

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: June 30, 2021

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)

**5995 Sepulveda Boulevard, Suite 300
Culver City, CA**

(Address of principal executive offices)

95-3885184

(IRS Employer Identification Number)

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 August 6, 2021, there were 20,128,815 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.

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PART 1 – FINANCIAL INFORMATION

Item 1 - Financial Statements

READING INTERNATIONAL, INC.

CONSOLIDATED BALANCE SHEETS

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

	June 30, 2021 (unaudited)	December 31, 2020
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 111,752	\$ 26,826
Receivables	2,795	2,438
Inventory	1,097	1,059
Prepaid and other current assets	15,814	8,414
Land and property held for sale	—	17,730
Total current assets	131,458	56,467
Operating property, net	316,745	353,125
Operating lease right-of-use assets	228,156	220,503
Investment and development property, net	9,713	11,570
Investment in unconsolidated joint ventures	5,112	5,025
Goodwill	27,266	28,116
Intangible assets, net	3,738	3,971
Deferred tax asset, net	3,343	3,362
Other assets	6,895	8,030
Total assets	\$ 732,426	\$ 690,169
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 56,758	\$ 38,877
Film rent payable	2,920	2,473
Debt - current portion	2,604	41,459
Subordinated debt - current portion	693	840
Derivative financial instruments - current portion	219	218
Taxes payable - current	20,385	82
Deferred revenue	9,128	10,133
Operating lease liabilities - current portion	23,753	22,699
Other current liabilities	3,658	3,826
Total current liabilities	120,118	120,607
Debt - long-term portion	219,366	213,779
Derivative financial instruments - non-current portion	96	212
Subordinated debt, net	26,617	26,505
Noncurrent tax liabilities	7,443	13,070
Operating lease liabilities - non-current portion	220,426	212,806
Other liabilities	21,161	22,017
Total liabilities	\$ 615,227	\$ 608,996
Commitments and contingencies (Note 14)		
Stockholders' equity:		
Class A non-voting common stock, par value \$0.01, 100,000,000 shares authorized, 33,060,557 issued and 20,128,815 outstanding at June 30, 2021 and 33,004,717 issued and 20,068,607 outstanding at December 31, 2020	232	231
Class B voting common stock, par value \$0.01, 20,000,000 shares authorized and 1,680,590 issued and outstanding at June 30, 2021 and December 31, 2020	17	17
Nonvoting preferred stock, par value \$0.01, 12,000 shares authorized and no issued or outstanding shares at June 30, 2021 and December 31, 2020	—	—
Additional paid-in capital	150,780	149,979
Retained earnings/(deficits)	(2,886)	(44,553)
Treasury shares	(40,407)	(40,407)
Accumulated other comprehensive income	8,365	12,502
Total Reading International, Inc. stockholders' equity	116,101	77,769
Noncontrolling interests	1,098	3,404
Total stockholders' equity	117,199	81,173
Total liabilities and stockholders' equity	\$ 732,426	\$ 690,169

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)

	Quarter Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Revenue				
Cinema	\$ 32,715	\$ 1,217	\$ 50,829	\$ 47,527
Real estate	3,318	2,205	6,510	5,123
Total revenue	36,033	3,422	57,339	52,650
Costs and expenses				
Cinema	(31,366)	(13,660)	(53,248)	(55,952)
Real estate	(2,564)	(1,589)	(5,219)	(4,349)
Depreciation and amortization	(5,801)	(5,266)	(11,451)	(10,537)
General and administrative	(8,834)	(5,102)	(13,931)	(11,047)
Total costs and expenses	(48,565)	(25,617)	(83,849)	(81,885)
Operating income (loss)	(12,532)	(22,195)	(26,510)	(29,235)
Interest expense, net	(3,005)	(2,004)	(7,368)	(3,797)
Gain (loss) on sale of assets	43,241	—	89,786	—
Other income (expense)	154	19	1,795	(196)
Income (loss) before income tax expense and equity earnings of unconsolidated joint ventures	27,858	(24,180)	57,703	(33,228)
Equity earnings of unconsolidated joint ventures	283	(274)	233	(195)
Income (loss) before income taxes	28,141	(24,454)	57,936	(33,423)
Income tax benefit (expense)	(5,547)	1,567	(13,275)	4,580
Net income (loss)	\$ 22,594	\$ (22,887)	\$ 44,661	\$ (28,843)
Less: net income (loss) attributable to noncontrolling interests	(108)	(185)	2,994	(266)
Net income (loss) attributable to Reading International, Inc. common shareholders	\$ 22,702	\$ (22,702)	\$ 41,667	\$ (28,577)
Basic earnings (loss) per share attributable to Reading International, Inc. shareholders	\$ 1.04	\$ (1.04)	\$ 1.91	\$ (1.31)
Diluted earnings (loss) per share attributable to Reading International, Inc. shareholders	\$ 1.01	\$ (1.04)	\$ 1.86	\$ (1.31)
Weighted average number of shares outstanding—basic	21,808,556	21,742,667	21,784,700	21,749,356
Weighted average number of shares outstanding—diluted	22,480,168	21,742,667	22,456,919	21,749,356

See accompanying Notes to the Unaudited Consolidated Financial Statements.

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

	Quarter Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Net income (loss)	\$ 22,594	\$ (22,887)	\$ 44,661	\$ (28,843)
Foreign currency translation gain (loss)	(1,698)	10,655	(4,356)	(5,051)
Gain (loss) on cash flow hedges	55	10	116	(205)
Other	51	51	103	84
Comprehensive income (loss)	21,002	(12,171)	40,524	(34,015)
Less: net income (loss) attributable to noncontrolling interests	(108)	(185)	2,994	(266)
Less: comprehensive income (loss) attributable to noncontrolling interests	—	(9)	—	(9)
Comprehensive income (loss) attributable to Reading International, Inc.	\$ 21,110	\$ (11,977)	\$ 37,530	\$ (33,740)

See accompanying Notes to the Unaudited Consolidated Financial Statements.

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

	Six Months Ended June 30,	
	2021	2020
Operating Activities		
Net income (loss)	\$ 44,661	\$ (28,843)
<i>Adjustments to reconcile net income (loss) to net cash provided by operating activities:</i>		
Equity earnings of unconsolidated joint ventures	(233)	195
Distributions of earnings from unconsolidated joint ventures	—	229
Gain recognized on foreign currency transactions	(1,809)	—
(Gain) Loss on sale of assets	(89,786)	—
Amortization of operating leases	11,453	10,244
Amortization of finance leases	25	64
Change in operating lease liabilities	(10,931)	(9,894)
Interest on hedged derivatives	—	—
Change in net deferred tax assets	(79)	—
Depreciation and amortization	11,451	10,537
Other amortization	600	401
Stock based compensation expense	915	704
<i>Net changes in operating assets and liabilities:</i>		
Receivables	(145)	3,724
Prepaid and other assets	(2,017)	(5,773)
Payments for accrued pension	(342)	(342)
Accounts payable and accrued expenses	15,802	1,300
Film rent payable	502	(6,953)
Taxes payable	20,884	1,707
Deferred revenue and other liabilities	(6,929)	(426)
Net cash provided by (used in) operating activities	(5,978)	(23,126)
Investing Activities		
Purchases of and additions to operating and investment properties	(4,460)	(13,948)
Change in restricted cash	(6,705)	—
Contributions to unconsolidated joint ventures	—	(63)
Proceeds from sale of assets	141,363	—
Net cash provided by (used in) investing activities	130,198	(14,011)
Financing Activities		
Repayment of borrowings	(75,257)	(22,311)
Repayment of finance lease principal	(25)	(62)
Proceeds from borrowings	45,337	87,206
Capitalized borrowing costs	(1,481)	(649)
Repurchase of Class A Nonvoting Common Stock	—	(989)
(Cash paid) proceeds from the settlement of employee share transactions	(113)	(40)
Noncontrolling interest distributions	(5,300)	—
Net cash provided by (used in) financing activities	(36,839)	63,155
Effect of exchange rate changes on cash and cash equivalents	(2,455)	2,211
Net increase (decrease) in cash and cash equivalents	84,926	28,229
Cash and cash equivalents at January 1	26,826	12,135
Cash and cash equivalents at June 30	\$ 111,752	\$ 40,364
Supplemental Disclosures		
Interest paid	\$ 5,181	\$ 4,837
Income taxes (refunded) paid	(3,526)	439
Non-Cash Transactions		
Additions to operating and investing properties through accrued expenses	8,065	2,760

See accompanying Notes to the Unaudited Consolidated Financial Statements.

Note 1 – Description of Business and Segment Reporting

Our 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, owned and operated through our various subsidiaries, consist primarily of:

- the development, ownership, and operation of 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 Australia, New Zealand, and the United States.

Business Segments

Reported below are the operating segments of our Company for which separate financial information is available and evaluated regularly by the Chief Executive Officer, the chief operating decision-maker of our Company. As part of our real estate activities, we have historically held undeveloped land in urban and suburban centers in the United States, Australia, and New Zealand. However, in the first quarter of 2021, we monetized our undeveloped land in Coachella, California, and Manukau, New Zealand. In the second quarter of 2021, we monetized our retail center Auburn/Redyard, Australia, which included approximately 2.6 acres of undeveloped land. In the second quarter of 2021, we also monetized our Royal George theater in Chicago.

The table below summarizes the results of operations for each of our business segments for the quarter and six months ended June 30, 2021 and 2020, 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.

(Dollars in thousands)	Quarter Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Revenue:				
Cinema exhibition	\$ 32,715	\$ 1,217	\$ 50,829	\$ 47,527
Real estate	3,448	2,303	6,771	6,905
Inter-segment elimination	(130)	(98)	(261)	(1,782)
	\$ 36,033	\$ 3,422	\$ 57,339	\$ 52,650
Segment operating income (loss):				
Cinema exhibition	\$ (7,345)	\$ (17,254)	\$ (15,621)	\$ (19,908)
Real estate	(1,054)	(807)	(2,423)	(620)
	\$ (8,399)	\$ (18,061)	\$ (18,044)	\$ (20,528)

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

(Dollars in thousands)	Quarter Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Segment operating income (loss)	\$ (8,399)	\$ (18,061)	\$ (18,044)	\$ (20,528)
Unallocated corporate expense				
Depreciation and amortization expense	(387)	(227)	(618)	(419)
General and administrative expense	(3,746)	(3,907)	(7,848)	(8,288)
Interest expense, net	(3,005)	(2,004)	(7,368)	(3,797)
Equity earnings of unconsolidated joint ventures	283	(274)	233	(195)
Gain (loss) on sale of assets	43,241	—	89,786	—
Other income (expense)	154	19	1,795	(196)
Income (loss) before income tax expense	\$ 28,141	\$ (24,454)	\$ 57,936	\$ (33,423)

Note 2 – Summary of Significant Accounting Policies

Basis of Consolidation

The accompanying consolidated financial statements include the accounts of our Company's wholly-owned subsidiaries as well as majority-owned subsidiaries that our Company controls, and should be read in conjunction with our Company's Annual Report on Form 10-K as of and for the year ended December 31, 2020 ("2020 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 and six months ended June 30, 2021 are not necessarily indicative of the results that may be expected for the year ending December 31, 2021.

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.

New Accounting Standards and Accounting Changes

- 1) In the fourth quarter of 2020, we adopted certain practical expedients provided by ASU 2020-04 *Reference Rate Reform (Topic 848)*. This new guidance contains optional expedients and exceptions for applying U.S. GAAP to contracts, hedging relationships and other transactions affected by reference rate reform. We have elected certain expedients which permit us to i) continue the method of assessing hedge effectiveness such that the reference rate on the hypothetical derivative matches the reference rate on the hedging instrument and ii) to continue to assert probability of the relevant hedged interest payments regardless of any expected modification in terms related to reference rate reform.

The guidance allows for different expedient elections to be made at different points in time, and to this end the Company intends to reassess its elections of such expedients as and when alternations become necessary.

- 2) On April 8, 2020, the FASB released FASB Staff Q&A *Topic 842 and Topic 840: Accounting for Lease Concessions Related to the Effects of the COVID-19 Pandemic*. This provides optional relief when accounting for modifications to leases obtained as a result of COVID-19 which otherwise would have required full modification assessment under ASC 842. Where we have obtained rent concessions from our landlords, or provided concessions to our tenants, we have elected not to perform the standard Topic 842 modification evaluation where the concession does not result in the total consideration required by the contract being substantially less than the total consideration originally required by the contract. Under the guidance, where we have received or provided deferrals of rent, we have recorded the deferrals as receivables or payables, and where we have received or provided abatements, we have recorded these as variable rents in the consolidated statements of income.
- 3) In the second quarter of 2020, in order to account for certain wage subsidies received from the Australian and New Zealand governments, we adopted *International Accounting Standard 20 - Accounting for Government Grants and Disclosure of Government Assistance ("IAS 20")*. The aim of these Australian and New Zealand government subsidies is to protect as many jobs as possible during the COVID-19 Pandemic by subsidizing the wages of employees, using the administrative capabilities of employers to forward such subsidies to their employees. The subsidies are not loans to employees or employers. U.S. GAAP has no codified accounting guidance concerning the measurement and presentation of such government grants, and in lieu of such guidance, common practice is to refer to IAS 20. IAS 20 permits entities to account for government grants on a gross basis, showing grants receivable as income and the associated expense as costs, or on a net basis, by deducting the grant from the related expense. The nature of the wage subsidies is such that, without them, our Company would likely have reduced its wages and salaries expense through the termination of certain employees. Our Company has therefore elected to present wages and salaries expense net of government grants. The impacted wages and salaries costs are contained within 'other operating expenses' and 'general and administrative expenses' in our cinema and real estate segments. For the quarter and six months to June 30, 2021, our Australian operations received subsidies totaling AU\$701,000 and AU\$3.5 million (U.S.\$2.3 million) respectively. No subsidies were received by our New Zealand operations during this period. There were no unfulfilled conditions or contingencies relating to these subsidies at June 30, 2021.

- 4) 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.
- 5) 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.

Note 3 – Impact of COVID-19 Pandemic and Liquidity

General

On March 11, 2020, the World Health Organization (“WHO”) declared the novel coronavirus, COVID-19, a global pandemic. In March 2020 we temporarily closed all of our live theatres and cinema operations in the U.S., Australia and New Zealand. Operating restrictions adopted in Australia and New Zealand also affected many of our tenants at our retail shopping centers.

While some jurisdictions have relaxed their COVID-19 restrictions, these same jurisdictions are, to varying degrees, reinstating their lockdowns due to the resurgence of COVID-19, including the emergence of new variants. Accordingly, the situation has been, and continues to be, uncertain and spikes in cases of COVID-19 continue to cause uncertainty in the market. Even where businesses have been allowed to reopen, operational limitations on density, hours of operation, and other operating factors, and varying degrees of public concern about interacting with third parties, are impacting the return to normal operations. Vaccination programs are now rolling out in the jurisdictions in which we operate, but periodic closures and limitations on operating activities are expected to continue until the COVID-19 spread is considered materially contained. No assurances can be given as to when material containment within each of the jurisdictions that affect our business will be achieved.

Cinema Segment Ongoing Impact

As of June 30, 2021, we had reopened 20 of our 24 cinemas in the U.S. Our Consolidated Theatre at the Kahala Mall in Honolulu, which was closed for a complete renovation prior to the start of the pandemic closures, remains closed as those renovations have been delayed due to COVID-19. We will open the remaining three cinemas when management determines it is operationally expedient to do so.

In New Zealand our circuit is open except for our Reading Cinemas at Courtenay Central (which continues to be closed due to seismic concerns which predated the pandemic). A return to operation of this center has been delayed by our efforts to respond to COVID-19.

During the first six months of 2021, we fully opened our Australian circuit, subject to occasional, short lockdowns. However, as of the date of this Report, 12 cinemas are closed as Australia experiences a resurgence of the COVID-19 virus.

The global performance of certain movies released in the first half of 2021 is encouraging. While not at 2019 pre-COVID levels, we see strong evidence that the general public wants to enjoy movies in a movie theatre environment. Despite this, COVID-19 continues to adversely impact our business by reducing our patronage numbers (due to limited seating capacities and public reticence to attend shared spaces) which in turn may cause film distributors to reschedule movie releases and increasing our costs of operation through enhanced cleaning protocols. The effect of rescheduling of movies can be to push the related revenues into later periods, as well as reduce the available patronage where a movie is also released to streaming on the same day. We have confidence in the movies anticipated for release in the remainder of 2021 and in 2022, but there can be no assurances regarding their performance or scheduling or which portion of revenues from such releases come to cinemas.

Real Estate Segment Ongoing Impact

Substantially all our tenants in our Australian and New Zealand real estate businesses (excluding Courtenay Central) are currently open for trading. In the U.S., much of our real estate income has traditionally been generated by rental revenue from our live theatres. As of the date of this report, our Orpheum theatre is open, but our Minetta theatre remains closed to the public due to COVID-19. Our Minetta Lane Theatre continues to generate income, however, as it is licensed on an exclusive basis to Audible, an Amazon company.

Liquidity Impact

The continued disruption of our global cinemas caused by COVID-19 led to a significant decrease in our Company’s revenues and earnings for the three and six month periods ended June 30, 2021, as compared to pre-COVID-19 operations. Such effects will likely continue, to varying degrees, until the virus is materially contained. As compared to the six months ended June 30, 2020, our revenues and earnings have increased as we have been able to reopen many of our theatres. Even though we are encouraged by the return of patrons to our theatres and the movie releases expected in the coming months, we cannot provide any assurances as to the nature or pace of a return to prior operating levels. With regards to our real estate operations, while all our New Zealand and Australian real estate tenants are currently trading (other than certain tenants who have closed for reasons unrelated to COVID-19), our real estate revenue and earnings may continue to be affected by any rent relief that we may deem necessary to provide to certain tenants experiencing continuing impacts from COVID-19.

Going Concern

Management continues to evaluate the going concern assertion required by ASC 205-40 *Going Concern* as it relates to our Company. Management’s evaluation is informed by current liquidity positions, cash flow estimates, known capital and other expenditure requirements and commitments and management’s current business plan and strategies. Our Company’s business plan - two businesses (real estate and cinema) in three countries (Australia, New Zealand and the U.S.) - has served us well since the onset of COVID-19 and is key to management’s overall evaluation of ASC 205-40 *Going Concern*.

The cumulative impact of COVID-19 on our cinema business led to the conclusion in the third quarter of 2020 that there was substantial doubt regarding our Company's ability to continue as a going concern. Management's plans to alleviate such substantial doubt included the intention to refinance our 44 Union Square property and the monetization of certain real estate assets.

As of June 2021, management has successfully executed these plans. As detailed at *Note 11 – Borrowings*, we have refinanced our 44 Union Square property resulting in a \$43.0 million cash inflow before fees. As detailed at *Note 6 – Real Estate Transactions*, we monetized our non-income generating land in Manukau, New Zealand and Coachella, California, and monetized our ETC in Auburn, Australia and monetized our Royal George Theatre in Chicago. These sales produced net cash inflows of \$136.1 million (net of transfers to our 50% partner with respect to the sale of the Coachella property). The execution of these plans generated cash inflows of \$179.1 million. In addition, in the second quarter of 2021, we repaid \$11.2 million (NZ\$16.0 million) of our \$22.4 million (NZ\$32.0 million) Westpac facility, and we repaid \$15.8 million (AU\$20.5 million) of our \$76.8 million NAB facility.

The Company's financial position following the successful execution of these plans, and our forecasts and cash flow estimates based on our current expectations of industry performance and recovery, mean that our Company has sufficient resources to meet its obligations as they become due within one year after the issuance of this report on Form 10-Q. Management's forecasts and cash flow estimates are based on the current expectation that the global cinema industry will continue to recover in 2021 and into 2022. Forecasts are by their nature inherently uncertain, but the effects of COVID-19 continue to cause greater forecasting difficulties than would otherwise exist in more stable economic times. While we are seeing substantial evidence of recovery, and at various times during the first six months of 2021, 57 of our 62 cinemas worldwide have been open for business, our forecasts rely upon the ability and desire of moviegoers to return to the movie theatres. Many factors influencing this are outside of management's control, but are, nevertheless, material, individually and in the aggregate, to the realization of management's forecasts and expectations throughout the period of COVID-19.

Impairment Considerations

Our Company considers that the events and factors described above constitute impairment indicators under *ASC 360 Property, Plant and Equipment*. At December 31, 2020, our Company performed a quantitative recoverability test of the carrying values of all its asset groups. Our Company estimated the undiscounted future cash flows expected to result from the use of these asset groups and recorded an impairment charge of \$217,000. As noted above, the financial performance of our cinemas has been improving at a rate better than that which was expected during the December 31, 2020, impairment analysis process. This improved performance at an asset group level, and the impacts of this performance on our impairment modelling, resulted in no impairment charges being recognized for the quarter and six months to June 30, 2021. Actual performance against our forecasts is dependent on several variables and conditions, many of which are subject to the uncertainties associated with COVID-19 and as a result, actual results may materially differ from management's estimates.

Our Company also considers that the events and factors described above constitute impairment indicators under *ASC 350 Intangibles – Goodwill and Other*. Our Company performed a quantitative goodwill impairment test and determined that its goodwill was not impaired as of December 31, 2020. The test was performed at a 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 and the developing market conditions. Given the improvements in trading conditions in the first and second quarters of 2021, no impairment of goodwill has been recognized for the quarter and six months ended June 30, 2021. Actual performance against our forecasts is dependent on several variables and conditions, many of which are subject 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 expenses of those foreign operations. Our Australian and New Zealand assets and liabilities are translated from their functional currencies of Australian dollar ("AUD") and New Zealand dollar ("NZ\$"), respectively, to the U.S. dollar based on the exchange rate as of June 30, 2021. 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. We take a global view of our financial resources, and are 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	As of and for the six months ended	As of and for the twelve months ended	As of and for the quarter ended	As of and for the six months ended
	June 30, 2021	June 30, 2021	December 31, 2020	June 30, 2020	June 30, 2020
Spot Rate					
Australian Dollar		0.7496	0.7709		0.6893
New Zealand Dollar		0.6978	0.7194		0.6446
Average Rate					
Australian Dollar	0.7702	0.7716	0.6904	0.6576	0.6577
New Zealand Dollar	0.7153	0.7173	0.6504	0.6183	0.6266

Note 5 – Earnings Per Share

Basic earnings per share (“EPS”) is calculated by dividing the net income attributable to our 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 our 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:

<i>(Dollars in thousands, except share data)</i>	Quarter Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Numerator:				
Net income (loss) attributable to RDI common stockholders	\$ 22,702	(22,702)	\$ 41,667	(28,577)
Denominator:				
Weighted average number of common stock – basic	21,808,556	21,742,667	21,784,700	21,749,356
Weighted average dilutive impact of awards	671,612	—	672,219	—
Weighted average number of common stock – diluted	22,480,168	21,742,667	22,456,919	21,749,356
Basic earnings (loss) per share attributable to RDI common stockholders	\$ 1.04	(1.04)	\$ 1.91	(1.31)
Diluted earnings (loss) per share attributable to RDI common stockholders	\$ 1.01	(1.04)	\$ 1.86	(1.31)
Awards excluded from diluted earnings (loss) per share	492,344	678,377	492,344	703,377

Our weighted average number of common stock - basic increased, primarily as a result of the vesting of restricted stock units. During the first six months of 2021, we did not repurchase any shares of Class A Common Stock.

Certain shares issuable under stock options and restricted stock units were excluded from the computation of diluted net income (loss) per share in periods when their effect was anti-dilutive; either because our Company incurred a net loss for the period, or the exercise price of the options was greater than the average market price of the common stock during the period, or the effect was anti-dilutive as a result of applying the treasury stock method.

Note 6 – Property and Equipment

Operating Property, net

As of June 30, 2021, and December 31, 2020, property associated with our operating activities is summarized as follows:

<i>(Dollars in thousands)</i>	June 30, 2021	December 31, 2020
Land	\$ 70,603	\$ 82,286
Building and improvements	225,600	253,419
Leasehold improvements	58,800	59,054
Fixtures and equipment	196,757	201,518
Construction-in-progress	8,025	9,285
Total cost	559,785	605,562
Less: accumulated depreciation	(243,040)	(252,437)
Operating property, net	<u>\$ 316,745</u>	<u>\$ 353,125</u>

Depreciation expense for operating property was \$5.9 million and \$11.3 million for the quarter and six months ended June 30, 2021, respectively, and \$5.0 million and \$10.2 million for the quarter and six months ended June 30, 2020, respectively.

Investment and Development Property, net

As of June 30, 2021, and December 31, 2020, our investment and development property is summarized below:

<i>(Dollars in thousands)</i>	June 30, 2021	December 31, 2020
Land	\$ 4,244	\$ 5,936
Construction-in-progress (including capitalized interest)	5,469	5,634
Investment and development property	<u>\$ 9,713</u>	<u>\$ 11,570</u>

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 six months ended June 30, 2021, are shown below:

<i>(Dollars in thousands)</i>	Balance, December 31, 2020	Additions during the period	Completed during the period	Transferred to Held for Sale	Foreign currency translation	Balance, June 30, 2021
Courtenay Central development	7,255	4	—	—	(218)	7,041
Cinema developments and improvements	6,357	3,157	(3,886)	—	(10)	5,618
Other real estate projects	1,307	653	(990)	(121)	(14)	835
Total	<u>\$ 14,919</u>	<u>\$ 3,814</u>	<u>\$ (4,876)</u>	<u>\$ (121)</u>	<u>\$ (242)</u>	<u>\$ 13,494</u>

Real Estate Transactions - Sales

Beginning in 2020, we reviewed our various real estate holdings in light of the fact that our cash flow from cinema operations had been materially adversely affected by the governmentally mandated cinema closings ordered in response to the COVID-19 pandemic and that, for the foreseeable future, other sources of cash would be needed to support our operations and that only very limited funds would be available for capital investment in our properties. Between the fourth quarter of 2020 and the second quarter of 2021, we classified as assets held for sale disposal groups and thereafter monetized the following real estate assets: the Auburn/Redyard Entertainment Themed Center ("ETC"), the Royal George Theatre, Coachella (land), and Manukau (land). A 'disposal group' represents assets to be disposed of in a single transaction. A disposal group may represent a single asset, or multiple assets. Each of these transactions is discussed separately below.

Auburn/Redyard, New South Wales

In January 2021, we classified our Auburn / Redyard ETC as held for sale, reflecting the fact that approximately 2.6 acres of this property was non-income producing land. This disposal group, which consists of land, the ETC building and related property, plant and equipment, was transferred to Land and Property Held for Sale at its book value of \$30.2 million (AU\$39.1 million), being the lower of cost and fair value less costs to sell. No adjustments to the book value of the assets contained within this disposal group were required.

The sale of Auburn/Redyard was completed on June 9, 2021, for \$69.6 million (AU\$90.0 million). As part of the transaction, we entered into a lease with the purchaser for the cinema portion of the Auburn/Redyard site.

The gain on sale of this property is calculated as follows:

	June 30, 2021
<i>(Dollars in thousands)</i>	
Sales price	\$ 69,579
Net book value	(30,231)
Gain on sale, gross of direct costs	39,348
Direct sale costs incurred	(622)
Gain on sale, net of direct costs	\$ 38,726

Royal George Theatre, Chicago

In February 2021, we classified our Royal George Theatre as held for sale as part of our strategy to monetize certain real estate assets. This disposal group, which consists of the Royal George Theatre building and the associated property, plant and equipment, was transferred to Land and Property Held for Sale at its book value of \$1.8 million, being the lower of cost and fair value less costs to sell. No adjustments to the book value of the assets contained within this disposal group were required. On May 14, 2021, we entered into a definitive purchase and sale agreement with a qualified buyer. On June 30, 2021, we received net sale proceeds of \$6.8 million (net of closing costs).

The gain on sale of this property is calculated as follows:

	June 30, 2021
<i>(Dollars in thousands)</i>	
Sales price	\$ 7,075
Net book value	(1,824)
Gain on sale, gross of direct costs	5,251
Direct sale costs incurred	(295)
Gain on sale, net of direct costs	\$ 4,956

Coachella, California

In December 2020, we classified the non-income producing land at Coachella (held through Shadow View Land and Farming LLC) as held for sale. This disposal group, which consists of land and certain improvements to that land, was transferred to Land and Property Held for Sale at its book value of \$4.4 million, being the lower of cost and fair value less costs to sell. No adjustments to the book value of this asset were required. The sale of this land was completed on March 5, 2021 for \$11.0 million. As a 50% member in Shadow View Land and Farming LLC, our Company received the benefit of 50% of the sale, being \$5.3 million. These actions were approved by our Audit and Conflicts Committee.

The gain on sale of this property is calculated as follows:

	March 31, 2021
<i>(Dollars in thousands)</i>	
Sales price	\$ 11,000
Net book value	(4,351)
Gain on sale, gross of direct costs	6,649
Direct sale costs incurred	(301)
Gain on sale, net of direct costs	\$ 6,348

Manukau, New Zealand

In December 2020, we classified our non-income producing land at Manukau, New Zealand, as held for sale. This disposal group, which consists of land and certain improvements to that land, was transferred to Land Held for Sale at its book value of \$13.6 million, being the lower of cost and fair value less costs to sell. No adjustments to the book value of this asset were required. The sale of this land was completed on March 4, 2021, for \$56.1 million (NZ\$77.2 million), of which NZ\$1.0 million was received on February 23, 2021, and the balance of funds was received on March 4, 2021.

The gain on sale of this property is calculated as follows:

	March 31, 2021
<i>(Dollars in thousands)</i>	
Sales price	\$ 56,058
Net book value	(13,618)
Gain on sale, gross of direct costs	42,440
Direct sale costs incurred	(1,514)
Gain on sale, net of direct costs	\$ 40,926

Real Estate Transactions - Acquisitions

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 13-year ground lease underlying and the real property assets constituting our Village East Cinema in Manhattan. The purchase price under the option was \$5.9 million. It was initially agreed that the transaction would close on or about May 31, 2021. On March 29, 2021, we extended the closing date to January 1, 2023.

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 June 30, 2021 and December 31, 2020:

<i>(Dollars in thousands)</i>	Interest	June 30, 2021	December 31, 2020
Rialto Cinemas	50.0%	\$ 1,083	\$ 1,065
Mt. Gravatt	33.3%	4,029	3,960
Total investments		\$ 5,112	\$ 5,025

For the quarter and six months ended June 30, 2021 and 2020, the recognized share of equity earnings from our investments in unconsolidated joint ventures are as follows:

<i>(Dollars in thousands)</i>	Quarter Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Rialto Cinemas	\$ 102	\$ (95)	\$ 52	\$ (109)
Mt. Gravatt	181	(179)	181	(86)
Total equity earnings	\$ 283	\$ (274)	\$ 233	\$ (195)

Note 8 – Goodwill and Intangible Assets

The table below summarizes goodwill by business segment as of June 30, 2021 and December 31, 2020.

<i>(Dollars in thousands)</i>	Cinema	Real Estate	Total
Balance at December 31, 2020	\$ 22,892	\$ 5,224	\$ 28,116
Foreign currency translation adjustment	(850)	—	(850)
Balance at June 30, 2021	\$ 22,042	\$ 5,224	\$ 27,266

Our 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. Our next annual evaluation of goodwill and other intangible assets is scheduled during the fourth quarter of 2021. To test the impairment of goodwill, our 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 June 30, 2021, 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 June 30, 2021 and December 31, 2020, respectively.

<i>(Dollars in thousands)</i>	As of June 30, 2021			
	Beneficial Leases	Trade Name	Other Intangible Assets	Total
Gross carrying amount	\$ 12,396	\$ 9,058	\$ 5,009	\$ 26,463
Less: Accumulated amortization	(10,471)	(7,518)	(4,719)	(22,708)
Less: Impairments	—	—	(17)	(17)
Net intangible assets other than goodwill	\$ 1,925	\$ 1,540	\$ 273	\$ 3,738

<i>(Dollars in thousands)</i>	As of December 31, 2020			
	Beneficial Leases	Trade Name	Other Intangible Assets	Total
Gross carrying amount	\$ 12,451	\$ 9,058	\$ 4,764	\$ 26,273
Less: Accumulated amortization	(10,375)	(7,377)	(4,533)	(22,285)
Less: Impairments	—	—	(17)	(17)
Net intangible assets other than goodwill	\$ 2,076	\$ 1,681	\$ 214	\$ 3,971

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 and six months ended June 30, 2021.

	Quarter Ended		Six Months Ended	
	June 30,		June 30,	
(Dollars in thousands)	2021	2020	2021	2020
Beneficial lease amortization	\$ 29	\$ 25	\$ 59	\$ 50
Other amortization	105	229	270	306
Total intangible assets amortization	\$ 134	\$ 254	\$ 329	\$ 356

Note 9 – Prepaid and Other Assets

Prepaid and other assets are summarized as follows:

(Dollars in thousands)	June 30, 2021	December 31, 2020
Prepaid and other current assets		
Prepaid expenses	\$ 2,092	\$ 1,946
Prepaid rent	1,024	162
Prepaid taxes	3,723	455
Income taxes receivable	1,992	5,572
Deposits	245	245
Investment in marketable securities	25	26
Restricted cash	6,713	8
Total prepaid and other current assets	\$ 15,814	\$ 8,414
Other non-current assets		
Straight-line rent asset	4,913	6,050
Other non-cinema and non-rental real estate assets	1,134	1,134
Investment in Reading International Trust I	838	838
Long-term deposits	10	8
Total other non-current assets	\$ 6,895	\$ 8,030

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 or loss before taxes. The differences are attributable to foreign tax rate differential, unrecognized tax benefits, and foreign tax credit. Our effective tax rate was 22.9% and 13.7% for the six months ended June 30, 2021, and 2020, respectively. During the second quarter of 2021, we recorded an income tax benefit of approximately \$5.5 million due to the recognition of previously unrecognized tax benefits, which reduced the effective tax rate by 9.7%. The forecasted effective tax rate is updated each quarter as new information becomes available.

Note 11 – Borrowings

Our Company's borrowings at June 30, 2021 and December 31, 2020, net of deferred financing costs and including the impact of interest rate derivatives on effective interest rates, are summarized below:

As of June 30, 2021						
(Dollars in thousands)	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	\$ 26,617	4.19%	4.19%
Bank of America Credit Facility (USA)	March 6, 2023	55,000	45,000	44,818	4.00%	4.00%
Bank of America Line of Credit (USA)	March 6, 2023	5,000	5,000	5,000	3.07%	3.07%
Cinemas 1, 2, 3 Term Loan (USA)	April 1, 2022	24,334	24,334	23,967	4.25%	4.25%
Minetta & Orpheum Theatres Loan (USA) ⁽²⁾	November 1, 2023	8,000	8,000	7,928	2.14%	5.15%
U.S. Corporate Office Term Loan (USA)	January 1, 2027	9,063	9,063	8,979	4.64%/4.44%	4.61%
Purchase Money Promissory Note (USA)	September 18, 2024	2,386	2,386	2,386	5.00%	5.00%
Union Square Financing (USA)	May 6, 2024	55,000	43,000	41,750	7.00%	7.00%
Denominated in foreign currency ("FC") ⁽³⁾						
NAB Corporate Term Loan (AU)	December 31, 2023	76,835	76,835	76,670	1.81%	1.81%
Westpac Bank Corporate (NZ)	December 31, 2023	11,165	11,165	11,165	2.95%	2.95%
		\$ 274,696	\$ 252,696	\$ 249,280		

(1) Net of deferred financing costs amounting to \$3.4 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 June 30, 2021.

As of December 31, 2020						
(Dollars in thousands)	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	\$ 26,505	4.27%	4.27%
Bank of America Credit Facility (USA)	March 6, 2023	55,000	51,200	50,990	4.00%	4.00%
Bank of America Line of Credit (USA)	March 6, 2023	5,000	5,000	5,000	3.15%	3.15%
Cinemas 1, 2, 3 Term Loan (USA)	April 1, 2022	24,625	24,625	24,248	4.25%	4.25%
Minetta & Orpheum Theatres Loan (USA) ⁽²⁾	November 1, 2023	8,000	8,000	7,914	2.20%	5.15%
U.S. Corporate Office Term Loan (USA)	January 1, 2027	9,186	9,186	9,095	4.64%/4.44%	4.64%
Union Square Financing (USA)	March 31, 2021	50,000	40,623	40,620	17.50%	17.50%
Purchase Money Promissory Note	September 18, 2024	2,883	2,883	2,883	5.00%	5.00%
Denominated in foreign currency ("FC") ⁽³⁾						
NAB Corporate Term Loan (AU)	December 31, 2023	94,821	92,508	92,307	1.81%	1.81%
Westpac Bank Corporate (NZ)	December 31, 2023	23,021	23,021	23,021	2.95%	2.95%
Total		\$ 300,449	\$ 284,958	\$ 282,583		

(1) Net of deferred financing costs amounting to \$2.4 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, 2020.

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

Balance Sheet Caption	June 30, 2021	December 31, 2020
Debt - current portion	\$ 2,604	\$ 41,459
Debt - long-term portion	219,366	213,779
Subordinated debt - current portion	693	840
Subordinated debt - long-term portion	26,617	26,505
Total borrowings	\$ 249,280	\$ 282,583

Impact of COVID-19

To address the impact of COVID-19 on our business, we sought and obtained certain modifications to our loan agreements with the Bank of America, National Australia Bank, and Westpac. These loan modifications included changes to some of the covenant compliance terms and waivers of certain covenant testing periods. We are currently in compliance with our loan covenants as so modified. To date it has not been necessary for us to seek modifications or waivers with respect to our other loan agreements, as we continue to be in compliance with the terms of such loan agreements without the need for any such modifications or waivers.

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.

On August 7, 2020, we modified certain financial covenants within this credit facility and temporarily suspended the testing of certain other covenant tests through the measurement period ending September 30, 2021. The testing of the financial covenant resumes for the measurement period ending December 31, 2021. In addition to the covenant modifications, the interest rate on borrowings under this facility was fixed at 3.0% above the "Eurodollar" rate, which itself now has a floor of 1.0%. Such a modification was not considered to be substantial under U.S. GAAP.

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. On August 7, 2020, we modified the interest rate on this line of credit, wherein the LIBOR portion of the rate now has a floor of 1.0%.

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 U.S. GAAP.

U.S. Corporate Office Term Loan

On December 13, 2016, we obtained a ten year \$8.4 million mortgage loan on our Culver City 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. With the availability of these loan extensions, we continue to keep the loan long-term.

Union Square Financing

On December 29, 2016, we closed 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 facilities consisted of a first mortgage component of \$50.0 million and a mezzanine component of \$7.5 million. On August 8, 2019, we repaid the \$7.5 million mezzanine loan. On January 24, 2020, we exercised the first of our two one year extension options on the first mortgage loan, taking the maturity to December 29, 2020. On December 29, 2020, we further extended the maturity of this loan to March 31, 2021, at an interest rate of 17.5%. On March 26, 2021, we acquired this first mortgage loan through a subsidiary using internally generated funds. On May 7, 2021, we closed on a new three year \$55.0 million loan facility with Emerald Creek Capital which currently encumbers our 44 Union Square property. The facility bears a variable interest rate of one month LIBOR plus 6.9% with a floor of 7.0% and includes provisions for a prepaid interest and property tax reserve fund. The loan contains a reserve for existing Mechanic's Liens at the time of the loan closing. The loan has two 12-month options to extend, but may be repaid at any time, subject to notice and a minimum interest payment equal to the positive difference between interest paid on the loan through the pre-payment date and one year's interest. In effect, the loan may be repaid after May 7, 2022 without the payment of any premium.

Purchase Money Promissory Note

On September 18, 2019, we purchased for \$5.5 million 407,000 Company Class A Common Stock in a privately negotiated transaction under our Share Repurchase Program. 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.

On June 29, 2020, Westpac pushed out the June 30, 2020 covenant testing date to July 31, 2020. On July 27, 2020, Westpac waived the requirement to test certain covenants as of July 31, 2020. This agreement also increased the interest rate and line of credit charge to 2.40% above the Bank Bill Bid Rate and 1.65% respectively. The maturity date was extended to January 1, 2024. Such modifications of this facility were not considered to be substantial under U.S. GAAP. On September 15, 2020, Westpac waived the requirement to test certain covenants as of September 30, 2020. On December 8, 2020, Westpac waived the requirement to test certain covenants as of December 31, 2020. On April 29, 2021, Westpac waived the requirement to test certain covenants as of March 31, 2021. On May 7, 2021, we repaid NZ\$16.0 million of this debt, in a permanent reduction of this facility to NZ\$16.0 million. On June 8, 2021, Westpac waived the requirement to test certain covenants as of June 30, 2021.

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) an 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.

On August 6, 2020, we modified certain covenants within this Revolving Corporate Markets Loan Facility. These modifications applied until the quarter ended June 30, 2021. In addition, for the period in which these covenant modifications applied, the interest rate on amounts borrowed under the facility was 1.75%. Such a modification was not considered to be substantial under U.S. GAAP.

On December 29, 2020, we modified the core portion of our Revolving Corporate Markets Loan Facility, increasing it to AU\$43.0 million. The AU\$3.0 million increase was provided to fund the completion of our recently opened cinema at Jindalee, Queensland, and is repayable in semi-annual installments of AU\$500,000, the first installment being April 30, 2021, until fully repaid on October 31, 2023. This amendment increases the Facility Limit to AU\$123.0 million, which will be reduced back to AU\$120.0 million as the Jindalee funding is repaid. We further modified certain covenants within this Revolving Corporate Markets Loan Facility with NAB. The Fixed Charge Cover Ratio testing periods were further modified through the quarter ended September 30, 2021. The Leverage Ratio was also modified through the quarter ended June 30, 2022.

On June 9, 2021, we repaid AU\$20.0 million of the revolving portion of this debt, in a permanent reduction of this facility.

Note 12 – Other Liabilities

Other liabilities are summarized as follows:

<i>(Dollars in thousands)</i>	June 30, 2021	December 31, 2020
Current liabilities		
Liability for demolition costs	2,840	2,928
Accrued pension	684	684
Security deposit payable	52	132
Finance lease liabilities	49	49
Other	33	33
Other current liabilities	\$ 3,658	\$ 3,826
Other liabilities		
Lease make-good provision	7,670	7,408
Accrued pension	3,829	4,048
Deferred rent liability	2,035	2,897
Environmental reserve	1,656	1,656
Lease liability	5,900	5,900
Acquired leases	26	31
Finance lease liabilities	44	69
Other	1	8
Other non-current liabilities	\$ 21,161	\$ 22,017

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 \$4.5 million at June 30, 2021. The benefits of our pension plan are fully vested and therefore no service costs were recognized for the six months ended June 30, 2021 and 2020. Our pension plan is unfunded.

During the quarter and six months ended June 30, 2021, the interest cost was \$61,000 and \$123,000, and the actuarial loss was \$51,000 and \$104,000. During the quarter and six months ended June 30, 2020, the interest cost was \$66,000 and \$134,000 and the actuarial loss was \$51,000 and \$103,000.

