lived intangible assets for the three years ended March 31, 2020.

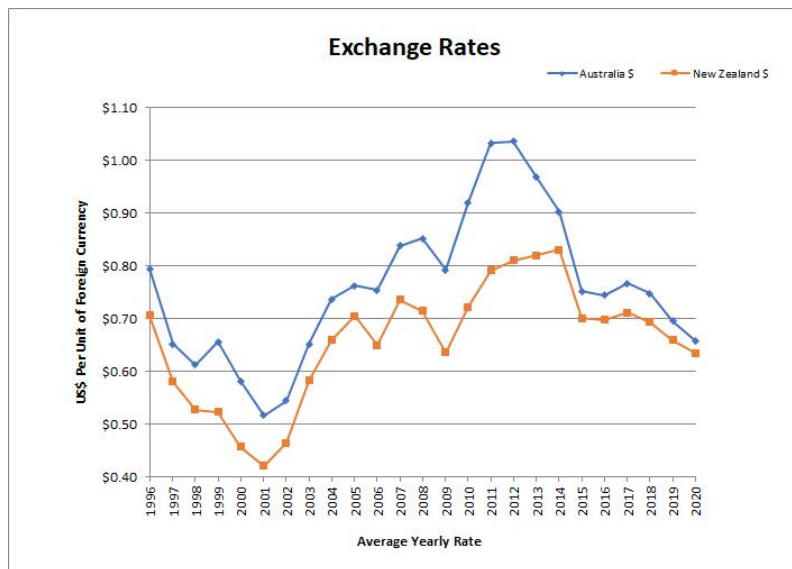
(ii) Impairment of Goodwill and Intangible Assets with indefinite lives – goodwill and intangible assets with indefinite useful lives are not amortized, but instead, tested for impairment at least annually on a reporting unit basis. The impairment evaluation is based on the present value of estimated future cash flows of each reporting unit plus the expected terminal value. There are significant assumptions and estimates used in determining the future cash flows and terminal value. The most significant assumptions include our cost of debt and cost of equity assumptions that comprise the weighted average cost of capital for each reporting unit. Accordingly, actual results could vary materially from such estimates.

No impairment losses were recorded for goodwill and indefinite-lived intangible assets for the first quarter ended March 31, 2020.

International Business Risks

Our international operations are subject to a variety of risks, including the following:

- **Currency Risk:** while we report our earnings and net assets in U.S. dollars, substantial portions of our revenue and of our obligations are denominated in either Australian or New Zealand dollars. The value of these currencies can vary significantly compared to the U.S. dollar and compared to each other. We do not hedge the currency risk, but rather have relied upon the natural hedges that exist as a result of the fact that our film costs are typically fixed as a percentage of the box office, and our local operating costs and obligations are likewise typically denominated in local currencies. However, we do have intercompany debt and our ability to service this debt could be adversely impacted by declines in the relative value of the Australian and New Zealand dollar compared to the U.S. dollar. Also, our use of local borrowings to mitigate the business risk of currency fluctuations has reduced our flexibility to move cash between jurisdictions. Set forth below is a chart of the exchange ratios between these three currencies since 1996:



In recent periods, we have repaid intercompany debt and used the proceeds to fund capital investment in the United States. Accordingly, our debt levels in Australia are higher than they would have been if funds had not been returned for such purposes. On a company wide basis, this means that a reduction in the relative strength of the U.S. dollar versus the Australian Dollar and/or the New Zealand dollar would effectively raise the overall cost of our borrowing and capital and make it more expensive to return funds from the United States to Australia and New Zealand.

- **Risk of adverse government regulation:** currently, we believe that relations between the United States, Australia, and New Zealand are good. However, no assurances can be given that these relationships will continue, and that Australia and New Zealand will not in the future seek to regulate more highly the business done by U.S. companies in their countries.
- **Risk of adverse labor relations:** deterioration in labor relations could lead to an increased cost of labor (including future government requirements with respect to pension liabilities, disability insurance and health coverage, and vacations and leave).

Our exposure to interest rate risk arises out of our intermediate term floating-rate borrowings. To manage the risk, we utilize interest rate derivative contracts to convert certain floating-rate borrowings into fixed-rate borrowings. It is the Company's policy to enter into interest rate derivative transactions only to the extent considered necessary to meet its objectives as stated above. The Company does not enter into these transactions or any other hedging transactions for speculative purposes.

Inflation

We continually monitor inflation and the effects of changing prices. Inflation increases the cost of goods and services used. Competitive conditions in many of our markets restrict our ability to recover fully the higher costs of acquired goods and services through price increases. We attempt to mitigate the impact of inflation by implementing continuous process improvement solutions to enhance productivity and efficiency and, as a result, lower costs and operating expenses. The effects of inflation have not had a material impact on our operations and the resulting financial position or liquidity.

FORWARD-LOOKING STATEMENTS

Our statements in this quarterly report contain a variety of forward-looking statements as defined by the Securities Litigation Reform Act of 1995, including those related to the expected timing of the re-opening of our cinemas and theatres and the completion and opening of the 44 Union Square project in New York City, including an issuance of a core and shell temporary certificate of occupancy thereof; our belief regarding the attractiveness of the 44 Union Square project to potential tenants; the expected timing of our launching our limited online F&B ordering for our cinema circuits in the U.S., Australia, and New Zealand; our expectations regarding the commencement of rental income on our office building; our expectations regarding the resiliency of the industrial property sector in New Zealand; our expectations regarding our stock repurchase program; our expectations regarding credit facility covenant compliance and our ability to continue to obtain necessary covenant waivers; and our expectations of our liquidity and capital requirements and the allocation of funds. Forward-looking statements reflect only our expectations regarding future events and operating performance and necessarily speak only as of the date the information was prepared. No guarantees can be given that our expectation will in fact be realized, in whole or in part. You can recognize these statements by our use of words, such as “may,” “will,” “expect,” “believe,” and “anticipate” or other similar terminology.

These forward-looking statements reflect our expectation after having considered a variety of risks and uncertainties. However, they are necessarily the product of internal discussion and do not necessarily completely reflect the views of individual members of our Board of Directors or of our management team. Individual Board members and individual members of our management team may have different views as to the risks and uncertainties involved and may have different views as to future events or our operating performance.

Among the risks, uncertainties, and other factors that could cause actual results to differ materially from those expressed in or underlying our forward-looking statements are the following:

- with respect to our cinema operations:
 - the adverse impact of the COVID-19 pandemic which resulted in the temporary shutdown of our global theaters beginning in March 2020, and the adverse effects such pandemic may continue to have on our anticipated cinema re-opening dates and on the dates that public performances will resume in our live theatres in New York City and Chicago;
 - the adverse effects of the COVID-19 pandemic on the Company’s results from operations, liquidity, cash flows, financial condition, and access to credit markets;
 - the adverse impact of the COVID-19 pandemic on short-term and/or long-term entertainment, leisure and discretionary spending habits and practices of our patrons;
 - the decrease in attendance at our cinemas and theatres after they have re-opened due to (i) continued safety and health concerns, (ii) a change in consumer behavior in favor of alternative forms of entertainment, or (iii) additional regulatory requirements limiting our seating capacity;
 - reduction in operating margins (or negative operating margins) due to the implementation of social distancing and other health and safety protocols;
 - potentially uninsurable liability exposure to customers and staff should they become (or allege that they have become) infected with COVID-19 while at one of our facilities;
 - unwillingness of employees to report to work due to the adverse effects of the COVID-19 pandemic or to otherwise conduct work under any revised work environment protocols;
 - the adverse impact that the COVID-19 pandemic may have on the national and global macroeconomic environment;
 - competition from cinema operators who have successfully used debtor laws to reduce their debt and/or rent exposure;
 - the uncertainty as to the scope and extent of government responses to the COVID-19 pandemic;
 - the disruptions or reductions in the utilization of entertainment, shopping, and hospitality venues, as well as in our operations, due to pandemics, epidemics, widespread health emergencies, or outbreaks of infectious diseases such as the coronavirus, or to changing consumer tastes and habits;
 - the number and attractiveness to moviegoers of the films released in future periods, and potential changes in release dates for motion pictures;
 - the lack of availability of films in the short- or long-term as a result of (i) major film distributors releasing scheduled films on alternative channels or (ii) disruptions of film production;
 - the amount of money spent by film distributors to promote their motion pictures;
 - the licensing fees and terms required by film distributors from motion picture exhibitors in order to exhibit their films;

- the comparative attractiveness of motion pictures as a source of entertainment and willingness and/or ability of consumers (i) to spend their dollars on entertainment and (ii) to spend their entertainment dollars on movies in an outside-the-home environment;
 - the extent to which we encounter competition from other cinema exhibitors, from other sources of outside-the-home entertainment, and from inside-the-home entertainment options, such as “home theaters” and competitive film product distribution technology, such as, streaming, cable, satellite broadcast, Blu-ray/DVD rentals and sales, and so called “movies on demand”;
 - the impact of certain competitors’ subscription or advance pay programs;
 - the cost and impact of improvements to our cinemas, such as improved seating, enhanced food and beverage offerings, and other improvements;
 - the ability to negotiate favorable rent payment terms with our landlords;
 - disruptions during theater improvements;
 - the extent to, and the efficiency with, which we are able to integrate acquisitions of cinema circuits with our existing operations;
 - in the U.S., the impact of any termination of the so called “Paramount Decree;”
 - the risk of damage and/or disruption of cinema businesses from earthquakes as certain of our operations are in geologically active areas; and
 - the impact of protests, demonstrations, and civil unrest on, among other things, government policy, consumer willingness to go to the movies, and the spread of COVID-19.
- with respect to our real estate development and operation activities:
 - the impact of the COVID-19 pandemic may continue to affect many of our tenants at our real estate operations in Australia and New Zealand, their ability to pay rent, and to stay in business;
 - the impact of the COVID-19 pandemic on our construction projects and on our ability to open construction sites and to secure needed labor and materials;
 - uncertainty as to governmental responses to COVID-19;
 - the potential sale of certain non-core real estate assets;
 - the rental rates and capitalization rates applicable to the markets in which we operate and the quality of properties that we own;
 - the ability to negotiate and execute lease agreements with material tenants;
 - the extent to which we can obtain on a timely basis the various land use approvals and entitlements needed to develop our properties;
 - the risks and uncertainties associated with real estate development;
 - the availability and cost of labor and materials;
 - the ability to obtain all permits to construct improvements;
 - the ability to finance improvements;
 - the disruptions to our business from construction and/or renovations;
 - the possibility of construction delays, work stoppage, and material shortage;
 - competition for development sites and tenants;
 - environmental remediation issues;
 - the extent to which our cinemas can continue to serve as an anchor tenant that will, in turn, be influenced by the same factors as will influence generally the results of our cinema operations;
 - the increased depreciation and amortization expense as construction projects transition to leased real property;
 - the ability to negotiate and execute joint venture opportunities and relationships;
 - the risk of damage and/or disruption of real estate businesses from earthquakes as certain of our operations are in geologically active areas;
 - the disruptions or reductions in the utilization of entertainment, shopping and hospitality venues, as well as in our operations, due to pandemics, epidemics, widespread health emergencies, or outbreaks of infectious diseases such as the coronavirus, or to changing consumer tastes and habits; and
 - the impact of protests, demonstrations, and civil unrest on government policy, consumer willingness to visit shopping centers, and the spread of COVID-19, among other things.
 - with respect to our operations generally as an international company involved in both the development and operation of cinemas and the development and operation of real estate and previously engaged for many years in the railroad business in the United States:
 - our ability to renew, extend, renegotiate or replace our loans that mature in 2020;
 - our ability to grow our Company and provide value to our stockholders;
 - our ongoing access to borrowed funds and capital and the interest that must be paid on that debt and the returns that must be paid on such capital, and our ability to borrow funds to help cover the cessation of cash flows we are experiencing during the COVID-19 pandemic;
 - our ability to reallocate funds among jurisdictions to meet short-term liquidity needs;

- expenses, management and Board distraction, and other effects of the litigation efforts mounted by James Cotter, Jr. against the Company, including his efforts to cause a sale of voting control of the Company;
- the relative values of the currency used in the countries in which we operate;
- the impact that any discontinuance, modification or other reform of London Inter-Bank Offered Rate (LIBOR), or the establishment of alternative reference rates, may have on our LIBOR-based debt instruments;
- changes in government regulation, including by way of example, the costs resulting from the implementation of the requirements of Sarbanes-Oxley;
- our labor relations and costs of labor (including future government requirements with respect to minimum wages, shift scheduling, the use of consultants, pension liabilities, disability insurance and health coverage, and vacations and leave);
- our exposure from time to time to legal claims and to uninsurable risks, such as those related to our historic railroad operations, including potential environmental claims and health-related claims relating to alleged exposure to asbestos or other substances now or in the future recognized as being possible causes of cancer or other health related problems, and class actions and private attorney general wage and hour and/or safe work place based claims;
- our exposure to cybersecurity risks, including misappropriation of customer information or other breaches of information security;
- the impact of major outbreaks of contagious diseases, such as COVID-19;
- the availability of employees and/or their ability or willingness to conduct work under any revised work environment protocols;
- the increased risks related to employee matters, including increased employment litigation and claims relating to terminations or furloughs caused by theater and entertainment-themed center (“ETC”) closures;
- our ability to generate significant cash flow from operations if our theaters and/or ETCs continue to experience demand at levels significantly lower than historical levels, which could lead to a substantial increase in indebtedness and negatively impact our ability to comply with the financial covenants, if applicable, in our debt agreements;
- our ability to comply with credit facility covenants and our ability to obtain necessary covenant waivers and necessary credit facility amendments;
- changes in future effective tax rates and the results of currently ongoing and future potential audits by taxing authorities having jurisdiction over our various companies; and
- changes in applicable accounting policies and practices.

The above list is not necessarily exhaustive, as business is by definition unpredictable and risky, and subject to influence by numerous factors outside of our control, such as changes in government regulation or policy, competition, interest rates, supply, technological innovation, changes in consumer taste and fancy, weather, earthquakes, pandemics, such as COVID-19, and the extent to which consumers in our markets have the economic wherewithal to spend money on beyond-the-home entertainment. Refer to Item 1A - *Risk Factors* – of our Annual Report on Form 10-K for the year ended December 31, 2019, as well as the risk factors set forth in any other filings made under the Securities Act of 1934, as amended, including any of our Quarterly Reports on Form 10-Q, for more information.

Given the variety and unpredictability of the factors that will ultimately influence our businesses and our results of operation, no guarantees can be given that any of our forward-looking statements will ultimately prove to be correct. Actual results will undoubtedly vary and there is no guarantee as to how our securities will perform either when considered in isolation or when compared to other securities or investment opportunities.

Finally, we undertake no obligation to publicly update or to revise any of our forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable law. Accordingly, you should always note the date to which our forward-looking statements speak.

Item 3 – Quantitative and Qualitative Disclosure about Market Risk

The SEC requires that registrants include information about potential effects of changes in currency exchange and interest rates in their filings. Several alternatives, all with some limitations, have been offered. We base the following discussion on a sensitivity analysis that models the effects of fluctuations in currency exchange rates and interest rates. This analysis is constrained by several factors, including the following:

- It is based on a single point in time; and
- It does not include the effects of other complex market reactions that would arise from the changes modeled.

Although the results of such an analysis may be useful as a benchmark, they should not be viewed as forecasts.

At March 31, 2020, approximately 33% and 11% of our assets were invested in assets denominated in Australian dollars (Reading Australia) and New Zealand dollars (Reading New Zealand), respectively, including approximately \$28.8 million in cash and cash equivalents. At December 31, 2019, approximately 37% and 10% of our assets were invested in assets denominated in Australian dollars (Reading Australia) and New Zealand dollars (Reading New Zealand), including approximately \$4.3 million in cash and cash equivalents.

Our policy in Australia and New Zealand is to match revenues and expenses, whenever possible, in local currencies. As a result, we have procured a majority of our expenses in Australia and New Zealand in local currencies. Despite this natural hedge, recent movements in foreign currencies have had an effect on our current earnings. Although foreign currency has had an effect on our current earnings, the effect of the translation adjustment on our assets and liabilities noted in our other comprehensive income was an decrease of \$15.7 million for the first quarter ended March 31, 2020. As we continue to progress our acquisition and development activities in Australia and New Zealand, we cannot assure you that the foreign currency effect on our earnings will not be material in the future.

Historically, our policy has been to borrow in local currencies to finance the development and construction of our long-term assets in Australia and New Zealand whenever possible. As a result, the borrowings in local currencies have provided somewhat of a natural hedge against the foreign currency exchange exposure. However, in recent periods, due in large part to the impact of the COVID-19 pandemic, we have needed to use Australian funds to cover our U.S. public company overhead. The weakening Australian and New Zealand currencies will adversely impact our ability to rely on such funding for ongoing support.

In 2007, we issued subordinated Trust Preferred Securities denominated in US Dollars, and substantially deployed those funds in our New Zealand subsidiaries, thus exposing approximately 59% of New Zealand assets to currency risk. Those funds were returned to the U.S. parent company permanently and in full during 2019, and the New Zealand subsidiaries were released from liability under the Securities. Presently, we have no plans to make new borrowings in currencies other than the local currency.

We record unrealized foreign currency translation gains or losses that could materially affect our financial position. As of March 31, 2020 and December 31, 2019, the balance of cumulative foreign currency translation adjustments were approximately (\$7.6) million loss and \$8.1 million gain, respectively.

Historically, we maintain most of our cash and cash equivalent balances in short-term money market instruments with original maturities of three months or less. Due to the short-term nature of such investments, a change of 1% in short-term interest rates would not have a material effect on our financial condition. The negative spread between our borrowing costs and earned interest will exacerbate as we hold cash to provide a safety net to meet our expenses while our cinema operations are closed and our tenant income curtailed.

We have a combination of fixed and variable interest rate loans. In connection with our variable interest rate loans, a change of approximately 1% in short-term interest rates would have resulted in approximately \$357,000 increase or decrease in our quarterly interest expense.

For further discussion on market risks, please refer to *International Business Risks* included in Item 2, Part 1 of this Form 10-Q.

Item 4 – Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's reports filed under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and our management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of our disclosure controls and procedures, as such, term is defined under Rule 13a-15(e) promulgated under the Exchange Act. Based upon that evaluation, we concluded that, as of March 31, 2020, our disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting

There were no other changes in our internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the first quarter ended March 31, 2020 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 1 – Legal Proceedings

The information required under Part II, Item 1 (*Legal Proceedings*) is incorporated by reference to the information contained in *Note 13 – Commitments and Contingencies* to the Consolidated Financial Statements included herein in Part I, Item 1 (*Financial Statements*) on this Quarterly Report on Form 10-Q.

Cotter Jr. Derivative Litigation

This action was originally brought by James J. Cotter, Jr. (“Cotter Jr.”) in June, 2015 in the Nevada District Court against all of the Directors of the Company and against the Company as a nominal defendant: *James J. Cotter, Jr., individually and derivatively on behalf of Reading International, Inc. vs. Margaret Cotter, et al.*” Case No.: A-15-719860-V. Summary judgment has been entered against Cotter, Jr., and in favor of all defendants and a \$1.55 million cost judgment has been entered against Cotter, Jr., and in favor of our Company. Cotter, Jr. has appealed both judgements. Our application for attorney’s fees was denied, and we have appealed that determination. The issues on appeal are currently being briefed. No date for oral argument has been set. It is unlikely that any hearing will be held this year. As the Directors and Officers Liability Insurance Policy covering Cotter, Jr.’s claims in the Derivative Case (\$10.0 million) has been exhausted, the financial burden of defending our Directors against these claims, as required by applicable Nevada Law, has fallen upon our Company. During 2019, out-of-pocket third-party costs in the amount of approximately \$925,000 were incurred by our Company in defending against these claims. For the first quarter ended March 31, 2020, an additional \$105,000 had been expensed, relating principally to the preparation of appellate briefs with respect to the Derivative Litigation.

Employment Litigation

The Company is currently involved in two California employment matters which include substantially overlapping wage and hour claims: *Taylor Brown, individually, and on behalf of other members of the general public similarly situated vs. Reading Cinemas et al. Superior Court of the State of California for the County of Kern, Case No. BCV-19-1000390* (“Brown v. RC,” and the “Brown Class Action Complaint” respectively) and *Peter M. Wagner, Jr., an individual, vs. Consolidated Entertainment, Inc. et al., Superior Court of the State of California for the County of San Diego, Case NO. 37-2019-00030695-CU-WT-CTL* (“Wagner v. CEI,” and the “Wagner Individual Complaint” respectively). Brown v. RC was initially filed in December 2018, as an individual action and refiled as a putative class action in February 2019, but not served until June 24, 2019. These lawsuits seek damages, and attorneys’ fees, relating to alleged violations of California labor laws relating to meal periods, rest periods, reporting time pay, unpaid wages, timely pay upon termination and wage statements violations. Wagner v. CEI was filed as a discrimination and retaliation lawsuit in June 2019. The following month, in July 2019, a notice was served on us by separate counsel for Mr. Wagner under the California Private Attorney General Act of 2004 (Cal. Labor Code Section 2698, *et seq*) (the “Wagner PAGA Claim”) purportedly asserting in a representational capacity claims under the PAGA statute, overlapping, in substantial part, the allegations set forth in the Brown Class Action Complaint. On March 6, 2020, Wagner filed a purported class action in the Superior Court of California, County of San Diego, again covering basically the same allegations as set forth in the Brown Class Action Complaint, and titled Peter M. Wagner, an individual, on behalf of himself and all others similarly situated vs. Reading International, Inc., Consolidated Entertainment, Inc. and Does 1 through 25, Case No. 37-2020-000127-CU-OE-CTL (the “Wagner Class Action”). Neither plaintiff has specified the amount of damages sought.

The Company is investigating and intends to vigorously defend the allegations of the Brown Class Action Complaint, the Wagner Individual Complaint, the Wagner PAGA Claim and the Wagner Class Action Complaint. In addition, we have denied that a PAGA representative action is appropriate. These matters are in their early stages, and the putative class actions have not been certified. As these cases are in early stages, the Company is unable to predict the outcome of the litigation or the range of potential loss, if any; however, the Company believes that its potential liability with respect to such matters is not material to its overall financial position, results of operations and cash flows. Accordingly, the Company has not established a reserve for loss in connection with these matters.

For further details on our legal proceedings, please refer to Item 3, *Legal Proceedings*, contained in our 2019 Form 10-K.

Item 1A – Risk Factors

The COVID-19 pandemic has had and may continue to have adverse effects on the Company’s theater and real estate properties businesses, results of operations, liquidity, cash flows, financial condition, access to credit markets and ability to service the Company’s existing and future indebtedness, some of which may be significant.

Item 2 – Unregistered Sales of Equity Securities and Use of Proceeds

There were no unregistered sales of equity securities during the periods covered by this report.

The following table summarizes our repurchases under the March 2, 2017, stock repurchase program through to March 31, 2020:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as part of our Stock Buy-Back Program	Approximate Dollar Value of Shares that may yet be Purchased under the Stock Buy-Back Program
March 2017	41,899	\$ 15.99	41,899	\$ 49,330,149
May 2017	98,816	\$ 15.78	98,816	\$ 47,771,316
June 2017	70,234	\$ 16.39	70,234	\$ 46,620,212
August 2017	160,489	\$ 15.82	160,489	\$ 44,081,288
September 2017	31,718	\$ 15.77	31,718	\$ 43,581,038
December 2017	6,567	\$ 16.01	6,567	\$ 43,475,900
February 2018	8,500	\$ 16.98	8,500	\$ 43,331,570
March 2018	10,138	\$ 16.99	10,138	\$ 43,159,364
April 2018	5,000	\$ 16.12	5,000	\$ 43,078,764
December 2018	125,700	\$ 15.24	125,700	\$ 41,162,530
March 2019	566	\$ 16.08	566	\$ 41,153,428
April 2019	571	\$ 16.27	571	\$ 41,144,138
May 2019	36,100	\$ 13.77	36,100	\$ 40,647,161
June 2019	159,718	\$ 13.22	159,718	\$ 38,536,173
July 2019	62,748	\$ 13.11	62,748	\$ 37,713,393
August 2019	121,291	\$ 12.15	121,291	\$ 36,239,921
September 2019	475,569	\$ 13.43	475,569	\$ 29,851,836
October 2019	—	\$ —	—	\$ 29,851,836
November 2019	34,255	\$ 10.86	34,255	\$ 29,479,734
December 2019	267,783	\$ 10.52	267,783	\$ 26,661,972
January 2020	25,157	\$ 11.07	25,157	\$ 26,383,406
February 2020	10,000	\$ 9.12	10,000	\$ 26,292,206
March 2020	40,000	\$ 7.51	40,000	\$ 25,991,806
Total	1,792,819	\$ 13.39	1,792,819	\$ 25,991,806

For a description of grants of stock to certain executives, see the Stock Based Compensation section under see Note 16 – *Equity and Stock-Based Compensation to our Consolidated Financial Statements*.

Item 3 – Defaults upon Senior Securities

None.

Item 4 – Mine Safety Disclosure

Not applicable.

Item 5 – Other Information

None.

Item 6 – Exhibits

10.1*	Form of Restricted Stock Unit Agreement (with Grant Notice)(Employees/Executive Officers/Contractors), filed herewith.
10.2*	Form of Restricted Stock Unit Agreement (with Grant Notice)(Non-Employee Directors), filed herewith.
10.3*	Form of Stock Option Agreement (Non-Directors), filed herewith.
10.4*	Form of Indemnification Agreement, filed herewith.
31.1	Certification of the Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.
31.2	Certification of the Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.
32	Certifications Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, furnished herewith.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation
101.DEF	XBRL Taxonomy Extension Definition
101.LAB	XBRL Taxonomy Extension Labels
101.PRE	XBRL Taxonomy Extension Presentation

* Indicates a management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

READING INTERNATIONAL, INC.

Date: June 25, 2020

By: /s/ Ellen M. Cotter

Ellen M. Cotter

President and Chief Executive Officer

Date: June 25, 2020

By: /s/ Gilbert Avanes

Gilbert Avanes

Executive Vice President, Chief Financial Officer and Treasurer

RESTRICTED STOCK UNIT GRANT NOTICE UNDER THE
READING INTERNATIONAL, INC.
2010 STOCK INCENTIVE PLAN

Reading International, Inc. (the “**Company**”), pursuant to its 2010 Stock Incentive Plan, as amended (the “**Plan**”), hereby grants to the Recipient set forth below the number of Restricted Stock Units set forth below. The Restricted Stock Units are subject to all of the terms and conditions as set forth herein, in the Restricted Stock Unit Agreement (attached hereto), and in the Plan, all of which are incorporated herein in their entirety. Capitalized terms not otherwise defined herein shall have the meaning set forth in the Plan.

Grant Date: []

Recipient: []

A. Number of Time-Based Restricted Stock Units (“RSU”): []

RSU Vesting Schedule: 25% of the RSUs granted hereunder shall vest on each anniversary of the Grant Date (each a “**RSU Vesting Date**”); provided that the Recipient has not undergone a termination of his or her Service at the time of the Vesting Date (or an earlier accelerating event).

B. Number of Performance Based Restricted Stock Units (“PRSU”): []

PRSU Vesting Schedule: 100 % of the PRSUs granted hereunder shall vest on the third anniversary of the Grant Date (the “**PRSU Vesting Date**”); provided that (a) the Recipient has not undergone a termination of his or her Service at the time of the PRSU Vesting Date (or an earlier accelerating event), and (b)(1) one-third (1/3) of the performance criteria (“**PRSU Criteria**”) shall be the evaluation of the Compensation and Stock Option Committee (the “**Committee**”) that performance has been met in the sole discretion of and certified by the Committee for the year ended December 31, 2020, taking into account, evaluation of the Company and grantee performance, such determination to be made before March 10, 2021; and (2) two-thirds (2/3) of the PRSU Criteria shall be based upon performance for the two remaining calendar years (2021 and 2022) under objective performance criteria to be established by the Committee, in the exercise of its discretion and judgment, before March 10, 2021, and shall be subject to the certification by the Committee that such PRSU Criteria, or portion thereof (stated as a percentage), has been met. On or before March 10, 2023, the Committee shall certify as to the total percentage of the PRSU Criteria that has been met (the “**PRSU Certified Amount**”). For purposes of illustration only, assume that for the calendar year ended December 31, 2020, the Committee finds that 100% of PRSU Criteria has been met and for the calendar years ended December 31, 2021 and 2022, the PRSU Criteria was met 80% and 90%, respectively. In such case, the average of the three years shall be calculated, $([100\% + 80\% + 90\%] \text{ divided by } 3 = 90\%)$. In such example, the Committee will certify that 90% of the PRSU Criteria was met. As a result, the grantee would be entitled to vesting as to 90% of the PRSUs.

THE UNDERSIGNED RECIPIENT ACKNOWLEDGES RECEIPT OF THIS RESTRICTED STOCK UNIT GRANT NOTICE, THE RESTRICTED STOCK UNIT AGREEMENT AND THE PLAN, AND, AS AN EXPRESS CONDITION TO THE GRANT OF RESTRICTED STOCK UNITS HEREUNDER, AGREES TO BE BOUND BY THE TERMS OF THIS RESTRICTED STOCK UNIT GRANT NOTICE, THE RESTRICTED STOCK UNIT AGREEMENT AND THE PLAN.

The Restricted Stock Unit Grant Notice is dated as of [].

“Company”

“Recipient”

Reading International, Inc.

By:

Name: Ellen Cotter

Name: _____

Title: President and Chief Executive Officer

Title: _____

RESTRICTED STOCK UNIT AGREEMENT

Employees/Executive Officers/Contractors

This Restricted Stock Unit Agreement (this “**Agreement**”) is made and entered into as of this []th day of [] (“**Grant Date**”) by and between Reading International, Inc., a Nevada corporation (the “**Company**”) and the undersigned Recipient. Capitalized terms not defined herein shall have the meaning ascribed to them the in the Company’s 2010 Stock Incentive Plan, as amended (the “**Plan**”).

1. Grant of Restricted Stock Units. The Company hereby grants to the Recipient the share units indicated in the Restricted Stock Unit Grant Notice (such units, the “**Restricted Stock Units**”), subject to all of the terms and conditions of this Restricted Stock Unit Agreement and the Plan.

2. Vesting and Payment.

2.1 Vesting Schedule. Subject to the limitations set forth in this Section 2, Restricted Stock Units, including RSUs and/or PRSUs, will vest, if at all, in accordance with the vesting schedules set forth in the attached Grant Notice.

2.2 Forfeiture upon Termination. Subject to the provisions of Section 2.3, upon termination of the Recipient’s Service, whether by the Company or by the Recipient, any unvested Restricted Stock Units shall be immediately forfeited and neither the Recipient nor any of the Recipient’s successors, heirs, assigns or personal representatives shall thereafter have any further rights or interests in such Restricted Stock Units.

2.3 Acceleration of Vesting.

(a) In the event of Recipient’s death or Disability (as defined in the Plan), unvested Restricted Stock Units shall be eligible for vesting as follows:

(i) RSUs: All unvested RSUs will immediately vest as of the date of death or Disability.