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, 2021	\$ 14,966	\$ (12)	\$ (2,135)	\$ (317)	\$ 12,502
Change related to derivatives					
Total change in hedge fair value recorded in Other Comprehensive Income	—	—	—	1	1
Amounts reclassified from accumulated other comprehensive income	—	—	—	115	115
Net change related to derivatives	—	—	—	116	116
Net current-period other comprehensive income (loss)	(4,356)	(1)	104	116	(4,137)
Balance at June 30, 2021	\$ 10,610	\$ (13)	\$ (2,031)	\$ (201)	\$ 8,365

Note 14 – Commitments and Contingencies**Litigation General**

Insofar as our Company is aware, there are no claims, arbitration proceedings, or litigation proceedings that constitute material contingent liabilities of our Company. Such 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.

Discussed below are certain litigation matters which, however, have been or may be significant to our Company.

Litigation Matters

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 the *plaintiffs*, 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 the *defendants*, 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.

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 environmental conditions at properties that we have acquired for development and which will need to be addressed in the future as part of the development process. 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 to asbestos and/or 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 employees of our historic railroad operations and who may claim direct or 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 our Company and against our 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. On October 1, 2020, the Nevada Supreme Court determined that the District Court had erred when it denied the defendants’ motions to dismiss the case for lack of standing on the part of Cotter, Jr., to bring such an action, vacated the District Court’s orders denying the motions to dismiss and remanded for entry of judgment. The Supreme Court sustained the District Court’s award to our Company of costs in the amount of \$809,000. Final judgment was entered on October 1, 2020 and the costs award has been paid. This matter is now at an end.

California Employment Litigation

Our Company is currently a defendant in certain California employment matters which include substantially overlapping wage and hour claims relating to our California cinema operations as described below. 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”) 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. 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”) 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” and the “Wagner Class Action Complaint”). Following mediation, the Wagner Individual Complaint was settled, and final judgment entered on February 10, 2021, at what we believe to have been its nuisance value. The remaining 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.

On July 13, 2021, following a mediation, the parties agreed to settle the claims set forth in the remaining lawsuits (specifically, the Brown Class Action Complaint, the Wagner PAGA Claim and the Wagner Class Action Complaint) for the Company’s payment of \$4.0 million (the “Settlement Amount”). The settlement is contingent upon the execution and delivery of a final settlement agreement and final court approval. The Settlement Amount is to be paid in two installments, one-half within 30 days of final court approval and the balance nine-months thereafter. A court hearing on the settlement is not expected prior to the fourth quarter of 2021. We have accrued the Settlement Amount as a second quarter cinema segment administrative expense.

General Diversified Limited v. Reading Wellington Properties Arbitration

On June 18, 2021, General Diversified Limited (“GDL”), an owner and operator of supermarkets in New Zealand, filed an arbitration statement of claim (the “Statement of Claim”) in Auckland, New Zealand, against our wholly owned subsidiary, Reading Wellington Properties, Limited (“RWPL”), relating to the enforceability of an Agreement to Lease (the “ATL”) entered into between the parties in February 2013, contemplating the construction by RWPL and the lease by GDL of a supermarket in Wellington, New Zealand on property owned by RWPL. The ATL contemplated that GDL would also obtain certain rights to use parking spaces in an adjacent 9 story parking structure owned by another of our wholly owned subsidiaries, Courtenay Carpark Limited (the “Parking Garage”). However, as a result of the Kaikōura earthquake on November 14, 2016, it was necessary to demolish the Parking Garage. It has not been rebuilt and there is currently no plan to rebuild it and neither RWPL nor Courtenay Carpark Limited have any legal right to rebuild it under presently existing laws controlling land use in Wellington. Accordingly, we believe that it became impossible to deliver the specific parking rights contemplated by the ATL and, given the materiality of these parking rights to the transaction contemplated by the ATL, that the ATL has been frustrated and is of no ongoing force and effect. GDL asserts a different view and is seeking a declaration that the ATL remains binding upon the parties and for specific performance by RWPL of the ATL.

RWPL plans to file a response contesting GDL's claims, and raising various affirmative defenses, including frustration and a failure of the parties to reach any specifically enforceable agreement as to certain fundamental construction and construction cost issues. No damages are being sought by GDL, other than costs, and no reserves for this matter have been established. RWPL is a limited liability company, its only asset being the parcel of unimproved land on which the supermarket was to be built.

In the interim, the parties have been having, and are continuing to have, "without prejudice" discussions as to possible alternatives pursuant to which a grocery store of the type contemplated by the parties could be developed and leased to GDL.

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 the estate of Mr. James J. Cotter, Sr. (the "Cotter Estate"); and,
- Sutton Hill Properties, LLC - 25% noncontrolling interest owned by Sutton Hill Capital, LLC (which in turn is 50% owned by the Cotter Estate).

The components of noncontrolling interests are as follows:

<i>(Dollars in thousands)</i>	June 30, 2021	December 31, 2020
Australian Country Cinemas, Pty Ltd	\$ (9)	\$ (51)
Shadow View Land and Farming, LLC	(3)	2,131
Sutton Hill Properties, LLC	1,110	1,324
Noncontrolling interests in consolidated subsidiaries	\$ 1,098	\$ 3,404

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

<i>(Dollars in thousands)</i>	Quarter Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Australian Country Cinemas, Pty Ltd	\$ (17)	\$ (45)	\$ 41	\$ (46)
Shadow View Land and Farming, LLC	14	(22)	3,166	(43)
Sutton Hill Properties, LLC	(105)	(118)	(213)	(177)
Net income (loss) attributable to noncontrolling interests	\$ (108)	\$ (185)	\$ 2,994	\$ (266)

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, 2021	20,069	\$ 231	1,680	\$ 17	\$ 149,979	\$ (44,553)	\$ (40,407)	\$ 12,502	\$ 77,769	\$ 3,404	\$ 81,173
Net income (loss)	—	—	—	—	—	18,965	—	—	18,965	3,102	22,067
Other comprehensive income, net	—	—	—	—	—	—	—	(2,545)	(2,545)	—	(2,545)
Share-based compensation expense	—	—	—	—	464	—	—	—	464	—	464
Restricted Stock Units	52	1	—	—	(111)	—	—	—	(110)	—	(110)
Distributions to noncontrolling stockholders	—	—	—	—	—	—	—	—	—	(5,300)	(5,300)
At March 31, 2021	20,121	\$ 232	1,680	\$ 17	\$ 150,332	\$ (25,588)	\$ (40,407)	\$ 9,957	\$ 94,543	\$ 1,206	\$ 95,749
Net income	—	—	—	—	—	22,702	—	—	22,702	(108)	22,594
Other comprehensive income, net	—	—	—	—	—	—	—	(1,592)	(1,592)	—	(1,592)
Share-based compensation expense	—	—	—	—	450	—	—	—	450	—	450
Restricted Stock Units	4	—	—	—	(2)	—	—	—	(2)	—	(2)
At June 30, 2021	20,125	\$ 232	1,680	\$ 17	\$ 150,780	\$ (2,886)	\$ (40,407)	\$ 8,365	\$ 116,101	\$ 1,098	\$ 117,199

	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)
Restricted Stock Units	19	—	—	—	(30)	—	—	—	(30)	—	(30)
At March 31, 2020	20,047	\$ 231	1,680	\$ 17	\$ 148,908	\$ 14,772	\$ (40,407)	\$ (10,290)	\$ 113,231	\$ 4,169	\$ 117,400
Net income	—	—	—	—	—	(22,702)	—	—	(22,702)	(185)	(22,887)
Other comprehensive income, net	—	—	—	—	—	—	—	10,707	10,707	9	10,716
Share-based compensation expense	—	—	—	—	369	—	—	—	369	—	369
Restricted Stock Units	21	—	—	—	(11)	—	—	—	(11)	—	(11)
At June 30, 2020	20,068	\$ 231	1,680	\$ 17	\$ 149,266	\$ (7,930)	\$ (40,407)	\$ 417	\$ 101,594	\$ 3,993	\$ 105,587

Note 16 – Stock-Based Compensation and Stock Repurchases

Employee and Director Stock Incentive Plan

2010 Stock Incentive Plan

Our 2010 Stock Incentive Plan (as amended, the “2010 Plan”) under which our Company has granted stock options and other share-based payment awards of our Common Stock to eligible employees, directors, and consultants has expired. In total, 1,505,598 shares of Class A Common Stock were issued or reserved for issuance pursuant to the previously granted options or restricted stock units under that plan.

2020 Stock Incentive Plan

On November 4, 2020, the Company enacted the 2020 Stock Incentive Plan, which was also approved by the Company’s stockholders on December 8, 2020 (the “2020 Plan”). Under the 2020 Plan, the Company may grant stock options and other share-based payment awards of our Class A Common Stock to eligible employees, directors and consultants. The aggregate total number of shares of Class A Common Stock authorized for issuance under the 2020 Plan at June 30, 2021 was 1,250,000, of which 1,096,938 remain available for future issuance. In addition, if any awards that were outstanding under the 2010 Plan are subsequently forfeited or if the related shares are repurchased, a corresponding number of shares will automatically become available for issuance under the 2020 Plan, thus resulting in a potential increase in the number of shares available for issuance under the 2020 Plan. At June 30, 2021, this potential increase in the number of shares eligible for issuance under the 2020 Plan was 176,086 Class A Common Stock.

Stock options are 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 our Company’s share at an exercise price determined on the 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 year and four years from grant. Beginning in 2020, a performance component has been added to certain of the RSUs granted to management, which vests on the third anniversary of their grant date based on the achievement of certain performance metrics. 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 have estimated 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 expensed 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 estimated any forfeitures of vested or unvested options.

No stock options were issued in the six months ended June 30, 2021.

For the quarters ended June 30, 2021 and 2020, we recorded compensation expense of \$101,000 and \$120,000, respectively, with respect to our prior stock option grants. For the six months ended June 30, 2021 and June 30, 2020, we recorded compensation expense of \$201,000 and \$200,000, respectively. At June 30, 2021, the total unrecognized estimated compensation expense related to non-vested stock options was \$0.4 million, which we expect to recognize over a weighted average vesting period of 1.13 years. The intrinsic, unrealized value of all options outstanding vested and expected to vest, at June 30, 2021 was \$24,000, as the closing price of our Common Stock on that date was \$6.97.

The following table summarizes the number of options outstanding and exercisable as of June 30, 2021 and December 31, 2020:

	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, 2019	711,377	\$ 14.74	2.79	\$ 136,350
Granted	38,803	4.66	—	—
Exercised	—	—	—	—
Forfeited	(36,701)	14.74	—	—
Balance - December 31, 2020	713,479	\$ 14.64	2.18	\$ 13,969
Granted	—	—	—	—
Exercised	(38,803)	—	—	—
Forfeited	(157,332)	11.87	—	—
Balance - June 30, 2021	517,344	\$ 15.20	1.87	\$ 23,750

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 June 30, 2021:

Grant Date	Outstanding Restricted Stock Units					
	RSU Grants (in units)		Total Grants	Vested, June 30, 2021	Unvested, June 30, 2021	Forfeited, June 30, 2021
	Directors	Management				
March 10, 2016	35,147	27,381	62,528	62,264	—	264
April 11, 2016	—	5,625	5,625	5,108	—	517
March 23, 2017	30,681	32,463	63,144	62,612	—	532
August 29, 2017	—	7,394	7,394	7,394	—	—
January 2, 2018	29,393	—	29,393	29,393	—	—
April 12, 2018	—	29,596	29,596	21,085	6,540	1,971
April 13, 2018	—	14,669	14,669	11,003	3,666	—
July 6, 2018	—	932	932	—	—	932
November 7, 2018	23,010	—	23,010	23,010	—	—
March 13, 2019	—	24,366	24,366	10,632	10,630	3,104
March 14, 2019	—	23,327	23,327	11,664	11,663	—
May 7, 2019	11,565	—	11,565	11,565	—	—
March 10, 2020	—	287,163	287,163	48,416	237,929	818
December 14, 2020	—	43,260	43,260	—	42,716	544
December 16, 2020	60,084	11,459	71,543	—	71,543	—
April 5, 2021	—	262,830	262,830	—	262,830	—
April 19, 2021	—	22,888	22,888	—	22,888	—
Total	189,880	793,353	983,233	304,146	670,405	8,682

RSU awards to management vest 25% on the anniversary of the grant date over a period of four years. Beginning in 2020, a performance component has been added to certain of the RSUs granted to management, which vest on the third anniversary of their grant date based on the achievement of certain performance metrics. On March 10, 2020, RSUs covering 287,163 shares were issued to members of executive management and other employees of our Company. Between December 14, 2020 and December 16, 2020, RSUs covering 114,803 shares were issued to members of executive management and other employees of our Company, all of which vest 100% on the anniversary of the grant date over a period of one year. Of these, we granted non-employee directors 60,084 RSUs (as well as 38,803 options) on December 16, 2020. In April 2021, RSUs covering 262,830 shares were issued to members of executive management. 50% of these RSUs vest evenly over a period of four years. The remaining 50% vest in full on the third anniversary of the grant date contingent upon the achievement of certain performance metrics. RSUs covering 22,888 shares were also issued to other employees of our Company. These awards vest 25% on the anniversary of the grant date over a period of four years.

We estimate the grant-date fair values of our RSUs using the Company's stock price at grant-date and record such fair values as compensation expense over the vesting period on a straight-line basis. 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, vested 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 ended and the recipient or, as the case may be, the recipient's successor was elected to the board of directors. Accordingly, the RSUs granted to directors on November 7, 2018 vested on May 7, 2019 annual meeting of stockholders. Due to the fact that our Company held our annual meeting of stockholders in May 2019, the vesting period for the RSUs issued on November 7, 2018 was shorter than anticipated. 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.

For the quarters ended June 30, 2021 and 2020, we recorded compensation expense of \$419,000 and \$255,000, respectively. For the six months ended June 30, 2021 and 2020, we recorded compensation expense of \$782,000 and \$470,000 respectively. The total unrecognized compensation expense related to the non-vested RSUs was \$3.6 million as of June 30, 2021, which we expect to recognize over a weighted average vesting period of 1.90 years.

Stock Repurchase Program

On March 2, 2017, our 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 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 amount available under 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 June 30, 2021, our Company had reacquired a total of 1,792,819 shares of Class A Common Stock for \$24.0 million at an average price of \$13.39 per share (excluding transaction costs). No shares of Class A Common Stock were purchased in the six months to June 30, 2021. The last share repurchase made by our Company was made on March 5, 2020, at which time 25,000 shares were purchased at an average cost per share of \$7.30. 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 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.

As a result of the impacts of COVID-19, we have obtained certain concessions from our landlords. We have elected to account for these concessions as if there have been no changes to the underlying contracts, thereby recognizing abatements secured as variable lease expenses, and increasing payables for lease payment deferrals.

The components of lease expense were as follows:

<i>(Dollars in thousands)</i>	Quarter Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Lease cost				
Finance lease cost:				
Amortization of right-of-use assets	\$ 12	24	\$ 25	\$ 64
Interest on lease liabilities	1	2	3	5
Operating lease cost	8,516	8,079	16,780	16,099
Variable lease cost	(1,593)	(833)	(2,744)	(652)
Total lease cost	\$ 6,937	\$ 7,272	\$ 14,064	\$ 15,516

Supplemental cash flow information related to leases is as follows:

<i>(Dollars in thousands)</i>	Six Months Ended June 30,	
	2021	2020
Cash flows relating to lease cost		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for finance leases	\$ 27	\$ 68
Operating cash flows for operating leases	7,621	8,436
Right-of-use assets obtained in exchange for new operating lease liabilities	22,178	179

Supplemental balance sheet information related to leases is as follows:

<i>(Dollars in thousands)</i>	June 30, 2021	December 31, 2020
Operating leases		
Operating lease right-of-use assets	\$ 228,156	\$ 220,503
Operating lease liabilities - current portion	23,753	22,699
Operating lease liabilities - non-current portion	220,426	212,806
Total operating lease liabilities	\$ 244,179	\$ 235,505
Finance leases		
Property plant and equipment, gross	378	383
Accumulated depreciation	(291)	(271)
Property plant and equipment, net	\$ 87	\$ 112
Other current liabilities	49	49
Other long-term liabilities	44	69
Total finance lease liabilities	\$ 93	\$ 118
Other information		
Weighted-average remaining lease term - finance leases	2	3
Weighted-average remaining lease term - operating leases	11	11
Weighted-average discount rate - finance leases	5.26%	5.27%
Weighted-average discount rate - operating leases	4.62%	4.71%

The maturities of our leases were as follows:

<i>(Dollars in thousands)</i>	Operating leases	Finance leases
2021	\$ 17,233	\$ 27
2022	34,669	43
2023	34,017	28
2024	32,157	—
2025	29,949	—
Thereafter	169,450	—
Total lease payments	\$ 317,475	\$ 98
Less imputed interest	(73,296)	(5)
Total	\$ 244,179	\$ 93

As of June 30, 2021, we have additional operating leases, primarily for cinemas, that have not yet commenced operations of approximately \$12.5 million. It is anticipated that these operating leases will commence early 2022 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.

As a result of the impacts of COVID-19, we have provided certain concessions to specific tenants. We have elected to account for these concessions as if there have been no changes to the underlying contracts, thereby recognizing abatements granted as variable lease payments through revenue and increasing receivables for lease payment deferrals.

Lease income relating to operating lease payments was as follows:

<i>(Dollars in thousands)</i>	Quarter Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Components of lease income				
Lease payments	\$ 2,681	2,245	\$ 5,382	\$ 4,566
Variable lease payments	197	(364)	366	(201)
Total lease income	\$ 2,878	\$ 1,881	\$ 5,748	\$ 4,365

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

<i>(Dollars in thousands)</i>	June 30, 2021	December 31, 2020
Building and improvements		
Gross balance	\$ 138,704	\$ 153,643
Accumulated depreciation	(22,441)	(26,107)
Net Book Value	\$ 116,263	\$ 127,536

The Maturity of our leases were as follows:

<i>(Dollars in thousands)</i>	Operating leases
2021	\$ 3,777
2022	6,965
2023	6,540
2024	5,647
2025	4,609
Thereafter	4,824
Total	\$ 32,362

Note 18 – Hedge Accounting

As of June 30, 2021, and December 31, 2020, our 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>	June 30, 2021		December 31, 2020	
	Balance sheet location	Fair value	Balance sheet location	Fair value
Interest rate contracts	Derivative financial instruments - current portion	\$ 218	Derivative financial instruments - current portion	\$ 218
	Derivative financial instruments - non-current portion	96	Derivative financial instruments - non-current portion	212
Total derivatives designated as hedging instruments		\$ 315		\$ 430
Total derivatives		\$ 315		\$ 430

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 and six months ended to June 30, 2021 and June 30, 2020, respectively, the derivative instruments affected Comprehensive Income as follows:

(Dollars in thousands)	Location of Loss Recognized in Income on Derivatives	Amount of Loss Recognized in Income on Derivatives			
		Quarter Ended June 30, 2021		Six Months Ended June 30	
		2021	2020	2021	2020
Interest rate contracts	Interest expense	\$ 55	\$ 52	\$ 115	\$ 80
Total		\$ 55	\$ 52	\$ 115	\$ 80

(Dollars in thousands)	Amount	Loss Recognized in OCI on Derivatives (Effective Portion)			
		Quarter Ended June 30		Six Months Ended June 30	
		2021	2020	2021	2020
Interest rate contracts	\$ 61	\$ 52	\$ (1)	\$ 285	
Total	\$ 61	\$ 52	\$ (1)	\$ 285	

Line Item	Amount	Loss Reclassified from OCI into Income (Effective Portion)			
		Quarter Ended June 30		Six Months Ended June 30	
		2021	2020	2021	2020
Interest expense	\$ 61	\$ 52	\$ 115	\$ 80	
Total	\$ 61	\$ 52	\$ 115	\$ 80	

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 June 30, 2021, and December 31, 2020 we had derivative financial liabilities carried and measured at fair value on a recurring basis of \$315,000 and \$430,000 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 June 30, 2021 and December 31, 2020, by level within the fair value hierarchy.

		Fair Value Measurement at June 30, 2021				
(Dollars in thousands)	Carrying Value ⁽¹⁾	Level 1	Level 2	Level 3	Total	
Notes payable	\$ 222,397	\$ —	\$ —	\$ 227,520	\$ 227,520	
Subordinated debt	30,299	—	—	20,319	20,319	
	<u>\$ 252,696</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 247,839</u>	<u>\$ 247,839</u>	

		Fair Value Measurement at December 31, 2020				
(Dollars in thousands)	Carrying Value ⁽¹⁾	Level 1	Level 2	Level 3	Total	
Notes payable	\$ 254,163	\$ —	\$ —	\$ 258,525	\$ 258,525	
Subordinated debt	30,796	—	—	20,423	20,423	
	<u>\$ 284,959</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 278,948</u>	<u>\$ 278,948</u>	

(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 June 30, 2021 and December 31, 2020.

- **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 June 30, 2021, and December 31, 2020, 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.

Our 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 and six months ended June 30, 2021 and June 30, 2020.

Note 20 – Subsequent Events

No material subsequent events were identified as of the issue date of these Financial Statements.

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

General COVID-19 Pandemic Update & Overview

Cinema industry box office results have been negatively impacted in a material way by governmentally ordered closures designed to address the COVID-19 pandemic. As the pandemic has abated, cinemas have in large part reopened in the markets where we do business. However, cinema attendances are still below pre-pandemic levels due to a variety of factors, including social distancing requirements, until relatively recently, the lack of strong film product, public reticence to participate in group activities, and, to some extent, competition from streaming services. Patrons who have returned are responding well to our expanded food and beverage offerings, as per caps continue to strengthen. The industry has, in recent months, experienced a positive shift in box office results with the releases of more traditional blockbuster movies to theaters, such as *Godzilla vs. Kong* and *F9: The Fast Saga*. The performance of these films has provided optimism for the cinema industry. However, the surge in COVID-19, including the emergence of the Delta variant, has increased industry uncertainty and uncertainty for our own cinemas.

Our real estate business has been less impacted, and virtually all of our tenants are currently paying full rents. STOMP reopened at our Orpheum Theater in New York on July 20, 2021, and Audible, an Amazon company, continues to license our Minetta Lane Theater in New York.

In response to lower cash inflows from our cinema businesses, our Company reviewed our real estate portfolio to identify assets that had not been adversely impacted by the pandemic and which would require material capital investment to generate any meaningful increase in value. We have partially used the proceeds from the sale of these properties to pay down debt, to cover operating expenses, and to fund limited capital improvements.

We have been able to maintain most of our assets and keep our key personnel in place as we reopen our cinemas. Generally speaking, our lenders and landlords continue to work with us, and we have not lost any of our cinemas or other assets to default. We continue to be in discussions with various of our landlords about rent abatements and/or deferrals. We have a variety of landlords, and these discussions are being progressed on a location-by-location basis. At the present time, we have two landlords who have made court filings seeking eviction. These cinemas are currently open to the public under our operation. Notwithstanding these filings, while these discussions with these landlords are ongoing, and while no assurances can be given, we anticipate that these discussions will result in a mutually acceptable path forward at these two locations. Further, our relationships with our film suppliers continue to be strong.

With the development and distribution of a variety of vaccines, and a government focus on reopening the social aspects of our lives, we anticipate that the impact of the COVID-19 pandemic on our results of operation will be a passing event in the long-term, and we believe that we will ultimately return to results that resemble those of the pre-pandemic era in the future. However, no assurance can be given that we will achieve these results and, unfortunately, there is still a risk of future global outbreaks of COVID-19 and its associated variants, such as the Delta variant, which we are currently witnessing. Where vaccine roll outs have been limited in distribution, such as in Australia and New Zealand, these variant outbreaks could impact those countries, and our business in those countries, to a higher degree.

COVID-19 Impact on our Cinema Business

In March 2020, as a result of the COVID-19 pandemic, all of our cinemas in the United States, Australia, and New Zealand were forced to temporarily close by government mandate, ultimately causing an immediate halt to our cinema income. On May 27, 2020, approximately three months after the initial closure, our first two cinemas, which were located in New Zealand, reopened. As of the date of this Report, 45 of our 62 global cinema circuit are open: 20 of our 24 cinemas in the United States, 14 of our 26 cinemas in Australia, and 11 of our 12 cinemas in New Zealand. Of the theaters that remained closed, two cinemas have been closed since before the onset of the pandemic: one (in Honolulu at the Kahala Mall) for a major renovation and the other (in Courtenay Central, Wellington) to address seismic issues. While at one point all of our Australian cinemas were able to reopen, as of the date of this Report, 12 cinemas in Australia have temporarily closed again due to the government mandated response to the presence of the COVID-19 Delta variant combined with a limited supply of vaccines. Until vaccines become widely available in Australia and New Zealand, it is possible that more cinemas in Australia and/or New Zealand may close temporarily from time to time by government order.

Since reopening our cinemas, we have expanded our cinema portfolio. On December 22, 2020, we opened a six-screen Reading Cinemas at Jindalee in Queensland, Australia, and on June 16, 2021, we opened a state-of-the-art cinema at the expanded Millers Junction Village in Victoria, Australia.

Despite reduced admissions and box office results as a result of the COVID-19 pandemic, we are pleased with the Food & Beverage (“F&B”) per caps currently being achieved as of the date of this Report. Also, at the time the COVID-19 pandemic hit, we were already

taking steps in our circuit to manage competition from streaming services by improving the quality of our cinema offering (luxury recliner seating, presentation screens, and premium sound) and improving the quality and range of our F&B programs.

COVID-19 Impact on our Real Estate Business

As of the date of this Report, 96% of our tenants in our Australian and New Zealand real estate businesses are currently open for trading (some with trading restrictions in place).

Historically in the U.S., the majority of our real estate income has been generated by licensing revenue from our live theatres, which are licensed to third-party producers. While these venues have been closed to public performances for the first half of 2021, we have continued to receive some income from these assets. On July 20, 2021, STOMP began performances at our Orpheum Theatre in New York City. Our Minetta Lane Theatre in New York City continues to be licensed to Audible, an Amazon company, which uses the theatre to produce content and for periodic limited term productions open to the public. We have been advised by Audible that it anticipates reopening its productions to the public in the third quarter of this year. In addition, we began receiving rental income from our Culver City tenant in October 2020, income which did not exist prior to October 2020.

As mentioned previously, we monetized certain real estate assets that had maintained their value despite the effects of the COVID-19 pandemic, and which would have required capital investment to have achieved any meaningful increases in value.

- On March 4, 2021, we sold our two industrial properties adjacent to the Auckland Airport in Manukau/Wiri in New Zealand, representing 70.4 acres, for \$56.1 million (NZ \$77.2 million). We recognized a gain on sale after costs to sell of \$41.0 million (NZ\$56.3 million) over our \$13.6 million (NZ\$18.7 million) net book value. As raw land, this asset produced no operating income while continuing to generate carrying costs, such as taxes, insurance, and maintenance.
- On March 5, 2021, we sold our approximately 202-acre raw land holdings in Coachella, California for \$11.0 million (recognizing a gain on sale after costs to sell of \$6.3 million over our \$4.4 million net book value). As a 50% member of Shadow View Land and Farming LLC, the entity that owned the property, our Company received 50% of the sale, being \$5.3 million. As raw land, this asset produced no operating income while continuing to generate carrying costs, such as taxes, insurance and maintenance.
- On June 9, 2021, we sold our Auburn/Redyard Center (including the 114,000 square feet of undeveloped land) located in Auburn, New South Wales for \$69.6 million (AU\$90.0 million). We recognized a gain on sale after costs to sell of \$38.7 million (AU\$50.1 million) over our \$30.2 million (AU\$39.1 million) net book value. As part of the transaction, we entered into a lease with the purchaser to continue to operate the cinema at that location.
- On June 30, 2021, we sold our Royal George Theatre property in Chicago for \$7.1 million. We realized a gain on sale after costs to sell of \$5.0 million over our \$1.8 million net book value.

In regard to our 44 Union Square property, we substantially completed construction of our redevelopment project in Manhattan and obtained, and have subsequently maintained, a core and shell temporary certificate of occupancy. While COVID-19 has severely constrained leasing activity in Manhattan, the property is now ready for tenant improvements and occupancy once a lease is signed. We have been in discussions with national retail tenants about leasing space at 44 Union Square. However, no assurance can be given that we will be able to lease the space on acceptable terms in the near term.

As for our other real estate holdings, subject to capital availability and assuming a return to normalcy, we will once again put emphasis on developing and enhancing our Courtenay Central, Cannon Park, and Newmarket ETCs, and our Cinemas 1,2,3, and our Philadelphia Viaduct properties.

In Conclusion

In response to the COVID-19 pandemic, we have taken a number of significant steps to preserve our liquidity, and we will continue to evaluate our operations as the pandemic continues. We modified our business strategy in order to ensure our long-term viability in a way that would not have a dilutive impact on our stockholders, overleverage our Company, or require that we fire sale assets. In arriving at the determination to rely upon the monetization of certain real estate assets to bridge this gap in cinema cashflow and to reduce our need to make capital expenditures, we considered a variety of alternatives, including the issuance of additional common stock and the issuance of high interest rate "junk" debt. We determined that it would be in the best interests of our Company and our stockholders to not dilute equity by issuing stock in the middle of an unprecedented pandemic and to not mortgage our future with high interest rate debt.

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 62 cinemas.
- Real estate, including real estate development and the rental of retail, commercial, and live theatre assets.

We have consistently stated our belief that these two business segments complement one another, as we have used the comparatively consistent pre-COVID-19 cash flows generated by our cinema operations to fund the front-end cash demands of our real estate development business. Now, we are relying upon income from our real estate assets, and the imbedded value in those assets, to support our Company through the COVID-19 crisis. As we continue to navigate the uncertainty and challenges posed by the global COVID-19 pandemic, including the emergence of new variants, we are steadfast in our belief that this two-pronged, diversified international business strategy has supported the strength and long-term viability of our Company.

Key Performance Indicators

A key performance indicator utilized by management is F&B Spend Per Patron (“SPP”). Upgrading our F&B menus at a number of our global cinemas is one of our strategic priorities. We use SPP as a measure of our performance as compared to the performance of our competitors, as well as a measure of the performance of our F&B operations. While ultimately, the profitability of our F&B operations depends on a variety of factors, including labor cost and cost of goods sold, we think that this calculation is important to show how well we are doing on a top line basis. Due to the COVID-19 pandemic and the temporary closure of our cinema and live theatre operations in the U.S., Australia, and New Zealand for a substantial portion of the year ended December 31, 2020 and partially through the six months ended June 30, 2021, and due to the lower attendances resulting from social distancing requirements, the lack of new and compelling film product, and the reticence of customers to participate in social gatherings with third parties, management does not currently believe that a discussion of Reading’s key performance indicators will serve as a useful metric for stockholders. Management intends to resume providing a discussion of our key performance indicators in the future.

Cinema Exhibition Overview

We operate our worldwide cinema exhibition businesses through various subsidiaries under various brands:

- in the U.S., under the Reading Cinemas, Angelika Film Centers, and Consolidated Theatres brands.
- in Australia, under the Reading Cinemas, the 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 June 30, 2021.

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
	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	8	57	8		Reading Cinemas
	New South Wales	6	44	5	1	Reading Cinemas
	Queensland	6	56	3	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	26	202	21	5
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		62	510	51	11	

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

(2) Our 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

Through our various subsidiaries, we engage in the real estate business through the development and ownership and rental or licensing to third parties of retail, commercial, and live theatre assets. We own the fee interests in both of our live theatres and in 11 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 our live theatres; and,
- the redevelopment of our existing fee-owned cinema or live theatre sites to their highest and best use.

In light of the geographic reach of our business, and the highly localized nature of the real estate business, we have historically made use of third-party contractors to provide on-site management and leasing administration functions for our Australia and New Zealand real estate portfolio. We have now built upon our internal resources in this regard, allowing us to terminate all third-party contracts.

Cinema Exhibition

Our cinema revenues consist primarily of admissions, F&B, advertising, gift card purchases, theater rentals, and online convenience fee revenue generated by the sale of our cinema tickets through our websites and mobile apps. Cinema operating expenses consist of the costs directly attributable to the operation of the cinemas, including film rent expense, operating costs, and occupancy costs. Cinema revenues and expenses 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 2020 Form 10-K.

While our capital projects in recent years have been focused on growing our real estate segment, we have also focused on improving and enhancing our cinema exhibition portfolio. With the impact of the COVID-19 pandemic on our business, management reprioritized most of our capital expenditures based on assessments of market and lease conditions and liquidity requirements.

Cinema Additions and Enhancements

The latest additions and enhancements to our cinema portfolio as of June 30, 2021, are as follows:

- Opened a new state-of-the-art six-screen Cinema in Victoria, Australia: On June 16, 2021, we opened a Reading Cinemas at the expanded Millers Junction Village featuring two TITAN LUXE auditoriums with DOLBY ATMOS immersive sound, luxury recliner seating in all auditoriums, and an enhanced F&B offering.
- Opened a new state-of-the-art six-screen Cinema in Queensland, Australia: On December 22, 2020, we opened a Reading Cinemas at Jindalee featuring a TITAN LUXE auditorium with DOLBY ATMOS immersive sound, luxury recliner seating in all auditoriums, and an enhanced F&B offering.
- U.S. Renovations: In late 2019, we commenced the renovation of our Consolidated Theatre at the Kahala Mall in Honolulu. The renovation work was suspended at the end of the first quarter in 2020 as a result of the initial COVID-19 shutdown. When reopened, the theatre will feature recliner seating throughout along with a state-of-the-art kitchen and an elevated F&B menu. As of the date of this Report, we have reactivated our renovation plans with a targeted relaunch of this theater during the fourth quarter of 2021.
- As of the date of this Report, we have converted 94 of our 238 U.S. auditoriums to luxury recliner seating. When the above-mentioned renovations in Hawaii are completed, we anticipate this will account for at least an additional 16 auditoriums converted to luxury recliner seating.

Cinema Pipeline

By the end of 2022, we anticipate adding two new Reading Cinemas, totaling 13-screens, to our Australian cinema circuit pursuant to ATL: (i) Traralgon outside of Melbourne, VIC and (ii) South City Square in Brisbane, QLD. With respect to our Traralgon cinema, the landlord has been delayed in turning over the space for the cinema fit out, and discussions about the tenancy and scheduling are ongoing. We expect to receive a hand-over from the landlords of both Traralgon and South City Square early in 2022, with tentative openings by mid-year.

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 in order to compete with the variety of options being offered to consumers through other platforms.

During the remainder of 2021, we will continue to focus on the enhancement of our proprietary online ticketing and F&B capabilities and social media interfaces. These are intended to enhance the convenience of our offerings and to promote guest affinity with the experiences and products that we are offering. We will also be focusing on post-COVID-19 technology improvements to facilitate improved contactless experiences.

As of the end of 2020, we offered online ordering of our full F&B menu for all of our brands in the U.S. through their respective mobile apps. We anticipate expanding this capability to our Australia and New Zealand brands by the end of 2021. In December 2020, we launched our own streaming service, Angelika Anywhere, in the U.S., which is curated for film lovers of independent and foreign film, documentaries, and the more specialized movies from the major studios. We expect to expand our streaming services to Australia and New Zealand in 2021.

Cinema Closures

As mentioned in prior filings, as of the end of the first quarter of 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. All of our Australian theaters have reopened since the initial COVID-19 lockdowns. However, due to recent lockdowns in Australia, 14 of our 26 theaters are currently operating. As for our theaters in New Zealand, all of our theaters have reopened with the exception of our Reading Cinemas at Courtenay Central, which remains temporarily closed due to seismic concerns. In the U.S., mass roll outs of the COVID-19 vaccination have allowed more of our cinemas to reopen, and, as of the date of this Report, we have reopened 20 of our 24 cinemas. In late 2019, we commenced the renovation of our Consolidated Theatre at the Kahala Mall in Honolulu. The renovation work was suspended at the end of the first quarter in 2020 as a result of the initial COVID-19 shutdown. As of the date of this Report, we have reactivated our renovation plans with a targeted relaunch of this theater during the fourth quarter of 2021. We also anticipate reopening the Consolidated Theatre in Kapolei during the fourth quarter of 2021. We do not have anticipated reopening dates for the other two Consolidated Theatres in Hawaii.

In January 2019, we temporarily closed our Courtenay Central cinema in Wellington, New Zealand. This temporary closure is related to seismic concerns and is currently ongoing. While we continue to advance our planning for the center and have continued conversations with consultants, tenants, potential tenants, and city representatives, given the uncertainty surrounding the COVID-19 pandemic, we have no fixed time frame for the commencement of the redevelopment of this property.

Prior to COVID-19, some of our cinemas have encountered new competition, and we believe that others will benefit from planned refurbishment and upgrading. The scope, extent, and timing of such refurbishment and upgrading will be necessarily impacted by our need to preserve capital and liquidity while we work through the various challenges posed by the ongoing COVID-19 pandemic.

Upgrades to our Film Exhibition Technology and Theater Amenities

Prior to COVID-19, we focused on areas of the well-established cinema business where we believe we have growth potential and ultimately, provide long-term value to our stockholders. We invested in both the upgrading of our existing cinemas and the development of 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 June 30, 2021, 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)	62	510
IMAX	1	1
TITAN XC and LUXE	26	32
Dine-in Service		
Gold Lounge (AU/NZ) ⁽¹⁾	9	24
Premium (AU/NZ) ⁽²⁾	16	42
Spotlight (U.S.) ⁽³⁾	1	6
Upgraded Food & Beverage menu (U.S.)⁽⁴⁾	16	n/a
Premium Seating (features recliner seating)	28	173
Liquor Licenses⁽⁵⁾	35	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:** Our first dine-in cinema concept in the U.S. at Reading Cinemas in Murrieta, California. Six of our 17 auditoriums at this theater feature waiter service before the movie begins with a full F&B menu, luxury recliner seating, and laser focus on customer service. Our Spotlight service has been temporarily suspended since the initial COVID-19 shutdown.

(4) **Upgraded Food & Beverage Menu:** Features an elevated F&B menu including a menu of locally inspired and freshly prepared items that go beyond traditional concessions, which we have worked with former Food Network executives to create. The elevated menu also includes beer, wine and/or spirits at most of our locations.

(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 June 30, 2021, we have pending applications for additional liquor licenses for ten theaters in the U.S. and two in New Zealand.

Real Estate

As of June 30, 2021, our operating properties consisted of the following:

- Newmarket Village (Brisbane area, QLD), Cannon Park (Townsville, QLD), The Belmont Common (Perth area, WA), and Courtenay Central (Wellington, NZ). On June 9, 2021, we sold our Auburn/Redyard shopping center (Auburn, NSW);
- two single-auditorium live theatres in Manhattan (Minetta Lane and Orpheum). On June 30, 2021, we sold the Royal George Theatre, our four-auditorium live theatre complex in Chicago;
- our corporate office buildings in Culver City, California and Melbourne, Australia; and
- the ancillary retail and commercial tenants at some of our non-ETC cinema properties.

At the start of the spread of the COVID-19 pandemic, varied trading restrictions, some enforced by the government, affected many of our tenants at our ETCs in Australia and New Zealand. As of the date of this Report, 96% of our tenants in our Australian and New Zealand real estate businesses are currently open for trading (some with trading restrictions in place).

In addition, as of June 30, 2021, we had unimproved real estate held for development in connection with Courtenay Central in New Zealand and properties (located principally in Pennsylvania) used in our legacy activities.

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

Strategic Acquisitions

- 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 the real property assets constituting our Village East Cinema in Manhattan. The purchase price under the option is \$5.9 million. It was initially agreed that the transaction would close on or about May 31, 2021. On March 29, 2021, we extended this closing date to January 1, 2023. 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.

Strategic Asset Monetizations

United States:

- Landholding in Coachella, California – This non-income producing land was sold on March 5, 2021, for \$11.0 million. As a 50% member of Shadow View Land and Farming LLC, the entity that owned that property, our Company received 50% of the sale, being \$5.3 million.
- Royal George in Chicago, Illinois – On June 30, 2021, we sold our property for \$7.1 million.

Australia:

- ETC in New South Wales, Australia – On June 9, 2021, we sold our Auburn/Redyard shopping center for \$69.6 million (AU\$90.0 million).

New Zealand:

- Landholding in Manukau/Wiri, New Zealand – This non-income producing land was sold on March 4, 2021, for \$56.1 million (NZ\$77.2 million).

Value-creating Opportunities

The implementation of most of our Company's real estate development plans have been delayed due to COVID-19 and the need to conserve capital. However, we continue to believe that our Company's strong real estate asset base has and will provide (i) increased financial security through the potential monetization of certain real estate assets or (ii) provide collateral for strategic re-financing, in each case to meet liquidity demands. We intend to continue to emphasize the prudent development of our real estate assets.

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 headquarters building in Culver City, California (approximately 12,000 usable square feet) to WWP Beauty (wwpinc.com), a global company with over 35 years of experience providing the cosmetics and personal care industries with a range of packaging needs. On the date of the lease, possession of the space was turned over to WWP Beauty, which was responsible for building out its space. Straight line rent commenced in May 2020 and cash rent payment began in October 2020.

- **44 Union Square Redevelopment (New York City, U.S.)** – Historically known as Tammany Hall, this building with approximately 73,000 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. On July 1, 2020, the site reopened for construction activities, and on August 31, 2020, we received a temporary certificate of occupancy for the core and shell of the building, which has been continuously renewed pending construction of tenant improvements.

Our leasing team continues to pursue potential tenants. This building, hailed as a dramatic *pièce de résistance* with its first in the city, over 800-piece glass dome, brings the future to New York’s fabled past and was awarded in 2020 the ENR New York’s Best Projects awards for Renovation/Restoration and for Safety. In July 2021, 44 Union Square/Tammany Hall was a jury and popular choice winner in the Architecture and Collaboration concept category of the Architizer A+ Awards, the world’s largest awards program for architecture and building products. We believe 44 Union Square is 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. It is one of a very limited number of “brandable” sites available for lease in New York City and can be delivered immediately upon the execution of leases.

We have been in discussions with national retail tenants about leasing space at 44 Union Square. However, no assurance can be given that we will be able to lease the space on acceptable terms in the near term.

- **Minetta Lane Theatre (New York City, U.S.)** – Prior to COVID-19, our theatre was used by Audible, an Amazon company, to present plays featuring a limited cast of one or two characters and special live performance engagements, which it recorded and made available to the public through the Audible streaming service. Due to COVID-19, no shows have been presented since March 2020 and the theatre remains closed to the public. It is currently anticipated that New York City theatre venues will reopen on or about September 2021. In late 2019, we completed an initial feasibility study for the potential redevelopment of this asset. We will refocus our efforts on this project at a later date as New York City continues to show signs of recovery from the impacts of the COVID-19 pandemic. In the interim, we renewed our license arrangement with Audible which extends through March 15, 2023, with a one-year option to extend.
- **Cinemas 1,2,3 Redevelopment (New York City, U.S.)** – Given the expiration of two of our Upper East Side (New York City) cinema leases, we have determined to continue to operate this location as a cinema for at least the near term. We intend to seek a rezoning of this property 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.

New Zealand:

- **Courtenay Central Redevelopment (Wellington, New Zealand)** – Located in the heart of Wellington – New Zealand’s capital city – our Courtenay Central property covers, on a consolidated basis through various subsidiaries, 161,000 square feet of land situated proximate to (i) the Te Papa Tongarewa Museum (attracting over 1.5 million visitors annually, pre-COVID), 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 2023. 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, which is 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. Notwithstanding the COVID-19 pandemic, our real estate team is continuing to work with our consultants, tenants, potential tenants, and city representatives to advance our redevelopment plans for this property.

Corporate Matters

- **Stock Repurchase Program** – On March 10, 2020, our Board of Directors authorized a \$25.0 million increase to our 2017 stock repurchase program, extending the program to March 2, 2022, and bringing our total authorized repurchase amount remaining to \$26.0 million. Through June 30, 2021, we have repurchased 1,792,819 shares of Class A Common Stock at an average price of \$13.39 per share (excluding transaction costs). No shares were purchased during the six months ended June 30, 2021.

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

- Board Compensation and Stock Options Committee – Our Compensation and Stock Options Committee, in early 2021, determined to pay out no cash bonuses, with respect to 2020, to any Company senior executives, including our CEO. Following the expiration of the Reading International Inc. 2010 Stock Incentive Plan (as amended, the "2010 Plan"), our Board of Directors adopted the Reading International, Inc. 2020 Stock Incentive Plan (the "2020 Plan"), which was approved by our stockholders on December 8, 2020. The aggregate total number of shares of Common Stock authorized for issuance under the 2020 Plan was 1,250,000 shares of Class A Common Stock and 200,000 shares of Class B Stock. In addition, if any awards outstanding under the 2010 Plan are subsequently forfeited or if the related shares are repurchased, a corresponding number of shares will automatically become available for issuance under the 2020 Plan, resulting in an increase in the number of shares available for issuance under the 2020 Plan (up to an additional 1,096,938 shares of Class A Common Stock). In April 2021 the Company issued 285,718 RSUs to senior management and other key employees.

Our Financing Strategy

Prior to the interruption to our revenues caused by the COVID-19 pandemic, we have used cash generated from operations and other excess cash to the extent not needed to fund capital investments contemplated by our business plan, to pay down our loans and credit facilities. This has provided us with availability under our loan facilities for future use and thereby, reduced interest charges. On a periodic basis, we have reviewed the maturities of our borrowing arrangements and negotiated renewals and extensions where necessary. In 2020, we completed amending and extending various financing arrangements less than two weeks prior to the COVID-19 government mandated shutdowns, which we believe has helped provide the necessary liquidity to see us through the COVID-19 crisis.

In response to the COVID-19 pandemic, the temporary closure of our theaters, and the trading restrictions placed on many of our real estate tenants, we had fully drawn-down on all our available operating lines-of-credit by the end of the first quarter of 2020, to provide additional liquidity. In 2021, the monetization of certain real estate assets funded our ability to pay down debt thereby increasing our future availability and, in some places, permanently reducing our loan funding amounts.

For more information about our liquidity and financing strategy, please refer to *Note 3 – Impact of COVID-19 Pandemic on Liquidity* to the Consolidated Financial Statements included herein.

Bank of America Loan

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 operations, extending the maturity date to March 6, 2023, and (ii) also extending the term of our \$5.0 million line of credit with Bank of America to March 6, 2023.

On August 7, 2020, we entered into a Waiver and Second Amendment to the Second Amended and Restated Credit Agreement (“Amendment”) modifying certain financial covenants within this credit facility and temporarily suspended the testing of certain other covenant tests through measurement period ending September 30, 2021. The modifications also include a new covenant related to maintenance of certain liquidity levels. Under the Amendment, cash balances in excess of \$3.0 million, at the end of each Friday, will be used to paydown the facility debt. However, this is not a permanent reduction in that credit facility and, subject to the satisfaction of draw down requirements, will be available for re-borrowing. The testing of the financial covenant resumes for the measurement period ending December 31, 2021. In addition to the covenant modifications, the interest rate on borrowings under this facility was fixed at 3.0% above the “Eurodollar” rate, which itself now has a floor of 1.0%. As of June 30, 2021, we had \$10.0 million available under this credit facility. In regard to the line of credit, we also modified the interest rate, wherein the LIBOR portion of the rate now has a floor of 1.0%. Such modifications were not considered to be substantial under U.S. GAAP.

Cinemas 1,2,3 Term Loan

On March 13, 2020, Sutton Hill Properties LLC, our 75% subsidiary, increased its term loan with Valley National Bank to \$25.0 million from \$20.0 million, with an interest rate based on the greater of (i) the two-year U.S. Treasury Rate plus 2.5% or (ii) 4.25%. The current interest rate used for the Valley National loan is 4.25%. This loan matures on April 1, 2022, with two six-month options to extend through April 1, 2023. With the availability of these loan extensions, we continue to keep the loan long-term.

NAB Corporate Term Loan (AU)

Prior to COVID-19, in March 2019, we amended our Revolving Corporate Markets Loan Facility with NAB from a facility comprised of (i) an AU\$66.5 million loan facility and (ii) a bank guarantee of AU\$5.0 million into (i) an AU\$120.0 million Corporate Loan facility, 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 August 6, 2020, we modified certain covenants within this Revolving Corporate Markets Loan Facility with NAB (the “NAB Amendment”). These modifications applied until the quarter ended June 30, 2021. In addition, for the period in which these covenant modifications applied, the interest rate on amounts borrowed under the facility was 1.75%. The NAB Amendment modifies the Fixed Charge Cover Ratio testing for the quarters through June 30, 2021, so that ratio testing is calculated on each respective quarter’s trading performance, as opposed to on a trailing twelve-month basis and waives the leverage ratio testing through the quarter ended June 30, 2021. Such a modification was not considered to be substantial under U.S. GAAP.

On December 29, 2020, to fund the completion of our recently opened cinema in Jindalee, Queensland, we amended our loan facility to increase the core portion of our Revolving Corporate Markets Loan Facility by AU\$3.0 million and is repayable in

semi-annual installments of AU\$500,000, the first installment being April 30, 2021, until fully repaid on October 31, 2023. This amendment increases the Facility Limit to AU\$123.0 million, which will be reduced back to AU\$120.0 million as the Reading Cinemas Jindalee funding is repaid. We further modified certain covenants within this Revolving Corporate Markets Loan Facility with NAB. The Fixed Charge Cover Ratio testing periods were further modified through the quarter ended September 30, 2021. The Leverage Ratio was also modified through the quarter ended June 30, 2022.

On June 9, 2021, AU\$20.0 million of the net sale proceeds of our Auburn/Redyard shopping center was used to pay down the facility, permanently reducing by that amount the availability under the line. The total fully drawn NAB facility at June 30, 2021, was AU\$102.5 million.

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.

On July 27, 2020, we modified the agreement with Westpac and increased the interest rate and line of credit charge to 2.40% above the Bank Bill Bid Rate and 1.65%, respectively. The maturity date was extended to January 1, 2024. Such modifications of this facility were not considered to be substantial under U.S. GAAP. On May 7, 2021, we repaid NZ\$16.0 million of this debt, which also represented a permanent reduction in this facility to NZ\$16.0 million. We have obtained waivers from Westpac suspending our covenant testing for the second, third, and fourth quarters of 2020, and the first quarter of 2021. On June 8, 2021, we received a Waiver from Westpac, which temporarily suspended the testing of certain covenant tests through June 30, 2021.

44 Union Square Financing

Construction of our 73,000 rentable square foot retail and office building at 44 Union Square in Manhattan is substantially complete and a core & shell temporary certificate of occupancy has been issued to permit the construction of tenant improvements. The property is now in its lease-up phase.

On May 7, 2021, we closed on a new three-year \$55.0 million loan facility with Emerald Creek Capital secured by the 44 Union Square property. Of the \$55.0 million, \$43.0 million was immediately drawn, which includes cash reserves for interest, real estate taxes and existing mechanic's liens. The facility bears a variable interest rate of one month LIBOR plus 6.9% with a floor of 7.0% and has two 12-month options to extend, but may be repaid at any time, subject to notice.

Refer to *Note 11 – Borrowings* for additional information.

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 and six months ended June 30, 2021, and June 30, 2020, respectively:

(Dollars in thousands)	Quarter Ended		% Change Fav/ (Unfav)	Six Months Ended		% Change Fav/ (Unfav)
	June 30, 2021	June 30, 2020		June 30, 2021	June 30, 2020	
SEGMENT RESULTS						
Revenue						
Cinema exhibition	\$ 32,715	1,217	>100 %	\$ 50,829	\$ 47,527	7 %
Real estate	3,448	2,303	50 %	6,771	6,905	(2) %
Inter-segment elimination	(130)	(98)	(33) %	(261)	(1,782)	85 %
Total revenue	36,033	3,422	>100 %	57,339	52,650	9 %
Operating expense						
Cinema exhibition	(31,496)	(13,758)	(>100) %	(53,509)	(57,734)	7 %
Real estate	(2,564)	(1,589)	(61) %	(5,219)	(4,349)	(20) %
Inter-segment elimination	130	98	33 %	261	1,782	85 %
Total operating expense	(33,930)	(15,249)	(>100) %	(58,467)	(60,301)	3 %
Depreciation and amortization						
Cinema exhibition	(3,667)	(3,764)	3 %	(7,245)	(7,543)	4 %
Real estate	(1,747)	(1,275)	(37) %	(3,588)	(2,575)	(39) %
Total depreciation and amortization	(5,414)	(5,039)	(7) %	(10,833)	(10,118)	(7) %
General and administrative expense						
Cinema exhibition	(4,897)	(949)	(>100) %	(5,696)	(2,158)	(>100) %
Real estate	(191)	(246)	22 %	(387)	(601)	36 %
Total general and administrative expense	(5,088)	(1,195)	(>100) %	(6,083)	(2,759)	(>100) %
Segment operating income						
Cinema exhibition	(7,345)	(17,254)	57 %	(15,621)	(19,908)	22 %
Real estate	(1,054)	(807)	(31) %	(2,423)	(620)	(>100) %
Total segment operating income (loss)	\$ (8,399)	\$ (18,061)	53 %	\$ (18,044)	\$ (20,528)	12 %
NON-SEGMENT RESULTS						
Depreciation and amortization expense	(387)	(227)	(70) %	(618)	(419)	(47) %
General and administrative expense	(3,746)	(3,907)	4 %	(7,848)	(8,288)	5 %
Interest expense, net	(3,005)	(2,004)	(50) %	(7,369)	(3,797)	(94) %
Equity earnings of unconsolidated joint ventures	283	(274)	>100 %	233	(195)	>100 %
Gain (loss) on sale of assets	43,241	—	— %	89,786	—	— %
Other income (expense)	154	19	>100 %	1,795	(196)	>100 %
Income before income taxes	28,141	(24,454)	>100 %	57,936	(33,423)	>100 %
Income tax benefit (expense)	(5,547)	1,567	(>100) %	(13,275)	4,580	(>100) %
Net income (loss)	22,594	(22,887)	>100 %	44,661	(28,843)	>100 %
Less: net income (loss) attributable to noncontrolling interests	(108)	(185)	42 %	2,994	(266)	>100 %
Net income (loss) attributable to RDI common stockholders	\$ 22,702	\$ (22,702)	>100 %	\$ 41,667	\$ (28,577)	>100 %
Basic earnings (loss) per share	\$ 1.04	\$ (1.04)	>100 %	\$ 1.91	\$ (1.31)	>100 %

Consolidated and Non-Segment Results:

Second Quarter and Six Months Net Results

Net income attributable to RDI common stockholders for the quarter ended June 30, 2021, increased by \$45.4 million, to \$22.7 million, when compared to the same period in the prior year, and basic EPS increased by \$2.08, to \$1.04 for the quarter ended June 30, 2021, compared to the quarter ended June 30, 2020. These increases came primarily from the gain on sale of assets related to our Auburn/Redyard and Royal George properties in June of 2021. Also, due in part to the large scale COVID-19 vaccine roll outs in the U.S., a majority of our cinemas have now reopened, and major studios have once again released tentpole films. This in turn caused our Cinema Exhibition segment operating loss to decrease from a loss of \$17.3 million for the quarter ended June 30, 2020 (when most of our cinemas remained closed due to local government mandates related to the COVID-19 pandemic), to a loss of \$7.3 million for the quarter ended June 30, 2021.

For the six months ended June 30, 2021, net income attributable to RDI common stockholders increased by \$70.2 million, to \$41.7 million, compared to the same period in the prior year. Basic EPS for the six months ended June 30, 2021, increased by \$3.22, to \$1.91 compared to the six months ended June 30, 2020. These increases are largely due to the gain on sale of assets related to our Manukau, Coachella, Auburn/Redyard, and Royal George properties.

Revenue for the quarter ended June 30, 2021, increased by \$32.6 million, to \$36.0 million, when compared to the same period in the prior year. This increase was attributable to the majority of our theaters operating during the second quarter of 2021 compared to the second quarter of 2020, when most of our global cinemas remained closed due to the initial COVID-19 shutdowns. These positive results were further impacted by the release of several major films in the second quarter of 2021, which collectively led to an increase in attendance compared to the second quarter of 2020.

Revenue for the six months ended June 30, 2021, increased by \$4.7 million, to \$57.3 million, when compared to the same period in the prior year. This increase was attributable to the majority of our theaters operating during the first half of 2021, with occupancy restrictions in place, compared to the same period in 2020, when most of our global cinemas closed in late March, and remained closed, through the second quarter of 2020 due to the initial COVID-19 shutdowns.

Non-Segment General & Administrative Expenses

Non-segment general and administrative expense for the quarter ended June 30, 2021, decreased by 4%, or \$0.2 million, to \$3.7 million compared to the quarter ended June 30, 2020, due to reduced legal fees and professional and outside services related costs. This decrease was partially offset by the strengthening of the average Australian and New Zealand dollars against the U.S. dollar.

Non-segment general and administrative expense for the six months ended June 30, 2021, decreased 5%, or \$0.4 million, to \$7.8 million compared to the six months ended June 30, 2020, due to reduced legal fees, professional and outside services related costs, and corporate airfare and travel as a result of the COVID-19 pandemic.

Income Tax Expense

Income tax expense for the quarter ended June 30, 2021, increased by \$7.1 million compared to the equivalent prior-year period. The change between 2021 and 2020 is primarily related to the increase in pretax income in 2021.

Income tax expense for the six months ended June 30, 2021, increased by \$17.9 million compared to the equivalent prior-year period. The change between 2021 and 2020 is primarily related to the increase in pretax income in 2021.

Business Segment Results

As of June 30, 2021, we leased or owned and operated 62 cinemas with 510 screens, which includes our interests in certain unconsolidated joint ventures that total three cinemas with 29 screens. In addition, we:

- owned and operated four ETCs known as Newmarket Village (in a suburb of Brisbane), The Belmont Common (in a suburb of Perth), and Cannon Park (in Townsville) in Australia, and Courtenay Central (in Wellington) in New Zealand. As mentioned previously, we sold our Auburn/Redyard ETC (a suburb of Sydney) on June 9, 2021;
- owned and operated our headquarters office building in Culver City and, during the second quarter 2020, entered a multi-year lease with a corporate tenant for the entire second floor;
- owned and operated our headquarters office building in Melbourne, Australia;
- owned and operated the fee interests in two developed commercial properties in Manhattan improved with live theatres comprising of two stages. As mentioned previously, we sold our Royal George Theatre property in Chicago on June 30, 2021;
- 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 44 Union Square property with approximately 73,000 square feet of net leasable area comprised of retail and office space. 44 Union Square is currently in the leasing phase, and we received a temporary certificate of occupancy with respect to the core and shell work on August 31, 2020; 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 are subject to risks associated with fluctuating foreign currency exchange rates. During the second quarter of 2021, the average Australian dollar and New Zealand dollar strengthened against the U.S. dollar by 17.1% and 15.7%, respectively, compared to the same period prior year.

Cinema Exhibition

The following table details our cinema exhibition segment operating results for the quarter and six months ended June 30, 2021, and June 30, 2020, respectively:

(Dollars in thousands)	Quarter Ended				Six Months Ended				% Change		
	June 30, 2021		June 30, 2020		June 30, 2021		June 30, 2020		Quarter Ended	Six Months Ended	
		% of Revenue		% of Revenue		% of Revenue		% of Revenue	Fav/(Unfav)		
REVENUE											
United States	Admissions revenue	\$ 7,163	22%	\$ 1	0%	\$ 9,048	18%	\$ 13,915	29%	>100%	(35)%
	Food & beverage revenue	4,632	14%	94	8%	5,872	12%	7,058	15%	>100%	(17)%
	Advertising and other revenue	1,310	4%	374	31%	1,974	3%	2,802	6%	>100%	(30)%
		\$ 13,105	40%	\$ 469	39%	\$ 16,894	33%	\$ 23,775	50%	>100%	(29)%
Australia	Admissions revenue	\$ 9,898	30%	\$ 238	20%	\$ 17,360	34%	\$ 12,748	27%	>100%	36%
	Food & beverage revenue	5,163	16%	144	12%	8,884	17%	5,755	12%	>100%	54%
	Advertising and other revenue	1,086	3%	118	9%	2,019	5%	1,584	3%	>100%	27%
		\$ 16,147	49%	\$ 500	41%	\$ 28,263	56%	\$ 20,087	42%	>100%	41%
New Zealand	Admissions revenue	\$ 2,203	7%	\$ 138	11%	\$ 3,619	7%	\$ 2,403	5%	>100%	51%
	Food & beverage revenue	1,089	3%	67	5%	1,746	3%	1,051	2%	>100%	66%
	Advertising and other revenue	171	1%	43	4%	307	1%	211	1%	>100%	45%
		\$ 3,463	11%	\$ 248	20%	\$ 5,672	11%	\$ 3,665	8%	>100%	55%
	Total revenue	\$ 32,715	100%	\$ 1,217	100%	\$ 50,829	100%	\$ 47,527	100%	>100%	7%
OPERATING EXPENSE											
United States	Film rent and advertising cost	\$ (3,418)	10%	\$ (11)	1%	\$ (4,228)	8%	\$ (7,268)	15%	(>100)%	42%
	Food & beverage cost	(1,096)	4%	(188)	15%	(1,410)	3%	(2,008)	4%	(>100)%	30%
	Occupancy expense	(5,897)	18%	(6,791)	550%	(12,150)	24%	(13,377)	28%	13%	9%
	Other operating expense	(5,605)	17%	(2,888)	237%	(8,637)	17%	(12,129)	26%	(94)%	29%
		\$ (16,016)	49%	\$ (9,870)	811%	\$ (26,425)	52%	\$ (34,782)	73%	(62)%	24%
Australia	Film rent and advertising cost	\$ (4,154)	13%	\$ (142)	12%	\$ (7,181)	14%	\$ (5,607)	11%	(>100)%	(28)%
	Food & beverage cost	(1,108)	3%	(107)	9%	(1,944)	4%	(1,262)	3%	(>100)%	(54)%
	Occupancy expense	(2,652)	8%	(1,799)	147%	(4,839)	10%	(5,687)	12%	(47)%	15%
	Other operating expense	(4,990)	15%	(1,139)	94%	(8,528)	16%	(6,526)	14%	(>100)%	(31)%
		\$ (12,904)	39%	\$ (3,187)	262%	\$ (22,492)	44%	\$ (19,002)	40%	(>100)%	(18)%
New Zealand	Film rent and advertising cost	\$ (975)	3%	\$ (45)	4%	\$ (1,540)	3%	\$ (1,101)	2%	(>100)%	(40)%
	Food & beverage cost	(224)	1%	(25)	2%	(349)	1%	(220)	1%	(>100)%	(59)%
	Occupancy expense	(320)	1%	(255)	21%	(775)	2%	(1,074)	2%	(25)%	28%
	Other operating expense	(1,057)	3%	(368)	30%	(1,927)	3%	(1,475)	3%	(>100)%	(31)%
		\$ (2,576)	8%	\$ (693)	57%	\$ (4,591)	9%	\$ (3,870)	8%	(>100)%	(19)%
	Total operating expense	\$ (31,496)	96%	\$ (13,758)	1130%	\$ (53,508)	105%	\$ (57,734)	121%	(>100)%	7%
DEPRECIATION, AMORTIZATION, GENERAL AND ADMINISTRATIVE EXPENSE											
United States	Depreciation and amortization	\$ (1,820)	6%	\$ (1,988)	162%	\$ (3,648)	7%	\$ (4,007)	8%	8%	9%
	General and administrative expense	(4,616)	13%	(700)	58%	(5,129)	10%	(1,562)	4%	(>100)%	(>100)%
		\$ (6,436)	19%	\$ (2,688)	220%	\$ (8,777)	17%	\$ (5,574)	12%	(>100)%	(57)%
Australia	Depreciation and amortization	\$ (1,528)	5%	\$ (1,421)	117%	\$ (2,955)	6%	\$ (2,814)	6%	(8)%	(5)%
	General and administrative expense	(281)	1%	(229)	19%	(568)	1%	(600)	1%	(23)%	5%
		\$ (1,809)	6%	\$ (1,650)	136%	\$ (3,523)	7%	\$ (3,414)	7%	(10)%	(3)%
New Zealand	Depreciation and amortization	\$ (319)	1%	\$ (355)	29%	\$ (642)	1%	\$ (721)	1%	10%	11%
	General and administrative expense	—	0%	(20)	2%	—	0%	9	(0)%	100%	100%
		\$ (319)	1%	\$ (375)	31%	\$ (642)	1%	\$ (712)	1%	15%	10%
	Total depreciation, amortization, general and administrative expense	\$ (8,564)	26%	\$ (4,713)	387%	\$ (12,942)	25%	\$ (9,700)	20%	(82)%	(33)%
OPERATING INCOME (LOSS) - CINEMA											
United States		\$ (9,347)	(29)%	\$ (12,097)	(994)%	\$ (18,308)	(35)%	\$ (16,582)	(35)%	23%	(10)%
Australia		1,434	4%	(4,337)	(356)%	2,248	4%	(2,409)	(5)%	>100%	>100%
New Zealand		568	2%	(820)	(67)%	439	1%	(917)	(1)%	>100%	>100%
	Total Cinema operating income (loss)	\$ (7,345)	(22)%	\$ (17,254)	(1417)%	\$ (15,621)	(30)%	\$ (19,908)	(41)%	57%	22%

Second Quarter and Six Months Results

Cinema Segment Operating Income/(Loss)

Cinema segment operating loss for the quarter ended June 30, 2021, decreased by \$9.9 million, to a loss of \$7.3 million when compared to the same period in 2020. This decrease was primarily driven by the majority of our theaters operating during the second quarter of 2021 compared to the second quarter of 2020, when most of our global cinemas remained closed due to the initial COVID-19 lockdowns. Furthermore, a reduction in operating restrictions and the mass vaccination campaigns and roll outs in the U.S. gave major studios the opportunity to release new major films in theaters, such as *A Quiet Place Part II* and *F9: The Last Saga*, leading to a substantial increase in our admissions revenue for the quarter ended June 30, 2021.

Cinema segment operating loss for the six months ended June 30, 2021, decreased by \$4.3 million, to a loss of \$15.6 million when compared to the same period in 2020. This decrease is primarily driven by the reopening of the majority of our cinemas worldwide that operated during the first half of 2021 as a result of vaccination roll outs in the U.S. and release of major blockbuster films.

Revenue

Cinema revenue increased by \$31.5 million, to \$32.7 million for the quarter ended June 30, 2021, compared to the same period in 2020. This increase was due to a majority of our theaters being open during the current year period, as well as (i) the vaccination roll outs in the U.S., (ii) the releases of several tentpole films by major studios, and (iii) the easing of local government restrictions in the first half of 2021.

The financial results in each of our jurisdictions experienced increases in revenues due primarily to the majority of our global cinemas operating during the second quarter of 2021 compared to the second quarter of 2020, when most of our global cinemas remained closed due to the COVID-19 pandemic. Below are the changes in our cinema revenue by market for the quarter ended June 30, 2021:

U.S. Cinemas

Cinema revenue increased by \$12.6 million, to \$13.1 million for the quarter ended June 30, 2021, due to an over 100% increase in attendance.

Australia Cinemas

Cinema revenue increased by \$15.6 million, to \$16.1 million for the quarter ended June 30, 2021, due to an over 100% increase in attendance.

New Zealand Cinemas

Cinema revenue increased by \$3.2 million, to \$3.5 million for the quarter ended June 30, 2021, due to an over 100% increase in attendance.

For the six months ended June 30, 2021, cinema revenue increased by \$3.3 million, to \$50.8 million compared to the same period in 2020. This increase was due to (i) cinema reopenings in the U.S., (ii) the releases of several tentpole films by major studios, and (iii) the easing of local government restrictions in the first half of 2021, resulting in a majority of our theaters being open.

Operating expense

Operating expense for the quarter ended June 30, 2021, increased by \$17.7 million, to \$31.5 million. This was due to the majority of our global cinemas reopening and operating during the second quarter of 2021 compared to the second quarter of 2020, when most of our global cinemas were closed due to the COVID-19 pandemic.

Operating expense for the six months ended June 30, 2021, decreased by \$4.2 million, to \$53.5 million. This was due to a decline in film rent and other operating expenses in the U.S.

Depreciation, amortization, general and administrative expense

Depreciation, amortization, general and administrative expense for the quarter ended June 30, 2021, increased by \$3.9 million, to \$8.6 million, compared to the same period in 2020. This increase is attributable to the California employment litigation in the U.S.

Depreciation, amortization, general and administrative expense for the six months ended June 30, 2021, increased by \$3.2 million, to \$12.9 million, compared to the same period in 2020. This increase is attributable to the California employment litigation in the U.S., offset by savings in payroll costs as a result of the wage subsidy programs and a reduction in corporate staff costs.

Real Estate

The following table details our real estate segment operating results for the quarter and six months ended June 30, 2021 and June 30, 2020, respectively:

	Quarter Ended				Six Months Ended				% Change Fav/(Unfav)		
	June 30, 2021	% of Revenue	June 30, 2020	% of Revenue	June 30, 2021	% of Revenue	June 30, 2020	% of Revenue	Quarter Ended	Six Months Ended	
<i>(Dollars in thousands)</i>											
REVENUE											
United States	Live theatre rental and ancillary income	\$ 322	9%	\$ 206	9%	\$ 403	5%	\$ 780	11%	56%	(48)%
	Property rental income	132	4%	100	4%	270	5%	152	3%	32%	78)%
		454	13%	306	13%	673	10%	932	14%	48%	(28)%
Australia	Property rental income	2,735	79%	1,911	83%	5,609	83%	5,489	79%	43%	2%
New Zealand	Property rental income	259	8%	86	4%	489	7%	484	7%	>100%	1%
	Total revenue	\$ 3,448	100%	\$ 2,303	100%	\$ 6,771	100%	\$ 6,905	100%	50%	(2)%
OPERATING EXPENSE											
United States	Live theatre cost	\$ (81)	2%	\$ (132)	6%	\$ (176)	3%	\$ (474)	7%	39%	63)%
	Property cost	(304)	9%	(195)	8%	(645)	10%	(817)	12%	(56)%	21)%
	Occupancy expense	(474)	14%	(162)	7%	(871)	12%	(321)	4%	(>100)%	(>100)%
		(859)	25%	(489)	21%	(1,692)	25%	(1,612)	23%	(76)%	(5)%
Australia	Property cost	(682)	20%	(429)	19%	(1,446)	21%	(1,080)	16%	(59)%	(34)%
	Occupancy expense	(576)	16%	(368)	16%	(1,176)	18%	(952)	13%	(57)%	(24)%
		(1,258)	36%	(797)	35%	(2,622)	39%	(2,032)	29%	(58)%	(29)%
New Zealand	Property cost	(340)	10%	(200)	9%	(682)	10%	(499)	7%	(70)%	(37)%
	Occupancy expense	(107)	3%	(103)	4%	(223)	3%	(206)	4%	(4)%	(8)%
		(447)	13%	(303)	13%	(905)	13%	(705)	11%	(48)%	(28)%
	Total operating expense	\$ (2,564)	74%	\$ (1,589)	69%	\$ (5,219)	77%	\$ (4,349)	63%	(61)%	(20)%
DEPRECIATION, AMORTIZATION, GENERAL AND ADMINISTRATIVE EXPENSE											
United States	Depreciation and amortization	\$ (750)	22%	\$ (203)	9%	\$ (1,498)	22%	\$ (405)	6%	(>100)%	(>100)%
	General and administrative expense	(120)	3%	(199)	8%	(304)	5%	(390)	6%	40%	22)%
		(870)	25%	(402)	17%	(1,802)	27%	(795)	12%	(>100)%	(>100)%
Australia	Depreciation and amortization	\$ (744)	22%	\$ (845)	37%	\$ (1,585)	23%	\$ (1,708)	24%	12%	7%
	General and administrative expense	(73)	2%	(74)	3%	(82)	2%	(242)	4%	1%	66)%
		(817)	24%	(919)	40%	(1,667)	25%	(1,950)	28%	11%	15)%
New Zealand	Depreciation and amortization	(252)	7%	(227)	10%	(505)	7%	(462)	6%	(11)%	(9)%
	General and administrative expense	(1)	0%	(27)	(1)%	(11)	0%	(31)	(0)%	(96)%	(>100)%
		(251)	7%	(200)	9%	(506)	7%	(431)	6%	(26)%	(17)%
	Total depreciation, amortization, general and administrative expense	\$ (1,938)	56%	\$ (1,521)	66%	\$ (3,975)	59%	\$ (3,176)	46%	(27)%	(25)%
OPERATING INCOME (LOSS) - REAL ESTATE											
United States		\$ (1,275)	(36)%	\$ (585)	(25)%	\$ (2,821)	(42)%	\$ (1,475)	(21)%	(>100)%	(91)%
Australia		660	19%	195	8%	1,320	19%	1,507	22%	>100%	(12)%
New Zealand		(439)	(13)%	(417)	(18)%	(922)	(13)%	(652)	(10)%	(5)%	(41)%
	Total real estate operating income (loss)	\$ (1,054)	(30)%	\$ (807)	(35)%	\$ (2,423)	(36)%	\$ (620)	(9)%	(31)%	(>100)%

Second Quarter and Six Months Results

Real Estate Segment Income/(Loss)

Real estate segment operating loss for the quarter ended June 30, 2021, increased by \$0.2 million, to a loss of \$1.1 million, compared to the same period in 2020. This increase is attributable to (i) the temporary closures, which continued through the second quarter of 2021, of our U.S. Live Theatres, (ii) the decision to abate internal rent revenue from some of our fee-interest cinemas, and (iii) increased costs related to the commencement of depreciation of our 44 Union Square property. These results were partially offset by an increase in property rental income in Australia due to less abatements provided to third-party tenants in the second quarter of 2021 along with rental income received from our Culver City tenant which did not exist in 2020: straight line rent commenced in May 2020.

Real estate segment operating loss for the six months ended June 30, 2021, increased by \$1.8 million, to a loss of \$2.4 million, compared to the same period in 2020. This increase is attributable to (i) the temporary closures, which continued through the second quarter of 2021, of our U.S. Live Theatres, (ii) the decision to abate internal rent revenue from some of our fee-interest cinemas, and rent abatements provided to certain third-party tenants as a result of the COVID-19 pandemic. These results were partially offset by (iii) rental income received from our Culver City tenant which did not exist in 2020: straight line rent commenced in May 2020.

Revenue

Real estate revenue for the quarter ended June 30, 2021, increased by 50% or \$1.1 million, to \$3.4 million, compared to the same period in 2020. This increase is attributable to an increase in property rental income in Australia due to less abatements provided to third-party tenants in the second quarter of 2021 along with rental income received from our Culver City tenant which did not exist in 2020: straight line rent commenced in May 2020.

Real estate revenue for the six months ended June 30, 2021, decreased by 2%, or \$0.1 million, to \$6.8 million, compared to the same period in 2020. This decrease is attributable to the temporary closures of our U.S. Live Theatres, which continued through the second quarter of 2021. The decrease was further impacted by the decision to abate intercompany rent payable by Reading Cinemas as anchor tenants at some of our ETCs in response to the closures and revenue reductions caused by COVID-19. These results were partially offset by rental income received from our Culver City tenant which did not exist in 2020: straight line rent commenced in May 2020.

Operating Expense

Operating expense for the quarter ended June 30, 2021, increased by 61%, or \$1.0 million, to \$2.6 million, due to the increased costs related to our 44 Union Square property being included in operating costs and our inability to lower fixed expenses despite declining revenues due to the pandemic conditions, offset by the ongoing temporary closures, which continued through the second quarter of 2021, of our U.S. Live Theatre business unit, which continued through the second quarter of 2021.

Operating expense for the six months ended June 30, 2021, increased by 20%, or \$0.9 million, to \$5.2 million, due to the increased costs related to our 44 Union Square property being included in operating costs and our inability to lower fixed expenses despite declining revenues due to the pandemic conditions, offset by the temporary closures of our U.S. Live Theatre business unit.

Depreciation, Amortization, General and Administrative Expense

Depreciation, amortization, general and administrative expense for the quarter ended June 30, 2021, increased by 27%, or \$0.4 million, to \$1.9 million, which is attributable to the commencement of depreciation of our 44 Union Square property, offset by savings in depreciation related to the sale of our Auburn/Redyard shopping center.

Depreciation, amortization, general and administrative expense for the six months ended June 30, 2021, increased by 25%, or \$0.8 million, to \$4.0 million, which is attributable to the commencement of depreciation of our 44 Union Square property, offset by savings in depreciation related to the sale of our Auburn/Redyard shopping center.

LIQUIDITY AND CAPITAL RESOURCES

As mentioned previously, outbreaks of COVID-19 caused cinemas to close and major studios to delay the releases of major motion pictures. Despite some major film product returning to the big screen, operating revenues have and may continue to be materially impacted by ongoing governmental restrictions, social distancing requirements, and future outbreaks of COVID-19 and its related variants.

In response to uncertainties associated with the outbreak of the COVID-19 pandemic and its impact on our Company's business, management drew down the available operating borrowing capacity in the first quarter of 2020 and implemented an immediate program to reduce costs and cash outlays. In addition, management undertook a program to monetize select real estate assets. In the first quarter of 2021, we monetized our non-income producing undeveloped land at Manukau in New Zealand and Coachella in the United States. In the second quarter of 2021, we monetized our Auburn/Redyard shopping center in New South Wales, Australia and our Royal George Theatre property in Chicago.

As our cinemas have reopened and as certain real estate assets have been monetized, a portion of those monies have been used to pay down debt:

- On December 29, 2020, to fund the completion of our recently opened cinema in Jindalee, Queensland, we worked with NAB to increase the core portion of our Revolving Corporate Markets Loan Facility by AU\$3.0 million, and is repayable in semi-annual installments of AU\$500,000, the first installment being April 30, 2021, until fully repaid on October 31, 2023.
- In the first half of 2021, we paid down \$6.2 million on the Bank of America revolving credit facility balance to \$45.0 million bringing the total availability to \$10.0 million, which can be redrawn under this facility.
- On March 26, 2021, we used a portion of the proceeds from the monetization of our Manukau property to retire the \$40.6 million construction loan which, at the time, secured our 44 Union Square property.
- On May 7, 2021, we repaid \$11.2 million (NZ\$16.0 million) to Westpac, which represented a permanent reduction in this facility.
- On June 9, 2021, as part of our amended Revolving Corporate Markets Loan Facility with NAB, \$15.7 million (AU\$20.0 million) of the net sale proceeds of our Auburn/Redyard shopping center was used to pay down the facility and permanently reduced the availability under the line. The total fully drawn NAB facility at June 30, 2021, was AU\$102.5 million.

On May 7, 2021, we closed on a new three-year \$55.0 million loan facility with Emerald Creek Capital for the funding of our 44 Union Square property in Manhattan. Of the \$55.0 million, \$43.0 million was immediately drawn, which includes cash reserves for interest, real estate taxes and the existing mechanic's liens. The facility bears a variable interest rate of one month LIBOR plus 6.9% with a floor of 7.0% and has two 12-month options to extend, but may be repaid at any time, subject to notice.

Our bank loans with Bank of America, NAB, and Westpac require that our Company comply with certain covenants. We believe that our lenders understand that the current situation, relating to COVID-19, is not of our making, that we are doing everything that can reasonably be done, and that, generally speaking, our relationship with our lenders is good. On June 8, 2021, we obtained a Waiver from Westpac which temporarily suspended the testing of certain covenant tests through June 30, 2021.

At June 30, 2021, our total outstanding borrowings were \$252.7 million compared to \$285.0 million at December 31, 2020. As of June 30, 2021, we had \$111.8 million in cash and cash equivalents compared to \$26.8 million at December 31, 2020. Our Company's use of these loan funds is limited due to limitations on the expatriation of funds from Australia and New Zealand to the United States.

The impact of the COVID-19 pandemic on our business has greatly reduced our cashflow from our operations, and management, consequently, has postponed, or reprioritized most of our capital expenditures based on assessments of conditions and liquidity requirements. The projects requiring capital expenditures in 2021 will include: (i) with respect to our cinema business, the renovation of existing global cinemas and the construction of new cinemas in Australia and (ii) with respect to our real estate business, capital for the build out/fit out of third-party tenant spaces. Our Company believes that 2021 capital expenditures will be paid for principally by funds raised by the monetization and refinancing of our assets, cash flow from operations and/or funds available under global credit facilities.

Our Company remains focused on the various economic factors affecting us as the markets in which we operate emerge from the worst effects of the COVID-19 pandemic, including, financial, economic, competitive, regulatory, and other factors, many of which are beyond our control. If our Company is unable to generate sufficient cash flow in the upcoming months or if its cash needs exceed our Company's borrowing capacity under its available facilities, we could be required to adopt one or more alternatives, such as reducing, delaying or eliminating such planned capital expenditures, selling additional assets, or restructuring debt. Also, as it may be that the worst of the pandemic is behind us in the U.S, Australia and New Zealand, we recognize the ongoing risk of the spread of the Delta variant, and the emergence of new variants.

For more information about our liquidity, please refer to *Note 3 – Impact of COVID-19 Pandemic on Liquidity* and *Note 11 – Borrowings* in the Notes to Consolidated Financial Statements included herein in Part I, Item 1 (Financial Statements) on this report.

The changes in cash and cash equivalents for the six months ended June 30, 2021, and June 30, 2020, respectively, are discussed as follows:

<i>(Dollars in thousands)</i>	Six Months Ended		% Change
	2021	2020	
Net cash provided by (used in) operating activities	\$ (5,978)	\$ (23,126)	74 %
Net cash provided by (used in) investing activities	130,198	(14,011)	>100 %
Net cash provided by (used in) financing activities	(36,839)	63,155	(>100) %
Effect of exchange rate changes on cash and cash equivalents	(2,455)	2,211	(>100) %
Increase (decrease) in cash and cash equivalents	\$ 84,926	\$ 28,229	>100 %

Operating activities

Cash used in operating activities for the six months ended June 30, 2021, decreased by \$17.1 million, to \$6.0 million driven by a \$34.5 million increase in net changes in operating assets and liabilities primarily resulting from rent deferrals, offset by a decrease in cash inflows from operating activities of \$17.4 million.

Investing activities

Cash provided by investing activities during the six months ended June 30, 2021, increased by \$144.2 million, to \$130.2 million when compared to the same period in 2020. This increase is primarily attributable to \$141.4 million proceeds mainly from the sale of Manukau, Coachella, Auburn/Redyard, and Royal George and a \$9.5 million decrease in capital expenditures.

Financing activities

The \$36.8 million net cash used in financing activities during the six months ended June 30, 2021, is primarily due to the repayments of \$40.6 million for our construction loan secured by our 44 Union Square property, \$15.7 million (AUS\$20.0 million) for our Revolving Corporate Markets Loan Facility with NAB, \$374,800 (AUS\$500,000) related to the scheduled paydown on the \$2.2 million (AUS\$3.0 million) drawdown allowed for the completion of Reading Cinemas Jindalee, \$11.2 million (NZ\$16.0 million) for our loan with Westpac, and \$6.2 million for our revolving credit facility with Bank of America, offset by the new loan facility with Emerald Creek Capital for the funding of our 44 Union Square property in Manhattan of which \$43.0 million was immediately drawn.

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 second quarter ended June 30, 2021, and preceding four years:

(\$ in thousands)	As of and for the 6-Months Ended June 30, 2021	Year Ended December 31			
		2020 ⁽¹⁾	2019 ⁽¹⁾	2018 ⁽¹⁾⁽³⁾	2017 ⁽¹⁾⁽²⁾⁽³⁾
Total Resources (cash and borrowings)					
Cash and cash equivalents (unrestricted)	\$ 111,752	\$ 26,826	\$ 12,135	\$ 13,127	\$ 13,668
Unused borrowing facility	22,000	15,490	73,920	85,886	137,231
Restricted for capital projects	12,000	9,377	13,952	30,318	62,280
Unrestricted capacity	10,000	6,113	59,968	55,568	74,951
Total resources at period end	133,752	42,316	86,055	99,013	150,899
Total unrestricted resources at period end	121,752	32,939	72,103	68,695	88,619
Debt-to-Equity Ratio					
Total contractual facility	\$ 274,696	\$ 300,449	\$ 283,138	\$ 252,929	\$ 271,732
Total debt (gross of deferred financing costs)	252,696	284,959	209,218	167,043	134,501
Current	3,297	42,299	37,380	30,393	8,109
Non-current	249,399	242,660	171,838	136,650	126,392
Finance lease liabilities	93	118	—	—	—
Total book equity	117,199	81,173	139,616	179,979	181,382
Debt-to-equity ratio	2.16	3.51	1.50	0.93	0.74
Changes in Working Capital					
Working capital (deficit) ⁽⁴⁾	\$ 11,340	\$ (64,140)	\$ (84,138)	\$ (56,047)	\$ (47,294)
Current ratio	1.09	0.47	0.24	0.35	0.41
Capital Expenditures (including acquisitions)	\$ 4,460	\$ 16,759	\$ 47,722	\$ 56,827	\$ 76,708

(1) This relates to the construction facilities specifically negotiated for: 44 Union Square redevelopment project.

(2) Certain 2017 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 of Significant Accounting Policies – Prior Period Financial Statements Correction of Immaterial Errors of the 2020 Form 10-K for the prior period adjustments for accounting for accrued sales 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.

We manage our cash, investments, and capital structure 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 the past, we used cash generated from operations and other excess cash to the extent not needed for any capital expenditures, 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 result of the COVID-19 pandemic, we chose to fully draw down on most of our lines of credit in order to provide liquidity for our Company during a time of minimal revenues.

Refer to Note 11 – Borrowings for further details on our various borrowing arrangements.

At June 30, 2021, our consolidated cash and cash equivalents totaled \$111.8 million, which included approximately \$15.5 million in our U.S. operations, \$65.0 million in our Australian operations, and \$31.3 million in our New Zealand operations.