(ii) PRSUs: A pro rata percentage of the unvested PRSUs will immediately vest to the extent PRSU Criteria has been met for a calendar year, and any PRSU grant amount that remains subject to a PRSU Criteria determination will vest pro rata by a percentage based on the number of whole months elapsed between the Grant Date and the date of the Recipient’s death or Disability, divided by 36. (For purposes of illustration only, assume the Recipient dies 6½ months after the Grant Date. In such case, the PRSU for such person will be vested 16.7% (6/36).

(b) In the event of a Change of Control on or before March 10, 2021, the PRSUs will be converted automatically into RSUs, except that with respect to such RSUs only, the RSU Vesting Dates shall be one-third (1/3) shall vest March 9, 2021, one-third (1/3) shall vest March 9, 2022 and one-third (1/3) shall vest March 9, 2023.

(c) In the event that, within twenty-four months after a Change in Control, Recipient is Terminated Without Cause by the Company or any successor Person, or Resigns For Good Reason, and the Recipient is not a Participant in such Change in Control, unvested Restricted Stock Units shall be eligible for vesting as follows:

(i) RSUs: All unvested RSUs shall automatically accelerate so that all such RSUs shall, immediately when the Recipient is Terminated Without Cause or Resigns for Good Reason, become fully vested, free of all restrictions.

(ii) PRSUs: All unvested PRSUs will be vested in the same manner as under Section 2.3(a)(ii) through the date the Recipient is Terminated Without Cause or Resigns for Good Reason.

(d) In the event of a Corporate Transaction in which the Restricted Stock Units are not to be Appropriately Replaced at or prior to the effective time of such Corporate Transaction, the vesting of all Restricted Stock Units (whether RSUs or PRSUs) which are not otherwise fully vested shall automatically accelerate so that all such Restricted Stock Units shall immediately prior to the effective time of the Corporate Transaction, become fully vested, free of all restrictions.

(e) In the event that, within twenty-four months after a Corporate Transaction at or prior to which the Restricted Stock Units have been Appropriately Replaced, Recipient is Terminated Without Cause by the Company or any successor Person, or Resigns For Good Reason, and the Recipient is not a Participant in such Corporate Transaction, the vesting of all Restricted Stock Units (whether RSUs, PRSUs or the substitute awards by which the Restricted Stock Units are Appropriately Replaced) which are not otherwise fully vested shall automatically accelerate so that all such Restricted Stock Units (or such substitute awards) shall, immediately when the Recipient is Terminated Without Cause or Resigns For Good Reason, become fully vested, free of all restrictions.

(f) For purposes of this Section 2.3:

(i) Restricted Stock Units shall be considered “**Appropriately Replaced**” if, in addition to providing for acceleration as provided in clause (d) of this Section 2.3, at or prior to the Corporate Transaction, in the judgment of the Committee as constituted at the time the Corporate Transaction is proposed or announced to the Company (the “**Evaluating Committee**”), the Restricted Stock Units or a substituted award will confer the right to receive, for each share of Common Stock that may be received

pursuant to the Restricted Stock Units existing immediately prior to the Corporate Transaction, on substantially the same vesting and other terms and conditions (including acceleration if the Recipient is Terminated Without Cause or Resigns For Good Reason) as were applicable to the Restricted Stock Units immediately prior to the Corporate Transaction, the consideration (whether stock, cash or other securities or property) to be received in the Corporate Transaction by holders of Common Stock for each such share held on the effective date of such transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding shares of Common Stock); provided, however, that if such consideration to be received in the transaction constituting a Corporate Transaction is not solely cash and/or common stock of the successor company or its parent or subsidiary, the Evaluating Committee may, if the obligations are to be assumed by the successor company, or its parent or subsidiary, approve that the consideration to be received upon the exercise or vesting of the Restricted Stock Units (or the substituted award) will be common stock of the successor company or its parent or subsidiary substantially equal in fair market value to the per-share consideration received by holders of Common Stock in the transaction constituting a Corporate Transaction. The determination of such substantial equality of value of consideration shall be made by the Evaluating Committee in its sole discretion and its determination shall be conclusive and binding.

(ii) The term “**Change in Control**” shall mean:

(A) a change, after the Grant Date, in the composition of the Board such that the Incumbent Board ceases for any reason to constitute at least a majority of the Board; or

(B) after the Grant Date a Person (as defined below) other than a Permitted Holder (as defined below) becomes the “Beneficial Owner” (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of securities of the Company representing in the aggregate thirty percent (30%) or more of the then outstanding Voting Securities of the Company; provided, however, that a Change in Control shall not be deemed to have occurred for purposes of this clause (B) solely as the result of:

(1) any acquisition directly from the Company, other than an acquisition by virtue of the exercise of a conversion privilege unless the security being so converted itself was acquired directly from the Company,

(2) any repurchase of securities by the Company,

(3) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any entity controlled by the Company, and

(4) any acquisition pursuant to a transaction that is excluded from the definition of Corporate Transaction pursuant to approval by the Incumbent Board.

(iii) The term “**Common Stock**” shall mean (unless the context otherwise expressly provides) the Class A common stock of the Company.

(iv) The term “**Corporate Transaction**” shall mean:

(A) the consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company, whether directly or indirectly through the sale of any one or more of the Company’s subsidiaries or the assets of such one or more subsidiaries; excluding, however, any such transaction approved by the Incumbent Board (as defined below); or

(B) the liquidation or dissolution of the Company.

(v) The term “**Incumbent Board**” shall mean the individuals who, as of the Grant Date, constitute the entire Board together with any individual(s) who become(s) a member of the Board subsequent to the Grant Date, whose election, or nomination for election by the Company’s stockholders, was approved by a vote of at least a majority of those individuals who are members of the Board and who were also members of the then-Incumbent Board (or deemed to be such pursuant to this proviso); provided, however, that any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest (as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act) or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board shall not be so considered as a member of the Incumbent Board.

(vi) The term “**Participant**” in a Change in Control or a Corporate Transaction shall mean any Person who, after such Change in Control or Corporate Transaction either (a) is or controls any Person whose acquisition or control of securities of the Company gives rise to the Change in Control or (b) is or controls any Permitted Holder as of the effective date of such Change in Control or Corporate Transaction but was not or did not control such Permitted Holder as of the date hereof.

(vii) The term “**Permitted Holder**” shall mean (i) the Company or any trustee or other fiduciary holding securities under an employee benefit plan of the Company, (ii) any Person who, since the Grant Date, has continuously been the Beneficial Owner of not less than thirty percent

(30%) of the Voting Securities, or (iii) any Person controlled, directly or indirectly, by one or more of the foregoing Persons referred to in the immediately preceding clause (ii).

(viii) The term “**Person**” shall mean any individual (whether acting in an individual capacity or in a representative capacity so as to have sole or shared voting power of Voting Securities), entity (including, without limitation, any corporation, charitable or not-for profit corporation, private foundation, partnership, limited liability company, trust (including, without limitation, any private, charitable or split-interest trust), joint venture, association or governmental body) or group (as defined in Section 13(d)(3) or 14(d)(2) of the Exchange Act and the rules and regulations thereunder.

(ix) The term “**Resigns for Good Reason**” shall mean the termination by Recipient of Recipient’s Service or election not to continue to provide such Service for Good Reason. The term “**Good Reason**” shall mean: (A) a material, adverse change in the Recipient’s authority, duties or responsibilities; (B) a material, adverse change in the authority, duties or responsibilities of the Recipient’s supervisor; (C) a material reduction in the Recipient’s base salary or a material reduction in the Recipient’s bonus opportunity, equity compensation or other material component of overall compensation, except where such reductions are part of a broad based or Company-wide reduction; (D) a material reduction in Recipient’s indemnification rights, directors and officers insurance coverage; (E) a relocation of the Recipient’s principal place of employment by more than twenty-five (25) miles; or (F) the employer’s material breach of the Recipient’s employment agreement; provided, however, that Recipient shall give written notice to the Company or the successor entity of any events that would constitute Good Reason within ninety (90) days of date on which such facts or events arise, the Company or such successor shall have not less than thirty (30) days’ opportunity to cure, and Recipient shall terminate his or her employment not later than thirty (30) days of the failure of the Company or such successor to timely cure.

(x) The term “**Terminated without Cause**” shall mean the termination of the Recipient’s Service with the Company or any successor Person (including the failure to renew, extend or continue, as applicable) for any reason other than Cause. The term “**Cause**” shall mean: (A) the repeated failure or refusal of Recipient to perform the duties or render the services consistent with Recipient’s title and position, which failure is not cured within thirty (30) days after written notice is delivered to Recipient; (B) fraud, embezzlement or other theft; (C) conviction of, or plea of guilty or nolo contendere to, a felony or gross misdemeanor involving moral turpitude; (D) intentional or gross misconduct or neglect that causes harm to the Company or its successor; (E) substance abuse that affects the Recipient’s performance or (F) violation of the Company’s “International Anti-Discrimination, Anti-Harassment and Anti-Bullying Policy and

Complaint and Investigation Procedures,” as the same may be amended from time to time.

(xi) The term “**Voting Securities**” shall mean all securities of a corporation having the right under ordinary circumstances to vote in an election of the board of directors of such corporation, or other interests having comparable rights to elect managers or fiduciary persons or boards in non-corporate entities. As of the date hereof, the Voting Securities of the Company are the shares of Class B common stock of the Company.

2.4 Payment. If Restricted Stock Units vest, then within thirty (30) days after the applicable vesting date (or, if the Recipient has, prior to vesting, delivered a written request to defer delivery in a form specified by the Board or the Committee, but in no event later than March 15 of the next calendar year after the year in which such vesting occurs), the Company shall deliver to the Recipient, or if applicable the Recipient’s estate, that number of shares of Common Stock equal to the number of Restricted Stock Units which vested on such vesting date as set forth above.

2.5 Taxes. Unless delivery of the shares of Common Stock is delayed after the applicable vesting date pursuant to Section 2.4 above, on the vesting date, the Recipient shall recognize taxable income in respect of the Common Stock deliverable and the Company shall report such taxable income to the appropriate taxing authorities in respect thereof as it determines to be necessary and appropriate. The Recipient, if an employee, shall pay to the Company promptly upon request and in any event at the time the Recipient recognizes taxable income an amount equal to the taxes, if any, the Company determines it is required or permitted to withhold under the applicable tax laws. Such payment may be made in the form of cash. The Recipient also may satisfy, in whole or in part, the foregoing withholding liability, and the Company may withhold amounts as allowed by the Plan, by having the Company withhold from the number of shares of Common Stock otherwise issuable pursuant to the vesting of the Restricted Stock Units with a fair market value equal to such withholding.

2.6 Certificate. Subject to Sections 2.4 and 2.5 above, as soon as practicable after the vesting of the Restricted Stock Units, the Company shall deliver or cause to be delivered one or more certificates issued in the Recipient’s name representing shares of Common Stock equal to the number of vested Restricted Stock Units (each a “**Certificate**,” and collectively “**Certificates**”). If a valid SEC Form S-8 Registration Statement is not in effect at the time, the Certificate shall set forth restrictive legends advising the Recipient that the shares of Common Stock have not been registered under the securities laws of the United States or the laws of any state and that the sale or other disposition of such shares is prohibited unless such sale or other disposition is made in compliance with all such laws.

3. Adjustments. Pursuant to Section 11 of the Plan, in the event of a change in capitalization, the Board shall make such equitable changes or adjustments to the number and kind

of securities or other property (including cash) issued or issuable in respect of outstanding Restricted Stock Units.

4. Notices. All notices and other communications under this Restricted Stock Unit Agreement shall be in writing and shall be given by e-mail, first class mail, certified or registered with return receipt requests, and shall be deemed to have been duly given three days after mailing (or one-day in case of delivery by e-mail) to the respective parties, as follows: (I) if to the Company, (a) if by mail, addressed to the Company in care of its Corporate Secretary at the principal executive office of the Company, or (b) if by e-mail, addressed to the care of the Corporate Secretary at corporatesecretary@readingrdi.com and (ii) if to the Recipient, using the contact information on file with the Company. Either party hereto may change such party's address for notices by notice duly given pursuant hereto.

5. Protections against Violations of Agreement.

5.1 No purported sale, assignment, mortgage, hypothecation, transfer, charge, pledge, encumbrance, gift, transfer in trust (voting or other) or other disposition or creation of a security interest in or lien on, any of the Restricted Stock Units or any agreement or commitment to do any of the foregoing (each a "**Transfer**") by any holder thereof in violation of the provisions of this Restricted Stock Unit Agreement will be valid, except (i) a transfer for estate planning purposes, or (ii) with the prior written consent of the Board (such consent shall be granted or withheld in the sole discretion of the Board).

5.2 Any purported Transfer of Restricted Stock Units or any economic benefit or interest therein in violation of this Restricted Stock Unit Agreement shall be null and void ab initio, and shall not create any obligation or liability of the Company, and any person purportedly acquiring any Restricted Stock Units or any economic benefit or interest therein transferred in violation of this Restricted Stock Unit Agreement shall not be entitled to receive any Common Stock.

6. Taxes. BY SIGNING THIS RESTRICTED STOCK UNIT AGREEMENT, THE RECIPIENT REPRESENTS THAT HE OR SHE HAS REVIEWED WITH HIS OR HER OWN TAX ADVISORS THE FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE TRANSACTIONS CONTEMPLATED BY THIS RESTRICTED STOCK UNIT AGREEMENT AND THAT HE OR SHE IS RELYING SOLELY ON SUCH ADVISORS AND NOT ON ANY STATEMENTS OR REPRESENTATIONS OF THE COMPANY OR ANY OF ITS AGENTS. THE RECIPIENT UNDERSTANDS AND AGREES THAT HE OR SHE (AND NOT THE COMPANY) SHALL BE RESPONSIBLE FOR ANY TAX LIABILITY THAT MAY ARISE AS A RESULT OF THE TRANSACTIONS CONTEMPLATED BY THIS RESTRICTED STOCK UNIT AGREEMENT.

7. Failure to Enforce Not a Waiver. The failure of the Company to enforce at any time any provision of this Restricted Stock Unit Agreement shall in no way be construed to be a waiver of such provision or of any other provision hereof.

8. Governing Law. This Restricted Stock Unit Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Nevada applicable to contracts made and to be performed herein. Any suit, action or proceeding with respect to this Restricted Stock Unit Agreement, or any judgment entered by any court in respect of any thereof, shall be brought in any court of competent jurisdiction in the State of Nevada, and the Company and the Recipient hereby submit to the exclusive jurisdiction of such courts for the purpose of any such suit, action, proceeding or judgment. The Recipient and the Company hereby irrevocably waive:

(i) any objections which it may now or hereafter have to the laying of the venue of any suit, action or proceeding arising out of or relating to this Restricted Stock Unit Agreement brought in any court of competent jurisdiction in the State of Nevada, (ii) any claim that any such suit, action or proceeding brought in any such court has been brought in any inconvenient forum and (iii) any right to a jury trial.

9. Incorporation of Plan. The Plan is hereby incorporated by reference and made a part hereof, and the Restricted Stock Units and this Restricted Stock Unit Agreement shall be subject to all terms and conditions of the Plan and this Restricted Stock Unit Agreement.

10. Amendments / Construction. The Board, directly or through its delegation of authority to the Committee, may amend, alter, suspend, discontinue or cancel the terms of this Restricted Stock Unit Agreement prospectively or retroactively at any time, but no such amendment shall impair the rights of the Recipient hereunder without Recipient's consent. Headings to Sections of this Restricted Stock Unit Agreement are intended for convenience of reference only, are not part of this Restricted Stock Unit Agreement and shall have no effect on the interpretation hereof.

11. Survival of Terms. This Restricted Stock Unit Agreement shall apply to and bind the Recipient and the Company and their respective permitted assignees and transferees, heirs, legatees, executors, administrators and legal successors.