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 June 30, 2021:

(Dollars in thousands)	2021	2022	2023	2024	2025	Thereafter	Total
Debt ⁽¹⁾	\$ 800	\$ 25,058	\$ 145,157	\$ 43,296	\$ 287	\$ 7,799	\$ 222,397
Operating leases, including imputed interest	17,233	34,669	34,017	32,157	29,949	169,450	317,475
Finance leases, including imputed interest	27	43	28	—	—	—	98
Subordinated debt ⁽¹⁾	342	711	747	586	—	27,913	30,299
Pension liability	342	684	684	684	684	1,435	4,513
Estimated interest on debt ⁽²⁾	5,338	9,902	7,870	2,585	1,479	2,115	29,289
Village East purchase option ⁽³⁾	—	—	5,900	—	—	—	5,900
Total	\$ 24,082	\$ 71,067	\$ 194,403	\$ 79,307	\$ 32,399	\$ 208,712	\$ 609,970

(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 2020 Form 10-K for more information. There have been no material changes to our litigation since our 2020 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

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 second quarter and six months ended June 30, 2021.

(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.

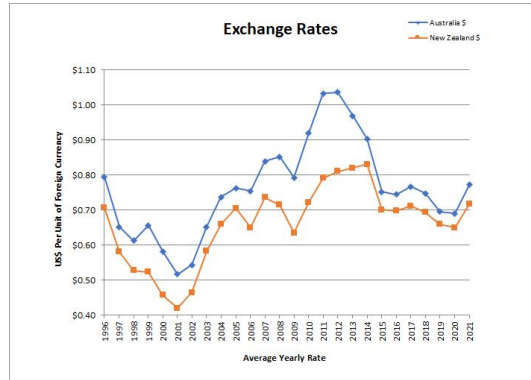
No impairment losses were recorded for goodwill and indefinite-lived intangible assets for the second quarter and six months ended June 30, 2021.

FINANCIAL RISK MANAGEMENT

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 dollars 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 long-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 our Company's policy to enter into interest rate derivative transactions only to the extent considered necessary to meet its objectives as stated above. Our 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. However, we are monitoring recent macro-economic factors suggesting the possibility of increased inflation as the economy emerges from the COVID-19 pandemic.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This quarterly report contains forward-looking statements within the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words such as: "may," "will," "expect," "believe," "intend," "future," and "anticipate" and similar references to future periods. Examples of forward-looking statements include, among others, statements we make regarding the expected timing of the reopening of our cinemas and theatres, including Audible's reopening of the Minetta Lane Theatre; our expected operating results, including the impact of our diverse business structure on those results; our expectations regarding the implementation and success of our new initiatives; our expectations regarding the future of the cinema exhibition industry, including the strength of movies anticipated for release in the future; our expectations regarding people continuing to use discretionary funds on entertainment outside of the home; our expectations regarding the impact of streaming and mobile video services on the cinema exhibition industry; our belief regarding the attractiveness of 44 Union Square to potential tenants; our expectations regarding the timing of the completions our construction projects, including the Consolidated Theatre at the Kahala Mall and the fit-out or refurbishment of certain cinemas; 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 are neither historical facts nor assurances of future performance. Instead, they are based only on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control. Our actual results and financial condition may differ materially from those indicated in the forward-looking statements. Therefore, you should not rely on any of these forward-looking statements. Important factors that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements include, among others, the following:

- with respect to our cinema and live theatre operations:
 - the adverse impact of the COVID-19 pandemic which resulted in the temporary shutdown of our global theaters in March 2020, and the adverse effects on our anticipated cinema operations should there be further closings or restrictions mandated should the COVID-19 pandemic conditions become more severe, including with our live theatres in New York City;
 - the adverse effects of the COVID-19 pandemic and its variants on our Company's results from operations, liquidity, cash flows, financial condition, and access to credit markets;
 - the adverse impact of the COVID-19 pandemic and its variants 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 reopened due to (i) continued health and safety 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 continue to 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 COVID-19, 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, video on demand platforms, and Blu-ray/DVD rentals and sales;

- our ability to continue to obtain, to the extent needed, waivers or other financial accommodations from our lenders and landlords;
- the impact of major movies being released directly to one of the multitudes of streaming services available;
- the impact of certain competitors' subscription or advance pay programs;
- the failure of our new initiatives to gain significant customer acceptance and use or to generate meaningful profits;
- the cost and impact of improvements to our cinemas, such as improved seating, enhanced F&B 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;
- the risk that California will adopt a split property tax regime resulting in material increases in our liability for pass through property taxes;
- 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;
- 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; and
- additional delays by our landlords in the State of Victoria in the hand-over of cinema space to us which will result in further delays of our planned opening dates.
- with respect to our real estate development and operation activities:
 - the impact of the COVID-19 pandemic and its variants may continue to affect many of our tenants at our real estate operations in the United States, Australia, and New Zealand, their ability to pay rent, and to stay in business;
 - the impact of the COVID-19 pandemic and its variants on our construction projects and on our ability to open construction sites and to secure needed labor and materials;
 - the impact of the COVID-19 pandemic and its variants on real estate valuations in major urban centers, such as New York;
 - uncertainty as to governmental responses to COVID-19;
 - 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 COVID-19, 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 2022 and beyond;
 - 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;
- Management and Board distraction, expenses and other effects of the litigation efforts that were mounted by James J. Cotter, Jr. against our Company, which may continue after his death, including efforts to cause a sale of voting control of our 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 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 workplace-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 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;
- potential inflationary pressures; 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 Part I, Item 1A - *Risk Factors* and Part II, Item 7 - *Management's Discussion and Analysis of Financial Condition and Results of Operations* - of our Annual Report on Form 10-K for the year ended December 31, 2020, 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.

Forward-looking statements made by us in this quarterly report are based only on information currently available to us and are current only as of the date of this report. 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 June 30, 2021, approximately 41% and 7% of our assets were invested in assets denominated in Australian dollars (Reading Australia) and New Zealand dollars (Reading New Zealand), respectively, including approximately \$96.3 million in cash and cash equivalents. At December 31, 2020, approximately 39% and 12% of our assets were invested in assets denominated in Australian dollars (Reading Australia) and New Zealand dollars (Reading New Zealand), including approximately \$19.1 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. The effect of the translation adjustment on our assets and liabilities noted in our other comprehensive income was a decrease of \$4.4 million for the six months ended June 30, 2021. As we continue to progress our acquisition and development activities in Australia and New Zealand, no assurances can be given 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. As a result, the borrowings in local currencies have provided somewhat of a natural hedge against the foreign currency exchange exposure. We have also historically paid management fees to the U.S. to cover a portion of our domestic overhead. The fluctuations of the Australian and New Zealand currencies, however, may impact our ability to rely on such funding for ongoing support of our domestic overhead.

In 2007, we issued subordinated Trust Preferred Securities denominated in U.S. 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 June 30, 2021, and December 31, 2020, the balance of cumulative foreign currency translation adjustments were approximately \$10.6 million loss and \$15.0 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 \$390,000 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 our 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 June 30, 2021, 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 second quarter ended June 30, 2021, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – Other Information

Item 1 – Legal Proceedings

The information required under Part II, Item 1 (*Legal Proceedings*) is incorporated by reference to the information contained in *Note 14 – 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.

For further details on our legal proceedings, please refer to Part I, Item 3, *Legal Proceedings*, contained in our 2020 Form 10-K.

Item 1A – Risk Factors

In addition to the risk factors previously disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2020, the following risk factor was identified:

Spikes in COVID-19. Recent spikes in COVID-19 apparently driven by the Delta variant and newly enacted governmental restrictions in the jurisdictions we operate pose a material risk to our business. Such potential risks may include inflationary pressures and supply chain interruptions which will have an adverse effect on our results of operations.

We are subject to risks related to corporate social responsibility and reputation. Many factors influence our reputation and the value of our brands including the perception held by our customers, business partners, other key stakeholders, and the communities in which we do business. Any harm to our reputation could impact employee engagement and retention and the willingness of customers and our partners to do business with us, which could have a material adverse effect on our business, results of operations and cash flows.

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

None.

Item 3 – Defaults upon Senior Securities

None.

Item 4 – Mine Safety Disclosure

Not applicable.

Item 5 – Other Information

Item 1.01 Entry into a Material Definitive Agreement

We incorporate by reference the information contained in *Note 11 - Borrowings* of the Notes to Consolidated Financial Statements (Unaudited) in Part I, Item 1 of this quarterly report relating to the respective amendment to our credit agreement with Westpac New Zealand Limited. Such description is only a summary of the material provisions of the respective amendment and does not purport to be complete and is qualified in its entirety by reference to the provisions in such amendment, a copy of which is attached to this report as Exhibits 10.1.

Item 6 – Exhibits

10.1*†	Loan Agreement dated as of May 7, 2021, by and between Reading Tammany Owner LLC and US Development, LLC, collectively as borrower, and Emerald Creek Capital 3, LLC, as administrative agent and collateral agent for the lender.
10.2*	Amendment Deed dated June 8, 2021, by and between Reading Entertainment Australia Pty Ltd, as borrower, and National Australia Bank Limited, as bank.
10.3*	Corporate Markets Loan & Bank Guarantee Facility Agreement dated June 8, 2021, by and between Reading Entertainment Australia Pty Ltd, as borrower, and National Australia Bank Limited, as bank.
31.1*	Certification of the Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of the Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32**	Certifications Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	The following material from our Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2021, formatted in iXBRL (Inline Extensible Business Reporting Language): (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Income, (iii) Consolidated Statements of Comprehensive Income, (iv) Consolidated Statements of Cash Flows, and (v) the Notes to the Consolidated Financial Statements.
104	Cover Page Interactive Data File (formatted in iXBRL and contained in Exhibit 101)

* Filed herewith.
** Furnished herewith
† Certain portions of this exhibit have been omitted pursuant to Items 601(a)(5) and 601(b)(10)(iv) of Regulation S-K. Information in this exhibit that has been omitted has been noted in this document with a placeholder identified by the mark "[***]". The Company hereby agrees to furnish a copy of any omitted schedules or exhibits to the SEC upon request.

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: August 9, 2021

By: /s/ Ellen M. Cotter
Ellen M. Cotter
President and Chief Executive Officer

Date: August 9, 2021

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

CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS BOTH NOT MATERIAL AND IS THE TYPE THAT THE COMPANY TREATS AS PRIVATE OR CONFIDENTIAL.

LOAN AGREEMENT

Dated as of May 7, 2021

Between

READING TAMMANY OWNER LLC and US DEVELOPMENT, LLC
collectively, as Borrower,

EMERALD CREEK CAPITAL 3, LLC
as Administrative Agent,
and

THE LENDERS PARTY HERETO

Address: 44-48 Union Square (a/k/a 44-48 Union Square East), New York, New York 10003

County: New York

Block: 872

Lot(s): 78

\$43,000,000.00

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LOAN AGREEMENT

THIS LOAN AGREEMENT, dated as of May 7, 2021 (as amended, restated, replaced, supplemented or otherwise modified from time to time, this "Agreement"), among (1) the Lenders (as hereinafter defined), (2) EMERALD CREEK CAPITAL 3, LLC, a New York limited liability company, having an address at 575 Lexington Avenue, Suite 3120, New York, New York 10022, as administrative agent and collateral agent for the Lenders (in such capacity, and together with its permitted successors and assigns, "Administrative Agent") and (3) READING TAMMANY OWNER LLC, a Delaware limited liability company ("Reading Borrower") and US DEVELOPMENT, LLC (doing business in the State of New York under the fictitious name US Air Properties, LLC), a Nevada limited liability company ("USD Borrower"; Reading Borrower and USD Borrower, individually or collectively as the context may require, "Borrower"), each having its principal place of business at c/o Reading International, Inc., 5995 Sepulveda Boulevard, Suite 300, Culver City, California 90230. All capitalized terms used herein shall have the respective meanings set forth in Article I hereof.

W I T N E S S E T H

WHEREAS, Borrower desires to obtain the Loan from Lenders; and

WHEREAS, Lenders are willing to make the Loan to Borrower, subject to and in accordance with the terms and conditions of this Agreement and the other Loan Documents;

NOW THEREFORE, in consideration of the making of the Loan by Lenders and the covenants, agreements, representations and warranties set forth in this Agreement the parties hereto hereby covenant, agree, represent and warrant as follows:

ARTICLE I. DEFINITIONS; PRINCIPLES OF CONSTRUCTION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly required or unless the context clearly indicates a contrary intent:

"Access Laws" shall mean, collectively, the Americans with Disabilities Act of 1990, the Fair Housing Amendments Act of 1988, all other federal, state and local laws, regulations, rules, statutes, ordinances, orders and decrees related to handicapped access, including, without limitation, the American with Disabilities Act Accessibility Guidelines for Buildings and Facilities (as same may be amended from time to time).

"Account Collateral" shall mean: (i) the Accounts, and all Cash, checks, drafts, certificates and instruments, if any, deposited or held in the Accounts from time to time; (ii) all interest, dividends, Cash, instruments and other property from time to time received, receivable or otherwise payable in respect of, or in exchange for, any or all of the foregoing; and (iii) to the extent not covered by clauses (i) - (ii) above, all "proceeds" (as defined under the Uniform Commercial Code as in effect in the State in which the Accounts are located) of any or all of the foregoing.

"Accounts" shall mean, collectively, the accounts into which the Interest Reserve Funds, the Tax Reserve Funds [***] are deposited and any other escrow accounts and reserve accounts established by the Loan Documents (and the Building Loan Documents, if applicable) with such banking institution selected by Administrative Agent.

"Additional Indemnified Liabilities" shall have the meaning set forth in Section 10.13(b) hereof.

“Administrative Agent” shall have the meaning set forth in the introductory paragraph hereto.

“Affiliate” shall mean, as to any Person, any other Person that, directly or indirectly, is in Control of, is Controlled by or is under common ownership or Control with such Person.

“Affiliated Manager” shall mean any property manager which is an Affiliate of, or in which Borrower or any Guarantor has, directly or indirectly, any legal, beneficial or economic interest.

“Agreement” shall have the meaning set forth in the introductory paragraph hereto.

“ALTA” shall mean American Land Title Association, or any successor thereto.

“Anti-Corruption Laws” shall mean (a) the U.S. Foreign Corrupt Practices Act of 1977, as amended; (b) the U.K. Bribery Act 2010, as amended; and (c) any other anti-bribery or anti-corruption laws, regulations or ordinances in any jurisdiction in which Borrower or any subsidiary of Borrower is located or doing business.

“Anti-Money Laundering Laws” shall mean applicable law in any jurisdiction in which Borrower or any subsidiary of Borrower is located or doing business that relates to money laundering or terrorism financing, any predicate crime to money laundering, or any financial record keeping and reporting requirements related thereto.

“Approved Accountant” shall mean (i) for so long as Guarantor is a publicly traded company listed on a nationally recognized exchange, any accountant who prepares the audited financial statements of Guarantor, (ii) any “Big Four” accounting firm and (iii) any other accounting firm reasonably acceptable to Administrative Agent.

“Approved Leases” shall mean all Leases (i) existing as of the date of this Agreement, (ii) approved by Administrative Agent, (iii) deemed approved by Administrative Agent, or (iv) entered into by Borrower that are not required to be approved by Administrative Agent.

“Approved Leasing Expenses” shall mean all expenses incurred by Borrower to third parties in leasing space at the Property pursuant to Approved Leases, including brokerage commissions and tenant improvements allowances and costs (determined without regard as to whether such tenant improvements are made by contractors employed by Borrower or by the applicable Tenant or by Borrower’s or Tenant’s own forces), which expenses (i) are (A) specifically provided for in an Approved Lease (or amendment thereof), or (B) otherwise approved (or deemed approved) by Administrative Agent in accordance with the Building Loan Agreement, (ii) are substantiated by executed Lease documents and brokerage agreements, and (iii) which constitute Costs of Improvement.

“Approved Leasing Pro-Forma” shall mean (i) with respect to a proposed Lease with [***], the economic terms set forth on Exhibit A-1, and (ii) with respect to any other proposed Lease, the proforma Lease terms set forth on Exhibit A attached hereto and made a part hereof.

“Asset Management Agreement” shall have the meaning set forth in Section 4.1.23.

“Asset Manager” shall have the meaning set forth in Section 4.1.23.

“Assignment of Leases” shall mean that certain first priority Assignment of Leases and Rents, dated of even date herewith, from Borrower, as assignor, to Administrative Agent, as assignee for the benefit of Lenders, assigning all of Borrower’s interest in and to the Leases and Rents of the Property as security for the Loan, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

“Award” shall mean any compensation paid by any Governmental Authority in connection with a Condemnation in respect of all or any part of the Property.

“Bankruptcy Code” shall mean Title 11 U.S.C. § 101 *et seq.*, and the regulations adopted and promulgated pursuant thereto (as the same may be amended from time to time).

“Basic Carrying Costs” shall mean the sum of the following costs associated with the Property for the relevant Fiscal Year or payment period: (i) Taxes and (ii) Insurance Premiums.

“Benefit Amount” shall have the meaning set forth in Section 8.5(e) hereof.

“Book Entry Agent” shall have the meaning set forth in Section 8.1 hereof.

“Borrower” shall have the meaning set forth in the introductory paragraph hereto, together with their respective successors and assigns.

“Building Loan” shall have the meaning set forth in Section 9.1.1 hereof.

“Building Loan Agreement” shall have the meaning set forth in Section 9.1.1(b)(v) hereof.

“Building Loan Closing Date” shall mean the date of the closing of the Building Loan, which shall be the date of the Building Loan Agreement.

“Building Loan Debt” shall mean the “Debt,” as defined in the Building Loan Agreement.

“Building Loan Option” shall have the meaning set forth in Section 9.1.1 hereof.

“Building Work” shall mean the construction, furnishing and equipping of the Property required to complete the building and all other improvements thereon [***] in accordance with the Plans and Specifications, as more particularly described on Schedule IV annexed hereto and made a part hereof.

“Business Day” shall mean any day other than a Saturday, a Sunday or a legal holiday on which national banks are not open for general business in (i) the State of New York, or (ii) the state where the servicing offices of the Servicer are located.

“Cash” shall mean coin or currency of the United States of America or immediately available federal funds, including such funds delivered by wire transfer.

“Casualty” shall have the meaning set forth in Section 5.2 hereof.

“Casualty Consultant” shall have the meaning set forth in Section 5.4(b)(iii) hereof.

“Casualty Retainage” shall mean an amount equal to ten percent (10%), of the costs actually incurred for work in place as part of the Restoration, as certified by the Casualty Consultant, until the Restoration has been completed.

“Closing Date” shall mean the date of the funding of the Loan.

“Code” shall mean the Internal Revenue Code of 1986, as amended, as it may be further amended from time to time, and any successor statutes thereto, and all applicable U.S. Department of Treasury regulations issued pursuant thereto in temporary or final form.

“Collateral” shall mean the Property, the Accounts, the Reserve Funds, the Guaranty, the Equipment, the Rents, the Account Collateral, and all other real or personal property of Borrower or any guarantor that is at any time pledged, mortgaged or otherwise given as security to Lenders for the payment of the Debt under the Security Instrument, this Agreement or any other Loan Document.

“Condemnation” shall mean a temporary or permanent taking by any Governmental Authority as the result or in lieu or in anticipation of the exercise of the right of condemnation or eminent domain, of all or any part of the Property, or any interest therein or right accruing thereto, including any right of access thereto or any change of grade affecting the Property or any part thereof.

“Condemnation Proceeds” shall have the meaning set forth in Section 5.4(b) hereof.

“Contribution” shall have the meaning set forth in Section 8.5(b) hereof.

“Control” (and the correlative terms “controlled by” and “controlling”) shall mean the possession, directly or indirectly, of the power to direct or cause the direction of management and policies of the business and affairs of the entity in question by reason of the ownership of beneficial interests, by contract or otherwise; provided, however, that in the case of any Controlled Subsidiary, the Guarantor shall be deemed to be in control of such Controlled Subsidiary, and in the case of the Guarantor, Ellen Cotter and Margaret Cotter, acting in their capacities as the Co-Executors of the Estate of James J. Cotter, Sr., as the Co-Trustees of the James J. Cotter, Sr., Living Trust and, in the case of Margaret Cotter, acting in her capacity as the sole Trustee of the James J. Cotter, Sr. Voting Trust (a sub-trust of the James J. Cotter, Sr., Living Trust) shall be deemed to be solely in control of the Guarantor, and through their control of Guarantor, in control of each Controlled Subsidiary, so long as they hold or control, in the aggregate, voting control of not less than a majority of the outstanding voting control of Guarantor.

“Controlled Subsidiary” shall mean any corporation, limited liability company, partnership trust or other entity which is included under GAAP as a consolidated subsidiary of the Guarantor.

“Costs of Improvement” means those items described as “improvements” or “cost of improvements” under Section 2 of the New York Lien Law.

“Debt” shall mean the outstanding principal amount set forth in, and evidenced by, this Agreement and the Note together with all interest accrued and unpaid thereon and all other sums due to Lenders in respect of the Loan under the Note, this Agreement, the Security Instrument or any other Loan Document, including, without limitation, any applicable Make Whole Fee and all Reserve Funds.

“Debt Service” shall mean, with respect to any particular period of time, interest payments due under the Note for such period.

“Deemed Approval Requirements” shall mean, with respect to any applicable matter for which Administrative Agent’s approval is requested, that (a) no Event of Default shall have occurred and be continuing (either at the date of any notices specified below or as of the effective date of any deemed approval), (b) Borrower shall have sent Administrative Agent a written request for approval with respect to such matter in accordance with the applicable terms and conditions hereof, (c) Administrative Agent shall have failed to either approve or deny such request, or request any information and/or documentation relating to such request as may be required in order to approve or disapprove such matter within ten (10) Business Days of receipt of the foregoing initial notice (or within ten (10) Business Days of Administrative Agent’s receipt of any applicable requested information and/or documentation, whichever is later), (d) Borrower shall have submitted a second request for approval with respect to such matter in accordance with the applicable terms and conditions hereof, which second notice shall have been marked in bold lettering with the following language:

“ADMINISTRATIVE AGENT’S RESPONSE IS REQUIRED WITHIN TEN (10) BUSINESS DAYS OF RECEIPT OF THIS NOTICE PURSUANT TO THE TERMS OF THE LOAN AGREEMENT BETWEEN THE UNDERSIGNED AND ADMINISTRATIVE AGENT. ADMINISTRATIVE AGENT’S FAILURE TO RESPOND TO THIS NOTICE WITHIN SUCH TEN (10) BUSINESS DAY PERIOD MAY RESULT IN ADMINISTRATIVE AGENT’S APPROVAL OF THE MATTERS DISCUSSED HEREIN BEING DEEMED GRANTED PURSUANT TO THE LOAN AGREEMENT” and the envelope containing such second notice shall have been marked “PRIORITY” in bold letters, (e) Administrative Agent has not requested additional information and/or documentation that has not been received by Administrative Agent, and (f) Administrative Agent shall have failed to respond to such second notice with a disapproval or request for additional information and/or documentation within such ten (10) Business Day period. For purposes of clarification, Administrative Agent requesting additional and/or clarified information, in addition to approving or denying any request (in whole or in part), shall be deemed a response by Administrative Agent for purposes of the foregoing.

“Default” shall mean the occurrence of any event hereunder or under any other Loan Document which, but for the giving of notice or passage of time, or both, would constitute an Event of Default.

“Default Rate” shall mean, with respect to the Loan, a rate per annum equal to the lesser of (a) the Maximum Legal Rate, or (b) eighteen percent (18%) per annum.

“Determination Date” shall mean, (A) with respect to the Initial Interest Period, the Closing Date and (B) with respect to any other Interest Period, the date which is two (2) Eurodollar Business Days prior to the twentieth (20th) day of the calendar month occurring during such Interest Period.

“Dollars” or “\$” shall mean lawful money of the United States of America.

[***]

“Embargoed Person” shall have the meaning set forth in Section 3.1.40 hereof.

“Environmental Indemnity” shall mean that certain Environmental Indemnity Agreement dated of even date herewith executed by Borrower and Guarantor in connection with the Loan in favor of Administrative Agent for the benefit of Lenders, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

“Environmental Law” shall have the meaning set forth in the Environmental Indemnity.

“Environmental Liens” shall have the meaning set forth in Section 4.1.17(a) hereof.

“Equipment” shall have the meaning set forth in the Security Instrument with respect to the Property.

“ERISA” shall mean the Employee Retirement Income Security Act of 1974, as the same may be amended from time to time.

“Eurodollar Business Day” shall mean any day other than a Saturday, Sunday or other day on which banks in the City of London, England are closed for interbank or foreign exchange transactions.

“Event of Default” shall have the meaning set forth in Section 7.1(a) hereof.

“Excluded Indemnified Taxes” shall mean any of the following Indemnified Taxes imposed on or with respect to Administrative Agent or any Lender or required to be withheld or deducted from a payment to Administrative Agent or any Lender, (a) Indemnified Taxes imposed on or measured by net income (however

denominated), franchise taxes, and branch profits taxes, in each case, (i) imposed as a result of Lender being organized under the laws of, or having its principal office or, in the case of Administrative Agent or any Lender, its applicable lending office located in, the jurisdiction imposing such Indemnified Tax (or any political subdivision thereof) or (ii) that are imposed as a result of a connection that Administrative Agent or any Lender had or has with the jurisdiction imposing the such Indemnified Taxes, (b) in the case of Administrative Agent or any Lender, U.S. federal withholding taxes imposed on amounts payable to or for the account of Administrative Agent and/or such Lender with respect to its interest in the Loan or commitment pursuant to a law in effect on the date on which (i) any Lender acquires such interest in the Loan or commitment or (ii) Administrative Agent or any Lender changes its lending office, except in each case to the extent that, pursuant to Section 2.2.5, amounts with respect to such Indemnified Taxes were payable either to any Lender's assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its lending office, (c) Taxes attributable to Administrative Agent or any Lender's failure to comply with Section 2.2.5(b) and (d) any U.S. federal withholding taxes imposed under FATCA.

[***]

[***]

“Extension Option” shall mean, individually or collectively as the context so requires, the First Extension Option and/or the Second Extension Option.

“Extension Term” shall mean, individually or collectively as the context so requires, the First Extension Term and/or the Second Extension Term.

“FATCA” shall mean Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable) and not materially more onerous to comply with, any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement, treaty or convention among Governmental Authorities and implementing such Sections of the Code.

“First Extended Maturity Date” shall have the meaning set forth in Section 2.5 hereof.

“First Extension Option” shall have the meaning set forth in Section 2.5 hereof.

“First Extension Term” shall have the meaning set forth in Section 2.5 hereof.

“Fiscal Year” shall mean each twelve (12) month period commencing on January 1 and ending on December 31 during the term of the Loan.

“Flood Insurance Act” shall have the meaning set forth in Section 5.1(a)(vii) hereof.

“Funding Borrower” shall have the meaning set forth in Section 8.5(d) hereof.

“GAAP” shall mean generally accepted accounting principles in the United States of America as of the date of the applicable financial report.

“General Leasing Requirements” shall have the meaning set forth in Section 4.1.15(c) hereof.

“Governmental Authority” shall mean any court, board, agency, commission, office, central bank or other authority of any nature whatsoever for any governmental unit (federal, State, county, district, municipal, city, country or otherwise) or quasi-governmental unit whether now or hereafter in existence.

“Guarantor” shall mean, jointly and severally, Reading International, Inc., a Nevada corporation, and any other Person or entity guaranteeing any payment or performance obligation of Borrower in respect of the Loan.

“Guaranty” shall mean, collectively, (i) that certain Guaranty of Recourse Obligations, (ii) that certain Carry Guaranty and (iii) that certain Completion Guaranty, each dated of even date herewith, each made by Guarantor in favor of Administrative Agent for the benefit Lenders, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

“Hazardous Substances” shall have the meaning set forth in the Environmental Indemnity.

“Improvements” shall have the meaning set forth in the Security Instrument.

“Indemnified Parties” shall mean (a) Administrative Agent, (b) Lenders, (c) any Affiliate of Administrative Agent or Lenders who is or will have been involved in the origination of the Loan, (d) any Servicer, (e) any Person in whose name the encumbrance created by the Security Instrument is or will have been recorded, (f) Persons who may hold or acquire or will have held a full or partial interest in the Loan (but only to the extent Borrower has received notice that such Person holds a full or partial interest in the Loan), (g) any custodians, trustees and other fiduciaries who hold or have held a full or partial interest in the Loan for the benefit of third parties, and (h) the respective directors, officers, shareholders, partners, members, employees, agents, servants, representatives, contractors, subcontractors, Affiliates, subsidiaries, participants, successors and assigns of any and all of the foregoing (including but not limited to any other Person who holds or acquires or will have held a participation or other full or partial interest in the Loan or the Property, whether during the term of the Loan or as a part of a foreclosure of the Loan including, but not limited to, any successors by merger, consolidation or acquisition of all or a substantial portion of Lenders’ assets and business).

“Indebtedness” shall mean, for any Person, without duplication: (i) all indebtedness of such Person for borrowed money, for amounts drawn under a letter of credit for which it is an obligor (to the extent such Person is liable for reimbursement obligations in connection with amounts so drawn), or for the deferred purchase price of property for which such Person or its assets is liable, (ii) all indebtedness guaranteed by such Person, (iii) all obligations under leases that constitute capital leases for which such Person is liable, and (iv) all obligations of such Person under interest rate swaps, caps, floors, collars and other interest hedge agreements, in each case whether such Person is liable contingently or otherwise, as obligor, guarantor or otherwise, or in respect of which obligations such Person otherwise assures a creditor against loss.

“Indemnified Taxes” shall mean any present or future income, stamp or other taxes, levies, imposts, duties, charges, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority.

“Initial Interest Period” shall have the meaning set forth in Section 2.3.1 hereof.

“Initial Maturity Date” shall mean May 6, 2024.

“Initial Reserve Period” shall mean the period beginning on the Closing Date through and including the date that is twelve (12) months after the Closing Date.

“Initial Term” shall mean the period beginning on the Closing Date through and including the Initial Maturity Date.

“Insurance Premiums” shall have the meaning set forth in Section 5.1(b) hereof.

“Insurance Proceeds” shall have the meaning set forth in Section 5.4(b) hereof.

“Interest Period” shall mean (i) the Initial Interest Period and (ii) each period thereafter from the first (1st) day of each calendar month through the last day of such calendar month (even if such Interest Period extends beyond the Maturity Date).

“Interest Rate” shall mean (a) with respect to the Initial Interest Period, an interest rate per annum equal to 7.01%; and (b) with respect to each Interest Period thereafter, through and including the Interest Period during which the Maturity Date occurs, an interest rate per annum equal to (i) the LIBOR Rate (in all cases where clause (ii) below does not apply), or (ii) the Static LIBOR Rate, to the extent provided in accordance with the provisions of Section 2.2.6 hereof.

“Interest Reserve Funds” shall have the meaning set forth in Section 6.1.1(a) hereof.

“Lease Term Sheet” shall have the meaning set forth in Section 4.1.15(e) hereof.

“Leases” shall mean any lease, including, without limitation, any sublease or subsublease, letting, license, concession or other agreement (whether written or oral and whether now or hereafter in effect) pursuant to which any Person is granted a possessory interest in, or right to use or occupy all or any portion of any space in the Property, and every modification, amendment or other agreement relating to such lease, sublease, subsublease, or other agreement entered into in connection with such lease, sublease, subsublease, or other agreement and every guarantee of the performance and observance of the covenants, conditions and agreements to be performed and observed by the other party thereto; provided, however, that the term “Lease” shall not include any subleases, underleases, licenses, concession or other agreement, unless (i) Borrower or an Affiliate of Borrower is a party thereto in its capacity as the sublessor, licensor, or concessioner thereunder or (ii) Borrower has express approval rights with respect thereto.

“Leasing Agency Agreement” shall mean that certain Exclusive Right Agreement, dated as of June 15, 2020, by and between Borrower and Leasing Agent, pursuant to which the leasing Agent is to provide leasing and other services with respect to the Property.

“Leasing Agent” shall mean Newmark & Company Real Estate, Inc., a New York corporation, d/b/a Newmark Knight Frank, and such other leasing agent as may be appointed from time to time in accordance with this Agreement.

“Legal Requirements” shall mean, all federal, state, county, municipal and other governmental statutes, laws, rules, orders, regulations, ordinances, judgments, decrees and injunctions of Governmental Authorities affecting or having jurisdiction over the Loan, Borrower, the Property or any part thereof, or the zoning, construction, use, alteration, occupancy or operation thereof, or any part thereof, whether now or hereafter enacted and in force, and all permits, licenses and authorizations and regulations relating thereto, and all covenants, agreements, restrictions and encumbrances contained in any instruments to which a Governmental Agency is a party, either of record or known to Borrower, at any time in force affecting the Property or any part thereof, including, without limitation, any which may (a) require repairs, modifications or alterations in or to the Property or any part thereof, or (b) in any way limit the use and enjoyment thereof.

“Lender(s)” means, individually and collectively, any Person that either (a) is listed on the signature pages hereof as a “Lender” or (b) from time to time becomes a party hereto in each case together with its successors and/or permitted assigns.

“LIBOR” shall mean with respect to any Interest Period, a floating interest rate per annum (expressed as a percentage per annum rounded upwards, if necessary, to the nearest one sixteenth (1/16th) of one percent

(1%)) for deposits in U.S. Dollars for a one (1) month period that appears on Reuters Screen LIBOR01 Page as of 11:00 a.m., London time, on the related Determination Date. If such rate does not appear on Reuters Screen LIBOR01 Page as of 11:00 a.m., London time, on the applicable Determination Date, Administrative Agent shall request the principal London office of any four (4) prime banks in the London interbank market selected by Administrative Agent to provide such banks' quotations of the rates at which deposits in U.S. Dollars are offered by such banks at approximately 11:00 a.m., London time, to prime banks in the London interbank market for a one (1) month period commencing on the first day of the related Interest Period and in a principal amount that is representative for a single transaction in the relevant market at the relevant time. If at least two (2) such offered quotations are so provided, LIBOR will be the arithmetic mean of such quotations (expressed as a percentage and rounded upwards, if necessary, to the nearest one sixteenth (1/16th) of one percent (1%)). If fewer than two (2) such quotations are so provided, Administrative Agent will request major banks in New York City selected by Administrative Agent to quote such banks' rates for loans in U.S. Dollars to leading European banks as of approximately 11:00 a.m., New York City time, on the applicable Determination Date for a one (1) month period commencing on the first day of the related Interest Period and in an amount that is representative for a single transaction in the relevant market at the relevant time. If at least two (2) such rates are so provided, LIBOR will be the arithmetic mean of such rates (expressed as a percentage and rounded upwards, if necessary, to the nearest one sixteenth (1/16th) of one percent (1%)). If fewer than two (2) rates are so provided, then LIBOR will be LIBOR used to determine the LIBOR during the immediately preceding Interest Period.

"LIBOR Floor" shall mean one tenth of one percent (0.10%) per annum.

"LIBOR Rate" shall mean the sum of (i) the Spread plus (ii) the greater of (a) LIBOR for such Interest Period and (b) the LIBOR Floor. The determination of the LIBOR Rate by Administrative Agent, acting reasonably and in accordance with this Agreement, shall be binding upon Borrower absent manifest error.

"Licenses" shall have the meaning set forth in Section 3.1.21 hereof.

"Lien" shall mean, with respect to the Property, any mortgage, deed of trust, lien, pledge, hypothecation, assignment, security interest, or any other encumbrance, charge or transfer of, on or affecting Borrower, the Property, any portion thereof or any interest therein, including, without limitation, any conditional sale or other title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, the filing of any financing statement, and mechanic's, materialmen's and other similar liens and encumbrances.

"Loan" shall mean the loan in the original principal amount of \$43,000,000.00, made by Lenders to Borrower pursuant to this Agreement and the other Loan Documents as the same may be amended or split pursuant to the terms hereof.

"Loan Documents" shall mean, collectively, this Agreement, the Note, the Security Instrument, the Assignment of Leases, the Environmental Indemnity, the Subordination of Leasing Agreement, the Subordination of Management Agreement, the Subordination of Asset Management Agreement, the Guaranty, and all other documents executed and/or delivered in connection with the Loan.

"Loan Obligations" shall have the meaning set forth in Section 8.5 hereof.

"Losses" shall mean any and all claims, suits, liabilities (including, without limitation, strict liabilities), actions, proceedings, obligations, debts, damages (but not punitive or consequential damages except to the extent paid to a third party), losses, costs, expenses, fines, penalties, charges, fees, judgments, awards, amounts paid in settlement of whatever kind or nature (including but not limited to reasonable attorneys' fees and other costs of defense).

“Make Whole Fee” shall mean upon prepayment or repayment of all or any portion of principal of the Loan on or prior to the first (1st) anniversary of the Closing Date, an amount equal to the interest that would have accrued at the Interest Rate in effect on the prepayment date on the amount of the Loan prepaid or repaid from the prepayment date through and including the first (1st) anniversary of the Closing Date. The Make Whole Fee shall be reasonably calculated by Administrative Agent and shall be binding absent manifest error. As a matter of clarification, following the first (1st) anniversary of the Closing Date, provided all interest which has accrued through such date has been paid in full, there shall be no Make Whole Fee.

“Management Agreement” shall mean that certain Management Services Agreement, dated as of March 29, 2021, by and between Reading Borrower and Manager, pursuant to which the Manager is to provide management and other services with respect to the Property, or, if the context requires, the management agreement entered into by and between Borrower and Replacement Manager.

“Manager” shall mean Avison Young – New York, LLC or, if the context requires, a Replacement Manager who is managing the Property in accordance with the terms and provisions of this Agreement.

“Maturity Date” shall mean the Initial Maturity Date, the First Extended Maturity Date, the Second Extended Maturity Date, as applicable, or such other date on which the final payment of principal of the Note becomes due and payable as therein or herein provided, whether at such stated maturity date, by declaration of acceleration, or otherwise.

“Maximum Legal Rate” shall mean the maximum nonusurious interest rate, if any, that at any time or from time to time may be contracted for, taken, reserved, charged or received on the indebtedness evidenced by the Note and as provided for herein or in the other Loan Documents, under the laws of such State or States whose laws are held by any court of competent jurisdiction to govern the interest rate provisions of the Loan.

“Material Alteration” shall mean any structural alteration to the Property; provided, however, for the avoidance of doubt, in no event shall any of the following constitute a Material Alteration: (i) the Building Work, (ii) any tenant improvement work performed pursuant to any Lease approved, deemed approved or not required to be approved by Administrative Agent, (iii) alterations required to address an emergency at the Property or which are required pursuant to applicable Legal Requirements; or (iv) alterations performed as part of a Restoration in accordance with Section 5.4 hereof.

[***]

“Net Proceeds” shall have the meaning set forth in Section 5.4(b) hereof.

“Net Proceeds Deficiency” shall have the meaning set forth in Section 5.4(b)(vi) hereof.

“Note” shall mean that certain Amended, Restated and Consolidated Note dated of even date herewith in the original principal amount of \$43,000,000.00, made by Borrower in favor of Administrative Agent for the Lenders, as the same may be amended, restated, replaced, extended, renewed, supplemented, severed, split, or otherwise modified from time to time.

“Notice” shall have the meaning set forth in Section 10.6 hereof.

“Officer’s Certificate” shall mean a certificate delivered to Administrative Agent by Borrower which is signed by a Responsible Officer of Borrower.

[***]

“Organizational Documents” shall mean, as to any Person, the certificate of incorporation and by-laws with respect to a corporation; the articles of organization (or the equivalent of such items under applicable state law) and operating agreement with respect to a limited liability company; the certificate of limited partnership and partnership agreement with respect to a limited partnership; the trust agreement with respect to a trust, or any other organizational, governing or constituent documents of such Person.

“Other Charges” shall mean all maintenance charges, impositions other than Taxes, and any other charges, including, without limitation, vault charges and license fees for the use of vaults, chutes and similar areas adjoining the Property, now or hereafter levied or assessed or imposed against the Property or any part thereof.

“Payment Date” shall mean the first (1st) day of each calendar month during the term of the Loan, provided that if such day is not a Business Day, the Payment Date shall be the preceding Business Day.

“Permitted Encumbrances” shall mean, collectively, (a) the Liens and security interests created by the Loan Documents, (b) all Liens, encumbrances and other matters disclosed in the Title Insurance Policy relating to the Property or any part thereof [***], (c) Liens, if any, for Taxes imposed by any Governmental Authority not yet delinquent, (d) Liens arising out of the acts or omissions of Tenants under Leases permitted under subclause (g) below, including subleases, underleases and licenses, or Persons claiming by, through or under such Tenants that are not required to be removed pursuant to such Leases or applicable Legal Requirements, provided that Borrower is diligently and in a commercially reasonable manner enforcing its rights under the applicable Lease in order to cause Tenant (or such other party claiming by, through or under Tenant) to discharge the same of record (whether by payment, deposit, bond, order of a court of competent jurisdiction, release of the Property therefrom or otherwise), subject to any contest rights such Tenant (or such other party claiming by, through or under Tenant) may have, and neither the Property, nor any part thereof or interest therein, will be in imminent danger of being sold, forfeited, terminated, canceled or lost and no material adverse effect shall have occurred or be reasonably likely to occur as reasonably determined by Administrative Agent; and provided, further, notwithstanding the foregoing or anything herein to the contrary, (I) if any such Lien is not discharged of record (whether by payment, deposit, bond, order of a court of competent jurisdiction, release of the Property therefrom or otherwise) within six (6) months from the date such Lien attached to the Property, such Lien shall, upon expiration of such six (6) month period, no longer qualify as a Permitted Encumbrance hereunder, and (II) if the applicable lienor has commenced foreclosure of any such Lien, then if such Lien is not discharged of record (whether by payment, deposit, bond, order of a court of competent jurisdiction, release of the Property therefrom or otherwise) within ten (10) Business Days of the commencement of such foreclosure proceeding, such Lien shall, upon the expiration of such ten (10) Business Day period, no longer qualify as a Permitted Encumbrance hereunder, (e) Permitted Equipment Leases, (f) all immaterial easements, rights of way, restrictions and other similar charges or nonmonetary encumbrances against the Property and other agreements which shall not result in a material adverse effect on the Property, (g) the rights and interests of existing and future Tenants under Leases, as Tenants only, provided such Leases are in effect as of the date hereof or entered into in accordance with the terms of Section 4.1.15 hereof, (h) judgment liens, but only for so long as such judgment liens (1) are not superior to the Lien of the Security Instrument and (2) are paid within thirty (30) days of the date such judgment is entered pursuant to a final, non-appealable order, (i) non-disturbance agreements with Tenants or subtenants entered into as of the date hereof, required to be entered into under a Lease in effect as of the date hereof or entered into after the date hereof in accordance with the terms of this Agreement and (j) such other title and survey exceptions as Administrative Agent has approved or may approve in writing in Administrative Agent’s sole discretion.

“Permitted Equity Transfer” shall have the meaning set forth in Section 4.2.10(d) hereof.

“Permitted Equipment Leases” shall mean equipment leases, equipment financings or other similar instruments entered into with respect to any Equipment and other personal property; provided, that, in each case, such equipment leases, equipment financings or similar instruments (i) are entered into (in Borrower’s good faith judgment) on commercially reasonable terms and conditions in the ordinary course of Borrower’s business and (ii) relate to Equipment and other personal property which is (A) used in connection with the operation, management, maintenance, repair or alteration of the Property in the ordinary course of Borrower’s business and (B) readily replaceable without material interference or interruption to the operation of the Property. For purposes of determining Indebtedness under Section 4.2.14 hereof with respect to Permitted Equipment Leases, Indebtedness shall refer to the outstanding principal balance of the Permitted Equipment Leases.

“Permitted Transfer” shall have the meaning set forth in Section 4.2.10(c) hereof.

“Person” shall mean any individual, corporation, partnership, joint venture, limited liability company, estate, trust, unincorporated association, any federal, State, county or municipal government or any bureau, department, authority, public corporation, or agency thereof and any fiduciary acting in such capacity on behalf of any of the foregoing.

“Plan” shall mean an employee benefit plan (as defined in section 3(3) of ERISA) whether or not subject to ERISA or a plan or other arrangement within the meaning of section 4975 of the Code.

“Plan Assets” shall mean assets of a Plan within the meaning of section 29 C.F.R. section 2510.3-101, as modified by section 3(42) of ERISA, or similar law.

“Plans and Specifications” shall mean all drawings, plans, specifications and other documents (including, but not limited to, architectural, structural, mechanical, electrical, plumbing, landscaping and sprinkler) prepared by Borrower, Borrower’s general contractor and/or other contractors retained by Borrower or Borrower’s general contractor and bearing such parties signature and seal, which describe and show the labor, materials, equipment, fixtures and furnishings necessary for, pertaining to or included in the Building Work, to the extent in the possession or control of the Borrower.

“Policy” or “Policies” shall have the meaning set forth in Section 5.1(b) hereof.

“Prepayment Notice” shall mean a written notice (which notice shall be irrevocable; provided, Borrower shall have the right to revoke any such notice, or postpone the prepayment date, by written notice of such revocation not later than one (1) Business Day prior to the date of such prepayment, without any penalty and without causing an Event of Default hereunder; provided, Borrower shall reimburse Administrative Agent for (i) administrative costs in the amount of \$10,000.00 and (ii) the reasonable costs and expenses of Administrative Agent’s legal counsel as a result of such revocation) to Administrative Agent specifying the proposed Business Day on which a prepayment of the Debt is to be made pursuant to Section 2.4 hereof, which date shall be no earlier than thirty (30) days after the date of such Prepayment Notice and no later than ninety (90) days after the date of such Prepayment Notice and which notice shall be sufficient so long as such prepayment occurs within five (5) Business Days of the date specified in the Prepayment Notice.

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“Prohibited Person” shall mean any Person, to Borrower’s actual knowledge:

(i) Who is listed in the Annex to, or otherwise subject to the provisions of, the Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001, and relating to Blocking Property and

Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism (the “Executive Order”);

(ii) Who is owned or controlled by, or acting for or on behalf of, any person or entity that is listed to the Annex to, or is otherwise subject to the provisions of, the Executive Order;

(iii) with whom Lenders are prohibited from dealing or otherwise engaging in any transaction by any terrorism or money laundering law, including the Executive Order;

(iv) who commits, threatens or conspires to commit or supports “terrorism” as defined in the Executive Order;

(v) who is named as a “specially designated national and blocked person” on the most current list published by the U.S. Treasury Department Office of Foreign Assets Control at its official website, <http://www.treas.gov/ofac/t11sdn.pdf> or at any replacement website or other replacement official publication of such list; or

(vi) who is an Affiliate of or affiliated with a Person listed above.

“Prohibited Transfer” shall have the meaning set forth in Section 4.2.10(a) hereof.

“Property” shall mean the land more particularly described on Schedule I annexed hereto and made a part hereof and located at 44-48 Union Square (a/k/a 44-48 Union Square East), New York, New York (Block 872, Lot 78), together with the Improvements thereon and all Equipment owned by Borrower and encumbered by the Security Instrument, together with all rights pertaining to the Property and Improvements, as more particularly described in the Security Instrument and referred to therein as the “Mortgaged Property”.

“Property Condition Report” shall mean that certain Property Condition Report, dated as of April 9, 2021, prepared by Partner Assessment Corp.

“Property Management Agreement” shall mean each of (i) the Management Agreement and (ii) the Asset Management Agreement (collectively, the “Property Management Agreements”).

[***]

“Qualified Insurer” shall have the meaning set forth in Section 5.1(b) hereof.

“Reading Borrower” shall have the meaning set forth in the introductory paragraph hereto, together with its successors and assigns.

“Register” shall have the meaning set forth in Section 8.1 hereof.

“Reimbursement Contribution” shall have the meaning set forth in Section 8.5(d) hereof.

“Release Deadline” shall have the meaning set forth in Section 6.3.2(a) hereof.

“Release Event” shall have the meaning set forth in Section 6.3.2(a) hereof.

“Renewal Lease” shall have the meaning set forth in Section 4.1.15(a) hereof.

“Rents” shall have the meaning set forth in Article 1 of the Security Instrument.

“Replacement Manager” shall have the meaning set forth in Section 4.1.16(b).

“Reserve Funds(s)” shall mean the Interest Reserve Funds, the Tax Reserve Funds, [***] and any other escrow accounts and reserve accounts established by the Loan Documents.

“Reserve Period” shall mean (i) the Initial Reserve Period and (ii) each successive twelve-month period thereafter beginning on the 1st day after the preceding Reserve Period.

“Responsible Officer” means with respect to a Person, the chairman of the board, president, chief operating officer, chief financial officer, secretary, treasurer, manager or vice president-finance of such Person.

“Restoration” shall mean the repair and restoration of the Property after a Casualty or Condemnation as nearly as possible to the condition the Property was in immediately prior to such Casualty or Condemnation, with such alterations as may be approved by Administrative Agent.

[***]

“Sale or Pledge” shall mean a voluntary or involuntary sale, conveyance, transfer or pledge of a direct or indirect legal or beneficial interest.

“Sanctions” shall mean, individually and collectively, respectively, any and all economic or financial sanctions, sectoral sanctions, secondary sanctions, trade embargoes and anti-terrorism laws, including but not limited to those imposed, administered or enforced from time to time by the United States of America, including those administered by OFAC, the U.S. Department of the Treasury, the U.S. Department of State, the U.S. Department of Commerce, or through any existing or future executive order.

“Sanctioned Entity” shall mean any individual, entity, group, sector, territory or country that is the target of any Sanctions, including without limitation, any legal entity that is deemed to be a target of Sanctions based on the direct or indirect ownership or control of such entity by any other Sanctioned Entity.

“Second Extended Maturity Date” shall have the meaning set forth in Section 2.5 hereof.

“Second Extension Option” shall have the meaning set forth in Section 2.5 hereof.

“Second Extension Term” shall have the meaning set forth in Section 2.5 hereof.

“Security Instrument” shall mean that certain first priority Agreement of Consolidation and Modification of Mortgage dated of even date herewith, executed and delivered by Borrower as security for the Loan and encumbering the Property, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

“Servicer” shall have the meaning set forth in Section 8.2.1 hereof.

“Servicing Agreement” shall have the meaning set forth in Section 8.2.1 hereof.

“Severed Loan Documents” shall have the meaning set forth in Section 7.2(c) hereof.

“Spread” shall mean six and nine tenths of one percent (6.90%) per annum.

“State” shall mean the State of New York.

“Static LIBOR Rate” shall have the meaning set forth in Section 2.2.6 hereof.

“Subordination of Asset Management Agreement” shall mean that certain Subordination of Asset Management Agreement dated as of the date hereof among Administrative Agent, Borrower and Asset Manager, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

“Subordination of Leasing Agreement” shall mean that certain Subordination of Leasing Agreement to be executed by Administrative Agent, Borrower and Leasing Agent, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

“Subordination of Management Agreement” shall mean that certain Subordination of Management Agreement dated as of the date hereof among Administrative Agent, Borrower and Manager, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

“Survey” shall mean a survey prepared by a surveyor licensed in the State where the Property is located and satisfactory to Administrative Agent and the company or companies issuing the Title Insurance Policy, and containing a certification of such surveyor satisfactory to Administrative Agent.

“Taxes” shall mean all real estate and personal property taxes, assessments, water rates or sewer rents, now or hereafter levied or assessed or imposed against the Property or part thereof.

“Tax Payment” shall have the meaning set forth in Section 6.2.2 hereof.

“Tax Payment Deadline Date” shall have the meaning set forth in Section 6.2.2 hereof.

“Tax Reserve Funds” shall have the meaning set forth in Section 6.2.1 hereof.

“Tenant” shall mean the tenant under any Lease.

“Title Insurance Policy” shall mean an ALTA mortgagee title insurance policy in a form acceptable to Administrative Agent (or, if the Property is located in a State which does not permit the issuance of such ALTA policy, such form as shall be permitted in such State and acceptable to Administrative Agent) issued with respect to the Property and insuring the lien of the Security Instrument encumbering the Property.

“Total Commitment” the sum of the aggregate principal amount of the Loan outstanding plus the aggregate unadvanced portion of the Loan.

“UCC” shall mean the Uniform Commercial Code as in effect in the State in which the Property is located.

“USD Borrower” shall have the meaning set forth in the introductory paragraph hereto, together with its successors and assigns.

“U.S. Person” shall mean any Person that is a “United States person” as defined in Section 7701(a)(30) of the Code.

“Use Variance” shall mean that certain variance 203-15-BZ, CEQR #16-BSA-025M adopted by the Board of Standards and Appeals for the City of New York, granted March 22, 2016, printed in Bulletin Nos. 12-13, Vol. 101, as the same may be amended from time to time.

“Work Charge” shall have the meaning set forth in Section 4.1.25(a) hereof.

Section 1.2 Principles of Construction.

All references to sections and schedules are to sections and schedules in or to this Agreement unless otherwise specified. All uses of the word “including” shall mean “including, without limitation” unless the context shall indicate otherwise. Unless otherwise specified, the words “hereof,” “herein” and “hereunder” and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. Unless otherwise specified, any right of consent or approval shall, unless otherwise specifically provided, not be unreasonably withheld, conditioned or delayed. Unless otherwise specified, all meanings attributed to defined terms herein shall be equally applicable to both the singular and plural forms of the terms so defined.

Section 1.3 Presumption.

This Agreement and all other Loan Documents shall be construed without regard to any presumption or other rule requiring construction against the party causing this Agreement and all such other Loan Documents to be drafted. If any words or phrases in this Agreement or any other Loan Document shall have been stricken out or otherwise eliminated, whether or not any other words or phrases have been added, this Agreement and all other Loan Documents shall be construed as if the words or phrase so stricken out or otherwise eliminated were never included herein or therein and no implication or inference shall be drawn from the fact that said words or phrases were so stricken out or otherwise eliminated.

ARTICLE II. GENERAL TERMS

Section 2.1 Loan Commitment; Disbursement to Borrower.

2.1.1 Agreement to Lend and Borrow. Subject to and upon the terms and conditions set forth herein, Lenders shall make and Borrower shall accept the Loan as a single disbursement on the Closing Date.

2.1.2 Not a Revolving Facility. Borrower may request and receive only one borrowing hereunder in respect of the Loan and any amount borrowed and prepaid or repaid hereunder in respect of the Loan may not be reborrowed.

2.1.3 The Note, Security Instrument and Loan Documents. The Loan shall be evidenced by the Note and secured by the Security Instrument, the Assignment of Leases and the other Loan Documents.

2.1.4 Use of Proceeds. Borrower shall use the proceeds of the Loan to (a) repay and discharge any existing loans relating to the Property, (b) pay all past-due Basic Carrying Costs, if any, with respect to the Property, (c) make deposits into the Reserve Funds on the Closing Date in the amounts provided herein, (d) pay the Origination Fee, (e) pay the fees and expenses of Administrative Agent’s legal counsel with respect to the documentation and closing of the Loan, and (f) pay costs and expenses incurred in connection with the closing of the Loan as set forth on the settlement statement with respect thereto or as otherwise reasonably approved by Administrative Agent.

Section 2.2 Interest; Loan Payments.

2.2.1 Interest/Interest Rate. Interest on the principal balance of the Loan outstanding from time to time shall accrue from and including the date hereof up to and including the Maturity Date at the Interest Rate; provided, however, that during any period that an Event of Default is continuing, interest shall accrue at the Default Rate as is set forth in Section 2.2.3 below.

2.2.2 Interest Calculation. Interest on the outstanding principal balance of the Loan shall be calculated by multiplying (a) the actual number of days elapsed in the period for which the calculation is being made by (b) a daily rate based on the Interest Rate or the Default Rate, as applicable, divided by a three hundred sixty (360) day year by (c) the outstanding principal balance of the Loan.

2.2.3 Default Interest Rate. In the event that, and for so long as, any Event of Default shall have occurred and be continuing, the outstanding principal balance of the Loan shall accrue interest at the Default Rate, calculated from the date on which the Event of Default occurred solely to the extent that (i) Borrower had an express notice and cure right with respect to the Default giving rise to the Event of Default and (ii) the Default which lead to such Event of Default was caused by a third party and not by the actions or omissions of Borrower; it being further agreed that if either of the conditions described in clause (i) or clause (ii) above are not satisfied, then interest shall accrue at the Default Rate from the date on which the Default giving rise to the Event of Default occurred. This Section 2.2.3 shall not be construed as an agreement or privilege to extend the date of the payment of the Debt, nor as a waiver of any other right or remedy accruing to Lenders by reason of the occurrence of any Event of Default; the acceptance of any payment by Administrative Agent for the account of the respective Lenders to which such payment is owed shall not be deemed to cure or constitute a waiver of any Event of Default; and Lenders retain their rights under the Note to accelerate and to continue to demand payment of the Debt upon the occurrence of any Event of Default, despite any payment accepted by Administrative Agent, for the account of the respective Lenders to which such payment is owed.

2.2.4 Usury Savings. This Agreement and the Note are subject to the express condition that at no time shall Borrower be obligated or required to pay interest on the principal balance of the Loan at a rate which could subject Lenders to either civil or criminal liability as a result of being in excess of the Maximum Legal Rate. If, by the terms of this Agreement or the other Loan Documents, Borrower is at any time required or obligated to pay interest on the principal balance due hereunder at a rate in excess of the Maximum Legal Rate, the Interest Rate or the Default Rate, as the case may be, shall be deemed to be immediately reduced to the Maximum Legal Rate and all previous payments in excess of the Maximum Legal Rate shall be deemed to have been payments in reduction of principal and not on account of the interest due hereunder. All sums paid or agreed to be paid to Administrative Agent for the account of the respective Lenders for the use, forbearance, or detention of the sums due under the Loan, shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full stated term of the Loan until payment in full so that the rate or amount of interest on account of the Loan does not exceed the Maximum Legal Rate of interest from time to time in effect and applicable to the Loan for so long as the Loan is outstanding.

2.2.5 Indemnified Taxes. (a) All payments made by Borrower hereunder shall be made free and clear of, and without reduction for or on account of, Indemnified Taxes, other than Excluded Indemnified Taxes. If any non-Excluded Indemnified Taxes are required to be withheld or deducted by any Applicable Law (as determined in the good faith discretion of Borrower) from any amounts payable to Lenders hereunder, the amounts so payable to Lenders shall be increased to the extent necessary to yield to Lenders (after payment of all non-Excluded Indemnified Taxes) interest or any such other amounts payable hereunder at the rate or in the amounts specified hereunder. Whenever any non-Excluded Indemnified Tax is payable pursuant to Applicable Law by Borrower, Borrower shall send to Administrative Agent, for the account of the respective Lenders, an original or a certified copy of an official receipt showing payment of such non-Excluded Indemnified Tax or other evidence of payment reasonably satisfactory to Administrative Agent. Borrower hereby indemnifies Lenders for any incremental taxes, interest or penalties that may become payable by Lenders which may result from any failure by Borrower to pay any such non-Excluded Indemnified Tax when due to the appropriate taxing authority.

(b) Lender shall deliver to Borrower and Administrative Agent prior to becoming a party hereunder and at the time or times reasonably requested by Borrower or Administrative Agent such properly completed

and executed documentation required by law or reasonably requested by Borrower or Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding or to enable Borrower and Administrative Agent to comply with any applicable law relating thereto. In addition, any Lender, if reasonably requested by Borrower or Administrative Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by Borrower or Administrative Agent as will enable Borrower and Administrative Agent to determine whether or not Lender is subject to backup withholding or information reporting requirements. Without limiting to the foregoing, if Lender is a U.S. Person, Lender shall deliver to Borrower and Administrative Agent, upon request, a Form W-9 (unless it establishes to the satisfaction of Borrower and Administrative Agent that it is otherwise eligible for an exemption from backup withholding tax or other withholding tax). If Lender is not a U.S. Person, Lender shall deliver to Borrower and Administrative Agent, upon request, on or prior to the date on which such Lender becomes a Lender under this Agreement and any other time upon request by Borrower or Administrative Agent, to the extent it is legally entitled to do so (i) a properly completed and executed Form W-8BEN, W-8BEN-E, W-8ECI, or W-8IMY as applicable, (and other appropriate certification documents from each beneficial owner, as applicable) and, to the extent it is able to claim the benefits for portfolio interest under Section 871(h) or Section 881(c) of the Code, a portfolio interest certificate in a form reasonably acceptable to the Borrower and Administrative Agent that provides that such non-U.S. Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of Borrower within the meaning of Section 871(h)(3)(B) of the Code, or a "controlled foreign corporation" related to Borrower as described in Section 881(c)(3)(C) of the Code, and (ii) such documentation prescribed by applicable law (including under Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower as may be necessary for the Borrower and Administrative Agent to comply with its obligations under FATCA and to determine that Lender has complied with the Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower in writing of its legal inability to do so.

(c) If Lender receives a refund in respect of Indemnified Taxes paid by Borrower or as to which it has been indemnified, it shall promptly pay such refund, together with any other amounts paid by Borrower pursuant to Section 2.2.5 hereof in connection with such refunded Indemnified Taxes, to Borrower; provided, however, that Borrower agrees to promptly return such refund to Lender if it receives notice from Lender that it is required to repay such refund.

2.2.6 Temporary Unavailability of LIBOR Rate.

(a) The Interest Rate with respect to the Loan shall be the LIBOR Rate with respect to the applicable Interest Period. Subject to Section 2.2.6(b), in the event that Administrative Agent shall have determined in good faith (which determination shall be conclusive and binding upon Borrower absent manifest error) that by reason of circumstances affecting the interbank eurodollar market, adequate and reasonable means do not exist for ascertaining the LIBOR Rate, then Administrative Agent shall forthwith give written notice of such determination, confirmed in writing, to Borrower at least one (1) Business Day prior to the last day of the related Interest Period. If such notice is given, the Interest Rate, commencing with the first (1st) day of the next succeeding Interest Period, shall be the LIBOR Rate in effect for the most recent Interest Period (the "Static LIBOR Rate").

(b) If, pursuant to the terms of this Agreement, the Loan has been converted to the Static LIBOR Rate and Administrative Agent shall determine in good faith (which determination shall be conclusive and binding upon Borrower absent manifest error) that the event(s) or circumstance(s) which resulted in such conversion shall no longer be applicable, Administrative Agent shall give notice thereof to Borrower, and the Static LIBOR Rate shall convert to the LIBOR Rate effective on the first day of the next succeeding Interest Period.

Notwithstanding any provision of this Agreement to the contrary, in no event shall Borrower have the right to elect to convert from the LIBOR Rate to the Static LIBOR Rate.

2.2.7 Effect of Benchmark Transition Event.

(a) Notwithstanding anything to the contrary herein or in any other Loan Document, if a Benchmark Transition Event or an Early Opt-in Election, as applicable, and its related Benchmark Replacement Date have occurred prior to the Reference Time in respect of any setting of the then-current Benchmark, then (x) if a Benchmark Replacement is determined in accordance with clause (1) or (2) of the definition of "Benchmark Replacement" for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Loan Document in respect of such Benchmark setting and subsequent Benchmark settings without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document and (y) if a Benchmark Replacement is determined in accordance with clause (3) of the definition of "Benchmark Replacement" for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Loan Document in respect of any Benchmark setting at or after 5:00 p.m. (New York City time) on the fifth (5th) Business Day after the date notice of such Benchmark Replacement is provided to Lenders without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document so long as Administrative Agent has not received, by such time, written notice of objection to such Benchmark Replacement from any Lender.

(b) In connection with the implementation of a Benchmark Replacement, the Administrative Agent will have the right to make Benchmark Replacement Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Benchmark Replacement Conforming Changes will become effective without any further action or consent of any other party to this Agreement.

(c) The Administrative Agent will promptly notify the Borrower and the Lenders in writing of (i) any occurrence of a Benchmark Transition Event or an Early Opt-in Election, as applicable, and its related Benchmark Replacement Date and Benchmark Transition Start Date, (ii) the implementation of any Benchmark Replacement, (iii) the effectiveness of any Benchmark Replacement Conforming Changes and (iv) the commencement or conclusion of any Benchmark Unavailability Period. Any determination, decision or election that may be made by the Administrative Agent pursuant to this Section titled "Effect of Benchmark Transition Event," including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action, will be conclusive and binding absent manifest error and may be made in its sole discretion and without consent from any other party hereto, except, in each case, as expressly required pursuant to this Section titled "Effect of Benchmark Transition Event."

(d) Upon the Borrower's receipt of notice of the commencement of a Benchmark Unavailability Period, the Borrower may revoke any request for a LIBOR Loan of, conversion to or continuation of LIBOR Loans to be made, converted or continued during any Benchmark Unavailability Period and, failing that, the Borrower will be deemed to have converted any such request into a request for a Loan of or conversion to a Loan accruing interest at a rate equal to Term SOFR plus the LIBOR Spread.

(e) As used in this Section titled "Effect of Benchmark Transition Event":

"Benchmark Replacement" means the sum of: (a) the alternate benchmark rate (which may include Term SOFR) that has been selected by the Administrative Agent and the Borrower giving due consideration to (i) any selection or recommendation of a replacement rate or the mechanism for determining such a rate by the Relevant

Governmental Body or (ii) any evolving or then-prevailing market convention for determining a rate of interest as a replacement to LIBOR for U.S. dollar-denominated syndicated credit facilities and (b) the Benchmark Replacement Adjustment; provided that, if the Benchmark Replacement as so determined would be less than zero, the Benchmark Replacement will be deemed to be zero for the purposes of this Agreement.

“Benchmark Replacement Adjustment” means, with respect to any replacement of LIBOR with an Unadjusted Benchmark Replacement for each applicable Interest Period, the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by the Administrative Agent and the Borrower giving due consideration to (i) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of LIBOR with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of LIBOR with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated syndicated credit facilities at such time.

“Benchmark Replacement Conforming Changes” means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of “Interest Period,” timing and frequency of determining rates and making payments of interest and other administrative matters) that the Administrative Agent reasonably decides may be appropriate to reflect the adoption and implementation of such Benchmark Replacement and to permit the administration thereof by the Administrative Agent in a manner substantially consistent with market practice (or, if the Administrative Agent reasonably decides that adoption of any portion of such market practice is not administratively feasible or if the Administrative Agent reasonably determines that no market practice for the administration of the Benchmark Replacement exists, in such other manner of administration as the Administrative Agent decides is reasonably necessary in connection with the administration of this Agreement).

“Benchmark Replacement Date” means the earlier to occur of the following events with respect to LIBOR:

(1) in the case of clause (1) or (2) of the definition of “Benchmark Transition Event,” the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of LIBOR permanently or indefinitely ceases to provide LIBOR; or

(2) in the case of clause (3) of the definition of “Benchmark Transition Event,” the date of the public statement or publication of information referenced therein.

“Benchmark Transition Event” means the occurrence of one or more of the following events with respect to LIBOR:

(1) a public statement or publication of information by or on behalf of the administrator of LIBOR announcing that such administrator has ceased or will cease as of a certain date to provide LIBOR, permanently or indefinitely, provided that, at the time of such

statement or publication, there is no successor administrator that will continue to provide LIBOR;

(2) a public statement or publication of information by the regulatory supervisor for the administrator of LIBOR, the U.S. Federal Reserve System, an insolvency official with jurisdiction over the administrator for LIBOR, a resolution authority with jurisdiction over the administrator for LIBOR or a court or an entity with similar insolvency or resolution authority over the administrator for LIBOR, which states that the administrator of LIBOR has ceased or will cease to provide LIBOR permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide LIBOR; or

(3) a public statement or publication of information by the regulatory supervisor for the administrator of LIBOR announcing that LIBOR is no longer representative.

“Benchmark Transition Start Date” means (a) in the case of a Benchmark Transition Event, the earlier of (i) the applicable Benchmark Replacement Date and (ii) if such Benchmark Transition Event is a public statement or publication of information of a prospective event, the 90th day prior to the expected date of such event as of such public statement or publication of information (or if the expected date of such prospective event is fewer than 90 days after such statement or publication, the date of such statement or publication) and (b) in the case of an Early Opt-in Election, the date specified by the Administrative Agent by notice to the Borrower and the Lenders.

“Benchmark Unavailability Period” means, if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to LIBOR and solely to the extent that LIBOR has not been replaced with a Benchmark Replacement, the period (x) beginning at the time that such Benchmark Replacement Date has occurred if, at such time, no Benchmark Replacement has replaced LIBOR for all purposes hereunder in accordance with the Section titled “Effect of Benchmark Transition Event” and (y) ending at the time that a Benchmark Replacement has replaced LIBOR for all purposes hereunder pursuant to the Section titled “Effect of Benchmark Transition Event.”

“Early Opt-in Election” means the occurrence of:

(1) a determination by the Administrative Agent that U.S. dollar-denominated syndicated credit facilities being executed at such time, or that include language similar to that contained in this Section titled “Effect of Benchmark Transition Event,” are being executed or amended, as applicable, to incorporate or adopt a new benchmark interest rate to replace LIBOR, and

(2) the election by the Administrative Agent to declare that an Early Opt-in Election has occurred and the provision, as applicable, by the Administrative Agent of written notice of such election to the Borrower and the Lenders.

“Federal Reserve Bank of New York’s Website” means the website of the Federal Reserve Bank of New York at <http://www.newyorkfed.org>, or any successor source.

“Relevant Governmental Body” means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the

Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto.

“SOFR” with respect to any day means the secured overnight financing rate published for such day by the Federal Reserve Bank of New York, as the administrator of the benchmark, (or a successor administrator) on the Federal Reserve Bank of New York’s Website.

“Term SOFR” means the forward-looking term rate based on SOFR that has been selected or recommended by the Relevant Governmental Body.

“Unadjusted Benchmark Replacement” means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

Section 2.3 Loan Payments.

2.3.1 Monthly Debt Service Payments. On the Closing Date, Borrower shall pay to Administrative Agent, for the account of the respective Lenders, an amount equal to interest only on the outstanding principal balance of the Loan from the Closing Date up to and including May 31, 2021 (the “Initial Interest Period”). Commencing on July 1, 2021 and on each Payment Date thereafter up to and including the Maturity Date, Borrower shall make a payment to Administrative Agent, for the account of the respective Lenders, of interest only on the outstanding principal balance of the Loan which has accrued through the last day of the Interest Period immediately preceding such Payment Date. Payments shall be applied first to accrued and unpaid interest and the balance to principal.

2.3.2 Payment on Maturity Date. On the Maturity Date or on such earlier date that the Debt is paid in full, Borrower shall pay to Administrative Agent, for the account of the respective Lenders (i) the outstanding principal balance of the Loan, (ii) all accrued and unpaid interest and (iii) any applicable Make Whole Fee, and (iv) all other amounts due hereunder and under the Note, the Security Instrument and the other Loan Documents.

2.3.3 Origination Fee. On the Closing Date, Borrower shall pay to Lender the Origination Fee. The Origination Fee shall be deemed earned upon payment and shall not be subject to reduction or refund under any circumstances.

2.3.4 Late Payment Charge. If any principal, interest or any other sum due under the Loan Documents (other than the payment of principal due on the Maturity Date), is not paid by Borrower on the date on which it is due and such failure continues for more than five (5) days, Borrower shall pay to Administrative Agent upon demand an amount equal to the lesser of ten percent (10%) of such unpaid sum or the Maximum Legal Rate in order to defray the expense incurred by Administrative Agent or Lenders in handling and processing such delinquent payment and to compensate Lenders for the loss of the use of such delinquent payment. Any such amount shall be secured by the Security Instrument and the other Loan Documents.

2.3.5 Method and Place of Payment. (a) Except as otherwise specifically provided herein, all payments and prepayments under this Agreement and the Note shall be made to Administrative Agent, for the account of the respective Lenders, not later than 2:00 P.M., New York City time, on the date when due and shall be made in lawful money of the United States of America in immediately available funds at Administrative Agent’s office, and any funds received by Administrative Agent after such time shall, for all purposes hereof, be deemed to have been paid on the next succeeding Business Day.

(b) Whenever any payment to be made hereunder or under any other Loan Document shall be stated to be due on a day which is not a Business Day, the due date thereof shall be the immediately succeeding Business Day, including the payment of principal due on the Maturity Date.

(c) All payments required to be made by Borrower hereunder or under the Note or the other Loan Documents shall be made irrespective of, and without deduction for, any setoff, claim or counterclaim and shall be made irrespective of any defense thereto.

Section 2.4 Prepayments.

2.4.1 Voluntary Prepayments. Borrower, at its option, may prepay the Debt in whole, but not in part, on any Business Day, upon (x) delivery to Administrative Agent of a Prepayment Notice and (y) payment to Administrative Agent of (i) the outstanding principal balance of the Loan, (ii) all accrued and unpaid interest thereon to and including the date which is the later to occur of (A) the date of such prepayment and (B) thirty (30) days from the date that Administrative Agent received Borrower's Prepayment Notice required pursuant to the terms of this Section 2.4.1, (iii) any applicable Make Whole Fee, and (iv) all other amounts due hereunder and under the Note, the Security Instrument and the other Loan Documents.

2.4.2 Mandatory Prepayments. On the next occurring Payment Date following the date on which Borrower actually receives any Net Proceeds, if Administrative Agent is not obligated to make such Net Proceeds available to Borrower for the Restoration of the Property and has notified Borrower that such Net Proceeds shall be applied against the Debt, Borrower shall prepay the outstanding principal balance of the Note in an amount equal to one hundred percent (100%) of such Net Proceeds. Such prepayment shall be applied, first, to interest on the outstanding principal balance of the Loan that would have accrued at the Interest Rate and then to all other amounts then due to Administrative Agent under this Agreement or any of the other Loan Documents and then to the outstanding principal balance of the Loan. Notwithstanding anything herein to the contrary, no Make Whole Fee shall be due in connection with any repayment made pursuant to this Section 2.4.2.

2.4.3 Application of Prepayments. All prepayments received pursuant to this Section 2.4 shall be applied first, to any accrued interest on the outstanding principal amount being prepaid that accrued through and including the date of prepayment and second, to the payments of principal.

Section 2.5 Extension of Maturity Date.

Subject to the provisions of this Section 2.5, Borrower will have the option to (i) extend the term of the Loan beyond the Initial Maturity Date for one (1) successive term (the "First Extension Option") of twelve (12) months (the "First Extension Term") to May 6, 2025 (the "First Extended Maturity Date"), and (ii) provided the Initial Maturity Date shall have been timely and properly extended to the First Extended Maturity Date, further extend the term of the Loan beyond the First Extended Maturity Date for one (1) successive term (the "Second Extension Option") of twelve (12) months (the "Second Extension Term") to May 6, 2026 (the "Second Extended Maturity Date"). In order to exercise either Extension Option, Borrower shall deliver to Administrative Agent written notice (which notice shall be irrevocable; provided, Borrower shall have the right to revoke any such notice by written notice of such revocation not later than one (1) Business Day prior to the date of the applicable Maturity Date, without any penalty and without causing an Event of Default hereunder provided that, in connection with any such revocation, Borrower shall (i) pay to Administrative Agent an amount equal to all interest that would have accrued on the amount of the Loan through the date which is forty-five (45) days following such revocation and (ii) reimburse Administrative Agent for the reasonable costs and expenses of Administrative Agent's legal counsel as a result of such revocation) of its intent to exercise such Extension Option no earlier than one hundred twenty (120) days, and no later than forty-five (45) days, prior to the then applicable Maturity Date, and upon the giving of such notice of extension, the Maturity Date as

thereof in effect shall be extended as set forth above, subject to the satisfaction of the following conditions on or before such Maturity Date:

- (a) no monetary Default, material non-monetary Default or Event of Default shall have occurred and be continuing on Initial Maturity Date or First Extended Maturity Date, as applicable;
- (b) Borrower shall have made an additional deposit to the Interest Reserve Funds and the Tax Reserve Funds in amounts reasonably determined by Administrative Agent as of the later of (x) the Initial Maturity Date or First Extended Maturity Date, as applicable and (y) ten (10) Business Days after Administrative Agent delivers to Borrower its determination of the amount required to be deposited;
- (c) Borrower shall have paid to Administrative Agent all out-of-pocket expenses (including reasonable legal fees and disbursements of Administrative Agent's outside counsel) incurred by Administrative Agent in connection with Borrower's exercise of the Extension Option;
- (d) Borrower shall have paid to Administrative Agent, (i) in connection with the First Extension Option, an amount equal to one half of one percent (0.50%) of the outstanding principal balance of the Loan as of the Initial Maturity Date, and (ii) in connection with the Second Extension Option, an amount equal to one half of one percent (0.50%) of the outstanding principal balance of the Loan as of the First Extended Maturity Date;
- (e) Administrative Agent shall have completed substantively the same "know your customer" due diligence review and completion of a credit check which was conducted in connection with the closing of the Loan with respect to Borrower and Guarantor and, to the extent such review differs from the review conducted in connection with the closing of the Loan, then such review shall be substantively consistent Administrative Agent's review process with respect to similar loans across its portfolio; provided, that, for the avoidance of doubt the foregoing review process shall not permit Administrative Agent to require any further conditions to the extension of the Loan which increase the obligations of Borrower or Guarantor under the Loan Documents; and
- (f) if at the time Borrower exercises the applicable Extension Option, Borrower has validly exercised the Building Loan Option and the Building Loan Closing Date has occurred, Borrower shall have (i) in connection with the First Extension Option, validly exercised the "First Extension Option" as defined in the Building Loan Agreement, and (ii) in connection with the Second Extension Option, validly exercised the "Second Extension Option" as defined in the Building Loan Agreement.

Section 2.6 Release or Assignment on Payment in Full.

Administrative Agent shall, upon the written request and at the expense of Borrower, upon payment in full of all principal and interest on the Loan and all other amounts due and payable under the Loan Documents in accordance with the terms and provisions of the Note and this Agreement, release the Lien of the Security Instrument on the Property. Upon repayment of the Loan in full, at the request of Borrower, Administrative Agent shall at Borrower's election, either (a) prepare a satisfaction of the Security Instrument, termination of the Assignment of Leases and terminate all UCC-1 filings with Administrative Agent as the secured party or (b) assign the Note and the Security Instrument to any lender that is refinancing the Loan; provided that (i) such assignment shall be without representation, warranty or covenant by Administrative Agent, (ii) Borrower and the assignee shall comply with all applicable laws regarding assignments of mortgage liens in New York State, (iii) Administrative Agent shall not have any liability as a result of any lost original documents (other than to provide a customary affidavit as to such lost original documents) and (iv) Borrower shall pay or reimburse all of Administrative Agent's out-of-pocket costs and expenses incurred in connection with such terminations or

assignment, it being agreed that the fees of outside counsel charged in connection with such assignment shall not exceed \$5,000.00.

ARTICLE III. REPRESENTATIONS AND WARRANTIES

Section 3.1 Borrower Representations.

Borrower represents and warrants to Lenders and Administrative Agent as of the Closing Date that:

3.1.1 Organization. (a) Each of Reading Borrower and USD Borrower is duly formed or organized, as applicable, and is validly existing and in good standing in the jurisdiction in which it is organized, with requisite power and authority to own the Property and to transact the businesses in which it is now engaged. Each of Reading Borrower and USD Borrower is duly qualified to do business and is in good standing in each jurisdiction where it is required to be so qualified in connection with the Property, its businesses and operations. Each of Reading Borrower and USD Borrower possesses all rights, licenses, permits and authorizations, governmental or otherwise, necessary to entitle it to own the Property and to transact the businesses in which it is now engaged. Attached hereto as Schedule II is an organizational chart of Borrower.

(b) Each Borrower's exact legal name is correctly set forth in the first paragraph of this Agreement. Each Borrower is an organization of the type specified in the first paragraph of this Agreement. Each Borrower is incorporated, formed or organized under the laws of the state specified in the first paragraph of this Agreement. Each Borrower's principal place of business and chief executive office, and the place where such Borrower keeps its books and records, including recorded data of any kind or nature, regardless of the medium of recording, including software, writings, plans, specifications and schematics, has been for the preceding four (4) months (or, if less than four (4) months, the entire period of the existence of such Borrower) is either as set forth in the first paragraph of this Agreement or at the then corporate headquarters of the Guarantor; provided, if such corporate headquarters address shall change at any time during the term of the Loan, Borrower shall provide prompt written notice thereof to Administrative Agent. Reading Borrower's federal tax identification number is [***]. Borrower is not subject to back-up withholding taxes.

3.1.2 Proceedings. Borrower has taken all necessary action to authorize the execution, delivery and performance of this Agreement and the other Loan Documents. This Agreement and the other Loan Documents have been duly executed and delivered by or on behalf of Borrower and constitute legal, valid and binding obligations of Borrower enforceable against Borrower in accordance with their respective terms, subject only to applicable bankruptcy, insolvency and similar laws affecting rights of creditors generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

3.1.3 No Conflicts. The execution, delivery and performance of this Agreement and the other Loan Documents by Borrower will not conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any Lien, charge or encumbrance (other than pursuant to the Loan Documents) upon any of the property or assets of Borrower pursuant to the terms of any indenture, mortgage, deed of trust, loan agreement, partnership agreement, management agreement, or other agreement or instrument to which Borrower is a party or by which any of Borrower's property or assets is subject, nor will such action result in any violation of the provisions of any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over Borrower or any of the Property or any of Borrower's other assets, or any license or other approval required to operate the Property, and to Borrower's knowledge, any consent, approval, authorization, order, registration or qualification of or with any Governmental Authority required for the execution, delivery and performance by Borrower of this Agreement or any other Loan Documents has been obtained and is in full force and effect.

3.1.4 Litigation. There are no actions, suits or proceedings at law or in equity by or before any Governmental Authority or other agency now pending or threatened (in writing) against or affecting Borrower or the Property, which actions, suits or proceedings, if determined against Borrower or the Property, would be reasonably likely to materially adversely affect the condition (financial or otherwise) or business of Borrower or the condition or ownership of the Property or which involve the validity or enforceability of the Security Instrument or the priority of the Lien thereof, at law or in equity, or before or by any Governmental Authority and, to Borrower's knowledge, Borrower is not in default with respect to any order, ruling or decree of any court, arbitration body, or Governmental Authority, other than the [***].

3.1.5 Agreements. Borrower is not a party to any agreement or instrument or subject to any restriction which would be reasonably likely to materially and adversely affect Borrower or the Property, or Borrower's business, properties or assets, operations or condition, financial or otherwise. Borrower is not in default in any material respect in the performance, observance or fulfillment of any of the material obligations, covenants or conditions contained in any agreement or instrument to which it is a party or by which Borrower or the Property is bound. Borrower has no material financial obligation under any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which Borrower is a party or by which Borrower is a party or by which Borrower or the Property is otherwise bound, other than (a) obligations incurred in the ordinary course of the operation, maintenance, development and leasing of the Property and (b) obligations under the Loan Documents. [***].

3.1.6 Solvency. Borrower (a) has not entered into the transaction or executed the Note, this Agreement or any other Loan Documents with the actual intent to hinder, delay or defraud any creditor and (b) has received reasonably equivalent value in exchange for its obligations under the Loan Documents. Giving effect to the Loan, the fair saleable value of Borrower's assets exceeds and will, immediately following the making of the Loan, exceed Borrower's total liabilities, including, without limitation, subordinated, unliquidated, disputed and contingent liabilities. Borrower does not intend to incur debt and liabilities (including contingent liabilities and other commitments) beyond its ability to pay such debt and liabilities as they mature (taking into account the timing and amounts of cash to be received by Borrower and the amounts to be payable on or in respect of obligations of Borrower). No petition under the Bankruptcy Code or similar state bankruptcy or insolvency law has been filed against Borrower or any Restricted Party in the last seven (7) years, and neither Borrower nor any Restricted Party in the last seven (7) years has ever made an assignment for the benefit of creditors or taken advantage of any insolvency act for the benefit of debtors. Neither Borrower nor any Restricted Party are contemplating either the filing of a petition by it under the Bankruptcy Code or similar state bankruptcy or insolvency law or the liquidation of all or a major portion of Borrower's assets or property, and Borrower has no knowledge of any Person contemplating the filing of any such petition against it or any Restricted Party.

3.1.7 Full and Accurate Disclosure. No statement of fact made by Borrower in this Agreement or in any of the other Loan Documents contains any untrue statement of a material fact or omits to state any material fact necessary to make statements contained herein or therein not materially misleading. There is no fact presently known to Borrower which has not been disclosed to Lender which would be reasonably expected to have a material adverse effect on the Property or the business, operations or condition (financial or otherwise) of Borrower.

3.1.8 No Plan Assets. Borrower is not a Plan and none of the assets of Borrower constitute or will constitute, by virtue of the application of 29 C.F.R. §2510.3-101(f) as modified by section 3(42) of ERISA, "Plan Assets" of one or more Plans. In addition, (a) Borrower is not a "governmental plan" within the meaning of Section 3(32) of ERISA and (b) transactions by or with Borrower are not subject to State statutes regulating investment of, and fiduciary obligations with respect to, governmental plans similar to the provisions of Section 406 of ERISA or Section 4975 of the Code currently in effect, which prohibit or otherwise restrict the

transactions contemplated by this Agreement. With respect to any multiemployer plan to which Borrower or any entity that is under common control with Borrower within the meaning of ERISA Section 4001(a)(14) is or has been obligated to contribute, neither Borrower nor any such entity has incurred any material liability under ERISA Section 515 of ERISA or Title IV of ERISA which is or remains unsatisfied.

3.1.9 Compliance. Except as set forth in the Property Condition Report, Borrower and the Property and the use thereof comply in all material respects with all applicable Legal Requirements, including, without limitation, all Environmental Laws, building and zoning ordinances and codes. There has not been committed by Borrower or, to Borrower's knowledge, any other Person in occupancy of or involved with the operation or use of the Property any act or omission affording the federal government or any other Governmental Authority the right of forfeiture as against the Property or any part thereof or any monies paid in performance of Borrower's obligations under any of the Loan Documents.