12. Rights as a Stockholder. The Recipient shall have no rights of a stockholder (including the right to receive distributions or dividends) until the Recipient has received the shares of Common Stock equal to the number of Restricted Stock Units which vested. On the date that the Recipient receives Common Stock with respect to Restricted Stock Units, the Recipient shall receive distributions or dividends that would have been paid to or made with respect to the number of shares of Common Stock that relate to this Restricted Stock Unit Award from the date of vesting until such date of delivery of the Common Stock.

13. Agreement Not a Contract for Employment. Neither the Plan, the granting of the Restricted Stock Units, this Restricted Stock Unit Agreement nor any other action taken pursuant to the Plan shall constitute or be evidence of any agreement or understanding, express or implied, that the Recipient has a right to continue to provide employment as an officer, director, employee, consultant or advisor of the Company or any Subsidiary or Affiliate for any period of time or at any specific rate of compensation.

14. Authority of the Board; Disputes. The Board, directly or through its delegation of authority to the Committee, shall have full authority to interpret and construe the terms of the Plan and this Restricted Stock Unit Agreement. Notwithstanding the above, nothing within this provision shall restrict the Company or the Recipient from seeking to enforce the terms of this Restricted Stock Unit Agreement under and as provided in Section 8, above.

15. Severability. Should any provision of this Restricted Stock Unit Agreement be held by a court of competent jurisdiction to be unenforceable, or enforceable only if modified, such holding shall not affect the validity of the remainder of this Restricted Stock Unit Agreement, the balance of which shall continue to be binding upon the parties hereto with any such modification (if any) to become a part hereof and treated as though contained in this original Recipient Restricted Stock Unit Agreement.

16. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument. Counterpart signature pages to this Agreement transmitted by facsimile transmission, by electronic mail in portable document format (.pdf), or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, will have the same effect as physical delivery of the paper document bearing an original signature.

17. Acceptance. The Recipient hereby acknowledges receipt of a copy of the Plan and this Agreement. The Recipient has read and understands the terms and provisions thereof, and accepts the Restricted Stock Units subject to all of the terms and conditions of the Plan and this Agreement. The Recipient acknowledges that there may be adverse tax consequences upon vesting of the Restricted Stock Unit or disposition of the underlying shares and that the Recipient should consult a tax advisor prior to such exercise or disposition.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

READING INTERNATIONAL, INC.

Name: Ellen Cotter
Title: President and Chief Executive Officer

RECIPIENT

Name: _____

Title: _____

READING INTERNATIONAL, INC.

RESTRICTED STOCK UNIT AGREEMENT

[Non-Employee Directors]

This Restricted Stock Unit Agreement (this "**Agreement**") is made and entered into as of this ____ day of _____ ("**Grant Date**") by and between Reading International, Inc., a Nevada corporation (the "**Company**") and _____ (the "**Recipient**"). Capitalized terms not defined herein shall have the meaning ascribed to them in the Company's 2010 Stock Incentive Plan, as amended (the "**Plan**").

1. Grant of Restricted Stock Units. The Company hereby grants to the Recipient _____ share units (such units, the "**Restricted Stock Units**"), subject to all of the terms and conditions of this Restricted Stock Unit Agreement and the Plan.

2. Vesting and Payment.

2.1 Vesting Date. Subject to the limitations set forth in this Section 2, Restricted Stock Units will vest on the first to occur of (i) 5:00 pm, Los Angeles, CA time on the last business day prior to the one-year anniversary of the Grant Date or (ii) the date on which Recipient has served such Recipient's full term as a Director (the "**Vesting Date**").

2.2 Forfeiture upon Termination.

Subject to the provisions of Sections 2.3, upon termination of the Recipient's Services, whether by the Company or by the Recipient, any unvested Restricted Stock Units shall be immediately forfeited and neither the Recipient nor any of the Recipient's successors, heirs, assigns or personal representatives shall thereafter have any further rights or interests in such Restricted Stock Units.

2.3 Acceleration of Vesting.

(a) In the event that of Recipient's death or Disability (as defined in the Plan), all unvested Restricted Stock Units shall immediately vest as of the date of death or Disability.

(b) In the event of a Change of Control, and the Recipient is not a Participant in such Change in Control, all unvested Restricted Stock Units shall immediately vest as of the date of such Change of Control.

(c) In the event of a Corporate Transaction in which the Restricted Stock Units are not to be Appropriately Replaced at or prior to the effective time of such Corporate Transaction, the vesting of all Restricted Stock Units which are not otherwise fully vested shall automatically accelerate so that all such Restricted Stock Units shall, immediately prior to the effective time of the Corporate Transaction, become fully vested, free of all restrictions.

(d) For purposes of this Section 2.3:

(i) Restricted Stock Units shall be considered “Appropriately Replaced” if, at or prior to the Corporate Transaction, in the judgment of the Committee as constituted at the time the Corporate Transaction is proposed or announced to the Company (the “Evaluating Committee”), the Restricted Stock Units or a substituted award will confer the right to receive, for each share of Common Stock that may be received pursuant to the Restricted Stock Units existing immediately prior to the Corporate Transaction, on substantially the same vesting and other terms and conditions as were applicable to the Restricted Stock Units immediately prior to the Corporate Transaction, the consideration (whether stock, cash or other securities or property) to be received in the Corporate Transaction by holders of Common Stock for each such share held on the effective date of such transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding shares of Common Stock); provided, however, that if such consideration to be received in the transaction constituting a Corporate Transaction is not solely cash and/or common stock of the successor company or its parent or subsidiary, the Evaluating Committee may, if the obligations are to be assumed by the successor company, or its parent or subsidiary, approve that the consideration to be received upon the exercise or vesting of the Restricted Stock Units (or the substituted award) will be common stock of the successor company or its parent or subsidiary substantially equal in fair market value to the per-share consideration received by holders of Common Stock in the transaction constituting a Corporate Transaction. The determination of such substantial equality of value of consideration shall be made by the Evaluating Committee in its sole discretion and its determination shall be conclusive and binding.

(ii) The term “Change in Control” shall mean:

(A) a change, after the Grant Date, in the composition of the Board such that the Incumbent Board ceases for any reason to constitute at least a majority of the Board; or

(B) after the Grant Date a Person (as defined below) other than a Permitted Holder (as defined below) becomes the “Beneficial Owner” (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of securities of the Company representing in the aggregate thirty percent (30%) or more of the then outstanding Voting Securities of the Company; provided, however, that a Change in Control shall not be deemed to have occurred for purposes of this clause (B) solely as the result of:

(1) any acquisition directly from the Company, other than an acquisition by virtue of the exercise of a conversion privilege

unless the security being so converted itself was acquired directly from the Company,

(2) any repurchase of securities by the Company,

(3) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any entity controlled by the Company, and

(4) any acquisition pursuant to a transaction that is excluded from the definition of Corporate Transaction pursuant to approval by the Incumbent Board.

(iii) The term “Corporate Transaction” shall mean:

(A) the consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company, whether directly or indirectly through the sale of any one or more of the Company’s subsidiaries or the assets of such one or more subsidiaries; excluding, however, any such transaction approved by the Incumbent Board (as defined below); or

(B) the liquidation or dissolution of the Company.

(iv) The term “Incumbent Board” shall mean the individuals who, as of the Grant Date, constitute the entire Board together with any individual(s) who becomes a member of the Board subsequent to the Grant Date, whose election, or nomination for election by the Company’s stockholders, was approved by a vote of at least a majority of those individuals who are members of the Board and who were also members of the then-Incumbent Board (or deemed to be such pursuant to this proviso); provided, however, that any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest (as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act) or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board shall not be so considered as a member of the Incumbent Board.

(v) The term “Participant” in a Change in Control or a Corporate Transaction shall mean any Person who, after such Change in Control or Corporate Transaction either (a) is or controls any Person whose acquisition or control of securities of the Company gives rise to the Change in Control pursuant to Section 2.3(d)(ii)(B) above, or (b) is or controls any Permitted Holder as of the effective date of such Change in Control or Corporate Transaction but was not or did not control such Permitted Holder as of the date hereof.

(vi) The term “Permitted Holder” shall mean (i) the Company or any trustee or other fiduciary holding securities under an employee benefit plan of the Company, (ii) any Person who, since the Grant Date, has continuously been

the Beneficial Owner of not less than thirty percent (30%) of the Voting Securities, or (iii) any Person controlled, directly or indirectly, by one or more of the foregoing Persons referred to in the immediately preceding clause (ii).

(vii) The term “Person” shall mean any individual (whether acting in an individual capacity or in a representative capacity so as to have sole or shared voting power of Voting Securities), entity (including, without limitation, any corporation, charitable or not-for profit corporation, private foundation, partnership, limited liability company, trust (including, without limitation, any private, charitable or split-interest trust), joint venture, association or governmental body) or group (as defined in Section 13(d)(3) or 14(d)(2) of the Exchange Act and the rules and regulations thereunder.

(viii) Services shall mean Recipient’s services as a Director of the Company or any successor.

(ix) The term “Voting Securities” shall mean all securities of a corporation having the right under ordinary circumstances to vote in an election of the board of directors of such corporation, or other interests having comparable rights to elect managers or fiduciary persons or boards in non-corporate entities. As of the date hereof, the Voting Securities of the Company includes the shares of Class B common stock of the Company.

2.4 Settlement. If Restricted Stock Units vest, then within thirty (30) days after the last day of the calendar year in which the Restricted Stock Units become vested pursuant to Section 2 hereof, the Company shall settle the Restricted Stock Units by delivering to the Recipient, or if applicable the Recipient’s estate, that number of shares of Common Stock equal to the number of Restricted Stock Units which vested on such vesting date as set forth above.

2.5 Taxes. On the date on which the Restricted Stock Units are settled pursuant to Section 2.4 hereof, the Recipient shall recognize taxable income in respect of the Common Stock deliverable and the Company shall report such taxable income to the appropriate taxing authorities in respect thereof as it determines to be necessary and appropriate.

2.6 Certificate. Upon settlement of the Restricted Stock Units pursuant to Section 2.4 hereof (or as soon as practicable thereafter), the Company shall deliver or cause to be delivered one or more certificates issued in the Recipient’s name representing shares of Common Stock equal to the number of vested Restricted Stock Units. If a valid SEC Form S-8 Registration Statement is not in effect at the time, the Certificate shall set forth restrictive legends advising the Recipient that the shares of Common Stock have not been registered under the securities laws of the United States or the laws of any state and that the sale or other disposition of such shares is prohibited unless such sale or other disposition is made in compliance with all such laws.

3. Adjustments. Pursuant to Section 11 of the Plan, in the event of a change in capitalization, the Board shall make such equitable changes or adjustments to the number and kind

of securities or other property (including cash) issued or issuable in respect of outstanding Restricted Stock Units.

4. Notices. All notices and other communications under this Restricted Stock Unit Agreement shall be in writing and shall be given by e-mail, first class mail, certified or registered with return receipt requests, and shall be deemed to have been duly given three days after mailing (or one-day in case of delivery by e-mail) to the respective parties, as follows: (i) if to the Company, (a) if by mail, addressed to the Company in care of its Corporate Secretary at the principal executive office of the Company, or (b) if by e-mail, addressed to the care of the Corporate Secretary at corporatesecretary@readingrdi.com and (ii) if to the Recipient, using the contact information on file with the Company. Either party hereto may change such party's address for notices by notice duly given pursuant hereto.

5. Protections against Violations of Agreement.

5.1 No purported sale, assignment, mortgage, hypothecation, transfer, charge, pledge, encumbrance, gift, transfer in trust (voting or other) or other disposition or creation of a security interest in or lien on, any of the Restricted Stock Units or any agreement or commitment to do any of the foregoing (each a "Transfer") by any holder thereof in violation of the provisions of this Restricted Stock Unit Agreement will be valid, except (i) a transfer for estate planning purposes, or (ii) with the prior written consent of the Board (such consent shall be granted or withheld in the sole discretion of the Board).

5.2 Any purported Transfer of Restricted Stock Units or any economic benefit or interest therein in violation of this Restricted Stock Unit Agreement shall be null and void ab initio, and shall not create any obligation or liability of the Company, and any person purportedly acquiring any Restricted Stock Units or any economic benefit or interest therein transferred in violation of this Restricted Stock Unit Agreement shall not be entitled to receive any Common Stock.

6. Taxes. BY SIGNING THIS RESTRICTED STOCK UNIT AGREEMENT, THE RECIPIENT REPRESENTS THAT HE OR SHE HAS REVIEWED WITH HIS OR HER OWN TAX ADVISORS THE FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE TRANSACTIONS CONTEMPLATED BY THIS RESTRICTED STOCK UNIT AGREEMENT AND THAT HE OR SHE IS RELYING SOLELY ON SUCH ADVISORS AND NOT ON ANY STATEMENTS OR REPRESENTATIONS OF THE COMPANY OR ANY OF ITS AGENTS. THE RECIPIENT UNDERSTANDS AND AGREES THAT HE OR SHE (AND NOT THE COMPANY) SHALL BE RESPONSIBLE FOR ANY TAX LIABILITY THAT MAY ARISE AS A RESULT OF THE TRANSACTIONS CONTEMPLATED BY THIS RESTRICTED STOCK UNIT AGREEMENT.

7. Failure to Enforce Not a Waiver. The failure of the Company to enforce at any time any provision of this Restricted Stock Unit Agreement shall in no way be construed to be a waiver of such provision or of any other provision hereof.

8. Governing Law. This Restricted Stock Unit Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Nevada applicable to contracts

made and to be performed herein. Any suit, action or proceeding with respect to this Restricted Stock Unit Agreement, or any judgment entered by any court in respect of any thereof, shall be brought in any court of competent jurisdiction in the State of Nevada, and the Company and the Recipient hereby submit to the exclusive jurisdiction of such courts for the purpose of any such suit, action, proceeding or judgment. The Recipient and the Company hereby irrevocably waive (i) any objections which it may now or hereafter have to the laying of the venue of any suit, action or proceeding arising out of or relating to this Restricted stock Unit Agreement brought in any court of competent jurisdiction in the State of Nevada, (ii) any claim that any such suit, action or proceeding brought in any such court has been brought in any inconvenient forum and (iii) any right to a jury trial.

9. Incorporation of Plan. The Plan is hereby incorporated by reference and made a part hereof, and the Restricted Stock Units and this Restricted Stock Unit Agreement shall be subject to all terms and conditions of the Plan and this Restricted Stock Unit Agreement.

10. Amendments / Construction. The Board may amend the terms of this Restricted Stock Unit Agreement prospectively or retroactively at any time, but no such amendment shall impair the rights of the Recipient hereunder without Recipient's consent. Headings to Sections of this Restricted Stock Unit Agreement are intended for convenience of reference only, are not part of this Restricted Stock Unit Agreement and shall have no effect on the interpretation hereof.

11. Survival of Terms. This Restricted Stock Unit Agreement shall apply to and bind the Recipient and the Company and their respective permitted assignees and transferees, heirs, legatees, executors, administrators and legal successors.

12. Rights as a Stockholder. The Recipient shall have no rights of a stockholder (including the right to vote and the right to receive distributions or dividends) until the Recipient has received the shares of Common Stock equal to the number of Restricted Stock Units which vested. On the date that the Recipient receives Common Stock with respect to Restricted Stock Units, the Recipient shall receive distributions or dividends that would have been paid to or made with respect to the number of shares of Common Stock that relate to this Restricted Stock Unit Award from the date of vesting until such date of delivery of the Common Stock. The Recipient shall be able to exercise voting rights upon receipt of the shares of Common Stock.

13. Agreement Not a Contract for Continued Service. Neither the Plan, the granting of the Restricted Stock Units, this Restricted Stock Unit Agreement nor any other action taken pursuant to the Plan shall constitute or be evidence of any agreement or understanding, express or implied, that the Recipient has a right to continue to serve as a director of the Company for any period of time or at any specific rate of compensation.

14. Authority of the Board; Disputes. The Board, directly or through its delegation of authority to the Committee, shall have full authority to interpret and construe the terms of the Plan and this Restricted Stock Unit Agreement. Notwithstanding the above, nothing within this provision shall restrict the Company or the Recipient from seeking to enforce the terms of this Restricted Stock Unit Agreement under and as provided in Section 8, above.

15. Severability. Should any provision of this Restricted Stock Unit Agreement be held by a court of competent jurisdiction to be unenforceable, or enforceable only if modified, such holding shall not affect the validity of the remainder of this Restricted Stock Unit Agreement, the balance of which shall continue to be binding upon the parties hereto with any such modification (if any) to become a part hereof and treated as though contained in this original Recipient Restricted Stock Unit Agreement.

16. Amendment. The Board, directly or through its delegation of authority to the Committee, has the right to amend, alter, suspend, discontinue or cancel the Restricted Stock Unit, prospectively or retroactively; provided, that, no such amendment shall adversely affect the Recipient's material rights under this Agreement without the Recipient's consent.

17. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument. Counterpart signature pages to this Agreement transmitted by facsimile transmission, by electronic mail in portable document format (.pdf), or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, will have the same effect as physical delivery of the paper document bearing an original signature.

18. Acceptance. The Recipient hereby acknowledges receipt of a copy of the Plan and this Agreement. The Recipient has read and understands the terms and provisions thereof, and accepts the Restricted Stock Units subject to all of the terms and conditions of the Plan and this Agreement. The Recipient acknowledges that there may be adverse tax consequences upon vesting and/or settlement of the Restricted Stock Unit or disposition of the underlying shares and that the Recipient should consult a tax advisor prior to such vesting, settlement or disposition.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

READING INTERNATIONAL, INC.

By _____

Name: Ellen Cotter

Title: President and Chief Executive Officer

RECIPIENT

By _____

Name:

**RESTRICTED STOCK UNIT GRANT NOTICE
UNDER THE
READING INTERNATIONAL, INC.
2010 STOCK INCENTIVE PLAN**

Reading International, Inc. (the "Company"), pursuant to its 2010 Stock Incentive Plan, as amended (the "Plan"), hereby grants to the Recipient set forth below the number of Restricted Stock Units set forth below. The Restricted Stock Units are subject to all of the terms and conditions as set forth herein, in the Restricted Stock Unit Agreement (attached hereto), and in the Plan, all of which are incorporated herein in their entirety. Capitalized terms not otherwise defined herein shall have the meaning set forth in the Plan.

Recipient:

Number of Restricted Stock Units:

Grant Date:

Vesting Schedule:

100% of the Restricted Stock Units granted hereunder shall vest on the first to occur of (i) 5:00 pm, Los Angeles, CA time on the last business day prior to the one-year anniversary of the Grant Date or (ii) the date on which Recipient has served such Recipient's full term as a Director (the "Vesting Date"); provided that the Recipient has not undergone a termination of his or her services as a Director at the time of the Vesting Date (or an earlier accelerating event).

THE UNDERSIGNED RECIPIENT ACKNOWLEDGES RECEIPT OF THIS RESTRICTED STOCK UNIT GRANT NOTICE, THE RESTRICTED STOCK UNIT AGREEMENT AND THE PLAN, AND, AS AN EXPRESS CONDITION TO THE GRANT OF RESTRICTED STOCK UNITS HEREUNDER, AGREES TO BE BOUND BY THE TERMS OF THIS RESTRICTED STOCK UNIT GRANT NOTICE, THE RESTRICTED STOCK UNIT AGREEMENT AND THE PLAN.

The Restricted Stock Unit Grant Notice is dated as of _____, 20__.

Reading International, Inc.

"Recipient"

By:
Name: Ellen Cotter
Title: President and Chief Executive Officer

By: _____
Name:

READING INTERNATIONAL, INC.

2010 STOCK INCENTIVE PLAN

STOCK OPTION AGREEMENT

[Non-Director]

Unless otherwise defined herein, capitalized terms used in this Stock Option Agreement (this "Option Agreement") shall have the meanings ascribed in the Reading International, Inc. ("Reading" or the "Company") 2010 Stock Incentive Plan, as amended (the "Plan").

I. **NOTICE OF STOCK OPTION GRANT**

Name: _____

Address: _____

The Company is pleased to inform you that, subject to the terms and conditions of the Plan and this Option Agreement, you have been granted an Option to purchase shares of the Company's Class A Non-voting Common Stock("Option Shares"), as follows:

Grant Number: _____

Date of Grant: _____

Vesting Commencement Date: _____

Exercise Price per Share: _____

Number of Option Shares: _____

Total Exercise Price: _____

Type of Option: _____ Incentive Stock Option ("ISO")

_____ Nonstatutory Stock Option ("NSO")

Term/Expiration Date: _____

Vesting Schedule: The Option shall become vested and exercisable in accordance with the following schedule:

II. AGREEMENT

A. Grant of Option.

The Board hereby grants to the Optionee named in the Notice of Grant contained in Part I of this Option Agreement (the "Notice of Grant") an Option (this "Option") to purchase the number of Shares set forth in the Notice of Grant, at the exercise price per Share set forth in the Notice of Grant (the "Exercise Price"), subject to the terms and conditions of the Plan, which is incorporated herein by reference. Subject to Section 12 of the Plan, in the event of a conflict between the terms and conditions of the Plan and the terms and conditions of this Option Agreement, the terms and conditions of the Plan shall prevail.

If designated in the Notice of Grant as an Incentive Stock Option, this Option is intended to qualify as an Incentive Stock Option under Section 422 of the Code; however, if this Option is intended to be an Incentive Stock Option, to the extent that it exceeds the \$100,000 rule described in Section 10(d) of the Plan it shall be treated as a Nonstatutory Stock Option.

B. Vesting of Option Shares.

(a) Vesting Schedule. The Option Shares as to which the Option shall have vested at any time in accordance with the terms of the Vesting Schedule set forth in the Notice of Grant are referred to as "Vested Shares," and the Option Shares that shall not have vested are referred to as "Unvested Shares." All of the Option Shares are Unvested Shares as of the date of this Option Agreement.

(b) Termination of Unvested Shares Upon Early Termination of Employment. If the Optionee ceases to remain employed by the Company for any reason, (i) the Option shall immediately and automatically cease to be exercisable for any Unvested Shares as of the date of termination of employment and (ii) the Optionee shall immediately and automatically cease to have any right under the Option with respect to Unvested Shares as of the date of termination of employment. In such event, this Option Agreement shall remain in full force and effect with respect to any Vested Shares.

C. Acceleration of Vesting.

(a) In the event of Optionee's death or Disability (as defined in the Plan), all Unvested Options shall immediately vest as of the date of death or Disability.

(b) In the event that, within twenty-four months after a Change in Control, Optionee is Terminated Without Cause by the Company or any successor Person, or Resigns For Good Reason, and the Optionee is not a Participant in such Change in Control, the vesting of all Unvested Options which are not otherwise fully vested shall automatically accelerate so that all such Unvested Options shall, immediately when the Optionee is Terminated Without Cause or Resigns for Good Reason, become fully vested, free of all restrictions.

(c) In the event of a Corporate Transaction in which the Unvested Options are not to be Appropriately Replaced at or prior to the effective time of such Corporate Transaction, the vesting of all Unvested Options which are not otherwise fully vested shall automatically accelerate so that all such Unvested Options shall, immediately prior to the effective time of the Corporate Transaction, become fully vested, free of all restrictions.

(d) In the event that, within twenty-four months after a Corporate Transaction at or prior to which the Unvested Options have been Appropriately Replaced, Optionee is Terminated Without Cause by the Company or any successor Person, or Resigns For Good Reason, and the Optionee is not a Participant in such Corporate Transaction, the vesting of all Unvested Options (or the substitute awards by which the Unvested Options are Appropriately Replaced) which are not otherwise fully vested shall automatically accelerate so that all such Unvested Options (or such substitute awards) shall, immediately when the Optionee is Terminated Without Cause or Resigns For Good Reason, become fully vested, free of all restrictions.

(e) For purposes of this Section II.C.:

(i) Unvested Options shall be considered "Appropriately Replaced" if, in addition to providing for acceleration as provided in clause (d) of this Section II.C., at or prior to the Corporate Transaction, in the judgment of the Committee as constituted at the time the Corporate Transaction is proposed or announced to the Company (the "Evaluating Committee"), the Unvested Options or a substituted award will confer the right to receive, for each share of Common Stock that may be received pursuant to the Unvested Options existing immediately prior to the Corporate Transaction, on substantially the same vesting and other terms and conditions (including acceleration if the Optionee is Terminated Without Cause or Resigns For Good Reason) as were applicable to the Unvested Options immediately prior to the Corporate Transaction, the consideration (whether stock, cash or other securities or property) to be received in the Corporate Transaction by holders of Common Stock for each such share held on the effective date of such transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding shares of Common Stock); provided, however, that if such consideration to be received in the transaction constituting a Corporate Transaction is not solely cash and/or common stock of the successor company or its parent or subsidiary, the Evaluating Committee may, if the obligations are to be assumed by the successor company, or its parent or subsidiary, approve that the consideration to be received upon the exercise or vesting of the Unvested Options (or the substituted award) will be common stock of the successor company or its parent or subsidiary substantially equal in fair market value to the per-share consideration received by holders of Common Stock in the transaction constituting a Corporate Transaction. The determination of such substantial equality of value of consideration shall be made by the Evaluating Committee in its sole discretion and its determination shall be conclusive and binding.

(ii) The term "Change in Control" shall mean:

(A) a change, after the Grant Date, in the composition of the Board such that the Incumbent Board ceases for any reason to constitute at least a majority of the Board; or

(B) after the Grant Date a Person (as defined below) other than a Permitted Holder (as defined below) becomes the "Beneficial Owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of securities of the Company representing in the aggregate thirty percent (30%) or more of the then outstanding Voting Securities of the Company; provided, however, that a Change in Control shall not be deemed to have occurred for purposes of this clause (B) solely as the result of:

(1) any acquisition directly from the Company, other than an acquisition by virtue of the exercise of a conversion privilege unless the security being so converted itself was acquired directly from the Company,

(2) any repurchase of securities by the Company,

(3) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any entity controlled by the Company, and

(4) any acquisition pursuant to a transaction that is excluded from the definition of Corporate Transaction pursuant to approval by the Incumbent Board.

(iii) The term "Corporate Transaction" shall mean:

(A) the consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company, whether directly or indirectly through the sale of any one or more of the Company's subsidiaries or the assets of such one or more subsidiaries; excluding, however, any such transaction approved by the Incumbent Board (as defined below); or

(B) the liquidation or dissolution of the Company.

(iv) The term "Incumbent Board" shall mean the individuals who, as of the Grant Date, constitute the entire Board together with any individual(s) who becomes a member of the Board subsequent to the Grant Date, whose election, or nomination for election by the Company's stockholders, was approved by a vote of at least a majority of those individuals who are members of the Board and who were also members of the then-Incumbent Board (or deemed to be such pursuant to this proviso); provided, however, that any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest (as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act) or other

actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board shall not be so considered as a member of the Incumbent Board.

(v) The term "Participant" in a Change in Control or a Corporate Transaction shall mean any Person who, after such Change in Control or Corporate Transaction either (a) is or controls any Person whose acquisition or control of securities of the Company gives rise to the Change in Control pursuant to Section II.C.(e)(ii)(B) above, or (b) is or controls any Permitted Holder as of the effective date of such Change in Control or Corporate Transaction but was not or did not control such Permitted Holder as of the date hereof.

(vi) The term "Permitted Holder" shall mean (i) the Company or any trustee or other fiduciary holding securities under an employee benefit plan of the Company, (ii) any Person who, since the Grant Date, has continuously been the Beneficial Owner of not less than thirty percent (30%) of the Voting Securities, or (iii) any Person controlled, directly or indirectly, by one or more of the foregoing Persons referred to in the immediately preceding clause (ii).

(vii) The term "Person" shall mean any individual (whether acting in an individual capacity or in a representative capacity so as to have sole or shared voting power of Voting Securities), entity (including, without limitation, any corporation, charitable or not-for profit corporation, private foundation, partnership, limited liability company, trust (including, without limitation, any private, charitable or split-interest trust), joint venture, association or governmental body) or group (as defined in Section 13(d)(3) or 14(d)(2) of the Exchange Act and the rules and regulations thereunder.

(viii) The term "Resigns For Good Reason" shall mean the termination by Optionee of Optionee's Services or election not to continue to provide such Services for Good Reason. The term "Good Reason" shall mean: [in the case of an employee, (A) a material, adverse change in the Optionee's authority, duties or responsibilities; (B) a material, adverse change in the authority, duties or responsibilities of the Optionee's supervisor (including, for example, requiring the Optionee to report to another officer, instead of the Board); (C) a material reduction in the Optionee's base salary or a material reduction in the Optionee's bonus opportunity, equity compensation or other material component of overall compensation; (D) a material reduction in Optionee's indemnification rights, directors and officers insurance coverage, (E) a relocation of the Optionee's principal place of employment by more than ten (10) miles; or (F) the employer's material breach of the Optionee's employment agreement;][in the case of a consultant: (A) any material, adverse change in the Optionee's compensation or work arrangements under the control of the Company, (B) any reduction in Optionee's indemnification rights and/or insurance coverage if such rights or coverage are a contractual obligation of the Company for the benefit of the consultant, or (C) any material, adverse change under the control of the Company in the manner or location required for the performance of Optionee's Services)]; provided, however, that Optionee shall give written notice to the Company or the successor entity of any events giving that would constitute

Good Reason within ninety (90) days of date on which such facts or events arise, the Company or such successor shall have not less than thirty (30) days' opportunity to cure, and Optionee shall terminate his or her [employment/consultancy] not later than thirty (30) days of the failure of the Company or such successor to timely cure.

(ix) Services shall mean Optionee's [services as a consultant to/services as an employee of] the Company or any successor.

(x) The term "Terminated without Cause" shall mean the termination of the Optionee's [services as a consultant to/employment with] the Company or any successor Person (including the failure to renew, extend or continue, as applicable) for any reason other than Cause. The term "Cause" shall mean: (A) the repeated failure or refusal of Optionee to perform the duties or render the services consistent with Optionee's title and position or in the case of a consultant, pursuant to consultant's agreement or agreed scope of services, which failure is not cured within thirty (30) days after written notice is delivered to Optionee; (B) fraud, embezzlement or other theft; (C) conviction of, or plea of guilty or nolo contendere to, a felony or gross misdemeanor involving moral turpitude; (D) intentional or gross misconduct or neglect that causes harm to the Company or its successor; or (E) substance abuse that affects the Optionee's performance.

(xi) The term "Voting Securities" shall mean all securities of a corporation having the right under ordinary circumstances to vote in an election of the board of directors of such corporation, or other interests having comparable rights to elect managers or fiduciary persons or boards in noncorporate entities. As of the date hereof, the Voting Securities of the Company includes the shares of Class 8 Common Stock of the Company.

D. Exercise of Option.

(a) Right to Exercise. This Option is exercisable during its term in accordance with the Vesting Schedule set out in the Notice of Grant and the applicable provisions of the Plan and this Option Agreement.