3.1.10 Financial Information. All financial data, including, without limitation, the statements of cash flow and income and operating expense, that have been delivered to Administrative Agent in respect of Borrower and the Property (i) are, to Borrower's knowledge, true, complete and correct in all material respects as of the date of such statement, (ii) accurately represent the financial condition of Borrower and the Property, as applicable, as of the date of such reports and (iii) have been prepared in accordance with GAAP (or such other accounting basis acceptable to Administrative Agent) throughout the periods covered, except as disclosed therein. Except for Permitted Encumbrances, Borrower does not have any contingent liabilities, liabilities for taxes, unusual forward or long-term commitments or unrealized or anticipated losses from any unfavorable commitments that are known to Borrower and reasonably likely to have a materially adverse effect on the Property or the operation thereof, except as referred to or reflected in said financial statements. Since the date of such financial statements, there has been no materially adverse change in the financial condition, operations or business of Borrower from that set forth in said financial statements.

3.1.11 Condemnation. No Condemnation or other similar proceeding has been commenced or, to Borrower's knowledge, is threatened or contemplated with respect to all or any portion of the Property or for the relocation of roadways providing access to the Property.

3.1.12 Federal Reserve Regulations. No part of the proceeds of the Loan will be used for the purpose of purchasing or acquiring any "margin stock" within the meaning of Regulation U of the Board of Governors of the Federal Reserve System or for any other purpose which would be inconsistent with such Regulation U or any other Regulations of such Board of Governors, or for any purposes prohibited by Legal Requirements or by the terms and conditions of this Agreement or the other Loan Documents. Borrower shall not, to its actual knowledge, use the proceeds of any Loan hereunder to purchase any asset or securities from any Lender "affiliate" as such term is defined in the Federal Reserve Board's Regulation W.

3.1.13 Utilities and Public Access. The Property has rights of access to public ways and is served by public water, sewer, sanitary sewer and storm drain facilities adequate to service the Property for its intended use. Except as otherwise shown on the Survey, all public utilities necessary or convenient to the full use and enjoyment of the Property are located either in the public right-of-way abutting the Property (which are connected so as to serve the Property without passing over or under other property) or in recorded easements serving the Property and such easements are set forth in and insured by the Title Insurance Policy. All roads necessary for the use of the Property for its current purpose have been completed, are physically open and are dedicated to public use and have been accepted by all Governmental Authorities.

3.1.14 Not a Foreign Person. Borrower is not a "foreign person" within the meaning of §1445(f)(3) of the Code, and if requested by Administrative Agent, Borrower will so certify (or in the case of a disregarded entity, its owner will certify) to Administrative Agent or a person designated by Administrative Agent under penalties of perjury to the accuracy of this representation, and will provide in such certification

such additional information as Administrative Agent may reasonably request related thereto. To the extent Borrower otherwise has a withholding requirement under the Code, Administrative Agent (or its beneficial owners) agrees to provide a statement to Borrower (or such other U.S. person servicing this Loan from whom any Lender receives interest payments on this Loan) that meets the requirements of Section 871(h)(5) of the Code, identifying the beneficial owner(s) of the Note as not being a U.S. person and that person's classification under the Foreign Account Tax Compliance Act to the extent applicable. Any purported sale, transfer or assignment of the Note by any way other than as described in the Note shall be void and of no force or effect, and the Borrower shall be entitled to make payments hereunder to the last recorded Administrative Agent despite any such purported sale, transfer or assignment.

3.1.15 Separate Tax and Zoning Lot. The Property constitutes a distinct parcel or parcels for purposes of zoning and of taxes, assessments and impositions (public or private) and are not otherwise considered as part of a larger single lot which includes property other than the Property for purposes of zoning or of taxes, assessments or impositions (public or private).

3.1.16 Assessments. There are no pending or proposed special or other assessments for public improvements or otherwise affecting the Property, nor are there any contemplated improvements to the Property that may result in such special or other assessments.

3.1.17 Enforceability. The Loan Documents are not subject to any right of rescission, set-off, counterclaim or defense by Borrower, including the defense of usury, nor would the operation of any of the terms of the Loan Documents, or the exercise of any right thereunder, render the Loan Documents unenforceable (except as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar Creditors' Rights Laws, and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law)), and Borrower has not asserted any right of rescission, set-off, counterclaim or defense with respect thereto.

3.1.18 No Prior Assignment. There are no prior assignments of the Leases or any portion of the Rents due and payable or to become due and payable which are presently outstanding.

3.1.19 Insurance. Borrower has obtained and has delivered to Administrative Agent certified copies of all Policies reflecting the insurance coverages, amounts and other requirements set forth in this Agreement. Neither Borrower nor its Affiliates have done, nor, to Borrower's knowledge, has any other Person done, by act or omission, anything which would impair the coverage of any of the Policies.

3.1.20 Use of Property. The Property is to be used exclusively for retail and office purposes and other appurtenant and related uses.

3.1.21 Certificate of Occupancy; Licenses. All certifications, permits, licenses and approvals, including without limitation, certificates of completion and occupancy permits required for the leasing of the Property for mixed-use office and retail purposes and for the making of necessary applications for the construction of tenant improvements (collectively, the "Licenses"), have been obtained and are in full force and effect and are not subject to revocation, suspension or forfeiture. Borrower shall keep and maintain all such Licenses. The use being made of the Property is in conformity with the existing core and shell temporary certificate of occupancy issued for the Property. It is understood by the Parties that in order to obtain a certificate of occupancy for the conduct of retail or office purposes, as applicable, further certificates of occupancy will be required, but cannot be obtained until tenant improvements have been completed.

3.1.22 Flood Zone. None of the Improvements on the Property are located in an area as identified by the Federal Emergency Management Agency as an area having special flood hazards or, if so located, the flood insurance required pursuant to Section 5.1(a)(vii) is in full force and effect.

3.1.23 Physical Condition. Except as set forth in the Property Condition Report, the Property, including, without limitation, all buildings, improvements, sidewalks, storm drainage systems, roofs, plumbing systems, HVAC systems, fire protection systems, electrical systems, equipment, elevators, exterior sidings and doors, and all structural components, are in good condition, order and repair in all material respects; there exists no structural or other material defects or damages in the Property, whether latent or otherwise, and Borrower has not received written notice from any insurance company or bonding company of any defects or inadequacies in the Property, or any part thereof, which would adversely affect the insurability of the same or cause the imposition of extraordinary premiums or charges thereon or of any termination or threatened termination of any policy of insurance or bond. The Property is free from damage caused by fire or other casualty. All liquid and solid waste disposal, septic and sewer systems located on the Property are in a good and safe condition and repair and in compliance with all Legal Requirements. As a matter of clarification, Lenders understand that tenant improvements, including, without limitation, HVAC systems, fire protection systems, electrical systems, in-premises bathroom and kitchen facilities, have yet to be construction, and the only improvements that have been constructed are as shown in the Plans and Specifications.

3.1.24 Boundaries. All of the Improvements which were included in determining the appraised value of the Property lie wholly within the boundaries and building restriction lines of the Property, and no improvements on adjoining properties encroach upon the Property, and no easements or other encumbrances upon the Property encroach upon any of the Improvements, except those which are set forth on the Survey and insured against by the Title Insurance Policy.

3.1.25 Leases. The Property is not subject to any Leases. No Person has any possessory interest in the Property or right to occupy the same except Borrower. Administrative Agent shall have all of the rights against Tenants set forth in Section 291-f of the Real Property Law of New York.

3.1.26 Survey. The Survey for the Property delivered to Administrative Agent in connection with this Agreement does not fail to reflect any material matter affecting the Property or the title thereto.

3.1.27 Filing and Recording Taxes. All transfer taxes, deed stamps, intangible taxes or other amounts in the nature of transfer taxes required to be paid by any Person under applicable Legal Requirements currently in effect in connection with the transfer of the Property to Borrower have been paid. All mortgage, mortgage recording, stamp, intangible or other similar tax required to be paid by any Person under applicable Legal Requirements currently in effect in connection with the execution, delivery, recordation, filing, registration, perfection or enforcement of any of the Loan Documents, including, without limitation, the Security Instrument, have been paid.

3.1.28 Management Agreement, Leasing Agency Agreement and Asset Management Agreement. The Management Agreement is in full force and effect and there is no default thereunder by any party thereto and, to Borrower's knowledge, no event has occurred that, with the passage of time and/or the giving of notice would constitute a default thereunder. The Leasing Agency Agreement is in full force and effect and there is no default thereunder by any party thereto, and, to Borrower's knowledge, no event has occurred that, with the passage of time and/or the giving of notice would constitute a default thereunder. The Asset Management Agreement is in full force and effect and there is no default thereunder by any party thereto and, to Borrower's knowledge, no event has occurred that, with the passage of time and/or the giving of notice would constitute a default thereunder.

3.1.29 Illegal Activity. No portion of the Property has been or will be purchased with proceeds of any illegal activity and to Borrower's knowledge, there are no illegal activities or activities relating to any controlled substances at the Property.

3.1.30 Intentionally Omitted.

3.1.31 Investment Company Act. Borrower is not (a) an “investment company” or a company “controlled” by an “investment company,” within the meaning of the Investment Company Act of 1940, as amended; (b) a “holding company” or a “subsidiary company” of a “holding company” or an “affiliate” of either a “holding company” or a “subsidiary company” within the meaning of the Public Utility Holding Company Act of 1935, as amended; or (c) subject to any other federal or State law or regulation which purports to restrict or regulate its ability to borrow money.

3.1.32 Organizational Chart. The organizational chart attached as Schedule II, relating to Borrower and certain Affiliates and other parties, is true, complete and correct on and as of the date hereof.

3.1.33 Intentionally Omitted.

3.1.34 Business Purposes. The Loan is solely for the business purposes of Borrower, and is not for personal, family, household, or agricultural purposes.

3.1.35 Taxes. Borrower has filed all federal, State, county, municipal, and city income and other tax returns required to have been filed by it and has paid all taxes and related liabilities which have become due pursuant to such returns or pursuant to any assessments received by it. Borrower knows of no basis for any additional assessment in respect of any such taxes and related liabilities for prior years.

3.1.36 Forfeiture. Neither Borrower nor any other Person in occupancy of or involved with the operation or use of the Property has committed any act or omission affording the federal government or any State or local government the right of forfeiture as against the Property or any part thereof or any monies paid in performance of Borrower’s obligations under the Note, this Agreement or the other Loan Documents. Borrower hereby covenants and agrees not to commit, permit or suffer to exist any act or omission affording such right of forfeiture.

3.1.37 Intentionally Omitted.

3.1.38 No Other Debt. Borrower has not borrowed or received debt financing (other than permitted pursuant to this Agreement, including, without limitation, Permitted Encumbrances and indebtedness pursuant to Section 4.2.14 hereof) that has not been heretofore repaid in full.

3.1.39 OFAC. Borrower represents and warrants that neither Borrower, Guarantor nor any of their respective Affiliates is a Prohibited Person, and Borrower, Guarantor and their respective Affiliates are in full compliance with all applicable orders, rules, regulations and recommendations of The Office of Foreign Assets Control of the U.S. Department of the Treasury.

3.1.40 Embargoed Person. As of the date hereof and at all times throughout the term of the Loan, including after giving effect to any Permitted Transfers permitted pursuant to the Loan Documents (a) none of the funds or other assets of Borrower or Guarantor constitute property of, or are beneficially owned, directly or indirectly, by any person, entity or government subject to trade restrictions under U.S. law, including but not limited to, the International Emergency Economic Powers Act, 50 U.S.C. §§ 1701 et seq., The Trading with the Enemy Act, 50 U.S.C. App. 1 et seq., and any Executive Orders or regulations promulgated thereunder with the result that the investment in Borrower or Guarantor, as applicable (whether directly or indirectly), is prohibited by law or the Loan made by the Lenders is in violation of law (“Embargoed Person”); (b) no Embargoed Person has any interest of any nature whatsoever in Borrower or Guarantor, as applicable, with the result that the investment in Borrower or Guarantor, as applicable (whether directly or indirectly), is prohibited by law or the Loan is in violation of law; and (c) none of the funds of Borrower or Guarantor, as applicable, have been derived from any unlawful activity with the result that the investment in Borrower or Guarantor, as applicable (whether directly or indirectly), is prohibited by law or the Loan is in violation of law.

3.1.41 Title. Borrower has good, marketable and insurable fee simple title to the real property comprising part of the Property and good title to the balance of the Property owned by it, free and clear of all Liens whatsoever except the Permitted Encumbrances. The Security Instrument, when properly recorded in the appropriate records, together with any UCC financing statements required to be filed in connection therewith, will create (i) a valid, first priority, perfected Lien on Borrower's interest in the Property, subject only to Permitted Encumbrances, and (ii) perfected security interests in and to, and perfected collateral assignments of, all personalty (including the Leases), all in accordance with the terms thereof, in each case subject only to the Permitted Encumbrances. As of the date hereof, other than the [***], there are no mechanics', materialman's or other similar Liens or claims which have been filed for work, labor or materials affecting the Property which are or may be Liens prior to, or equal or coordinate with, the Lien of the Security Instrument. None of the Permitted Encumbrances, individually or in the aggregate, (a) materially interfere with the benefits of the security intended to be provided by the Security Instrument and this Agreement, (b) materially and adversely affect the value of the Property, (c) impair the use or operations of the Property, or (d) impair Borrower's ability to pay its obligations in a timely manner.

3.1.42 Consents. No consent, approval, authorization or order of any court or Governmental Authority is required for the execution, delivery and performance by Borrower of, or compliance by Borrower with, this Agreement or the other Loan Documents or the consummation of the transactions contemplated hereby, other than those which have been obtained by Borrower.

3.1.43 Purchase Options. Neither the Property nor any part thereof are subject to any purchase options or other similar rights in favor of third parties.

3.1.44 Felony Criminal Offense. Borrower represents that neither Borrower, Guarantor, nor, to Borrower's knowledge, any director or officer of Borrower or of Guarantor or member, shareholder, director or officer of Borrower has ever been convicted of a felony criminal offense.

3.1.45 Sanctions. None of Borrower, any subsidiary of Borrower, or, to Borrower's knowledge, any director, officer, employee, agent or Affiliate of any of the foregoing, (a) is a Sanctioned Entity; (b) is controlled by or is acting on behalf of a Sanctioned Entity; (c) to Borrower's knowledge is under investigation for an alleged breach of Sanction(s) by a Governmental Authority that enforces Sanctions; or (d) will fund any repayment of the Loan with proceeds derived from any transaction that would be prohibited by Sanctions or would otherwise cause Administrative Agent or any other party to this Agreement to be in breach of any Sanctions

3.1.46 [***].

Section 3.2 Survival of Representations.

Borrower agrees that all of the representations and warranties of Borrower set forth in Section 3.1 and elsewhere in this Agreement and in the other Loan Documents shall survive for so long as any amount remains owing to Lenders under this Agreement or any of the other Loan Documents by Borrower. All representations, warranties, covenants and agreements made in this Agreement or in the other Loan Documents by Borrower shall be deemed to have been relied upon by Administrative Agent and Lenders notwithstanding any investigation heretofore or hereafter made by Administrative Agent, Lenders or on their behalf.

ARTICLE IV. BORROWER COVENANTS

Section 4.1 Affirmative Covenants.

From the date hereof and until payment and performance in full of all obligations of Borrower under the Loan Documents or the earlier release of the Lien of the Security Instrument encumbering the Property (and all related obligations) in accordance with the terms of this Agreement and the other Loan Documents, Borrower hereby covenants and agrees with Administrative Agent and Lenders that:

4.1.1 Existence; Compliance with Legal Requirements.

(a) Borrower shall do or cause to be done all things necessary to preserve, renew and keep in full force and effect its existence, rights, licenses, permits and franchises, and comply, in all material respects, with all Legal Requirements applicable to it and the Property. There shall never be committed by Borrower or any other Person in occupancy of or involved with the operation or use of the Property any act or omission affording the federal government or any State or local government the right of forfeiture against the Property or any part thereof or any monies paid in performance of Borrower's obligations under any of the Loan Documents. Borrower hereby covenants and agrees not to commit, permit or suffer to exist any act or omission affording such right of forfeiture. Borrower shall at all times maintain, preserve and protect all franchises and trade names and preserve all the remainder of its property used or useful in the conduct of its business and shall keep the Property in good working order and repair, and from time to time make, or cause to be made, all reasonably necessary repairs, renewals, replacements, betterments and improvements thereto, all as more fully provided in the Security Instrument.

(b) Borrower agrees that the Property shall at all times comply in all material respects with the requirements of the Access Laws, to the extent such Access Laws are applicable to the Property. Notwithstanding any provisions set forth herein or in any other documents regarding Administrative Agent's approval or alterations of the Property, Borrower shall not alter the Property in any manner which would materially increase Borrower's responsibilities for compliance with the applicable Access Laws without the prior written approval of Administrative Agent, not to be unreasonably withheld, conditioned or delayed. The foregoing shall apply to tenant improvements constructed by Borrower or any Tenants (it being agreed that if Administrative Agent approves (or is deemed to have approved) the construction of tenant improvements pursuant to a Lease, Administrative Agent shall be deemed to have also consented to such alterations pursuant to this Section 4.1.1(a)). Administrative Agent may condition any such approval upon receipt of a certificate of Access Law compliance from an architect, engineer, or other person acceptable to Administrative Agent. Borrower agrees to give prompt notice to Administrative Agent of the receipt by Borrower of any written complaints related to violations of any Access Laws and of the commencement of any proceedings or investigations which relate to compliance with applicable Access Laws.

(c) After prior written notice to Administrative Agent, Borrower, at its own expense, may contest by appropriate legal proceeding promptly initiated and conducted in good faith and with due diligence, the validity of any Legal Requirement (including, without limitation, Access Laws), the applicability of any Legal Requirement to Borrower or the Property or any alleged violation of any Legal Requirement, provided that (i) no Event of Default has occurred and remains uncured; (ii) such proceeding is conducted in accordance with all applicable Legal Requirements; (iii) none of the Property nor any part thereof will be in danger of being sold, forfeited, terminated, cancelled or lost; (iv) Borrower shall promptly upon final determination thereof comply with any such Legal Requirement determined to be valid or applicable or cure any violation of any Legal Requirement; (v) such proceeding shall suspend the enforcement of the contested Legal Requirement against Borrower or the Property; and (vi) Borrower shall furnish such security as may be reasonably required in the proceeding, to insure compliance with such Legal Requirement, together with all interest and penalties payable in connection therewith. Administrative Agent may apply any such security, as necessary to cause compliance

with such Legal Requirement at any time when, in the good faith judgment of Administrative Agent, the validity, applicability or violation of such Legal Requirement is finally established or the Property (or any part thereof) is in imminent danger of being sold, forfeited, terminated, cancelled or lost or there shall be any danger of the Lien of the Security Instrument being primed by any related Lien and otherwise shall return the balance of such security to Borrower upon the resolution of the applicable contest.

4.1.2 Taxes and Other Charges. Borrower shall pay all Taxes and Other Charges now or hereafter levied or assessed or imposed against the Property or any part thereof before the same become delinquent. Unless Administrative Agent is paying the same directly pursuant to Section 6.2 hereof, Borrower shall furnish to Administrative Agent receipts, or other evidence for the payment of the Taxes and the Other Charges prior to the date the same shall become delinquent. Except for Permitted Encumbrances, Borrower shall not suffer and shall promptly cause to be paid and discharged any Lien or charge whatsoever which may be or become a Lien or charge against the Property, and shall promptly pay or cause to be paid for all utility services provided to the Property. After prior written notice to Administrative Agent, Borrower, at its own expense, may contest by appropriate legal proceeding, promptly initiated and conducted in good faith and with due diligence, the amount or validity or application in whole or in part of any Taxes or Other Charges, provided that (i) no Event of Default has occurred and remains uncured; (ii) neither the Property nor any part thereof or interest therein will be in danger of being sold, forfeited, terminated, cancelled or lost; (iii) Borrower shall promptly upon final determination thereof pay the amount of any such Taxes or Other Charges, together with all costs, interest and penalties which may be payable in connection therewith; (iv) such proceeding shall suspend the collection of such contested Taxes or Other Charges from the Property; and (v) if such contest occurs or continues after the date such Taxes or Other Charges were due and payable and the same were not paid under protest, Borrower shall deliver written notice thereof to Administrative Agent and shall furnish such security as may be required in the proceeding, or as may be reasonably requested by Administrative Agent (not to exceed one hundred ten percent (110%) of the contested amount), to insure the payment of any such Taxes or Other Charges, together with all interest and penalties thereon. Administrative Agent, on behalf of the Lenders, may apply such security or part thereof held by Administrative Agent at any time when, in the judgment of Administrative Agent, the validity or applicability of such Taxes or Other Charges are established or the Property (or part thereof or interest therein) shall be in danger of being sold, forfeited, terminated, cancelled or lost or there shall be any danger of the Lien of the Security Instrument being primed by any related Lien, and shall otherwise return the balance of such security to Borrower upon the resolution of the applicable contest. As a matter of clarification, Administrative Agent shall not require additional security to the extent that an adequate reserve has already been funded for such Taxes or Other Charges. Nothing in this Section 4.1.2 or otherwise set forth in this Agreement shall be deemed to relieve Borrower from its obligation to timely pay Taxes.

4.1.3 Litigation. Borrower shall give prompt written notice to Administrative Agent of any litigation [***] or governmental proceedings pending or threatened (in writing) against Borrower which, if adversely determined against Borrower, would be reasonably expected to materially adversely affect Borrower's condition (financial or otherwise) or business or the Property.

4.1.4 Access to the Property. Borrower shall permit agents, representatives and employees of Administrative Agent to inspect the Property or any part thereof at reasonable hours upon reasonable advance notice, subject at all times to the rights of Tenants.

4.1.5 Notice of Default. Borrower shall promptly advise Administrative Agent of any Event of Default of which Borrower has knowledge.

4.1.6 Cooperate in Legal Proceedings. Borrower shall cooperate fully with Administrative Agent and Lenders with respect to any proceedings before any court, board or other Governmental Authority which may in any way adversely affect the rights of Lenders hereunder or any rights obtained by Lenders under any of

the other Loan Documents and, in connection therewith, permit Administrative Agent and Lenders, at Administrative Agent's or Lenders' sole election, to participate in any such proceedings.

4.1.7 **Award and Insurance Benefits.** Borrower shall cooperate with Administrative Agent and Lenders in obtaining for Lenders the benefits of any Awards or Insurance Proceeds lawfully or equitably payable in connection with the Property, and Administrative Agent and Lenders shall be reimbursed for any expenses incurred in connection therewith (including attorneys' fees and disbursements, and the payment by Borrower of the expense of an appraisal on behalf of Administrative Agent and Lenders in case of Casualty or Condemnation affecting the Property or any part thereof) out of such Award or Insurance Proceeds.

4.1.8 **Mortgage and Intangible Taxes.** Borrower shall pay all state, county and municipal recording, mortgage, and intangible, and all other taxes imposed upon the execution and recordation of the Security Instrument and/or upon the execution and delivery of the Note.

4.1.9 **Financial Reporting.** Borrower shall keep and maintain or will cause to be kept and maintained proper and accurate books and records, in accordance with sound accounting principles consistently applied, reflecting the financial affairs of Borrower. Administrative Agent shall have the right from time to time during normal business hours upon reasonable prior written notice to Borrower to examine such books and records at the office of Borrower or other Person maintaining such books and records and to make such copies or extracts thereof as Administrative Agent shall reasonably desire. After the occurrence of an Event of Default, Borrower shall pay any out-of-pocket costs and expenses incurred by Administrative Agent to examine Borrower's accounting records with respect to the Property, as Administrative Agent shall determine to be necessary or appropriate in the protection of Lenders' interest.

(a) Borrower shall furnish Administrative Agent (A) annually, within ninety (90) days following the end of each Fiscal Year, a complete copy of Borrower's (i) annual unaudited financial statements covering the Property for such Fiscal Year and (ii) State and Federal income tax returns (to the extent Borrower is required to file), and (B) within forty-five (45) days following the end of each Fiscal Quarter, a complete copy of Borrower's unaudited quarterly financial statements. Annual financial statements shall include statements of income and expense and cash flow for Borrower and the Property and a balance sheet for Borrower. All annual and quarterly financial statements shall be accompanied by an Officer's Certificate stating that, to the signer's knowledge, such annual or quarterly financial statement presents fairly the financial condition and the results of operations of Borrower. Together with such annual and quarterly financial statements, Borrower shall furnish to Administrative Agent an Officer's Certificate certifying as of the date thereof whether to Borrower's knowledge there exists any material monetary Default, material non-monetary Default or Event of Default and if any such material monetary Default, material non-monetary Default or Event of Default exists, the nature thereof, the period of time it has existed and the action then being taken to remedy the same. In addition to the foregoing, Borrower shall provide prompt notice to Administrative Agent of any material adverse changes in the financial or physical condition of the Property, as reasonably determined by Borrower.

(b) Borrower shall furnish to Administrative Agent, within thirty (30) days prior to the end of each Fiscal Year, a detailed annual budget, reasonably acceptable to Administrative Agent in all respects, accompanied by an Officer's Certificate, certifying that such report is true, correct, accurate, and complete (it is hereby agreed that such annual budget shall be deemed to have been acceptable to Administrative Agent if the Deemed Approval Requirements have been satisfied).

(c) Borrower shall furnish to Administrative Agent, within ten (10) days after request (or as soon thereafter as may be reasonably possible), such further detailed information with respect to the operation of the Property and the financial affairs of Borrower as may be reasonably requested by Administrative Agent.

(d) Borrower agrees that Administrative Agent may forward to each purchaser, transferee, assignee, Servicer, participant or investor in all or any portion of the Loan, all documents and information which Administrative Agent now has or may hereafter acquire relating to the Debt and to Borrower, any Guarantor and the Property, whether furnished by Borrower, any Guarantor or otherwise, as Administrative Agent determines necessary or desirable. Borrower irrevocably waives any and all rights it may have under any applicable Legal Requirements to prohibit such disclosure, including, but not limited to, any right of privacy.

4.1.10 Business and Operations. Borrower will continue to engage in the businesses presently conducted by it as and to the extent the same are necessary for the ownership, maintenance, management and operation of the Property. Borrower will remain in good standing under the laws of each jurisdiction the extent required for the ownership, maintenance, management and operation of the Property.

4.1.11 Costs of Enforcement. In the event (a) that the Security Instrument encumbering the Property is foreclosed in whole or in part or that the Security Instrument is put into the hands of an attorney for collection, suit, action or foreclosure, (b) of the foreclosure of any mortgage prior to or subsequent to the Security Instrument encumbering the Property which proceeding Lenders are made a party, or (c) of the bankruptcy, insolvency, rehabilitation or other similar proceeding in respect of Borrower or any of its constituent Persons or an assignment by Borrower or any of its constituent Persons for the benefit of its creditors, Borrower, its successors or assigns, shall be chargeable with and agrees to pay all costs of collection and defense, including reasonable attorneys' fees and costs, incurred by Administrative Agent, Lenders or Borrower in connection therewith and in connection with any appellate proceeding or post-judgment action involved therein, together with all required service or use taxes.

4.1.12 Estoppel Statement. (a) After written request by Administrative Agent, Borrower shall within ten (10) Business Days furnish Administrative Agent with a statement, duly acknowledged and certified, setting forth (i) the amount of the original principal amount of the Note, (ii) the unpaid principal amount of the Note, (iii) the Interest Rate of the Note, (iv) the date installments of interest and/or principal were last paid, (v) any offsets or defenses to the payment of the Debt, and (vi) that the Note, this Agreement, the Security Instrument and the other Loan Documents are valid, legal and binding obligations and have not been modified or if modified, giving particulars of such modification. Borrower shall not be required to deliver the above required estoppel more often than once in any calendar year unless an Event of Default is continuing.

(b) Borrower shall, upon written request (but in no event more often than once in any calendar year (or more frequently at Administrative Agent's expense), unless an Event of Default is continuing), obtain and deliver to Administrative Agent, Tenant estoppel certificates from each commercial Tenant under any Lease certifying to such facts regarding the Lease as Administrative Agent may reasonably request.

4.1.13 Loan Proceeds. Borrower shall use the proceeds of the Loan received by it on the Closing Date only for the purposes set forth in Section 2.1.4 hereof.

4.1.14 Intentionally Omitted.

4.1.15 Leasing Matters. (a) Subject to Section 4.1.15(c), all Leases and proposed Leases (including the renewal or extension of an existing Lease (a "Renewal Lease")) shall be subject to the prior written approval of Administrative Agent, not to be unreasonably withheld, conditioned or delayed and subject to the Deemed Approval Requirements. Upon written request, Borrower shall furnish Administrative Agent with executed copies of all Leases then in effect. In addition, subject to Section 4.1.15(c), no modifications and/or terminations of any Leases may be made without the prior written consent of Administrative Agent.

(b) Borrower (i) shall observe and perform all the material obligations imposed upon the lessor under the Leases and shall not do or permit to be done anything to impair the value of any of the Leases as security for

the Debt; (ii) shall promptly send copies to Administrative Agent of all notices of default or other material matters which Borrower shall send or receive with respect to the Leases; (iii) shall enforce all of the material terms, covenants and conditions contained in the Leases upon the part of the Tenant thereunder to be observed or performed in Borrower's commercially reasonable discretion; (iv) shall not collect any of the Rents more than one (1) month in advance (except security deposits shall not be deemed Rents collected in advance); (v) shall not execute any other assignment (other than the Assignment of Leases and the Security Instrument) of the lessor's interest in any of the Leases or the Rents; and (vi) shall not consent to any assignment of or subletting under any Leases not in accordance with their terms, without the prior written consent of Administrative Agent.

(c) Except during the existence of an Event of Default, during which time all Leases, renewals, amendments or modifications thereto shall require Administrative Agent's prior written consent (which, for the avoidance of doubt, Administrative Agent may withhold in its sole discretion), any Lease (including, for the avoidance of doubt, any Renewal Lease) and any amendments or modification of a Lease that meets the following requirements (the "General Leasing Requirements") may be entered into by Borrower without Administrative Agent's prior consent: [***]. All other Leases and all renewals, expansions and contractions (other than renewals, expansions and contractions, the terms of which are set forth in the original Lease and are contractually binding upon Borrower), amendments and modifications thereof executed after the date hereof which do not satisfy the foregoing criteria shall be subject to Administrative Agent's prior written approval (which approval shall be deemed approved if the Deemed Approval Requirements are met); [***].

(d) To facilitate Borrower's leasing process, with respect to approvals of Leases which require Administrative Agent's consent hereunder, Borrower may present prospective leasing transactions to Administrative Agent for its approval prior to the negotiation of a final Lease. Such presentation shall include (i) a summary term sheet of all material terms of the proposed Lease (including, without limitation, identity of the prospective tenant, square footage, term, rent, rent credits, abatements, work allowances and tenant improvements to be constructed by Borrower) and (ii) a draft of the Lease, either as supplemented by any additional information concerning such Lease or the Tenant thereunder as may be reasonably requested by Administrative Agent (collectively, the "Lease Term Sheet"). The Lease Term Sheet shall be subject to Administrative Agent's approval, such approval not be unreasonably withheld, conditions or delayed, and subject to the Deemed Approval Requirements. If Administrative Agent approves, or is deemed to have approved the Lease Term Sheet, then Administrative Agent's prior approval shall not be required for the final Lease, except to the extent such final Lease (i) deviates in any respect from the economic terms (it being agreed that so long as the base rent and other economic terms are within the parameters of the General Leasing Requirements, including, without limitation, the Approved Leasing Pro-Forma, such deviation shall not be deemed material) or in any other material respect set forth in the Lease Term Sheet, or (ii) is not fully executed within one hundred and eighty (180) days after the Lease Term Sheet is received by Administrative Agent; provided, however, that Borrower shall, in any case, deliver to Administrative Agent copies of the following promptly upon the full execution of such Lease: (1) the fully-executed Lease entered into by Borrower in accordance with this Section 4.1.15, and (2) an Officer's Certificate certifying that (A) the terms and conditions of this Section 4.1.15 have been satisfied with respect to such Lease and (B) such Lease does not deviate in any respect from the economic terms or in any other material respect set forth in the Lease Term Sheet.

(e) Except as expressly permitted pursuant to this Section 4.1.15, Borrower shall not, without the prior written consent of Administrative Agent, enter into, renew, extend, amend, modify, waive any provisions of, terminate, reduce rents under, accept a surrender of space under, or shorten the term of, any Lease or any instrument guaranteeing or providing credit support for any Lease.

(f) Administrative Agent shall execute and deliver a Subordination, Non-Disturbance and Attornment Agreement on Administrative Agent's then current standard form (or such other form reasonably acceptable to Administrative Agent, if required to be delivered to Tenants under any Leases pursuant to the terms of the

applicable Lease) to Tenants under Leases (x) satisfying the General Leasing Requirements and otherwise in accordance with this Agreement and (y) Leases approved (or deemed approved) by Administrative Agent and otherwise in accordance with this Agreement, promptly upon request, in each case, with such commercially reasonable changes as may be requested by Tenants which are acceptable to Administrative Agent. Borrower shall, at Administrative Agent's request, cooperate and assist with any reasonable efforts by Administrative Agent to cause any Tenant to execute and deliver a Subordination, Non-Disturbance and Attornment Agreement on Administrative Agent's then current standard form (as the same may be modified by changes consented to by the parties thereto).

4.1.16 Property Management Agreements and Leasing Agency Agreement. (a) The Improvements on the Property are operated under the terms and conditions of the Property Management Agreements. Borrower shall (i) diligently perform and observe all of the terms, covenants and conditions of the Property Management Agreements, on the part of Borrower to be performed and observed to the end that all things shall be done which are necessary to keep unimpaired the rights of Borrower under the Property Management Agreements and (ii) promptly notify Administrative Agent of the giving of any notice by the Manager or the Asset Manager, as the case may be, to Borrower of any default by Borrower in the performance or observance of any of the terms, covenants or conditions of the applicable Property Management Agreement on the part of Borrower to be performed and observed and deliver to Administrative Agent a true copy of each such notice. Borrower shall not surrender either Property Management Agreement, consent to the assignment by the Manager or the Asset Manager of its interest under the applicable Property Management Agreement, or terminate or cancel either Property Management Agreement, or modify, change, supplement, alter or amend either Property Management Agreement, in any respect, either orally or in writing. Borrower hereby assigns to Administrative Agent for the Lenders as further security for the payment of the Debt and for the performance and observance of the terms, covenants and conditions of this Agreement, all the rights, privileges and prerogatives of Borrower to surrender the Property Management Agreements, or to terminate, cancel, modify, change, supplement, alter or amend the Property Management Agreements, in any respect, and any such surrender of either Property Management Agreement, or termination, cancellation, modification, change, supplement, alteration or amendment of either Property Management Agreement, without the prior consent of Administrative Agent shall be void and of no force and effect. If Borrower shall default in the performance or observance of any material term, covenant or condition of either Property Management Agreement on the part of Borrower to be performed or observed (beyond all applicable notice and cure periods), then, without limiting the generality of the other provisions of this Agreement, and without waiving or releasing Borrower from any of its obligations hereunder, either Administrative Agent or Lenders shall have the right, but shall be under no obligation, to pay any sums and to perform any act or take any action as may be appropriate to cause all the terms, covenants and conditions of the applicable Property Management Agreement on the part of Borrower to be performed or observed to be promptly performed or observed on behalf of Borrower, to the end that the rights of Borrower in, to and under such Property Management Agreement shall be kept unimpaired and free from default. Administrative Agent and any Person designated by Administrative Agent shall have, and are hereby granted, the right to enter upon the Property at any time and from time to time for the purpose of taking any such action. If the Manager or Asset Manager, as the case may be, shall deliver to Administrative Agent a copy of any notice sent to Borrower of default under either Property Management Agreement, such notice shall constitute full protection to Administrative Agent and Lenders for any action taken or omitted to be taken by Administrative Agent or Lenders in good faith, in reliance thereon. Borrower shall not, and shall not permit the Manager or the Asset Manager to sub-contract any or all of its management responsibilities under the Property Management Agreements to a third-party without the prior written consent of Administrative Agent, which consent shall not be unreasonably withheld, conditioned or delayed. Borrower shall, from time to time, obtain from the Manager and the Asset Manager, such certificates of estoppel with respect to compliance by Borrower with the terms of the Property Management Agreements as may be requested by Administrative Agent to the extent that Borrower is entitled to request such estoppel statements under the Property Management Agreements.

(b) Without limitation of the foregoing, Administrative Agent shall have the right to require Reading Borrower to replace the Manager (if any) with a Person (the "Replacement Manager") which is not an Affiliate of, but is chosen by, Reading Borrower and approved by Administrative Agent upon the occurrence of any one or more of the following events: (i) if an Event of Default occurs and is continuing hereunder, (ii) if Manager shall become insolvent, (iii) if Borrower shall fail to renew the existing Management Agreement in accordance with its terms and shall not have elected to self-manage or retain a new property manager, subject to Administrative Agent's consent, not to be unreasonably withheld, delayed or conditioned or (iv) if Manager shall be in default under the Management Agreement beyond any applicable notice and cure period or if at any time the Manager has engaged in gross negligence, fraud or willful misconduct Reading Borrower shall provide to Administrative Agent any request for action relating to a Manager, including for any change in the Management Agreement, any termination of the existing Manager or approval of a Replacement Manager, within three (3) Business Days of Borrower's receipt thereof.

(c) Other than the Leasing Agency Agreement, Borrower shall not enter into any agreement with respect to the leasing of the Property without the express consent of Administrative Agent not to be unreasonably withheld, conditioned or delayed and shall be deemed given Deemed Approval Requirements are satisfied. Upon the occurrence of any of the following, Borrower shall upon written request from Administrative Agent, terminate the Leasing Agency Agreement: (A) if an Event of Default shall occur and is continuing hereunder, (B) subject to any applicable notice and cure periods, if Leasing Agent breaches any of its obligations under the Leasing Agency Agreement, (C) upon the gross negligence, malfeasance or willful misconduct of Leasing Agent or (D) if Leasing Agent shall become bankrupt or insolvent. In no event shall any brokerage fee or commission relating to the leasing of the Property be paid to any Restricted Party or any Affiliate of any Restricted Party. Reading Borrower shall (i) diligently perform and observe in all material respects all of the terms, covenants and conditions of the Leasing Agency Agreement on the part of Borrower to be performed and observed, (ii) promptly notify Administrative Agent of any notice to Reading Borrower of any default (beyond any applicable notice and cure periods) by Reading Borrower in the performance or observance of any of the terms, covenants or conditions of the Leasing Agency Agreement on the part of Reading Borrower to be performed and observed and (iii) promptly notify Administrative Agent of any default (beyond any applicable notice and cure periods) by the Leasing Agent in the performance or observance of any of the terms, covenants or conditions of the Leasing Agency Agreement on the part of the Leasing Agent to be performed and observed. Reading Borrower shall not surrender, terminate, cancel, modify, renew or extend the Leasing Agency Agreement except in accordance with its terms, if applicable, or enter into any other agreement relating to the leasing of the Property, or consent to the assignment by the Leasing Agent of its interest under the Leasing Agency Agreement, in each case without the express consent of Administrative Agent and provided Reading Borrower and assignee shall execute a Subordination of Leasing Agreement in form acceptable to Administrative Agent.

4.1.17 Intentionally Omitted.

4.1.18 Alterations. Borrower may, without Administrative Agent's consent, perform alterations to any Improvements which do not constitute a Material Alteration and, for the avoidance of doubt, contracts and agreements relating to such alterations shall not be require Administrative Agent's consent. Borrower shall not perform any Material Alteration without Administrative Agent's prior written consent, not to be unreasonably withheld, conditioned or delayed.

4.1.19 OFAC. At all times throughout the term of the Loan, Borrower, Guarantor and their respective Affiliates shall be in full compliance with all applicable orders, rules, regulations and recommendations of The Office of Foreign Assets Control of the U.S. Department of the Treasury.

4.1.20 Mortgage of Adjacent Lots. In the event Borrower acquires or comes to own any one or more of the lots adjacent to the Property, Borrower shall promptly grant to Administrative Agent a first priority mortgage lien thereon, whether by delivery of (a) a new mortgage in form and substance substantially similar to the Security Instrument or (b) a spreader agreement pursuant to which the Security Instrument shall be spread to encumber such additional adjacent lots.

4.1.21 Title to the Property. Borrower will warrant and defend the validity and priority of the Liens of the Security Instrument and the Assignment of Leases on the Property against the claims of all Persons whomsoever, subject only to the Permitted Encumbrances. In addition, Borrower shall reimburse Administrative Agent for the actual out-of-pocket costs of ordering quarterly title search updates for the Property. For the avoidance of doubt, Borrower shall not be obligated to order the quarterly title search updates.

4.1.22 Compliance with Sanctions, Anti-Money Laundering Laws and Anti-Corruption Laws.

(a) None of Borrower, any subsidiary of Borrower or, to Borrower's knowledge, any director, officer, employee, agent or Affiliate of any of the foregoing, in each case directly or indirectly, shall use the proceeds of the Loan, or lend, contribute, or otherwise make available such proceeds to any subsidiary, joint venture partner, or other Person (i) to fund any activities or business of or with a Sanctioned Entity or (ii) in any manner that would be prohibited by Sanctions or would otherwise cause Administrative Agent to be in breach of any Sanctions.

(b) Borrower shall not use the Loan in violation of any Anti-Corruption Laws or Anti-Money Laundering Laws.

(c) Borrower shall comply with all applicable Sanctions, Anti-Money Laundering Laws and Anti-Corruption Laws in all material respects, and shall maintain policies and procedures reasonably designed to ensure compliance with Sanctions, Anti-Money Laundering Laws and Anti-Corruption Laws in all material respects.

4.1.23 Single Purpose Entity. Each Borrower covenants and agrees that its Organizational Documents shall provide that it shall not, until such time as the Debt shall be paid in full, without the prior written consent of Administrative Agent:

(a) fail to establish and maintain an office through which its business shall be conducted separate and apart from that of any of its Affiliates;

(b) fail to allocate fairly and reasonably any overhead for shared office space;

(c) intentionally omitted;

(d) commingle funds or assets with those of any Affiliate or any other Person;

(e) fail to conduct its business and hold its assets in its own name;

(f) fail to maintain financial statements, records, books, accounts, accounting statements and prepare tax returns separate from any Affiliate or any other Person (provided that the foregoing shall not require Borrowers direct or indirect partners, members or shareholders to make any additional capital contributions and provided that Borrower's financial position, assets, results of operations and cash flows may be included in the consolidated financial statements of an Affiliate of Borrower and provided that Borrower may file tax returns as a part of a consolidated group with any Affiliate of Borrower);

(g) fail to pay any liabilities out of its own funds, including salaries of any employees, rather than out of the funds of any Affiliate, or maintain a sufficient number of employees in light of its contemplated business operations (provided that the foregoing shall not require Borrowers direct or indirect partners, members or shareholders to make any additional capital contributions but that to the extent any equity contributions to Borrower are actually made by any Affiliate, such equity contributions will be deemed to be Borrower's "own" funds, so long as such liabilities are paid out of a Borrower (as opposed to such Affiliate's) bank account);

(h) fail to maintain adequate capital in light of its contemplated business operations (provided that the foregoing shall not require Borrowers direct or indirect partners, members or shareholders to make any additional capital contributions but that to the extent that capital commitments are made by any Affiliate, such capital commitments may be taken into account by Borrower for purposes of this provision);

(i) fail to maintain an arm's length relationship with any Affiliate;

(j) assume or guarantee or become obligated for the debts of any other entity, including any Affiliate (it being acknowledged that the Organizational Documents of Reading Borrower and USD Borrower allow them to be jointly and several liable hereunder and under the Loan Documents), or hold out its credit as being available to satisfy the obligations of others other than pursuant to the Loan Documents;

(k) have any of its obligations guaranteed by any partners, members or shareholders or Affiliates, except the Guarantor;

(l) pledge its assets for the benefit of any other Person or entity (other than Lenders) or make an advance or loan to any Person or entity, including any Affiliate;

(m) acquire obligations or securities of its partners, members or shareholders or any Affiliate;

(n) intentionally omitted;

(o) fail to hold itself out as an entity separate and distinct from any Affiliate and not as a division, department or part of any other Person or entity;

(p) identify its members or any Affiliates as a division or part of it;

(q) fail to use commercially reasonable efforts to correct any known misunderstanding regarding its separate identity;

(r) fail to maintain its assets in such a manner that it will not be costly or difficult to segregate, ascertain or identify its individual assets from those of any other entity;

(s) intentionally omitted;

(t) acquire or own any material assets other than the Collateral and other Equipment and personal property incidental to the ownership of the Collateral;

(u) fail to maintain its books, records, resolutions and agreements as official records;

(v) fail to hold regular meetings, as appropriate, to conduct its business and observe all organizational formalities (including, without limitation, failing to preserve its existence as an entity duly organized, validly existing and in good standing under the applicable law of state of its formation) and record keeping;

(w) convert Borrower into a partnership, limited partnership, corporation or other form of entity; or

(x) if a Delaware limited liability company, merge into or consolidate with any other person or entity, divide into multiple entities or series pursuant to Section 18-217 of the Delaware Limited Liability Company Act or otherwise or, to the fullest extent permitted by law, dissolve, terminate, liquidate in whole or in part, transfer or otherwise dispose of all or substantially all of its assets or change its legal structure.

Administrative Agent and Lender acknowledge and agree that in order for Borrower to comply with the foregoing requirement of this Section 4.1.23 with respect to its Organizational Documents (i) the Organizational Documents of Borrower must contain a waiver by Borrower of any and all claims which Borrower may have against any employee, officer or director of Borrower or Guarantor with respect to any of the foregoing individuals' failure to cause Borrower to comply with the foregoing requirements as more fully set forth in Section 20 thereof; and (ii) to account for the fact that Borrower has no employees, Borrower has entered into an arms' length asset management agreement, dated as of May 7, 2021, with Reading International, Inc. (in such capacity, "Asset Manager"), an Affiliate of Borrower, to perform certain management responsibilities with respect to Borrower's operation and maintenance of the Property (the "Asset Management Agreement"). The Asset Management Agreement provides, among other things, the payment of any and all fees due from Borrower thereunder are fully subject and subordinate in all respects to the Loan and the Building Loan.

4.1.24 Building Work. [***]

4.1.25 Payment for Labor and Materials. [***]

4.1.1 Further Deliverable. On or prior to May 21, 2021, Borrower shall deliver to Administrative Agent the fully executed Subordination of Leasing Agreement with respect to the Leasing Agency Agreement; provided, however, so long as Borrower is exercising commercially reasonable efforts to obtain the fully executed Subordination of Leasing Agreement, failure to deliver the same shall not constitute a Default hereunder.

Section 4.2 Negative Covenants.

From the date hereof until payment and performance in full of all obligations of Borrower under the Loan Documents or the earlier release of the Lien of the Security Instrument in accordance with the terms of this Agreement and the other Loan Documents, Borrower covenants and agrees with Administrative Agent and Lenders that it will not do, directly or indirectly, any of the following:

4.2.1 Liens. Subject to its rights under Section 4.1.25, Borrower shall not create, incur, assume or suffer to exist any Lien on any portion of the Property or permit any such action to be taken, except for Permitted Encumbrances. Borrower shall not, or permit any other Person to, take any action that would impair the Lien created under this Agreement, the Security Instrument or any other Loan Document.

4.2.2 Dissolution. Borrower shall not (a) engage in any dissolution, liquidation or consolidation or merger with or into any other business entity or divide into multiple entities or series pursuant to Section 18-217 of the Delaware Limited Liability Company Act or otherwise, (b) transfer, lease or sell, in one transaction or any combination of transactions, the assets or all or substantially all of the Property or assets of Borrower except to the extent expressly permitted by the Loan Documents, (c) except as expressly permitted under the Loan Documents, modify, amend, waive or terminate its Organizational Documents or its qualification and good standing in any jurisdiction, in each case, without obtaining the prior written consent of Administrative Agent.

4.2.3 Change In Business. Borrower shall not enter into any line of business other than the ownership, acquisition, development, operation, leasing and management of the Property (including providing

services in connection therewith), or make any material change in the scope or nature of its business objectives, purposes or operations or undertake or participate in activities other than the continuance of its present business.

4.2.4 Debt Cancellation. Borrower shall not cancel or otherwise forgive or release any material claim or debt (other than termination of Leases in accordance herewith) owed to Borrower by any Person, except for adequate consideration and in the ordinary course of Borrower's business.

4.2.5 Zoning. Borrower shall not initiate or consent to any zoning reclassification of any portion of the Property or seek any variance under any existing zoning ordinance or use or permit the use of any portion of the Property in any manner that could result in such use becoming a non-conforming use under any zoning ordinance or any other applicable Legal Requirements, without the prior written consent of Administrative Agent; provided, however, that Administrative Agent's consent shall not be required to seek any amendment to, change in or modification of any of the use restrictions applicable under the Use Variance to the use of the Property, so long as the Property continues to be used exclusively for retail and/or office uses. If under applicable zoning provisions the use of all or any portion of the Property is or shall become a nonconforming use, Borrower shall not cause or permit the nonconforming use to be discontinued or the nonconforming improvement to be abandoned without the express written consent of Administrative Agent. Borrower shall not establish any condominium or cooperative regime with respect to the Property without the prior written consent of Administrative Agent, nor shall Borrower, except as hereinabove provided, initiate, join in or consent to any change in any private restrictive covenant, zoning ordinance or other public or private restrictions, limiting or defining the uses which may be made of the Property or any portion thereof.

4.2.6 No Joint Assessment. Borrower shall not suffer, permit or initiate the joint assessment of the Property with (a) any other real property constituting a tax lot separate from the Property, or (b) any portion of the Property which may be deemed to constitute personal property, or any other procedure whereby the Lien of any taxes which may be levied against such personal property shall be assessed or levied or charged to the Property.

4.2.7 Name, Identity, Structure, or Principal Place of Business. Borrower shall not change its name, identity (including its trade name or names), or principal place of business set forth in the introductory paragraph of this Agreement, without, in each case, first giving Administrative Agent thirty (30) days prior written notice. Borrower shall not change its corporate, partnership or other structure, or the place of its organization as set forth in Section 3.1.1, without, in each case, the consent of Administrative Agent not to be unreasonably withheld, conditioned or delayed. Upon Administrative Agent's request, Borrower shall execute and deliver additional financing statements, security agreements and other instruments which may be necessary to effectively evidence or perfect Lenders' security interest in the Property as a result of such change of principal place of business or place of organization. The organizational identification numbers of Borrower issued by the New York Department of State are as follows: (i) Reading Borrower: [***], and (ii) USD Borrower: [***].

4.2.8 ERISA. During the term of the Loan or of any obligation or right hereunder, Borrower shall not be a Plan and none of the assets of Borrower shall constitute Plan Assets.

(a) Borrower further covenants and agrees to deliver to Administrative Agent such certifications or other evidence from time to time throughout the term of the Loan, as requested by Administrative Agent in its sole discretion and represents and covenants that (A) Borrower is not and does not maintain an "employee benefit plan" as defined in Section 3(3) of ERISA, which is subject to Title I of ERISA, or a "governmental plan" within the meaning of Section 3(32) of ERISA; (B) Borrower is not subject to State statutes regulating investments and fiduciary obligations with respect to governmental plans; and (C) one or more of the following circumstances is true:

(i) Equity interests in Borrower are publicly offered securities, within the meaning of 29 C.F.R. §2510.3 101(b)(2);

(ii) Less than twenty-five percent (25%) of each outstanding class of equity interests in Borrower are held by “benefit plan investors” within the meaning of 29 C.F.R. §2510.3 101(f)(2); or

(iii) Borrower qualifies as an “operating company” or a “real estate operating company” within the meaning of 29 C.F.R. §2510.3 101(c) or (e).

4.2.9 Affiliate Transactions. Borrower shall not enter into, or be a party to, any transaction with an Affiliate of Borrower or any of the partners of Borrower except in the ordinary course of business and on terms which are fully disclosed to Administrative Agent in advance and are no less favorable to Borrower or such Affiliate than would be obtained in a comparable arm’s-length transaction with an unrelated third party.

4.2.10 Transfers. (a) Borrower shall not sell, convey, mortgage, grant, bargain, encumber, pledge, assign, grant options with respect to, or otherwise transfer or dispose of (directly or indirectly, voluntarily or involuntarily, by operation of law or otherwise, and whether or not for consideration or of record) the Property or any part thereof or any legal or beneficial interest therein or permit a Sale or Pledge of an interest in any Restricted Party (collectively, a “Prohibited Transfer”).

(b) A Prohibited Transfer shall include, but not be limited to: (i) an installment sales agreement wherein Borrower agrees to sell the Property or any part thereof for a price to be paid in installments; (ii) an agreement by Borrower leasing all or a substantial part of the Property for other than actual occupancy by a space Tenant thereunder or a sale, assignment or other transfer of, or the grant of a security interest in, Borrower’s right, title and interest in and to any Leases or any Rents; (iii) if a Restricted Party is a corporation, any merger, consolidation or Sale or Pledge of such corporation’s stock or the creation or issuance of new stock; (iv) if a Restricted Party is a limited or general partnership or joint venture, any merger or consolidation or the change, removal, resignation or addition of a general partner or the Sale or Pledge of the partnership interest of any general partner or any profits or proceeds relating to such partnership interest, or the Sale or Pledge of limited partnership interests or any profits or proceeds relating to such limited partnership interests or the creation or issuance of new limited partnership interests; (v) if a Restricted Party is a Delaware limited liability company, any merger or consolidation or division into multiple entities or series pursuant to Section 18-217 of the Delaware Limited Liability Company Act with an allocation of collateral to any such entity or series, or the change, removal, resignation or addition of a managing member or non-member manager (or if no managing member, any member) or the Sale or Pledge of the membership interest of a managing member (or if no managing member, any member) or any profits or proceeds relating to such membership interest, or the Sale or Pledge of non-managing membership interests or the creation or issuance of new non-managing membership interests or (vi) if a Restricted Party is a trust or nominee trust, any merger, consolidation or the Sale or Pledge of the legal or beneficial interest in a Restricted Party or the creation or issuance of new legal or beneficial interests;

(c) Notwithstanding the restrictions contained in this Section 4.2.10, a Prohibited Transfer shall not include (i) Approved Leases, (ii) any Permitted Encumbrances, (iii) any Permitted Equipment Leases and (iv) any Permitted Equity Transfer (defined below) (collectively, a “Permitted Transfer”).

(d) Notwithstanding the restrictions contained in this Section 4.2.10, provided that (A) no Event of Default exists (except with respect to the equity transfers set forth in subsections (i), (ii), (iii), (iv) or (v) below (not including transfers of direct interests in Borrower), which may be Permitted Equity Transfers notwithstanding the existence of an Event of Default), and (B) (x) such transaction does not result in a change in Control of Borrower, including, without limitation, day-to-day management, and (y) immediately following such transaction the voting control of Guarantor remains in Ellen Cotter and/or Margaret Cotter, then the

following direct or indirect equity transfers of interests in a Restricted Party shall be permitted without Lenders' consent (each, a "Permitted Equity Transfer"):

(i) a transfer (but not a pledge) that occurs by inheritance, devise, bequest or by operation of law upon the death of a natural person who is the owner of a direct or indirect ownership interest in Borrower including, without limitation, any distribution from any living trust created by any such natural person, and in the case of any existing living trust, a distribution in accordance with the terms of such living trust;

(ii) a transfer (but not a pledge) to a trust, partnership, limited liability company, or other entity for family estate planning purposes;

(iii) a transfer (but not a pledge) or issuance of any securities or any direct or indirect interests in any direct or indirect owner of Borrower, in either case, whose securities are publicly traded on a national exchange;

(iv) the merger, consolidation or other business combination of Guarantor with or into any other Person;

(v) any transaction involving the equity securities of Guarantor or any one or more holders of the equity securities of Guarantor;

(vi) any acquisition by, merger with or consolidation with or into, or sale of assets to or of Guarantor (any such transaction, the "Merger"), so long as the surviving entity in the Merger satisfies the Guarantor Financial Covenants (as defined in the Guaranty); or

(vii) a transfer (but not a pledge) of limited partnership interests, limited liability company interests, shares of stock or other non-management beneficial ownership interests in Borrower not otherwise covered by (i)-(iv) above, so long as such transfer does not result in (taking into consideration any previous transfers) a change in excess of twenty-five percent (25%) of the ultimate beneficial ownership interest in either Borrower.

(d) Administrative Agent shall not be required to demonstrate any actual impairment of Lenders security or any increased risk of default hereunder in order to declare the Debt immediately due and payable upon a transfer in violation of this Section 4.2.10. This provision shall apply to every transfer in violation of this Section 4.2.10 regardless of whether voluntary or not, or whether or not Administrative Agent has consented to any previous transfer. Notwithstanding anything to the contrary contained in this Section 4.2.10, (a) no transfer (whether or not such transfer shall constitute a Permitted Transfer) shall be made to any Prohibited Person, and (b) in the event of any transfer (whether or not such transfer shall constitute a Permitted Transfer), results in any Person and its Affiliates owning in excess of ten percent (10%) of the ownership interest in a Restricted Party, Borrower shall provide to Administrative Agent, not less than thirty (30) days prior to such transfer, the name and identity of each proposed transferee, together with the names of its controlling principals, the social security number or employee identification number of such transferee and controlling principals, and such transferee's and controlling principal's home address or principal place of business, and home or business telephone number.

4.2.11 Waste. Borrower shall not commit or suffer any material physical waste of the Property or make any change in the use of the Property that could be reasonably anticipated to invalidate or give cause for cancellation of any Policy, or do or permit to be done on the Property anything that may materially in any way impair the value of the Property or the security for the Loan. Borrower shall not, without the prior written consent of Administrative Agent permit any drilling or exploration for or extraction, removal, or production of

any minerals from the surface or the subsurface of the Property, regardless of the depth thereof or the method of mining or extraction thereof, except as may be required by law or in accordance with the orders of any Governmental Authorities having jurisdiction thereof.

4.2.12 **Reciprocal Easement Agreement.** Borrower shall not enter into any reciprocal easement agreement after the date hereof without Administrative Agent's prior written consent.

4.2.13 **Limitation on Securities Issuances.** Except for Permitted Equity Transfers, neither Borrower nor Guarantor shall issue any membership interests or other securities, other than those that have been issued as of the Closing Date without the prior written consent of Administrative Agent.

4.2.14 **Subordinate Financing.** Borrower shall not incur any Indebtedness, secured or unsecured, direct or contingent (including directly or indirectly guaranteeing any obligation), or other material obligation, other than (A) the Debt, (B) trade and operational indebtedness incurred in the ordinary course of business with trade creditors, provided such indebtedness is (1) unsecured, (2) not evidenced by a note, (3) on commercially reasonable terms and conditions, and (4) due not more than ninety (90) days past the date incurred, unless being contested in accordance with Section 4.2.1 hereof, and paid on or prior to such date, (C) Permitted Equipment Leases, (D) tenant improvement allowances and leasing commissions, (E) amounts incurred by Borrower in connection with any alterations of the Property in accordance with Section 4.1.18 hereof, and (F) if Borrower validly exercises the Building Loan Option, from and after the Building Loan Closing Date, the Building Loan Debt; provided however, the aggregate amount of the indebtedness described in (B) and (C) shall not exceed at any time two percent (2%) of the outstanding principal amount of the Debt. No Indebtedness other than the Debt and the Building Loan Debt may be secured (subordinate or pari passu) by the Property.

ARTICLE V. INSURANCE; CASUALTY; CONDEMNATION; REQUIRED REPAIRS

Section 5.1 Insurance.

(a) Borrower shall obtain and maintain, or cause to be maintained, Policies for Borrower and the Property providing at least the following coverages:

(i) comprehensive all risk insurance on the Improvements and the Equipment, in each case, (A) in an amount equal to 100% of the "Full Replacement Cost," which for purposes of this Agreement shall mean actual replacement value (exclusive of costs of excavations, foundations, underground utilities and footings) with a waiver of depreciation, (B) containing an agreed amount endorsement with respect to the Improvements and Equipment waiving all co-insurance provisions; (C) providing for no deductible in excess of \$100,000.00 except deductibles for earthquake, flood and windstorm may be higher; and (D) providing coverage for contingent liability from Operation of Building Laws, Demolition Costs and Increased Cost of Construction Endorsements together with an "Ordinance or Law Coverage" or "Enforcement" endorsement if any of the Improvements or the use of the Property shall at any time constitute legal non-conforming structures or uses. The Full Replacement Cost shall be redetermined from time to time (but not more frequently than once in any twenty-four (24) calendar months) at the request of Administrative Agent by an appraiser or contractor designated and paid by Borrower and approved by Administrative Agent, or by an engineer or appraiser in the regular employ of the insurer. After the first appraisal, additional appraisals may be based on construction cost indices customarily employed in the trade. No omission on the part of Administrative Agent to request any such ascertainment shall relieve Borrower of any of its obligations under this Subsection;

(ii) commercial general liability insurance against claims for personal injury, bodily injury, death or property damage occurring upon, in or about the Property, such insurance (A) to be on the so-called "occurrence" form with a general aggregate limit of not less than \$2,000,000.00 and a per

occurrence limit of not less than \$1,000,000.00; (B) to continue at not less than the aforesaid limit until required to be changed by Administrative Agent in writing by reason of changed economic conditions making such protection inadequate; and (C) to cover at least the following hazards: (1) premises and operations; (2) products and completed operations on an "if any" basis; (3) independent contractors; (4) blanket contractual liability for all written contracts; and (5) contractual liability covering the indemnities contained in Section 28 of the Security Instrument to the extent the same is available;

(iii) business interruption/loss of rents insurance (A) with loss payable to Administrative Agent; (B) covering all risks required to be covered by the insurance provided for in Section 5.1(a)(i); (C) in an amount equal to 100% of the projected gross income from the Property (on an actual loss sustained basis) for a period continuing until the Restoration of the Property is completed; the amount of such business interruption/loss of rents insurance shall be determined prior to the Closing Date and at least once each year thereafter based on the greatest of: (x) Borrower's reasonable estimate of the gross income from the Property and (y) the highest gross income received during the term of the Note for any full calendar year prior to the date the amount of such insurance is being determined, in each case for the succeeding twenty-four (24) month period and (D) containing an extended period of indemnity endorsement which provides that after the physical loss to the Improvements and the Equipment has been repaired, the continued loss of income will be insured until such income either returns to the same level it was at prior to the loss, or the expiration of twelve (12) months from the date that the Property is repaired or replaced and operations are resumed, whichever first occurs, and notwithstanding that the policy may expire prior to the end of such period; All insurance proceeds payable to Administrative Agent pursuant to this Section 5.1(a)(iii) shall be held by Administrative Agent and shall be applied to the obligations secured hereunder from time to time due and payable hereunder and under the Note and this Agreement; provided, however, that nothing herein contained shall be deemed to relieve Borrower of its obligations to pay the obligations secured hereunder on the respective dates of payment provided for in the Note and this Agreement except to the extent such amounts are actually paid out of the proceeds of such business interruption/loss of rents insurance.

(iv) at all times during which structural construction, repairs or alterations (including, without limitation, tenant improvement work, whether such work is performed by or on behalf of Borrower or the applicable Tenant) are being made with respect to the Improvements (A) owner's contingent or protective liability insurance covering claims not covered by or under the terms or provisions of the insurance provided for in Section 5.1(c)(ii); and (B) the insurance provided for in Section 5.1(a)(i) shall be written in a so-called builder's risk completed value form (1) on a non-reporting basis, (2) against all risks insured against pursuant to Section 5.1(a)(i), (3) shall include permission to occupy the Property, and (4) shall contain an agreed amount endorsement waiving co-insurance provisions;

(v) workers' compensation, subject to the statutory limits of the State in which the Property is located, and employer's liability insurance with a limit of at least \$1,000,000.00 per accident and per disease per employee, and \$1,000,000.00 for disease aggregate in respect of any work or operations on or about the Property, or in connection with the Property or its operation (if applicable);

(vi) comprehensive boiler and machinery insurance, if applicable, in amounts as shall be reasonably required by Administrative Agent on terms consistent with the commercial property insurance policy required under Section 5.1(a)(i);

(vii) if any portion of the Improvements is at any time located in an area identified by the Secretary of Housing and Urban Development or any successor thereto as an area having special flood hazards pursuant to the National Flood Insurance Act of 1968, the Flood Disaster Protection Act of 1973 or the National Flood Insurance Reform Act of 1994, as each may be amended, or any successor law

(the "Flood Insurance Acts"), flood hazard insurance of the following types and in the following amounts (A) coverage under Policies issued pursuant to the Flood Insurance Acts (the "Flood Insurance Policies") in an amount equal to the maximum limit of coverage available for the Property under the Flood Insurance Acts, subject only to customary deductibles under such Policies and (B) coverage under supplemental private Policies in an amount, which when added to the coverage provided under the Flood Act Policies, is not less than the Loan amount;

(viii) umbrella liability insurance in an amount not less than \$10,000,000.00 per occurrence on terms consistent with the commercial general liability insurance policy required under Section 5.1(a)(ii) hereof;

(ix) motor vehicle liability coverage for all owned and non-owned vehicles, including rented and leased vehicles containing minimum limits per occurrence, including umbrella coverage, of One Million and 00/100 Dollars (\$1,000,000.00); and

(x) such other insurance and in such amounts as Administrative Agent from time to time may reasonably request against such other insurable hazards which at the time are commonly insured against for property similar to the Property located in or around the region in which the Property is located.

(b) All insurance provided for in Section 5.1(a) hereof shall be obtained under valid and enforceable policies (the "Policies" or in the singular, the "Policy"), in such forms and, from time to time after the date hereof, in such amounts as may be satisfactory to Administrative Agent, issued by financially sound and responsible insurance companies authorized to do business in the State in which the Property is located and approved by Administrative Agent. The insurance companies must have a claims paying ability/financial strength rating of "A" or better by at least two rating agencies (one of which shall be S&P, for which an A- rating is acceptable) and/or a general policy rating of "A" or better and a financial class of X or better by A.M. Best Company, Inc., provided however that insurers with A- ratings will be permitted if their trend rating as indicated by A.M. Best is stable or trending positive and if their potential liability for loss does not exceed 5% of their policy-holder surplus (each such insurer shall be referred to below as a "Qualified Insurer"). Not less than thirty (30) days prior to the expiration dates of the Policies theretofore furnished to Administrative Agent pursuant to Section 5.1(a), Borrower shall deliver certified copies of the Policies marked "premium paid" or accompanied by evidence satisfactory to Administrative Agent of payment of the premiums due thereunder (the "Insurance Premiums").

(c) Borrower shall not obtain (i) any umbrella or blanket liability or casualty Policy unless, in each case, such Policy is approved in advance in writing by Administrative Agent and Administrative Agent's interest is included therein as provided in this Agreement and such Policy is issued by a Qualified Insurer, or (ii) separate insurance concurrent in form or contributing in the event of loss with that required in Section 5.1(a) to be furnished by, or which may be reasonably required to be furnished by, Borrower. In the event Borrower obtains separate insurance or an umbrella or a blanket policy, Borrower shall notify Administrative Agent of the same and shall cause certified copies of each Policy to be delivered as required in Section 5.1(a). Any blanket insurance Policy shall specifically allocate to the Property the amount of coverage from time to time required hereunder and shall otherwise provide the same protection as would a separate Policy insuring only the Property in compliance with the provisions of Section 5.1(a). Notwithstanding Administrative Agent's approval of any umbrella or blanket liability or casualty Policy hereunder, Administrative Agent reserves the right, in its sole discretion, to require Borrower to obtain a separate Policy in compliance with this Section 5.1.

(d) All Policies provided for or contemplated by Section 5.1(a) hereof, except for the Policy referenced in Section 5.1(a)(v), shall name Administrative Agent and Borrower as the insured or additional insured, as their respective interests may appear, and in the case of property damage, boiler and machinery, and flood

insurance, shall contain a so-called New York standard non-contributing mortgagee clause in favor of Administrative Agent providing that the loss thereunder shall be payable to Administrative Agent.

(e) All Policies provided for in Section 5.1(a) hereof shall contain clauses or endorsements to the effect that:

(i) no act or negligence of Borrower, or anyone acting for Borrower, or failure to comply with the provisions of any Policy which might otherwise result in a forfeiture of the insurance or any part thereof, shall in any way affect the validity or enforceability of the insurance insofar as Administrative Agent is concerned;

(ii) the Policy shall not be materially changed (other than to increase the coverage provided thereby) or cancelled without at least 30 days' written notice for any reason, aside from 10 days' notice for non-payment, to Administrative Agent and any other party named therein as an insured;

(iii) each Policy shall provide that the issuers thereof shall give written notice to Administrative Agent if the Policy has not been renewed ten (10) days prior to its expiration; and

(iv) Administrative Agent shall not be liable for any Insurance Premiums thereon or subject to any assessments thereunder.

(f) If at any time Administrative Agent is not in receipt of written evidence that all insurance required hereunder is in full force and effect, Administrative Agent shall have the right, with notice to Borrower, to take such action as Administrative Agent deems necessary to protect Lenders' interest in the Property, including, without limitation, the obtaining of such insurance coverage as Administrative Agent in its sole discretion deems appropriate, and all expenses incurred by Administrative Agent or Lenders in connection with such action or in obtaining such insurance and keeping it in effect shall be paid by Borrower to Administrative Agent upon demand and until paid shall be secured by the Security Instrument and shall bear interest at the Default Rate.

(g) In the event of a foreclosure of the Security Instrument, or other transfer of title to the Property in extinguishment in whole or in part of the Debt all right, title and interest of Borrower in and to the Policies then in force and all proceeds payable thereunder shall thereupon vest in the purchaser at such foreclosure or Administrative Agent, Lenders or other transferee in the event of such other transfer of title.

(h) Borrower shall furnish to Administrative Agent, on or before thirty (30) days after the close of each of Borrower's fiscal years, a statement certified by Borrower or a duly authorized officer of Borrower of the amounts of insurance maintained in compliance herewith, of the risks covered by such insurance and of the insurance company or companies which carry such insurance and, if requested by Administrative Agent, verification of the adequacy of such insurance by an independent insurance broker or appraiser acceptable to Administrative Agent.

Section 5.2 Casualty.

If the Property shall be damaged or destroyed to such an extent that repairs are reasonably anticipated by Borrower to exceed Fifty Thousand and 00/100 Dollars (\$50,000.00), by fire or other casualty (a "Casualty"), Borrower shall give prompt notice of such damage to Administrative Agent and shall promptly commence and diligently prosecute the completion of the Restoration of the Property as nearly as possible to the condition the Property was in immediately prior to such Casualty, with such alterations as may be reasonably approved by Administrative Agent and otherwise in accordance with Section 5.4 hereof. Borrower shall pay all costs of such Restoration whether or not such costs are covered by insurance. Administrative Agent may, but shall not be

obligated to, make proof of loss if not made promptly by Borrower; provided, that, Administrative Agent shall give Borrower at least five (5) Business Days written notice prior to Administrative Agent exercising such right. Alternatively, Borrower may elect to prepay the Loan, in whole but not in part, in which case any and all Net Proceeds shall be applied to repayment of the Debt, with the remaining balance, if any, paid to Borrower; and in such event, if the Net Proceeds are sufficient to pay the Debt in full and provided no Event of Default has occurred and is continuing, no Make Whole Fee shall be payable.

Section 5.3 Condemnation.

Borrower shall promptly give Administrative Agent notice of the actual or threatened (in writing) commencement of any proceeding for the Condemnation of all or any part of the Property and shall deliver to Administrative Agent copies of any and all papers served in connection with such proceedings. Administrative Agent may participate in any such proceedings, and Borrower shall from time to time deliver to Administrative Agent all instruments requested by it to permit such participation. Borrower shall, at its expense, diligently prosecute any such proceedings, and shall consult with Administrative Agent, its attorneys and experts, and cooperate with them in the carrying on or defense of any such proceedings. Notwithstanding any taking by any public or quasi-public authority through Condemnation or otherwise (including, but not limited to, any transfer made in lieu of or in anticipation of the exercise of such taking), Borrower shall continue to pay the Debt at the time and in the manner provided for its payment in the Note and in this Agreement and the Debt shall not be reduced until any Award shall have been actually received and applied by Administrative Agent, after the deduction of out-of-pocket expenses of collection, to the reduction or discharge of the Debt. Lenders shall not be limited to the interest paid on the Award by the condemning authority but shall be entitled to receive out of the Award interest at the rate or rates provided herein or in the Note. If the Property or any portion thereof is taken by a condemning authority, Borrower shall, promptly commence and diligently prosecute the Restoration of the Property and otherwise comply with the provisions of Section 5.4 hereof. If the Property is sold, through foreclosure or otherwise, prior to the receipt by Administrative Agent, on behalf of Lenders, of the Award, Administrative Agent shall have the right, whether or not a deficiency judgment on the Note shall have been sought, recovered or denied, to receive the Award, or a portion thereof sufficient to pay the Debt. In such event, if the Award is sufficient to pay the Debt in full and provided no Event of Default has occurred and is continuing, no Make Whole Fee shall be payable.

Section 5.4 Restoration.

The following provisions shall apply in connection with the Restoration of the Property:

(a) If the Net Proceeds shall be less than Two Hundred Fifty Thousand and 00/100 Dollars (\$250,000.00) and provided no Event of Default is continuing, the Net Proceeds will be disbursed by Administrative Agent to Borrower upon receipt, provided that all of the conditions set forth in Section 5.4(b)(i) are met and Borrower delivers to Administrative Agent a written undertaking to expeditiously commence and to satisfactorily complete with due diligence the Restoration in accordance with the terms of this Agreement.

(b) If the Net Proceeds are equal to or greater than Two Hundred Fifty Thousand and 00/100 Dollars (\$250,000.00), Administrative Agent shall make the Net Proceeds available for the Restoration in accordance with the provisions of this Section 5.4. The term "Net Proceeds" shall mean: (i) the net amount of all insurance proceeds received by Administrative Agent pursuant to Sections 5.1(a)(i), (iv), (vi), (vii) and (viii) as a result of such damage or destruction, after deduction of its reasonable costs and expenses (including, but not limited to, reasonable counsel fees), if any, in collecting same ("Insurance Proceeds"), or (ii) the net amount of the Award, after deduction of its reasonable costs and expenses (including, but not limited to, reasonable counsel fees), if any, in collecting same ("Condemnation Proceeds"), whichever the case may be.

(i) The Net Proceeds shall be made available to Borrower for Restoration provided that each of the following conditions are met:

(A) no Default or Event of Default shall have occurred and be continuing;

(B) (1) in the event the Net Proceeds are Insurance Proceeds, less than forty percent (40%) of the total floor area of the Improvements on the Property has been damaged, destroyed or rendered unusable as a result of such Casualty or (2) in the event the Net Proceeds are Condemnation Proceeds, less than ten percent (10%) of the land constituting the Property is taken, and such land is located along the perimeter or periphery of the Property, and no portion of the Improvements is located on such land;

(C) Leases demising in the aggregate a percentage amount equal to or greater than fifty percent (50%) of the total rentable space in the Property which has been demised under executed and delivered Leases in effect as of the date of the occurrence of such Casualty or Condemnation, whichever the case may be, shall remain in full force and effect during and after the completion of the Restoration and a reasonable period to restore any tenant improvements and trade fixtures, notwithstanding the occurrence of any such Casualty or Condemnation, whichever the case may be, and Borrower furnishes to Administrative Agent evidence satisfactory to Administrative Agent that all Tenants shall continue to operate their respective space at the Property after the completion of the Restoration and a reasonable period to restore any tenant improvements and trade fixtures;

(D) Borrower shall commence the Restoration as soon as reasonably practicable (but in no event later than thirty (30) days after such Casualty or Condemnation, whichever the case may be, occurs, it being agreed that for purposes hereof seeking building permits necessary for such Restoration shall be deemed commencement of such Restoration) and shall diligently pursue the same to satisfactory completion in compliance with all applicable Legal Requirements, including, without limitation, all applicable Environmental Laws;

(E) Administrative Agent shall be reasonably satisfied that any operating deficits, including all scheduled payments of principal and interest under the Note, which will be incurred with respect to the Property as a result of the occurrence of any such Casualty or Condemnation, whichever the case may be, will be covered out of (1) the Net Proceeds, (2) the insurance coverage referred to in Section 5.1(a)(iii), if applicable, or (3) by other funds of Borrower;

(F) Administrative Agent shall be reasonably satisfied that the Restoration will be completed on or before the earliest to occur of (1) six (6) months prior to the Maturity Date, (2) six (6) months after the occurrence of such Casualty or Condemnation, or (3) the earliest date required for such completion under the terms of any Leases which are required in accordance with the provisions of this Section 5.4(b) to remain in effect subsequent to the occurrence of such Casualty or Condemnation and the completion of the Restoration, or (4) such time as may be required under applicable Legal Requirements, or (3) the expiration of the insurance coverage referred to in Section 5.1(a)(iii);

(G) the Property and the use thereof after the Restoration will be in compliance with and permitted under all applicable Legal Requirements;

- (H) intentionally omitted;
- (I) such Casualty or Condemnation, as applicable, does not result in the total loss of access to the Property or the Improvements;
- (J) Borrower shall deliver, or cause to be delivered, to Administrative Agent a signed detailed budget approved in writing by Borrower's architect or engineer stating the entire cost of completing the Restoration, which budget shall be reasonably acceptable to Administrative Agent; and
- (K) the Net Proceeds together with any Cash or Cash equivalent deposited by Borrower with Administrative Agent are sufficient in Administrative Agent's discretion to cover the cost of the Restoration.

(ii) The Net Proceeds shall be held by Administrative Agent in a non-interest bearing account and, until disbursed in accordance with the provisions of this Section 5.4(b), shall constitute additional security for the Debt and other obligations under the Loan Documents. The Net Proceeds shall be disbursed by Administrative Agent to, or as directed by, Borrower from time to time during the course of the Restoration, upon receipt of evidence satisfactory to Administrative Agent that (A) all materials installed and work and labor performed (except to the extent that they are to be paid for out of the requested disbursement) in connection with the Restoration have been paid for in full, and (B) there exist no notices of pendency, stop orders, mechanic's or materialman's liens or notices of intention to file same, or any other Liens or encumbrances of any nature whatsoever on the Property which (x) have not been fully bonded to the satisfaction of Administrative Agent and discharged of record, (y) will not be paid from the disbursement of Net Proceeds or (z) have not been fully insured to the satisfaction of Administrative Agent by the title company issuing the Title Insurance Policy.

(iii) All plans and specifications required in connection with the Restoration, the cost of which is greater than \$250,000.00, shall be subject to prior review and approval in all respects by Administrative Agent and by an independent consulting engineer selected by Administrative Agent (the "Casualty Consultant"). Administrative Agent shall have the use of the plans and specifications and all permits, licenses and approvals required or obtained in connection with the Restoration. The identity of the contractors, subcontractors and materialmen engaged in the Restoration, the cost of which is greater than \$250,000.00, as well as the contracts under which they have been engaged, shall be subject to prior review and approval by Administrative Agent and the Casualty Consultant. All out-of-pocket costs and expenses incurred by Administrative Agent in connection with making the Net Proceeds available for the Restoration including, without limitation, reasonable counsel fees and disbursements and the Casualty Consultant's fees, shall be paid by Borrower.

(iv) In no event shall Administrative Agent be obligated to make disbursements of the Net Proceeds in excess of an amount equal to the costs actually incurred from time to time for work in place as part of the Restoration, as certified by the Casualty Consultant, minus the Casualty Retainage. The Casualty Retainage shall in no event, and notwithstanding anything to the contrary set forth above in this Section 5.4(b), be less than the amount actually held back by Borrower from contractors, subcontractors and materialmen engaged in the Restoration. The Casualty Retainage shall not be released until the Casualty Consultant certifies to Administrative Agent that the applicable portion of the Restoration has been completed in accordance with the provisions of this Section 5.4(b) and that all approvals necessary for the re-occupancy and use of the Property, if applicable, have been obtained from all appropriate Governmental Authorities, and Administrative Agent receives evidence satisfactory to Administrative Agent that the costs of the applicable portion of the Restoration have been paid in full or will be paid in full out of the Casualty Retainage; provided, however, that Administrative Agent will release the portion

of the Casualty Retainage being held with respect to any contractor, subcontractor or materialman engaged in the Restoration as of the date upon which the Casualty Consultant certifies to Administrative Agent that the contractor, subcontractor or materialman has satisfactorily completed all work and has supplied all materials in accordance with the provisions of the contractor's, subcontractor's or materialman's contract, the contractor, subcontractor or materialman delivers the lien waivers and evidence of payment in full of all sums due to the contractor, subcontractor or materialman as may be reasonably requested by Administrative Agent or by the title company issuing the Title Insurance Policy for the Property, and Administrative Agent receives an endorsement to such Title Insurance Policy insuring the continued priority of the Lien of the Security Instrument and evidence of payment of any premium payable for such endorsement. If required by Administrative Agent, the release of any such portion of the Casualty Retainage shall be approved by the surety company, if any, which has issued a payment or performance bond with respect to the contractor, subcontractor or materialman.

(v) Administrative Agent shall not be obligated to make disbursements of the Net Proceeds more frequently than once every calendar month.

(vi) If at any time the Net Proceeds or the undisbursed balance thereof shall not, in the opinion of Administrative Agent in consultation with the Casualty Consultant, if any, be sufficient to pay in full the balance of the costs which are estimated by the Casualty Consultant to be incurred in connection with the completion of the Restoration, Borrower shall deposit the deficiency (the "Net Proceeds Deficiency") with Administrative Agent before any further disbursement of the Net Proceeds shall be made. The Net Proceeds Deficiency deposited with Administrative Agent shall be held by Administrative Agent and shall be disbursed for costs actually incurred in connection with the Restoration on the same conditions applicable to the disbursement of the Net Proceeds, and until so disbursed pursuant to this Section 5.4(b) shall constitute additional security for the Debt and other obligations under the Loan Documents.

(vii) The excess, if any, of the Net Proceeds and the remaining balance, if any, of the Net Proceeds Deficiency deposited with Administrative Agent after the Casualty Consultant certifies to Administrative Agent that the Restoration has been completed in accordance with the provisions of this Section 5.4(b), and the receipt by Administrative Agent of evidence satisfactory to Administrative Agent that all costs incurred in connection with the Restoration have been paid in full, shall be remitted by Administrative Agent to Borrower, provided no Event of Default shall have occurred and shall be continuing.

(c) All Net Proceeds not required (i) to be made available for the Restoration or (ii) to be returned to Borrower as excess Net Proceeds pursuant to Section 5.4(b)(vii) may be retained and applied by Administrative Agent toward the payment of the Debt in accordance with Section 2.4.2 hereof whether or not then due and payable in such order, priority and proportions as Administrative Agent in its sole discretion shall deem proper, or, at the discretion of Administrative Agent, the same may be paid, either in whole or in part, to Borrower for such purposes as Administrative Agent shall approve, in its discretion. If Administrative Agent shall receive and retain Net Proceeds, the Lien of the Security Instrument shall be reduced only by the amount thereof received and retained by Administrative Agent and actually applied by Administrative Agent in reduction of the Debt in accordance with Section 2.4.2 hereof.

(d) The provisions of subsection 4 of Section 254 of the New York Real Property Law covering the insurance of buildings against loss by fire shall not apply to this Agreement. In the event of any conflict, inconsistency or ambiguity between the provisions of Section 5.4 of this Agreement and the provisions of subsection 4 of Section 254 of the New York Real Property Law covering the insurance of buildings against loss by fire, the provisions of Section 5.4 of this Agreement shall control.

ARTICLE VI. RESERVE FUNDS

Section 6.1 Interest Reserve Funds.

6.1.1 Deposits. (a) On the Closing Date, from the Loan, the sum of [***] has been advanced to the Borrower and then subsequently deposited with Administrative Agent into the Account for the purpose of the payment of monthly interest under the Loan for the Initial Reserve Period. On the date that is eleven (11) months after the Closing Date, Borrower shall deposit into the Account such amount that Administrative Agent reasonably determines will cause the Account to have a balance of Interest Reserve Funds equal to the sum of monthly interest payable under the Loan for the second Reserve Period, and on the date that is twenty-three (23) months after the Closing Date, Borrower shall deposit into the Account such amount that Administrative Agent reasonably determines will cause the Account to have a balance of Interest Reserve Funds equal to the sum of monthly interest payable under the Loan for the third Reserve Period. Borrower agrees and acknowledges that, in the event Borrower properly exercises its right to extend the term of the Loan, Borrower shall deposit with Administrative Agent an additional sum to be determined by Administrative Agent in its reasonable discretion for the purpose of the payment of monthly interest under the Loan for the applicable Extension Term. Amounts so deposited with Administrative Agent pursuant to this Section 6.1.1 shall be held by Administrative Agent in accordance with Section 6.4 hereof. Amounts so deposited pursuant to this Section 6.1.1 shall hereinafter be referred to as the “Interest Reserve Funds.”

(b) In the event Administrative Agent determines at any time prior to the end of the Initial Reserve Period or any subsequent Reserve Period, or during the Extension Term, as the case may be, that the balance in the Account is less than the amount necessary to pay interest on the Loan at the Interest Rate through the then-current Reserve Period, or during the then-current Extension Term, as applicable, then any draw subsequent to such determination by Administrative Agent shall provide for an amount necessary to fund the Interest Reserve Fund so that the balance in the Account is equal to an amount necessary to pay interest on the Loan at the Interest Rate through the then-current Reserve Period, or during the then-current Extension Term, as applicable. Borrower shall deposit the shortage within five (5) Business Days of written request by Administrative Agent.

6.1.2 Release of Interest Reserve Funds. To the extent sufficient Interest Reserve Funds are available in the Account, Administrative Agent shall debit the Account, monthly on each Payment Date.

Section 6.2 Tax Reserve Funds.