(b) Method of Exercise. This Option is exercisable by delivery to the Company of an exercise notice in substantially the form attached hereto as Exhibit A, or such other form as the Board may approve (the "Exercise Notice"), which shall state the election to exercise the Option, the number of Shares in respect of which the Option is being exercised (the "Exercised Shares"), and such other representations and agreements as may be required by the Company pursuant to the provisions of the Plan. The Exercise Notice shall be accompanied by payment of the aggregate Exercise Price as to all Exercised Shares, pursuant to Part II(D)(c) of this Option Agreement. This Option shall be deemed to be exercised upon receipt by the Company of such fully executed Exercise Notice accompanied by such aggregate Exercise Price.

No Shares shall be issued pursuant to the exercise of this Option unless such issuance and exercise complies with Applicable Laws. Assuming such compliance, for income tax purposes the Exercised Shares shall be considered transferred to the Optionee on the date the Option is exercised with respect to such Exercised Shares.

(c) Method of Payment and Consideration. Payment of the aggregate Exercise Price shall be by any method permitted under the Plan by the payment or transfer of any Consideration permitted under the Plan.

E. Non-Transferability of Option.

This Option may not be transferred in any manner other than by will or by the laws of descent or distribution and may be exercised during the lifetime of the Optionee only by the Optionee; provided, however, if the Option granted to Optionee herein is an NSO, the Optionee, may, by delivering written notice to the Company, in a form satisfactory to the Company, designate a third party who, in the event of the death of the Optionee, will thereafter be entitled to exercise this Option. The terms of the Plan and this Option Agreement shall be binding upon the executors, administrators, heirs, successors and assigns of the Optionee.

F. Exercise Period; Term of Option.

This Option may be exercised for three months after Optionee ceases to be employed by the Company, or in the case of a consultant, ceases to be a consultant to the Company, to the extent this Option was exercisable on the date Optionee ceases to be an employee, or a consultant, as the case may be, of the Company. Upon the death or Disability of the Optionee, this Option may be exercised for twelve months after Optionee ceases to be an employee or a consultant, as the case may be of the Company, to the extent this Option was exercisable on the date Optionee ceases to be an employee or a consultant, as the case may be. In no event, however, shall this Option be exercised later than the Term/Expiration Date set out in the Notice of Grant.

G. Tax Obligations.

(a) Withholding Taxes. Optionee agrees to make appropriate arrangements with the Company (or the Parent or Subsidiary employing or retaining Optionee) for the satisfaction of all Federal, state, local and/or foreign income and employment tax withholding requirements applicable to the Option exercise as provided in the Plan (including, without limitation, the withholding of Shares otherwise issuable upon exercise of the applicable Option). Optionee acknowledges and agrees that the Company may refuse to honor the exercise and refuse to deliver Shares if such withholding amounts are not delivered (either in cash, or by withholding of Shares otherwise issuable upon exercise of the applicable Option or through such other method of satisfaction as may be provided under the Plan) at the time of exercise.

(b) Notice of Disqualifying Disposition of ISO Shares. If the Option granted to Optionee herein is an ISO, and if Optionee sells or otherwise disposes of any of the Shares acquired pursuant to the ISO on or before the later of (1) the date two years after the Date of Grant, or (2) the date one year after the date of exercise, the Optionee shall immediately notify the Company in writing of such disposition. Optionee agrees that Optionee may be subject to income tax withholding by the Company on the compensation income recognized by the Optionee.

H. Entire Agreement; Governing Law.

The Plan and this Option Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Optionee with respect to the subject matter

hereof, and may not be modified adversely to the Optionee's interest except by means of a writing signed by the Company and Optionee . This agreement is governed by the internal substantive laws, but not the choice of law rules, of Nevada.

I.

NO GUARANTEE OF CONTINUED EMPLOYMENT OR RETENTION. OPTIONEE ACKNOWLEDGES AND AGREES THAT THE VESTING OF SHARES PURSUANT TO THE VESTING SCHEDULE HEREOF IS EARNED ONLY BY CONTINUING EMPLOYMENT OR RETENTION AT THE WILL OF THE COMPANY (AND NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED AN OPTION OR PURCHASING SHARES HEREUNDER). OPTIONEE FURTHER ACKNOWLEDGES AND AGREES THAT THIS OPTION AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED ENGAGEMENT AS AN EMPLOYEE OR RETENTIONAS A CONSULTANT FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND SHALL NOT INTERFERE WITH OPTIONEE'S RIGHT OR THE COMPANY'S RIGHT TO TERMINATE OPTIONEE'S EMPLOYMENT OR CONSULTANCY AT ANY TIME, WITH OR WITHOUT CAUSE.

By your signature and the signature of the Company's representative below, you and the Company agree that this Option is granted under and governed by the terms and conditions of the Plan and this Option Agreement. By your signature below, you acknowledge and agree that you have reviewed the Plan and this Option Agreement in their entirety, have had an opportunity to obtain the advice of counsel prior to executing this Option Agreement and fully understand all provisions of the Plan and this Option Agreement. Optionee hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Board upon any questions relating to the Plan and this Option Agreement. Optionee further agrees to notify the Company upon any change in the residence address indicated below.

[Signature page follows]

This Option Agreement may be executed by facsimile and in counterparts, each of which shall be deemed an original, but both of which shall constitute one and the same instrument.

OPTIONEE:

READING INTERNATIONAL, INC.

Signature

By: _____
Name
Title

Print Name

EXHIBIT A

NOTICE OF EXERCISE OF OPTION TO PURCHASE
COMMON STOCK

Name: _____
Address: _____
SSN: _____
Date: _____

Reading International, Inc. Attention:
Corporate Secretary
5995 Sepulveda Blvd, Suite 300 Culver
City, California 90230

Re: Exercise of Stock Option

Ladies and Gentlemen:

I elect to purchase _____ shares of Class A Non-voting Common Stock of Reading International, Inc. (the "Company") pursuant to the Reading International, Inc. Stock Option Agreement dated _____ and the Reading International, Inc. 2010 Stock Incentive Plan, as amended. The purchase will take place on the Exercise Date, which will be (i) as soon as practicable following the date this notice and all other necessary forms and payments are received by the Company, unless I specify a later date (not to exceed 30 days following the date of this notice) or (ii) in the case of a Broker-assisted cashless exercise (as indicated below), the date of this notice.

On or before the Exercise Date, I will pay the full exercise price in the form specified below (check one):

- Cash: by delivering cash to the Company for \$_____
- Check: by delivering a check made payable to the Company for \$_____
- Other Company Shares: by delivering for surrender or delivering of an assignment of other shares of the Company's Common Stock of the same class as the Shares, as provided in the Plan.
- Net Exercise: as provided in the Plan.
- Approved Cashless Exercise: as provided in the Plan.
- Cash From Broker: by delivering the purchase price from _____, a broker, dealer or other "creditor" as defined by Regulation T issued by the Board of Governors of the Federal Reserve System (the "Broker"). I authorize the Company to issue a stock certificate in the number of shares indicated above in the name of the Broker in accordance with instructions received by the Company from the Broker and to deliver such stock certificate directly to the Broker (or to any other party specified in the instructions from the Broker) upon receiving the exercise price from the Broker.
-

On or before the Exercise Date, I will pay (or otherwise provide for as provided in the Plan) any applicable tax withholding obligations.

Please deliver the stock certificate to me (unless I have chosen to pay the purchase price through a broker).

Very truly yours,

AGREED TO AND ACCEPTED:

READING INTERNATIONAL, INC.

By: _____

Title: _____

Number of Option Shares Exercised: _____

Number of Option Shares
Remaining _____

Date: _____

INDEMNIFICATION AGREEMENT

This **Indemnification Agreement** ("**Agreement**"), dated as of November __, 2019, is by and between Reading International, Inc., a Nevada corporation (the "**Company**") and _____ (the "**Indemnitee**").

WHEREAS, Indemnitee is a director and/or an officer of the Company or a consultant to the Company or the Company expects Indemnitee to join the Company as a director and/or an officer of the Company or consultant to the Company or is or expected to serve in some other "Covered Position" at the request of the Company;

WHEREAS, both the Company and Indemnitee recognize the increased risk of litigation and other claims being asserted against directors and officers of or consultants to public companies and their affiliates;

WHEREAS, the board of directors of the Company (the "**Board**") has determined that enhancing the ability of the Company to retain and attract the most capable persons to serve in Covered Positions is in the best interests of the Company and that the Company therefore should seek to assure such persons that indemnification and insurance coverage is available; and

WHEREAS, in recognition of the need to provide Indemnitee with substantial protection against personal liability, in order to procure Indemnitee's service and/or continued services as a director and/or officer of the Company or consultant to the Company or in any other Covered Position, and to enhance Indemnitee's ability to serve in such Covered Position in an effective manner, and in order to provide such protection pursuant to express contract rights (intended to be enforceable irrespective of, among other things, any amendment to the Company's certificate of incorporation or bylaws (collectively, the "**Constituent Documents**"), any change in the composition of the Board or any change in control or business combination transaction relating to the Company), the Company wishes to provide in this Agreement for the indemnification of, and the advancement of Expenses (as defined in Section 1(f) below) to, Indemnitee as set forth in this Agreement.

NOW, THEREFORE, in consideration of the foregoing and the Indemnitee's agreement to provide or to continue to provide services to the Enterprise in a Covered Position, the parties agree as follows:

1. Definitions. For purposes of this Agreement, the following terms shall have the following meanings:

(a) "**Beneficial Owner**" has the meaning given to the term "beneficial owner" in Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**").

(b) "**Change in Control**" means the occurrence after the date of this Agreement of any of the following events:

(i) any Person, other than a Person that has reported such current ownership pursuant to the Exchange Act on Schedule 13D as of the date hereof, becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 15% or more of the Company's then outstanding Voting Securities, unless the change in relative Beneficial Ownership of the Company's securities by any Person results solely from a reduction in the aggregate number of outstanding shares of securities entitled to vote generally in the election of directors;

(ii) the consummation of a reorganization, merger or consolidation, unless immediately following such reorganization, merger or consolidation, all of the Beneficial Owners of the Voting Securities of the Company immediately prior to such transaction beneficially own, directly or indirectly, more than 70% of the combined voting power of the outstanding Voting Securities of the entity resulting from such transaction;

(iii) during any period of two consecutive years, not including any period prior to the execution of this Agreement, individuals who at the beginning of such period constituted the Board (including for this purpose any new directors whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved) cease for any reason to constitute at least a majority of the Board;

(iv) the stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets; or

(v) a majority of the Disinterested Directors determine in a written finding that there has in fact been a Change of Control.

(c) "**Claim**" means:

(i) any threatened, pending or completed action, suit, proceeding or alternative dispute resolution mechanism, whether civil, criminal, administrative, arbitrative, investigative or other, and whether made pursuant to federal, state or other law; or

(ii) any inquiry, hearing or investigation that the Indemnitee determines might lead to the institution of any such action, suit, proceeding or alternative dispute resolution mechanism.

(d) "**Covered Position**" means service as a director, officer, employee, manager, member, or agent of or consultant to the Company or, at the request of the Company, service as a director, officer, employee, member, manager, trustee or agent of or consultant to any other corporation, limited liability company, partnership, joint venture, trust or other entity or enterprise (collectively with the Company, the "**Enterprise**" and each individually an "**Enterprise Party**").

(e) "**Disinterested Director**" means a director of the Company who is not and was not a party to, and does not control a party outside the Enterprise that is party to, the Claim in respect of which indemnification is sought by Indemnitee.

(f) "**Expenses**" means any and all expenses, including without limitation attorneys' and experts' fees, court costs, transcript costs, travel expenses, duplicating, printing and binding costs, telephone charges, and all other costs and expenses incurred in connection with investigating, defending, being a witness in or participating in (including on appeal), or preparing to defend, be a witness or participate in, any Claim. Expenses also shall include (i) Expenses incurred in connection with any appeal resulting from any Claim, including without limitation the premium, security for, and other costs relating to any cost bond, supersedeas bond, or other appeal bond or its equivalent, and (ii) for purposes of Section 5 only, Expenses incurred by Indemnitee in connection with the interpretation, enforcement or defense of Indemnitee's rights under this Agreement, by litigation or otherwise. Expenses, however, shall not include amounts paid in settlement by Indemnitee or the amount of judgments or fines against Indemnitee. The parties agree that for the purposes of any advancement of Expenses for which Indemnitee has made written demand to the Company in accordance with this Agreement, all Expenses included in such demand that are certified by affidavit of Indemnitee's counsel as being reasonable shall be presumed conclusively to be reasonable.

(g) "**Expense Advance**" means any payment of Expenses advanced to Indemnitee by the Company pursuant to Section 4 or Section 5 hereof.

(h) "**Indemnifiable Event**" means any event or occurrence, whether occurring before, on or after the date of this Agreement, related to the fact that Indemnitee is or was serving in a Covered Position or by reason of an action or inaction by Indemnitee in any such capacity (whether or not serving in such capacity at the time any Loss is incurred for which indemnification can be provided under this Agreement).

(i) "**Independent Counsel**" means an attorney who is licensed to practice law before the Nevada Court and in good standing with the Nevada Bar Association, who has not been subject to any disciplinary proceeding during the prior ten years, who has at least ten years' experience in matters of Nevada corporation law and who (and whose firm) neither presently performs, nor in the past five years has performed, services for either: (i) the Company or Indemnitee (other than in connection with matters concerning Indemnitee under this Agreement or of other indemnitees under similar agreements) or (ii) any other party to the Claim giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who (or whose firm), under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement.

(j) "**Losses**" means any and all Expenses, damages, losses, liabilities, judgments, fines, penalties (whether civil, criminal or other), ERISA excise taxes, amounts paid or payable in settlement, including any interest, assessments, any federal, state, local or foreign taxes imposed as a result of the actual or deemed receipt of any payments under this Agreement and all other charges paid or payable in connection with investigating, defending, being a witness

in or participating in (including on appeal), or preparing to defend, be a witness or participate in, any Claim.

(k) "**Nevada Court**" shall have the meaning ascribed to it in Section 9(e) below.

(l) "**Person**" means any individual, corporation, firm, partnership, joint venture, limited liability company, estate, trust, business association, organization, governmental entity or other entity and includes the meaning set forth in Sections 13(d) and 14(d) of the Exchange Act.

(m) "**Standard of Conduct Determination**" shall have the meaning ascribed to it in Section 9(b) below.

(n) "**Term of this Agreement**" shall have the meaning subscribed to it in Section 12 below.

(o) "**Voting Securities**" means any securities of the Company that vote generally in the election of directors.

2. **Services to the Company.** Indemnitee agrees to serve or to continue to serve, as the case may be, in the applicable Covered Position for so long as Indemnitee is duly elected, appointed or retained or until Indemnitee tenders Indemnitee's resignation or is no longer serving in such capacity. Indemnitee acknowledges that certain of Indemnitee's services to an Enterprise Party may require (i) providing identifying information to governmental authorities relating to Indemnitee's spouse or domestic partner to obtain permits or licenses for such Enterprise Party, or (ii) obtaining the approval or consent of Indemnitee's spouse or domestic partner for such purposes. This Agreement shall not be deemed an employment or consulting agreement between the Company (or any other Enterprise Party) and Indemnitee. Indemnitee specifically acknowledges that Indemnitee's employment with or service to the Company or any other Enterprise Party is at will and the Indemnitee may be discharged at any time for any reason, with or without cause, except as may be otherwise provided in any written employment agreement or other written agreement between Indemnitee and the Company (or such other Enterprise Company), any other applicable formal severance policies duly adopted by the Board or, with respect to service as a director and/or officer of the Company, by the Company's Constituent Documents or Nevada law. This Agreement shall continue in force after Indemnitee has ceased to serve in a Covered Position, as provided in Section 12 hereof.

3. Indemnification.

(a) **Indemnitee.** Subject to Section 9 and Section 10 of this Agreement, the Company shall indemnify Indemnitee, to the fullest extent permitted by the laws of the State of Nevada in effect as of the date Indemnitee first began providing service in a Covered Position, or as such laws may from time to time hereafter be amended to increase (but not decrease) the scope of such permitted indemnification, against any and all Losses if Indemnitee was or is or becomes a party to or participant in, or is threatened to be made a party to or participant in, any Claim by reason of or arising in part out of an Indemnifiable Event, including, without limitation, Claims

brought by or in the right of the Company, Claims brought by third parties, and Claims in which the Indemnatee is solely a witness.

(b) Indemnatee's Spouse or Domestic Partner. To the same extent and subject to the same standards, limitations, obligations and conditions under which indemnification is provided to Indemnatee under this Agreement, the Company shall indemnify the spouse or domestic partner of Indemnatee (even if Indemnatee does not remain as the spouse or domestic partner to such person during the entire period of coverage), against third-party Claims or direct or derivative actions or suits, if any such spouse or domestic partner becomes involved in a Claim solely by reason of their involvement in obtaining from governmental authorities permits or licenses for an Enterprise Party or their being named as a holder or responsible party with respect to such permits or licenses. Any such indemnified spouse or domestic partner of Indemnatee is also entitled to advancement of Expenses to the same extent and subject to the same limitations and conditions as Indemnatee. For the purposes described in this Section 3, any such indemnified spouse or domestic partner of Indemnatee shall, as applicable, be deemed to be included in the meaning of the term "Indemnatee" as used in this Agreement; provided, however, that the Company shall have no obligation to make any such spouse or domestic partner a beneficiary or named insured under any directors and officers liability insurance policies maintained by the Company or any other Enterprise Party.

4. Advancement of Expenses. Indemnatee shall have the right to advancement by the Company, prior to the final disposition of any Claim by final adjudication to which there are no further rights of appeal, of any and all Expenses actually and reasonably paid or incurred by Indemnatee in connection with any Claim arising out of an Indemnifiable Event. Indemnatee's right to such advancement is not subject to the satisfaction of any standard of conduct. Without limiting the generality or effect of the foregoing, within five (5) business days after any request by Indemnatee, the Company shall, in accordance with such request, (a) pay such Expenses on behalf of Indemnatee, (b) advance to Indemnatee funds in an amount sufficient to pay such Expenses, or (c) reimburse Indemnatee for such Expenses. In connection with any request for Expense Advances, Indemnatee shall not be required to provide any documentation or information to the extent that the provision thereof would undermine or otherwise jeopardize attorney-client privilege. In connection with any request for Expense Advances, Indemnatee shall execute and deliver to the Company an undertaking (which shall be accepted without reference to Indemnatee's ability to repay the Expense Advances), in the form attached hereto as Exhibit A, to repay any amounts paid, advanced, or reimbursed by the Company for such Expenses to the extent that it is ultimately determined, following the final disposition of such Claim, that Indemnatee was not entitled to indemnification hereunder. Indemnatee's obligation to reimburse the Company for Expense Advances shall be unsecured and no interest shall be charged thereon. All Expense Advances shall be paid without deduction (other than any legally mandated deductions for tax withholdings) or off set.

5. Indemnification for Expenses in Enforcing Rights. To the fullest extent allowable under applicable law, the Company shall also indemnify against, and, if requested by Indemnatee, shall advance to Indemnatee subject to and in accordance with Section 4, any Expenses actually and reasonably paid or incurred by Indemnatee in connection with any action or proceeding by Indemnatee for (a) indemnification or reimbursement or advance payment of Expenses by the Company under any provision of this Agreement, or under any other agreement or provision of

the Constituent Documents now or hereafter in effect relating to Claims relating to Indemnifiable Events, and/or (b) recovery under any directors' and officers' liability insurance policies maintained by the Company, regardless of whether Indemnatee ultimately is determined to be entitled to such indemnification or insurance recovery, as the case may be. Indemnatee shall be required to reimburse the Company in the event that a final judicial determination is made that such action brought by Indemnatee was frivolous or not made in good faith. All such amounts shall be paid without deduction (other than any legally mandated deductions for tax withholdings) or off set.

6. Partial Indemnity. If Indemnatee is entitled under any provision of this Agreement to indemnification by the Company for a portion of any Losses in respect of a Claim related to an Indemnifiable Event but not for the total amount thereof, the Company shall nevertheless indemnify Indemnatee for the portion thereof to which Indemnatee is entitled.

7. Notification and Defense of Claims.

(a) Notification of Claims. Indemnatee shall notify the Company in writing, as soon as practicable after Indemnatee has actual notice of such Claim, of any Claim which Indemnatee reasonably believes could relate to an Indemnifiable Event or for which Indemnatee reasonably believes that Indemnatee could seek Expense Advances, including a brief description (based upon information then reasonably available to Indemnatee) of the nature of, and the facts underlying, such Claim. The failure by Indemnatee to timely notify the Company hereunder shall not relieve the Company from any liability hereunder except that the Company shall not be liable to indemnify Indemnatee under this Agreement with respect to any judicial award in a Claim related to an Indemnifiable Event to the extent that the Company can prove that as the direct and proximate result of the failure on the part of the Indemnatee to give such notice on a timely basis, the Company was not given a reasonable opportunity to participate at its expense in the defense of such action. If at the time of the receipt of such notice, the Company has directors' and officers' liability insurance in effect under which coverage for Claims related to Indemnifiable Events is potentially available, the Company shall give prompt written notice to the applicable insurers in accordance with the procedures set forth in the applicable policies. The Company shall provide to Indemnatee a copy of such notice delivered to the applicable insurers, and copies of all subsequent correspondence between the Company and such insurers regarding the Claim, in each case substantially concurrently with the delivery or receipt thereof by the Company.

(b) Defense of Claims. The Company shall be entitled to participate in the defense of any Claim relating to an Indemnifiable Event at its own expense and, except as otherwise provided below, to the extent the Company so wishes, it may assume the defense thereof with counsel reasonably satisfactory to Indemnatee. After notice from the Company to Indemnatee of its election to assume the defense of any such Claim and the identification of the counsel that the Company intends to retain to provide such defense, the Company shall not be liable to Indemnatee under this Agreement or otherwise for any Expenses subsequently directly incurred by Indemnatee in connection with Indemnatee's defense of such Claim other than (i) reasonable costs of investigation, (ii) reasonable costs incurred in connection with the exercise by Indemnatee of Indemnatee's right to determine (a) whether such counsel is reasonable satisfactory to Indemnatee, (b) whether any conflicts of interest may exist between Indemnatee and the Company in the defense of the Claim and/or (c) whether such counsel is adequately and effectively providing the defense

of such Claim and acting in a competent manner, or (iii) as otherwise provided below. Indemnitee shall have the right to employ its own legal counsel in such Claim, but (except as provided in the immediately preceding sentence or as otherwise provided below in this sentence) all Expenses related to such counsel incurred after notice from the Company of its assumption of the defense shall be at Indemnitee's own expense; provided, however, that if (i) Indemnitee's employment of its own legal counsel has been authorized by the Company, (ii) Indemnitee has reasonably determined that there may be a conflict of interest between Indemnitee and the Company in the defense of such Claim, (iii) after a Change in Control, Indemnitee's employment of its own counsel has been approved by the Independent Counsel, (iv) the Company shall not in fact have employed counsel reasonably satisfactory to Indemnitee, to assume the defense of such Claim and/or such counsel shall fail to adequately or effectively provide the defense of such Claim or otherwise fail to act in a competent manner, or (v) the Company is in breach of its obligations under this Agreement, then Indemnitee shall be entitled to retain its own separate counsel (but not more than one law firm plus, if applicable, local counsel in respect of any such Claim) and all Expenses related to such separate counsel shall be borne by the Company.

8. Procedure upon Application for Indemnification. In order to obtain indemnification pursuant to this Agreement, Indemnitee shall submit to the Company a written request therefor, including in such request such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification following the final disposition of the Claim, provided that documentation and information need not be so provided to the extent that the provision thereof would undermine or otherwise jeopardize attorney-client privilege. Indemnification shall be unless the Company affirmatively and in writing determines that Indemnitee is not entitled to indemnification under the provisions of Section 9 below.

9. Determination of Right to Indemnification.

(a) Mandatory Indemnification; Indemnification as a Witness.

(i) To the extent that Indemnitee shall have been successful on the merits or otherwise in defense of any Claim relating to an Indemnifiable Event or any portion thereof or in defense of any issue or matter therein, including without limitation dismissal without prejudice, Indemnitee shall be indemnified against all Losses relating to such Claim in accordance with Section 3 to the fullest extent allowable by law, and no Standard of Conduct Determination (as defined in 9(b)) shall be required.

(ii) To the extent that Indemnitee's involvement in a Claim relating to an Indemnifiable Event is to service as a witness and/or to prepare to serve as a witness, and not as a party, the Indemnitee shall be indemnified against all Losses incurred in connection therewith to the fullest extent allowable by law and no Standard of Conduct Determination (as defined in Section 9(b)) shall be required.

(b) Standard of Conduct. To the extent that the provisions of Section 9(a) are inapplicable to a Claim related to an Indemnifiable Event that shall have been finally disposed of, any determination of whether Indemnitee has satisfied any applicable standard of conduct under Nevada law that is a legally required condition to indemnification of Indemnitee hereunder against

Losses relating to such Claim and any determination that Expense Advances must be repaid to the Company (a "**Standard of Conduct Determination**") shall be deemed made in the affirmative, with respect to a legally required condition to indemnification and in the negative with respect to any obligation to repay Expense Advances if so determined by any one or more of the following:

(i) by the holders of a majority of the outstanding common voting stock of the Company (acting at a meeting or by written consent),

(ii) by a majority vote of a quorum consisting entirely of Disinterested Directors,

(iii) if a majority vote of a quorum consisting entirely of Disinterested Directors so orders, by Independent Counsel in a written opinion addressed to the Board, a copy of which shall be delivered to the Indemnitee,

(iv) if a quorum of Disinterested Directors cannot be obtained, by Independent Counsel in a written opinion addressed to the Board, a copy of which shall be delivered to Indemnitee; or

(v) if a Change in Control has occurred since the time of any acts or omissions of Indemnitee or the Company that are related to a Claim for which the indemnification is sought, at the option of Indemnitee, by Independent Counsel in a written opinion addressed to the Board, a copy of which shall be delivered to Indemnitee.

By way of clarification, if holders of a majority of the outstanding voting common stock of the Company vote that Expense Advances are to be repaid under clause (i) above, but by a majority of a quorum consisting entirely of Disinterested Directors votes that Expense advances are not to be repaid under clause (ii) above, then the determination under clause (ii) shall control, and the Indemnitee shall have no obligation to repay Expense Advances.

The Company shall indemnify and hold harmless Indemnitee against and, if requested by Indemnitee, shall reimburse Indemnitee for, or advance to Indemnitee, within five (5) business days of such request, any and all Expenses incurred by Indemnitee in cooperating with the person or persons making such Standard of Conduct Determination (including, without limitation, costs and expenses of legal counsel advising Indemnitee on such matter).

(c) Making the Standard of Conduct Determination. The Company shall use its reasonable best efforts to cause any Standard of Conduct Determination required under Section 9(b) to be made as promptly as practicable. If the person or persons designated to make the Standard of Conduct Determination under Section 9(b) shall not have made a determination within 30 days after the later of (A) receipt by the Company of a written request from Indemnitee for indemnification pursuant to Section 8 (the date of such receipt being the "**Notification Date**") and (B) the selection of an Independent Counsel, if such determination is to be made by Independent Counsel, then Indemnitee shall be deemed to have satisfied the applicable standard of conduct; provided that such 30-day period may be extended for a reasonable time, not to exceed an additional 30 days, if the person or persons making such determination in good faith requires such additional time to obtain or evaluate information relating thereto. Notwithstanding anything in this

Agreement to the contrary, no determination as to entitlement of Indemnitee to indemnification under this Agreement shall be required to be made prior to the final disposition of any Claim.

(d) Payment of Indemnification. If, in regard to any Losses:

(i) Indemnitee shall be entitled to indemnification pursuant to Section 9(a);

(ii) no Standard Conduct Determination is legally required as a condition to indemnification of Indemnitee hereunder; or

(iii) Indemnitee has been determined or deemed pursuant to Section 9(b) or Section 9(c) to have satisfied the Standard of Conduct Determination,

then the Company shall pay to Indemnitee, within five (5) business days after the later of (A) the Notification Date or (B) the earliest date on which the applicable criterion specified in clause (i), (ii) or (iii) is satisfied, an amount equal to such Losses. Such amount shall be paid without deduction or off set.

(e) Selection of Independent Counsel for Standard of Conduct Determination. If a Standard of Conduct Determination is to be made by Independent Counsel pursuant to Section 9(b) (i), the Independent Counsel shall be selected by the Board of Directors, and the Company shall give written notice to Indemnitee advising Indemnitee of the identity of the Independent Counsel so selected. If a Standard of Conduct Determination is to be made by Independent Counsel pursuant to Section 9(b)(v), the Independent Counsel shall be selected by Indemnitee, and Indemnitee shall give written notice to the Company advising it of the identity of the Independent Counsel so selected. In either case, Indemnitee or the Company, as applicable, may, within five days after receiving written notice of selection from the other, deliver to the other a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Counsel so selected does not satisfy the criteria set forth in the definition of "Independent Counsel" in Section 1(i), and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person or firm so selected shall act as Independent Counsel. If such written objection is properly and timely made and substantiated, (i) the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court has determined that such objection is without merit; and (ii) the non-objecting party may, at its option, select an alternative Independent Counsel and give written notice to the other party advising such other party of the identity of the alternative Independent Counsel so selected, in which case the provisions of the two immediately preceding sentences, the introductory clause of this sentence and numbered clause (i) of this sentence shall likewise apply to such subsequent selection and notice. If applicable, the provisions of clause (ii) of the immediately preceding sentence shall apply to successive alternative selections. If no Independent Counsel that is permitted under the foregoing provisions of this Section 9(e) to make the Standard of Conduct Determination shall have been selected within 20 days after the Company gives its initial notice pursuant to the first sentence of this Section 9(e) or Indemnitee gives its initial notice pursuant to the second sentence of this Section 9(e), as the case may be, either the Company or Indemnitee may petition the Eighth Judicial District Court of the State of Nevada ("**Nevada Court**") to resolve any objection which

shall have been made by the Company or Indemnitee to the other's selection of Independent Counsel and/or to appoint as Independent Counsel a person to be selected by the Court or such other person as the Court shall designate, and the person or firm with respect to whom all objections are so resolved or the person or firm so appointed will act as Independent Counsel. In all events, the Company shall pay all of the reasonable fees and expenses of the Independent Counsel incurred in connection with the Independent Counsel's determination pursuant to Section 9(b), which fees shall include, without limitation, any co-counsel reasonably associated by the Independent Counsel. In the event that the Company has any objection to such fees, the Company shall nevertheless promptly pay the same, provided that such payment may be made under a reservation of rights.

(f) Presumptions and Defenses.

(i) Indemnitee's Entitlement to Indemnification. In making any Standard of Conduct Determination, the person or persons making such determination shall presume that Indemnitee has satisfied the applicable standard of conduct and is entitled to indemnification, and the Company shall have the burden of proof to overcome that presumption and establish that Indemnitee is not so entitled. Any Standard of Conduct Determination that is adverse to Indemnitee may be challenged by the Indemnitee in the Nevada Court. No determination by the Company (including by its directors or any Independent Counsel) that Indemnitee has not satisfied any applicable standard of conduct may be used as a defense to any legal proceedings brought by Indemnitee to secure indemnification or reimbursement or advance payment of Expenses by the Company hereunder or create a presumption that Indemnitee has not met any applicable standard of conduct.