6.2.1 Deposits. (a) On the Closing Date, from the Loan, the sum of [***] has been advanced to the Borrower and then subsequently deposited with Administrative Agent into the Account for the purpose of the payment of Taxes for the Initial Reserve Period. On the date that is eleven (11) months after the Closing Date, Borrower shall deposit into the Account such amount that Administrative Agent reasonably determines will cause the Account to have a balance of Tax Reserve Funds equal to the Taxes payable for the second Reserve Period (taking into account any ICAP abatement or similar abatement for which the Property has qualified), and on the date that is twenty-three (23) months after the Closing Date, Borrower shall deposit into the Account such amount that Administrative Agent reasonably determines will cause the Account to have a balance of Tax Reserve Funds equal to the Taxes payable for the third Reserve Period (taking into account any ICAP abatement or similar abatement for which the Property qualifies). Borrower agrees and acknowledges that, in the event Borrower properly exercises its right to extend the term of the Loan, Borrower shall deposit with Administrative Agent an additional sum to be determined by Administrative Agent in its reasonable discretion for the purpose of the payment of Taxes for the applicable Extension Term (taking into account any ICAP abatement or similar abatement for which the Property qualifies). Amounts so deposited with Administrative Agent pursuant to this Section 6.2.1 shall be held by Administrative Agent in accordance with Section 6.4 hereof. Amounts deposited pursuant to this Section 6.2.1 are referred to herein as the “Tax Reserve Funds.”

(b) In the event Administrative Agent determines at any time prior to the end of the Initial Reserve Period or any subsequent Reserve Period, or during the Extension Term, as the case may be, that the balance in the Account is less than the amount necessary to pay Taxes through the then-current Reserve Period, or during the then-current Extension Term, as applicable, then any draw subsequent to such determination by Administrative Agent shall provide for an amount necessary to fund the Tax Reserve Fund so that the balance in the Account is equal to an amount necessary to pay Taxes through the then-current Reserve Period, or during the then-current Extension Term, as applicable. Borrower shall deposit the shortage within five (5) Business Days of written request by Administrative Agent.

6.2.2 **Release of Tax Reserve Funds.** To the extent sufficient Tax Reserve Funds are available in the Account (taking into account any ICAP abatement or similar abatement for which the Property qualifies), Administrative Agent shall disburse an amount sufficient to pay the Taxes to the New York City Department of Finance (each, a "**Tax Payment**") within five (5) Business Days of receipt of a written request from Borrower to make such payment, together with a bill pertaining thereto. Such request shall be sent to Administrative Agent no later than twenty (20) days prior to the date such Taxes are due and payable without penalty ("**Tax Payment Deadline Date**"). In the event Administrative Agent does not receive such notice from Borrower by the Tax Payment Deadline Date, Administrative Agent may, but shall not be obligated to, make such Tax Payment on behalf of Borrower. In such event, Administrative Agent is hereby authorized and directed to make the foregoing disbursement of the Taxes without further direction from the parties hereto.

6.2.3 **Waiver.** Notwithstanding the foregoing, so long as no Event of Default shall have occurred and be continuing, Borrower shall not be required to make deposits of Tax Reserve Funds in accordance with Section 6.2.1. At such time, if any, as an Event of Default shall have occurred and be continuing, Borrower shall thereafter commence making deposits into the Tax Reserve Funds in accordance with Section 6.2.1.

Section 6.3 [***]

Section 6.4 Reserve Funds, Generally.

6.4.1 Borrower grants to Administrative Agent a first-priority perfected security interest in each of the Reserve Funds and the related Accounts and any and all monies now or hereafter deposited in each Reserve Fund and related Account as additional security for payment of the Debt. Until expended or applied in accordance herewith, the Reserve Funds and the related Accounts shall constitute additional security for the Debt.

6.4.2 Notwithstanding anything to the contrary contained herein, Administrative Agent shall not be required to disburse any Reserve Funds if an Event of Default shall have occurred and is continuing. Upon the occurrence and during the continuance of an Event of Default, Administrative Agent may, in addition to any and all other rights and remedies available to Administrative Agent, apply any sums then present in any or all of the Reserve Funds to the payment of the Debt in any order in its sole discretion.

6.4.3 The Reserve Funds shall not constitute trust funds and may be commingled with other monies held by Administrative Agent or an affiliate and/or subsidiary of Administrative Agent.

6.4.4 The Reserve Funds shall be held in a non-interest bearing account by Administrative Agent or an affiliate and/or subsidiary of Administrative Agent. In the event that any Reserve Funds remain in the Accounts after the Maturity Date, provided no Event of Default has occurred and is continuing, then the sums contained therein shall be applied by Administrative Agent in reduction of the Debt.

6.4.5 Borrower hereby consents to Administrative Agent's placement of the Reserve Funds into Accounts maintained and held in the name of Administrative Agent or an affiliate and/or subsidiary of Administrative Agent.

6.4.6 Administrative Agent or a designated representative or an affiliate or subsidiary of Administrative Agent shall have the sole right to make withdrawals from the Account.

6.4.7 The insufficiency of any balance in Reserve Funds shall not relieve Borrower from its obligation to fulfill all its covenants and obligations as set forth in the Loan Documents.

6.4.8 Borrower shall not, without obtaining the prior written consent of Administrative Agent, further pledge, assign or grant any security interest in any Reserve Fund or related Account or the monies deposited therein or permit any lien or encumbrance to attach thereto, or any levy to be made thereon, or any UCC-1 Financing Statements, except those naming Administrative Agent as the secured party, to be filed with respect thereto.

6.4.9 Borrower shall indemnify the Indemnified Parties and hold the Indemnified Parties harmless from and against any and all Losses arising from or in any way connected with the Reserve Funds or the related Accounts or the performance of the obligations for which the Reserve Funds or the related Accounts were established, except to the extent arising from the gross negligence or willful misconduct of the Indemnified Parties.

ARTICLE VII. DEFAULTS

Section 7.1 Event of Default.

(a) Each of the following events shall constitute an event of default hereunder (an "Event of Default"):

(i) if (A) the Debt is not paid in full on the Maturity Date; (B) any regularly scheduled monthly payment of interest due under the Note is not paid in full on the applicable Payment Date; provided, however, (x) such nonpayment shall not be an Event of Default unless Borrower has failed to cure the same within five (5) days after notice from Administrative Agent with respect to such nonpayment and (y) so long as there otherwise exists no Event of Default, such nonpayment shall not be an Event of Default if adequate Interest Reserve Funds are available in the Account for such interest payment and Administrative Agent fails to debit such funds from the Account in violation of the terms of this Agreement; or (C) any prepayment of principal due under this Agreement or the Note is not paid when due or (D) any applicable Make Whole Fee is not paid when due;

(ii) if Borrower shall fail to pay any other sum payable under this Agreement (not otherwise set forth in Section 7.1(a)(i)) or under any of the other Loan Documents when and as the same shall become due and payable and such failure shall continue for ten (10) days following written notice from Administrative Agent of such failure;

(iii) if any of the Taxes or Other Charges are not paid on or before the date the same become delinquent (provided, however, so long as there otherwise exists no Event of Default, such nonpayment shall not be an Event of Default if adequate Tax Reserve Funds are available in the Account for the payment of any such Taxes and Administrative Agent fails to disburse such funds from the Account in violation of the terms of this Agreement);

- (iv) if (i) the Policies are not kept in full force and effect, or (ii) if evidence of insurance as required pursuant to Section 5.1 hereof is not delivered to Administrative Agent within five (5) Business Days after Administrative Agent notifies Borrower of such failure;
- (v) if Borrower transfers or encumbers any portion of the Property in violation of the provisions of Section 4.2.10 hereof or Section 8 of the Security Instrument;
- (vi) if any representation or warranty made by Borrower or any Guarantor, made herein, in any other Loan Document or in any certificate, report, financial statement or other instrument, agreement or document furnished to Administrative Agent by Borrower or any Guarantor shall have been false or misleading in any material respect when made; provided, that solely with respect to unintentional breaches that are susceptible to cure (it being understood that merely providing correct information shall not, in and of itself, be deemed a cure of any such breach), Borrower shall have thirty (30) days after receipt of notice by Borrower from any source whatsoever that such representation or warranty was false or misleading when made, to cure any such breach;
- (vii) if Borrower or Guarantor shall make an assignment for the benefit of creditors;
- (viii) if a receiver, liquidator or trustee shall be appointed for Borrower or Guarantor or if Borrower or Guarantor shall be adjudicated a bankrupt or insolvent, or if any petition for bankruptcy, reorganization or arrangement pursuant to the Bankruptcy Code, or any similar federal or State law, shall be filed by or against, consented to, or acquiesced in by, Borrower or Guarantor, or if any proceeding for the dissolution or liquidation of Borrower or Guarantor shall be instituted; provided, however, if such appointment, adjudication, petition or proceeding was involuntary and not consented to by Borrower or Guarantor the same shall not be an Event of Default unless such proceeding is not discharged, stayed or dismissed within ninety (90) days of commencement of the same;
- (ix) if Borrower attempts to assign its rights under this Agreement or any of the other Loan Documents or any interest herein or therein in contravention of the Loan Documents;
- (x) if Borrower breaches any of its negative covenants contained in Section 4.2;
- (xi) (a) any breach of the covenants contained in Sections 4.1.4, 4.1.10, 4.1.13, 4.1.15, 4.1.16, 4.1.18, 4.1.19, 4.1.20, 4.1.22 or 4.1.24 shall occur or (b) any breach of the covenants contained in Sections 4.1.3, 4.1.5, 4.1.6, 4.1.7, 4.1.8, 4.1.9 or 4.1.21 shall occur and such breach is not cured within ten (10) days' written notice from Administrative Agent;
- (xii) if (A) a default has occurred and continues beyond any applicable cure period under the Management Agreement if such default permits the Manager thereunder to terminate or cancel the Management Agreement, or (B) a default has occurred and continues beyond any applicable cure period under the Asset Management Agreement if such default permits the Asset Manager thereunder to terminate or cancel the Asset Management Agreement;
- (xiii) if Borrower violates or does not comply with any of the provisions of Section 4.1.23 hereof (except to the extent that any such violation is of an immaterial and non-recurring nature); provided, however, that in the event that Administrative Agent declares an Event of Default with respect to Borrower's failure to comply with this clause (xiii), interest on the Loan shall not accrue at the Default Rate so long as Borrower causes the Debt to be repaid in full (including, without limitation, by paying any applicable Make Whole Fee) prior to the date that is sixty (60) days from the date Administrative Agent declares such Event of Default (it being further agreed that if Borrower fails to so

repay the Debt in full by such sixtieth (60th) day, interest shall be deemed to have accrued from the date on which the Default under this clause (xiii) occurred);

(xiv) [***]

(xv) if any federal tax Lien or state or local income tax Lien is filed against Borrower, Guarantor or the Property and same is not discharged of record within thirty (30) days after same is filed

(xvi) (A) Borrower fails to timely provide Administrative Agent with the written certification and evidence referred to in Section 4.2.8 hereof, (B) Borrower is a Plan or its assets constitute Plan Assets; or (C) Borrower consummates a transaction which would cause the Security Instrument or Administrative Agent or Lenders exercise of its rights under the Security Instrument, the Note, this Agreement or the other Loan Documents to constitute a nonexempt prohibited transaction under ERISA or result in a violation of a State statute regulating governmental plans, subjecting Lenders to liability for a violation of ERISA, the Code, a State statute or other similar law;

(xvii) if Borrower shall fail to deliver to Administrative Agent the estoppel certificates required pursuant to the terms of Section 4.1.12(a) hereof;

(xviii) if any default occurs under the Guaranty, the Environmental Indemnity or any other Loan Document and such default continues after the expiration of applicable grace periods, if any;

(xix) if Borrower shall be in default beyond applicable notice and grace periods under any other mortgage, deed of trust, deed to secure debt or other security agreement covering any part of the Property whether it be superior or junior in lien to the Security Instrument;

(xx) with respect to any term, covenant or provision set forth in this Agreement which specifically contains a notice requirement or grace period, if Borrower shall be in default under such term, covenant or condition after the giving of such notice or the expiration of such grace period;

(xxi) intentionally omitted;

(xxii) intentionally omitted;

(xxiii) if (A) an uninsured judgment is entered against Borrower involving in the aggregate a liability in excess of \$250,000.00, and the same shall not have been vacated, bonded, satisfied or stayed pending appeal within forty-five (45) from the date of the entry of such judgment; or (B) an uninsured judgment is entered against any Guarantor involving in the aggregate a liability in excess of \$50,000,000.00, and the same shall not have been vacated, bonded, satisfied or stayed pending appeal within forty-five (45) from the date of the entry of such judgment;

(xxiv) intentionally omitted;

(xxv) if Borrower executes any conditional bill of sale, chattel mortgage or other security instrument covering any personal property, or files a financing statement publishing notice of such security instrument, or purchases any of such personal property so that ownership of the same shall not vest unconditionally in Borrower, free from encumbrances, on delivery to the Property; or if Borrower does not furnish to Administrative Agent, upon demand, the contracts, bills of sale, statements, receipted vouchers or agreements, or any of them, under which Borrower claims title to such personal property, and the same is not cured within thirty (30) days after Borrower receives notice of any such encumbrance;

(xxvi) if any final, non-appealable order or decree of judgment is rendered in any judicial or administrative proceeding declaring the Property (or any portion thereof) to be in violation of any Legal Requirements and the same is not cured within forty-five (45) days of said order or decree or such longer period of time as provided in such order or decree;

(xxvii) the occurrence of a Financial Covenant Event of Default (as defined in the Guaranty), subject to the cure periods set forth in the Guaranty;

(xxviii) from and after the Building Loan Closing Date, if applicable, the occurrence, under the Building Loan Agreement, of an "Event of Default," as such term is defined therein;

(xxix) [***]

(xxx) if Borrower shall continue to be in Default under any of the other terms, covenants or conditions of this Agreement not specified in subsections (i) to (xxix) above for ten (10) days after notice to Borrower from Administrative Agent, in the case of any Default which can be cured by the payment of a sum of money, or for thirty (30) days after notice from Administrative Agent in the case of any other Default; provided, however, that if such non-monetary Default is susceptible of cure but cannot reasonably be cured within such thirty (30) day period and provided further that Borrower shall have commenced to cure such Default within such thirty (30) day period and thereafter diligently and expeditiously proceeds to cure the same, such thirty (30) day period shall be extended for such time as is reasonably necessary for Borrower in the exercise of due diligence to cure such Default, such additional period not to exceed ninety (90) days.

Section 7.2 Remedies.

(a) During the continuance of an Event of Default (other than an Event of Default described in clauses (vii) or (viii) of Section 7.1 above) and at any time thereafter, in addition to any other rights or remedies available to it pursuant to this Agreement and the other Loan Documents or at law or in equity, Administrative Agent may take such action, without notice or demand, that Administrative Agent deems advisable to protect and enforce its rights against Borrower and in and to the Property, including, without limitation, declaring the Debt to be immediately due and payable, and Administrative Agent and Lenders may enforce or avail themselves of any or all rights or remedies provided in the Loan Documents against Borrower and or any part of the Property, including, without limitation, all rights or remedies available at law or in equity; and upon any Event of Default described in clauses (vii) or (viii) of Section 7.1 above, the Debt and all other obligations of Borrower hereunder and under the other Loan Documents shall immediately and automatically become due and payable, without notice or demand, and Borrower hereby expressly waives any such notice or demand, anything contained herein or in any other Loan Document to the contrary notwithstanding.

(b) During the continuance of an Event of Default, all or any one or more of the rights, powers, privileges and other remedies available to Administrative Agent and/or Lenders against Borrower under this Agreement or any of the other Loan Documents executed and delivered by, or applicable to, Borrower or at law or in equity may be exercised by Administrative Agent and/or Lenders at any time and from time to time, whether or not all or any of the Debt shall be declared due and payable, and whether or not Administrative Agent and/or Lenders shall have commenced any foreclosure proceeding or other action for the enforcement of its rights and remedies under any of the Loan Documents with respect to all or any part of the Property or any other Collateral. Any such actions taken by Administrative Agent and/or Lenders shall be cumulative and concurrent and may be pursued independently, singly, successively, together or otherwise, at such time and in such order as Administrative Agent and/or Lenders may determine in their sole discretion, to the fullest extent permitted by applicable Legal Requirements, without impairing or otherwise affecting the other rights and remedies of Administrative Agent and/or Lenders permitted by applicable Legal Requirements, equity or

contract or as set forth herein or in the other Loan Documents. Without limiting the generality of the foregoing, Borrower agrees that if an Event of Default is continuing (i) Administrative Agent and/or Lenders are not subject to any "one action" or "election of remedies" law or rule, and (ii) all Liens and other rights, remedies or privileges provided to Administrative Agent and/or Lenders shall remain in full force and effect until Administrative Agent and/or Lenders have exhausted all of their remedies against Borrower, Guarantor, the Property and the other Collateral and the Security Instrument has been foreclosed, sold and/or otherwise realized upon in satisfaction of the Debt or the Debt has been paid in full.

(c) With respect to Borrower and the Property, nothing contained herein or in any other Loan Document shall be construed as requiring Administrative Agent and/or Lenders to resort to the Property or Collateral for the satisfaction of any of the Debt in preference or priority to any other Collateral, and Administrative Agent and/or Lenders may seek satisfaction out of the Property or all of the Collateral or any part thereof, in its absolute discretion in respect of the Debt. In addition, Administrative Agent and/or Lenders shall have the right from time to time during the continuance of an Event of Default to partially foreclose the Security Instrument in any manner and for any amounts secured by the Security Instrument then due and payable as determined by Administrative Agent and/or Lenders in their sole discretion including, without limitation, the following circumstances: (i) in the event Borrower defaults beyond any applicable grace period in the payment of one or more scheduled payments of principal and interest, Administrative Agent and/or Lenders may foreclose the Security Instrument to recover such delinquent payments, or (ii) in the event Administrative Agent and/or Lenders elects to accelerate less than the entire outstanding principal balance of the Loan, Administrative Agent and/or Lenders may foreclose the Security Instrument to recover so much of the principal balance of the Loan as Administrative Agent or Lenders may accelerate and such other sums secured by the Security Instrument as Administrative Agent and/or Lenders may elect. Notwithstanding one or more partial foreclosures, the Property shall remain subject to the Security Instrument to secure payment of sums secured by the Security Instrument and not previously recovered.

(d) During the continuance of an Event of Default, Administrative Agent shall have the right, from time to time, to sever the Note and the other Loan Documents into one or more separate notes, Security Instruments, Mortgages and other security documents (the "Severed Loan Documents") in such denominations as Administrative Agent shall determine in its sole discretion for purposes of evidencing and enforcing its rights and remedies provided hereunder. Borrower shall execute and deliver to Administrative Agent from time to time, promptly after the request of Administrative Agent, a severance agreement and such other documents as Administrative Agent shall request in order to effect the severance described in the preceding sentence, all in form and substance reasonably satisfactory to Administrative Agent. Borrower hereby absolutely and irrevocably appoints Administrative Agent as its true and lawful attorney, coupled with an interest, in its name and stead to make and execute all documents necessary or desirable to effect the aforesaid severance, Borrower ratifying all that its said attorney shall do by virtue thereof; provided, however, Administrative Agent shall not make or execute any such documents under such power until three (3) days after written notice has been given to Borrower by Administrative Agent of Administrative Agent's intent to exercise its rights under such power. The Severed Loan Documents shall not contain any representations, warranties or covenants not contained in the Loan Documents and any such representations and warranties contained in the Severed Loan Documents will be given by Borrower only as of the Closing Date.

Section 7.3 Remedies Cumulative; Waivers.

The rights, powers and remedies of Administrative Agent or Lenders under this Agreement shall be cumulative and not exclusive of any other right, power or remedy which Administrative Agent or Lenders may have against Borrower pursuant to this Agreement or the other Loan Documents, or existing at law or in equity or otherwise. Administrative Agent or Lenders' rights, powers and remedies may be pursued singularly, concurrently or otherwise, at such time and in such order as Administrative Agent or Lenders may determine in

their sole discretion. No delay or omission to exercise any remedy, right or power accruing upon an Event of Default shall impair any such remedy, right or power or shall be construed as a waiver thereof, but any such remedy, right or power may be exercised from time to time and as often as may be deemed expedient. A waiver of one or more Defaults or Events of Default with respect to Borrower shall not be construed to be a waiver of any subsequent Default or Event of Default by Borrower or to impair any remedy, right or power consequent thereon.

ARTICLE VIII. SPECIAL PROVISIONS

Section 8.1 Sale of Notes.

Unless an Event of Default shall have occurred and be continuing, Lender shall not sell, transfer, pledge or assign (except the following, each of which is permitted without Borrower's consent: (A) a pledge or collateral assignment of the Loan (together with the Building Loan, if Borrower has validly exercised the Building Loan Option) in connection with so-called "note-on-note" financing and (B) a sale, transfer, pledge or assignment of the Loan (together with the Building Loan, if Borrower has validly exercised the Building Loan Option) to an Affiliate of Lender (it being acknowledged and agreed for this purpose "Affiliate" shall mean on of the investment funds under common Control with Lender as of the date hereof)) this Agreement, the Note, the Security Instrument and the other Loan Documents, and any or all servicing rights with respect thereto, or the granting of participations therein, without the prior written consent of Borrower. Borrower agrees to reasonably cooperate with Administrative Agent and Lenders, at the sole cost and expense of Lenders (at no cost to Borrower other than the costs and expenses of Borrower's legal counsel), in connection with any sale, transfer, pledge or assignment permitted hereunder, including, without limitation, (a) the delivery of an estoppel certificate and such other documents as may be reasonably requested by Administrative Agent and (b) the execution of such amendments to the Loan Documents as may be requested by the holder of the Note, including, without limitation, bifurcation of the Loan into two or more separate notes; provided, however, that Borrower shall not be required to modify or amend any Loan Document if such modification or amendment would (i) change the interest rate, the stated maturity or the amortization of principal set forth in the Note, except in connection with a bifurcation of the Loan which may result in varying interest rates and amortization schedules on the component notes, but which shall have, in the aggregate, the same initial weighted average spread of the Note immediately prior to such componentization, or (ii) in the reasonable judgment of Borrower, modify or amend any other material economic term of the Loan, or (iii) in the reasonable judgment of Borrower, increase Borrower's obligations and liabilities under the Loan Documents other than to a de minimis extent. Borrower shall also furnish and Borrower consents to Administrative Agent furnishing to such investors or such prospective investors any and all information concerning the Property, the Leases, the financial condition of Borrower as may be requested by Lender, any investor, any prospective investor in connection with any sale or transfer of the Loan. Notwithstanding anything to the contrary in this Section 8.1 or elsewhere in this Agreement, Lender shall not be permitted to create one or more "mezzanine loans" with respect to the Loan.

Borrower appoints Administrative Agent as its agent (the "Book Entry Agent") to maintain a book-entry register (the "Register") that satisfies the requirements of Treasury Regulation Section 5f.103-1(c). The Book Entry Agent shall maintain the Register and shall record therein the name and address of each Person that is entitled to payments of principal and/or interest under the Loan (including, without limitation, each Person that acquires such entitlement by way of participation in the Loan or otherwise). Any payments due under the Loan will only be paid to the Person entitled thereto as reflected on the Register and the right to any payments due under the Loan may be transferred only through the Register. No transfer, participation or assignment of any interest in the Loan shall be valid unless and until such transfer, participation or assignment has been properly recorded in the Register. The Book Entry Agent has the power to implement any other measures in the administration of Loan that it deems necessary, appropriate, prudent or desirable to satisfy the book-entry

system requirements of Treasure Regulation Section 5f.103-1(c). The Loan may not be converted into an obligation that is not in "registered form" for purposes Code Sections 871(h)(2)(B)(i) and 881(c)(2)(B).

Nothing contained in this Section 8.1 shall modify or amend (i) Administrative Agent's duties, rights and/or obligations as administrative agent, (ii) Administrative Agent's right of enforcement of the Obligations of Borrower in law and in equity upon a Default or an Event of Default by Borrower hereunder and/or (iii) Borrower's rights and/or obligations under the Loan. At all times during the term of the Loan, provided no Event of Default has occurred and is continuing Emerald Creek Capital 3, LLC shall act as Administrative Agent.

Section 8.2 Servicer.

8.2.1 At the option of Administrative Agent, the Loan may be serviced by a servicer (the "Servicer") selected by Administrative Agent and Administrative Agent may delegate all or any portion of its responsibilities under this Agreement and the other Loan Documents to the Servicer pursuant to a servicing agreement (the "Servicing Agreement") between Administrative Agent and Servicer. Borrower shall be responsible for the initial set-up fee in the amount of \$2,500.00. Borrower shall not be responsible for any other costs or fees relating to or arising under the Servicing Agreement, nor shall Borrower be responsible for payment of the monthly servicing fee due to the Servicer under the Servicing Agreement. Servicer shall, however, be entitled to reimbursement of costs and expenses as and to the same extent (but without duplication) that the Servicer is incurring same as an agent of Administrative Agent and Administrative Agent is entitled to be reimbursed for such expenses under the applicable provisions of this Agreement and the other Loan Documents.

8.2.2 Upon notice thereof from Administrative Agent, Servicer shall have the right to exercise all rights of Administrative Agent and enforce all obligations of Borrower pursuant to the provisions of this Agreement, the Note and the other Loan Documents.

8.2.3 Provided Borrower shall have been given notice of Servicer's address by Administrative Agent, Borrower shall deliver to Servicer duplicate originals of all notices and other instruments which Borrower may or shall be required to deliver to Administrative Agent pursuant to this Agreement, the Note and the other Loan Documents (and no delivery of such notices or other instruments by Borrower shall be of any force or effect unless delivered to Administrative Agent and Servicer as provided above).

Section 8.3 Intentionally Omitted.

Section 8.4 Exculpation.

(a) Except as otherwise provided herein, in the Security Instrument or in the other Loan Documents, Administrative Agent shall not enforce the liability and obligation of Borrower to perform and observe the obligations contained in this Agreement, the Note or the Security Instrument by any action or proceeding wherein a money judgment shall be sought against Borrower, except that Administrative Agent may bring a foreclosure action, action for specific performance or other appropriate action or proceeding to enable Administrative Agent to enforce and realize upon this Agreement, the Note, the Security Instrument, the other Loan Documents, and the interest in the Property, the Rents and any other Collateral given to Administrative Agent created by this Agreement, the Note, the Security Instrument and the other Loan Documents; provided, however, that any judgment in any such action or proceeding shall be enforceable against Borrower only to the extent of Borrower's interest in the Property, in the Rents and in any other collateral given to Administrative Agent. Administrative Agent, by accepting this Agreement, the Note and the Security Instrument, agrees that it shall not, except as otherwise provided herein or in the Security Instrument, sue for, seek or demand any deficiency judgment against Borrower in any such action or proceeding, under or by reason of or under or in

connection with this Agreement, the Note, the Security Instrument or the other Loan Documents. The provisions of this Section shall not, however, (i) constitute a waiver, release or impairment of any obligation evidenced or secured by this Agreement, the Note, the Security Instrument or the other Loan Documents; (ii) impair the right of Administrative Agent to name Borrower as a party defendant in any action or suit for judicial foreclosure and sale under the Security Instrument; (iii) affect the validity or enforceability of any indemnity (including, without limitation, the Environmental Indemnity), guaranty (including, without limitation, the Guaranty), master lease or similar instrument made in connection with this Agreement, the Note, the Security Instrument, or the other Loan Documents; (iv) impair the right of Administrative Agent to obtain the appointment of a receiver; (v) impair the enforcement of the Assignment of Leases; (vi) impair the right of Administrative Agent to enforce the provisions of Sections 15, 21 or 29 of the Security Instrument or Sections 3.1.8, 3.1.27, 4.1.8 and 4.2.8 hereof; or (vii) impair the right of Administrative Agent to obtain a deficiency judgment or other judgment on the Note against Borrower if necessary to (A) preserve or enforce its rights and remedies against the Property or (B) obtain any Insurance Proceeds or Awards to which Administrative Agent would otherwise be entitled under the terms of this Agreement or the Security Instrument; provided however, Administrative Agent shall only enforce such judgment to the extent of the Insurance Proceeds and/or Awards.

(b) Notwithstanding the provisions of this Section 8.4 to the contrary, Borrower shall be personally liable to Administrative Agent for any Losses it incurs due to: (i) fraud, intentional or willful misrepresentation, gross negligence or willful misconduct by Borrower or any Guarantor or any of their Affiliates or any Persons acting by or at the direction of Borrower or any Guarantor in connection with the Loan in connection with the Loan; (ii) Borrower's misapplication or misappropriation of Rents received by Borrower after the occurrence and during the continuance of a Default or Event of Default; (iii) Borrower's intentional misapplication or misappropriation of security deposits or Rents collected more than thirty (30) days in advance; (iv) Borrower's misapplication or the misappropriation of Insurance Proceeds or Awards; (v) Borrower's failure to pay Taxes or Other Charges, charges for labor or materials or other charges that create Liens on the Property (unless, in either instance, sufficient funds were deposited by Borrower in the Account for such purpose and Administrative Agent failed to make such funds available to pay for such amounts (regardless of whether Administrative Agent was required to do so hereunder); (vi) Borrower's failure to return or to reimburse Administrative Agent for all Equipment taken from the Property by or on behalf of Borrower and not replaced with Equipment of the same utility and of the same or greater value; (vii) any act of intentional physical waste or arson to the Property by Borrower or any Guarantor or any of their Affiliates or any Persons acting by or at the direction of Borrower or any Guarantor; (viii) any fees or commissions paid by Borrower to any Affiliate of Borrower or any Guarantor in violation of the terms of this Agreement, the Note, the Security Instrument or the other Loan Documents; (ix) failure to maintain the Policies required pursuant to Article V of this Agreement; (x) Borrower's making a distribution to its equity owners after the occurrence and during the continuance of an Event of Default; (xi) Borrower's failure to comply with the provisions of the Environmental Indemnity, including any violation of Environmental Law affecting Borrower and/or the Property; (xii) [***]; or (xiii) any claims by Leasing Agent, including, without limitation, any Losses resulting from Borrower's failure to obtain and/or deliver to Administrative Agent the fully executed Subordination of Leasing Agreement.

(c) Notwithstanding the foregoing, the agreement of Administrative Agent not to pursue recourse liability as set forth in subsection (a) above SHALL BECOME NULL AND VOID and shall be of no further force and effect and the Loan shall become fully recourse to Borrower and Guarantor, jointly and severally (i) in the event of Borrower's default under Sections 4.1.23 (which default results in the substantive consolidation of Borrower with any other Person in a bankruptcy or similar proceeding, except to the extent Administrative Agent or a Lender sought such consolidation) or 4.2.10 hereof or Section 8 of the Security Instrument (it being understood and agreed that a breach or violation of Section 4.2.10 due to the failure to timely send notice, provide search results and/or comply with other administrative requirements in connection with what would otherwise constitute a Permitted Transfer shall not in and of itself give rise to liability under this clause (i)), (ii) if any Restricted Party, the Property or any part thereof shall become an asset in a voluntary bankruptcy or

insolvency proceeding, (iii) any Restricted Party files, or joins in the filing of, an involuntary petition against any other Restricted Party under any Creditors Rights Laws, or solicits or causes to be solicited petitioning creditors for any involuntary petition against any Restricted Party from any Person, (iv) any Restricted Party files an answer consenting to or otherwise acquiescing in or joining in any involuntary petition filed against it, by any other Person under any Creditors Rights Laws, or solicits or causes to be solicited petitioning creditors for any involuntary petition from any Person, (v) any Restricted Party consents to or acquiesces in or joins in an application for the appointment of a custodian, receiver, trustee, or examiner for any Restricted Party or any portion of the Property, (vi) any Restricted Party shall, in connection with any enforcement action or exercise or assertion of any right or remedy by or on behalf of Administrative Agent under or in connection with this Agreement, the Note, the Security Instrument or any of the other Loan Documents, assert a defense, seek judicial intervention or injunctive or other equitable relief of any kind or assert in a pleading filed in connection with a judicial proceeding any defense against Administrative Agent or any right in connection with any security for the Loan which is determined by a final, non-appealable court of competent jurisdiction to have been brought in bad faith, or (vii) Borrower, without Administrative Agent's prior approval, enters into a Lease which requires Administrative Agent's approval hereunder.

(d) Nothing herein shall be deemed to be a waiver of any right which Administrative Agent may have under Section 506(a), 506(b), 1111(b) or any other provision of the Bankruptcy Code to file a claim for the full amount of the indebtedness secured by the Security Instrument or to require that all collateral shall continue to secure all of the indebtedness owing to Administrative Agent in accordance with this Agreement, the Note, the Security Instrument and the other Loan Documents.

Section 8.5 Contribution and Waivers.

(a) All obligations to repay principal of, interest on, and all other amounts with respect to, the Loan and all other obligations pursuant to this Agreement and each other Loan Document (including, without limitation, all fees, indemnities, Taxes and other obligations in connection therewith) (for purposes of this Section 8.5, the "Loan Obligations") shall constitute the joint and several obligations of each Borrower.

(b) As a result of the transactions contemplated by this Agreement, each Borrower will benefit, directly and indirectly, from each Borrower's obligation to pay the Debt and perform its Loan Obligations and in consideration therefore each Borrower desires to enter into an allocation and contribution agreement among themselves as set forth in this Section 8.5 to allocate such benefits among themselves and to provide a fair and equitable agreement to make contributions among each Borrower in the event any payment is made by any individual Borrower hereunder to Administrative Agent (such payment being referred to herein as a "Contribution," and for purposes of this Section 8.5, includes any exercise of recourse by Administrative Agent against any Collateral of a Borrower and application of proceeds of such Collateral in satisfaction of such Borrower's Loan Obligations, to Administrative Agent under the Loan Documents).

(c) Each Borrower shall be liable hereunder with respect to the Loan Obligations to Administrative Agent under this Agreement and the other Loan Documents only for such total maximum amount (if any) that would not render its Loan Obligations hereunder or under any of the Loan Documents subject to avoidance under Section 548 of the Bankruptcy Code or any comparable provisions of any State law.

(d) In order to provide for a fair and equitable contribution among Borrowers in the event that any Contribution is made by an individual Borrower (a "Funding Borrower"), such Funding Borrower shall be entitled to a reimbursement Contribution ("Reimbursement Contribution") from the other Borrower for all payments, damages and expenses incurred by that Funding Borrower in discharging any of the Loan Obligations, in the manner and to the extent set forth in this Section 8.5.

(e) For purposes hereof, the “Benefit Amount” of any individual Borrower as of any date of determination shall be the net value of the benefits to such Borrower and its Affiliates from extensions of credit made by Administrative Agent to (a) such Borrower and (b) to the other Borrower hereunder and the Loan Documents to the extent such other Borrower has guaranteed or mortgaged its Individual Property to secure the Loan Obligations of such Borrower to Administrative Agent.

(f) Each Borrower shall be liable to a Funding Borrower in an amount equal to the greater of (A) the (i) ratio of the Benefit Amount of such Borrower to the total amount of the Loan Obligations, multiplied by (ii) the amount of Loan Obligations paid by such Funding Borrower, or (B) ninety-five percent (95%) of the excess of the fair saleable value of the property and assets of such Borrower over the total liabilities of such Borrower (including the maximum amount reasonably expected to become due in respect of contingent liabilities) determined as of the date on which the payment made by a Funding Borrower is deemed made for purposes hereof (giving effect to all payments made by other Funding Borrowers as of such date in a manner to maximize the amount of such Contributions).

(g) Each Borrower acknowledges that the right to Reimbursement Contribution hereunder shall constitute an asset in favor of the Borrower to which such Reimbursement Contribution is owing.

(h) No Reimbursement Contribution payments payable by a Borrower pursuant to the terms of this Section 8.5 shall be paid until all of the Loan Obligations are paid in full in Cash. Nothing contained in this Section 8.5 shall limit or affect in any way the Loan Obligations of any Borrower to Administrative Agent under this Agreement or any other Loan Documents.

(i) Each Borrower waives:

(A) any right to require Administrative Agent to proceed against any other Borrower or any other person or to proceed against or exhaust any security held by Administrative Agent at any time or to pursue any other remedy in Administrative Agent’s power before proceeding against Borrower;

(B) the defense of the statute of limitations in any action against any other Borrower or for the collection of any indebtedness or the performance of any obligation under the Loan;

(C) any defense based upon any legal disability or other defense of any other Borrower, any guarantor of any other person or by reason of the cessation or limitation of the liability of any other Borrower or any guarantor from any cause other than full payment of all sums payable under the Note, this Agreement and any of the other Loan Documents;

(D) any defense based upon any lack of authority of the officers, directors, partners or agents acting or purporting to act on behalf of any other Borrower or any principal of any other Borrower or any defect in the formation of any other Borrower or any principal of any other Borrower;

(E) any defense based upon any statute or rule of law which provides that the obligation of a surety must be neither larger in amount nor in any other respects more burdensome than that of a principal;

(F) any defense based upon any failure by Administrative Agent to obtain collateral for the indebtedness or failure by Administrative Agent to perfect a lien on any collateral;

(G) presentment, demand, protest and notice of any kind;

(H) any defense based upon any failure of Administrative Agent to give notice of sale or other disposition of any collateral to any other Borrower or to any other person or entity or any defect in any notice that may be given in connection with any sale or disposition of any collateral;

(I) any defense based upon any failure of Administrative Agent to comply with applicable laws in connection with the sale or other disposition of any collateral, including, without limitation, any failure of Administrative Agent to conduct a commercially reasonable sale or other disposition of any collateral;

(J) any defense based upon any election by Administrative Agent, in any bankruptcy proceeding, of the application or non-application of Section 1111(6)(2) of the Bankruptcy Code or any successor statute;

(K) any defense based upon any use of cash collateral under Section 363 of the Bankruptcy Code;

(L) any defense based upon any agreement or stipulation entered into by Administrative Agent with respect to the provision of adequate protection in any bankruptcy proceeding;

(M) any defense based upon any borrowing or any grant of a security interest under Section 364 of the Bankruptcy Code;

(N) any defense based upon the avoidance of any security interest in favor of Administrative Agent for any reason;

(O) any defense based upon any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, liquidation or dissolution proceeding, including any discharge of, or bar or stay against collecting, all or any of the Loan Obligations evidenced by the Note or owing under any of the Loan Documents; and

(P) any defense or benefit based upon Borrower's, or any other party's, resignation of the portion of any obligation secured by the applicable Security Instrument to be satisfied by any payment from any other Borrower or any such party.

(j) Each Borrower waives:

(A) all rights and defenses arising out of an election of remedies by Administrative Agent even though the election of remedies, such as nonjudicial foreclosure with respect to security for the Loan or any other amounts owing under the Loan Documents, has destroyed Borrower's rights of subrogation and reimbursement against any other Borrower;

(B) all rights and defenses that Borrower may have because the Debt is secured by real property. This means, among other things: (i) Administrative Agent may collect from Borrower without first foreclosing on any real or personal property collateral pledged by any other Borrower and (ii) if Administrative Agent forecloses on any real property collateral pledged by any other Borrower, (a) the amount of the Debt may be reduced only by the price for which that collateral is sold at the foreclosure sale, even if the collateral is worth more than the sale price and (b) Administrative Agent may collect from Borrower even if any other Borrower, by foreclosing on the real property collateral, has destroyed any right Borrower may have to collect from any other Borrower. This is an unconditional and irrevocable waiver of any rights and defenses Borrower may have because any of the Debt is secured by real property; and

(C) any claim or other right which Borrower might now have or hereafter acquire against any other Borrower or any other person that arises from the existence or performance of any Loan Obligations under the Note, this Agreement, the Security Instrument or the other Loan Documents, including, without limitation, any of the following: (i) any right of subrogation, reimbursement, exoneration, contribution, or indemnification; or (ii) any right to participate in any claim or remedy of Administrative Agent against any other Borrower or any collateral security therefor, whether or not such claim, remedy or right arises in equity or under contract, statute or common law.

ARTICLE IX. BUILDING LOAN OPTION

Section 9.1 Building Loan Option.

9.1.1 Borrower shall have the right, but not the obligation (the "Building Loan Option"), to borrow, and Lender shall be obligated to make available, subject to satisfaction of the conditions set forth in Section 9.1.1(b) below, an additional loan in the maximum principal amount of \$12,000,000.00 (the "Building Loan") to pay for Approved Leasing Expenses. Borrower, Administrative Agent and Lender acknowledge that Borrower desires to utilize the Building Loan to pay for Costs of the Improvement and that loans utilized to fund same must be formatted as a building loan to comply with the New York State Lien Law. In furtherance thereof, the parties hereto agree as follows:

(a) Lender shall not be required to fund any amounts for the payment of Approved Leasing Expenses or any other Costs of the Improvement from the proceeds of the Loan.

(b) In order to exercise the Building Loan Option, (i) Borrower shall deliver to Administrative Agent written notice (which notice shall be irrevocable) specifying the proposed closing date for the Building Loan, which date shall be no earlier than ten (10) Business Days after the date of such notice, and (ii) all of the following conditions shall be satisfied on or prior to the Building Loan Closing Date:

(i) no monetary Default, material non-monetary Default or Event of Default hereunder shall have occurred and be continuing on the Building Loan Closing Date;

(ii) Borrower shall have paid to Administrative Agent all out-of-pocket expenses (including reasonable legal fees and disbursements of Administrative Agent's outside counsel) incurred by Administrative Agent in connection with Borrower's exercise of the Building Loan Option;

(iii) Administrative Agent shall have completed, to its satisfaction, substantively the same "know your customer" due diligence review and completion of a credit check which was conducted in connection with the closing of the Loan with respect to Borrower and Guarantor;

(iv) Borrower shall have delivered to Administrative Agent: (i) opinions of counsel to Borrower with respect to the enforceability, authorization, creation and perfection of security interest and other similar matters with respect to the Building Loan Documents, in form and substance reasonably satisfactory to Administrative Agent (it being acknowledged and agreed that the form delivered on the date hereof in connection with the closing of the Loan is reasonably satisfactory to Administrative Agent); (ii) a title insurance policy with respect to the applicable mortgage securing the Building Loan issued by the same title insurance company that issues the Title Insurance Policy and dated as of the date of the Building Loan Agreement reasonably acceptable to Administrative Agent, which title insurance policy shall (A) provide coverage in the amount of the Building Loan, (B) insure Administrative Agent that the mortgage securing the Building Loan creates a valid Lien on the Property, free and clear of all exceptions from coverage other than Permitted Encumbrances (as defined in the Building Loan Agreement) and standard exceptions and exclusions from coverage to the extent set forth in the title insurance policy provided to Administrative Agent in connection with the closing of the Loan, (C) name Administrative Agent as the insured and (D) include reinsurance (if applicable) and pending disbursement endorsements; and

(v) Borrower shall have executed and delivered to Administrative Agent (i) a building loan agreement in the form attached hereto as Exhibit B (the "Building Loan Agreement"), subject to modifications reasonably required by Administrative Agent to make good faith corrections or account for changed circumstances between the date of this Agreement and the Building Loan Closing Date (provided that such good faith corrections or modifications shall not increase the obligations, or decrease the rights, of Borrower under the Loan Documents other than to a de minimis extent), (ii) a second priority building loan mortgage in form and substance substantially similar to the Security Instrument, securing a maximum principal amount of \$12,000,000.00, (iii) a building loan note in form and substance substantially similar to the