(ii) Reliance as a Safe Harbor. For purposes of this Agreement, and without creating any presumption as to a lack of good faith if the following circumstances do not exist, Indemnitee shall be deemed to have acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Company if Indemnitee's actions or omissions to act are taken in good faith reliance upon the records of the Company, including its financial statements, or upon information, opinions, reports or statements furnished to Indemnitee by the officers or employees of the Company or any of its direct or indirect subsidiaries or the Enterprise in the course of their duties, or by committees of the Board or by any other Person (including legal counsel, accountants and financial advisors) as to matters Indemnitee reasonably believes are within such other Person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Company. In addition, the knowledge and/or actions, or failures to act, of any director, officer, agent or employee of the Company or any other Enterprise Party shall not be imputed to Indemnitee for purposes of determining the right to indemnity hereunder.

(iii) No Other Presumptions. For purposes of this Agreement, the termination of any Claim by judgment, order, settlement (whether with or without court approval) or conviction, or upon a plea of nolo contendere or its equivalent, will not create a presumption that Indemnitee did not meet any applicable standard of conduct or have any particular belief, or that indemnification hereunder is otherwise not permitted.

(iv) Defense to Indemnification and Burden of Proof. It shall be a defense to any action brought by Indemnitee against the Company to enforce this Agreement (other than an action brought to enforce a claim for Losses incurred in defending against a Claim related to an Indemnifiable Event in advance of its final disposition) that it is not permissible under applicable law for the Company to indemnify Indemnitee for the amount claimed. In connection with any such action or any related Standard of Conduct Determination, the burden of proving such a defense or that the Indemnitee did not satisfy the applicable standard of conduct shall be on the Company.

(v) Resolution of Claims. The Company acknowledges that a settlement or other disposition short of final judgment may be successful on the merits or otherwise for purposes of Section 9(a)(i) if it permits a party to avoid expense, delay, distraction, disruption and/or uncertainty. In the event that any Claim relating to an Indemnifiable Event to which Indemnitee is a party is resolved in any manner other than by a final adverse judgment, memorialized in a writing, and not subject to appeal against Indemnitee (including, without limitation, settlement of such action, claim or proceeding with or without payment of money or other consideration), it shall be presumed that Indemnitee has been successful on the merits or otherwise for purposes of Section 9(a)(i). The Company shall have the burden of proof to overcome this presumption.

10. Exclusions from Indemnification. Notwithstanding anything in this Agreement to the contrary, the Company shall not be obligated to:

(a) indemnify or advance funds to Indemnitee for Expenses or Losses with respect to proceedings initiated by Indemnitee, including any proceedings against the Company or its directors, officers, employees or other indemnitees and not by way of defense (including, without limitation, with respect to claims of wrongful termination by such Indemnitee against the Company, or any other Enterprise Party), except:

(i) proceedings brought by Indemnitee to interpret or enforce Indemnitee's rights under this Agreement (unless the Nevada Court finally determines that each of the material assertions made by Indemnitee in such proceeding was not made in good faith or was frivolous); or

(ii) where the Company has joined in or the Board has consented to the initiation of such proceedings;

(b) indemnify Indemnitee if a final decision by a court of competent jurisdiction, not capable of appeal, determines that such indemnification is judged to be prohibited by applicable law;

(c) indemnify Indemnitee or advance funds to Indemnitee for the disgorgement of profits arising from the purchase or sale by Indemnitee of securities of the Company in violation of Section 16(b) of the Exchange Act, or any similar successor statute; or

(d) indemnify or advance funds to Indemnitee for Indemnitee's reimbursement to the Company of any bonus or other incentive-based or equity-based compensation previously received by Indemnitee or payment of any profits realized by Indemnitee from the sale of securities

of the Company, as required in each case under the Exchange Act (including any such reimbursements under Section 304 of the Sarbanes-Oxley Act of 2002 in connection with an accounting restatement of the Company or the payment to the Company of profits arising from the purchase or sale by Indemnitee of securities in violation of Section 306 of the Sarbanes-Oxley Act).

11. Settlement of Claims. So long as the Company shall not be in material breach of its obligation under this Agreement (after notice and a thirty (30) day cure period), the Company shall not be liable to Indemnitee under this Agreement for any amounts paid in settlement of any threatened or pending Claim related to an Indemnifiable Event effected without the Company's prior written consent, which shall not be unreasonably withheld; provided, however, that if a Change in Control has occurred, the Company shall be liable for indemnification of the Indemnitee for amounts paid in settlement if an Independent Counsel (appointed by the Indemnitee as provide in Section 9(e), above) has approved the settlement. The Company shall not settle any Claim related to an Indemnifiable Event in any manner that would impose any Losses on the Indemnitee or which would result in the issuance of any injunction binding upon the Indemnitee or the creation of any contractual obligation on the part of the Indemnitor to do or not do anything, without the Indemnitee's prior written consent.

12. Duration. All agreements and obligations of the Company contained herein shall continue during the period that Indemnitee is serving in a Covered Position and shall continue thereafter (i) so long as Indemnitee may be subject to any possible Claim relating to an Indemnifiable Event (including any rights of appeal thereto) and (ii) throughout the pendency of any proceeding (including any rights of appeal thereto) commenced by Indemnitee to enforce or interpret Indemnitee's rights under this Agreement, even if, in either case, Indemnitee may have ceased to serve in such capacity at the time of any such Claim or proceeding (such period being referred to as the "Term of this Agreement").

13. Non-Exclusivity. The rights of Indemnitee hereunder will be in addition to any other rights Indemnitee may have under the Constituent Documents, Chapter 78 of the Nevada Revised Statutes, any other contract or otherwise (collectively, "**Other Indemnity Provisions**"); provided, however, that (a) to the extent that Indemnitee otherwise would have any greater right to indemnification under any Other Indemnity Provision, Indemnitee will be deemed to have such greater right hereunder and (b) to the extent that any change is made to any Other Indemnity Provision which permits any greater right to indemnification than that provided under this Agreement as of the date hereof, Indemnitee will be deemed to have such greater right hereunder. No amendment to any of the Constituent Documents shall have the effect denying, diminishing or encumbering Indemnitee's right to indemnification under this Agreement or any Other Indemnity Provision and shall be subordinate to Indemnitee's rights under this Agreement.

14. Liability Insurance. During the Term of this Agreement, the Company shall use commercially reasonable efforts (taking into account the scope and amount of coverage available relative to the cost thereof) to continue to maintain in effect policies of directors' and officers' liability insurance providing coverage that is at least substantially comparable in scope and amount to that provided by the Company's current policies of directors' and officers' liability insurance. In all policies of directors' and officers' liability insurance maintained by the Company, Indemnitee shall be named as an insured in such a manner as to provide Indemnitee the same rights and benefits

as are provided to the most favorably insured of the Company's directors, if Indemnitee is a director, or of the Company's officers, if Indemnitee is an officer (and not a director) by such policy. Upon request, the Company will provide to Indemnitee copies of all directors' and officers' liability insurance applications, binders, policies, declarations, endorsements and other related materials. Notwithstanding the above, nothing herein shall prevent the Company from procuring individual policies of directors' and officers' liability insurance for one or more directors and officers on a case by case basis as may be approved by a majority of the directors then in office, it being understood and agreed that the procurement of individual policies of directors' and officers' liability insurance for one or more directors shall not require the Company to procure such individual directors' and officers' liability insurance for the Indemnitee and that the Indemnitee shall have no right to have the Company procure for his or her benefit any such individual directors' and officer's liability insurance.

15. No Duplication of Payments. The Company shall not be liable under this Agreement to make any payment to Indemnitee in respect of any Losses to the extent Indemnitee has otherwise received payment under any insurance policy, the Constituent Documents, Other Indemnity Provisions or otherwise of the amounts otherwise indemnifiable by the Company hereunder.

16. Subrogation. In the event of payment to Indemnitee under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee. Indemnitee shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable the Company effectively to bring suit to enforce such rights.

17. Amendments. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be binding unless in the form of a writing signed by the party against whom enforcement of the waiver is sought, and no such waiver shall operate as a waiver of any other provisions hereof (whether or not similar), nor shall such waiver constitute a continuing waiver. Except as specifically provided herein, no failure to exercise or any delay in exercising any right or remedy hereunder shall constitute a waiver thereof.

18. Binding Effect. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business and/or assets of the Company), assigns, spouses, heirs and personal and legal representatives. The Company shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all, or substantially all of the business and/or assets of the Company, by written agreement in form and substance satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

19. Severability. The provisions of this Agreement shall be severable in the event that any of the provisions hereof (including any portion thereof) are held by the Nevada Court (or if applicable, the arbitrator) to be invalid, illegal, void or otherwise unenforceable, and the remaining provisions shall remain enforceable to the fullest extent permitted by law. In the event that any

provision is found to be invalid, illegal, void or otherwise unenforceable, it is the intention and desire of the parties that such provision be read down so as to preserve, to the maximum extent possible, the protections and benefits provided by this Agreement to the Indemnitee.

20. Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given if delivered by hand, against receipt, or mailed, by postage prepaid, certified or registered mail:

(a) if to Indemnitee, to the address set forth on the signature page hereto.

(b) if to the Company, to:

Reading International, Inc.
Attn: Chief Executive Officer
5995 Sepulveda Blvd., Suite 300
Culver City, California 90230

With copy to: Office of Legal Counsel

Notice of change of address shall be effective only when given in accordance with this Section. All notices complying with this Section shall be deemed to have been received on the date of hand delivery or on the third business day after mailing.

21. Governing Law and Forum. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Nevada applicable to contracts made and to be performed in such state without giving effect to its principles of conflicts of laws. The Company and Indemnitee hereby irrevocably and unconditionally: (a) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in the Nevada Court and not in any other state or federal court in the United States, (b) consent to submit to the exclusive jurisdiction of the Nevada Court for purposes of any action or proceeding arising out of or in connection with this Agreement, and (c) waive, and agree not to plead or make, any claim that the Nevada Court lacks venue or that any such action or proceeding brought in the Nevada Court has been brought in an improper or inconvenient forum.

22. Remedies of Indemnitee.

(a) If (1) a determination is made pursuant to Section 9 hereof that Indemnitee is not entitled to indemnification, (2) advances of Expenses are not timely made pursuant to this Agreement, (3) payment has not been timely made following a determination of entitlement to indemnification pursuant to this Agreement, (4) a Standard of Conduct Determination is not made pursuant to Section 9(b) within the time period therefor designated in Section 9(c), or (5) Indemnitee otherwise seeks enforcement of this Agreement, Indemnitee shall be entitled to a final adjudication of the remedy sought in the Nevada Court. The Company hereby consents to service and to appear in any such proceeding. Alternatively, Indemnitee, at Indemnitee's option, may seek an award in arbitration to be conducted by a single arbitrator in Clark County, Nevada, pursuant to the commercial arbitration rules of the American Arbitration Association then in effect. The decision of such arbitrator is to be made within ninety (90) days following the filing of the demand

for arbitration. The Company shall not oppose Indemnitee's right to seek any such adjudication or arbitration award. The parties agree that each shall be bound by the determination rendered in any judicial proceeding or arbitration conducted pursuant to this Section 22(a) and that no appeal shall be taken from such determination by either party.

(b) If a determination that Indemnitee is not entitled to indemnification, in whole or in part, has been made pursuant to Section 9 hereof, the decision in the judicial proceeding or arbitration provided in subsection (a) of this Section 22 shall be made de novo and Indemnitee shall not be prejudiced by reason of any prior determination that Indemnitee is not entitled to indemnification.

(c) If a determination that Indemnitee is entitled to indemnification has been made pursuant to Section 9 hereof, the Company shall be bound by such determination.

(d) The Company shall be precluded from asserting that the procedures and presumptions of this Agreement are not valid, binding and enforceable. The Company shall stipulate in any such court or before any such arbitrator that the Company is bound by all the provisions of this Agreement and is precluded from making any assertion to the contrary.

(e) In addition to any other remedies to which the Indemnitee may be entitled, at law, in equity or in arbitration, to the extent that any moneys are determined to be owed by the Company to the Indemnitee, such amounts shall bear interest from the date said amounts were due at the lesser of ten (10) percent per annum (compounded monthly), or the maximum amount allowed by applicable Nevada Law.

23. Headings. The headings of the sections and paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction or interpretation thereof.

24. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original, but all of which together shall constitute one and the same Agreement.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

READING INTERNATIONAL, INC.

By _____
: Name Ellen M. Cotter
Title Chief Executive Officer

INDEMNITEE

Name: _____
Address: _____

EXHIBIT A

FORM OF UNDERTAKING TO REPAY ADVANCEMENT OF EXPENSES

[DATE]

Attn: Chief Executive Officer
Reading International, Inc.
5995 Sepulveda Blvd., Suite 300
Culver City, California 90230

Re: Undertaking to Repay Advancement of Expenses.

Ladies and Gentlemen:

This undertaking is being provided pursuant to that certain Indemnification Agreement, dated [DATE], by and between Reading International, Inc., a Nevada corporation (the "**Company**"), and the undersigned as Indemnitee (the "**Indemnification Agreement**"). Terms used herein and not otherwise defined shall have the meanings ascribed to them in the Indemnification Agreement. Pursuant to the Indemnification Agreement, among other things, I am entitled to the advancement of Expenses paid or incurred in connection with Claims relating to Indemnifiable Events.

I have become subject to [DESCRIPTION OF PROCEEDING] (the Proceeding) based on my status as [TITLE] of the Company/alleged actions or failures to act in my capacity as [TITLE] of the Company. This undertaking also constitutes notice to the Company of the Proceeding pursuant to Section 7 of the Indemnification Agreement. The following is a brief description of the [current status of the] Proceeding:

[DESCRIPTION OF PROCEEDING]

Pursuant to Section 4 of the Indemnification Agreement, the Company can (a) pay such Expenses on my behalf, (b) advance funds in an amount sufficient to pay such Expenses, or (c) reimburse me for such Expenses. Pursuant to Section 4 of the Indemnification Agreement, I hereby request an Expense Advance in connection with the Proceeding. The Expenses for which advances are requested are as follows:

[DESCRIPTION OF EXPENSES]

In connection with the request for Expense Advances set out above, I hereby undertake to repay any amounts paid, advanced or reimbursed by the Company for such Expense Advances to the extent that it is ultimately determined that I am not entitled to indemnification under the Indemnification Agreement.

This undertaking shall be governed by and construed in accordance with the laws of the State of Nevada, without regard to the principles of conflicts of laws thereof.

Very truly yours,

Name:

Title:

cc: Corporate Secretary

**CERTIFICATIONS
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Ellen M. Cotter, certify that:

- 1) I have reviewed this Quarterly Report on Form 10-Q of Reading International, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ Ellen M. Cotter
Ellen M. Cotter
President and Chief Executive Officer
June 25, 2020

CERTIFICATIONS

PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Gilbert Avanes, certify that:

- 1) I have reviewed this Quarterly Report on Form 10-Q of Reading International, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ Gilbert Avanes
Gilbert Avanes
Executive Vice President, Chief Financial Officer and Treasurer
June 25, 2020

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Ellen M. Cotter, Chief Executive Officer, and Gilbert Avanes, Chief Financial Officer, of Reading International, Inc. (the "Company"), pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, do each hereby certify, that, to his or her knowledge:

- The Quarterly Report on Form 10-Q for the period ended March 31, 2020 as filed with the Securities and Exchange Commission (the "Report") of the Company fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and
- The information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

Dated: June 25, 2020

/s/ Ellen M. Cotter

Name: Ellen M. Cotter
Title: President and Chief Executive Officer

/s/ Gilbert Avanes

Name: Gilbert Avanes
Title: Executive Vice President, Chief Financial Officer and Treasurer
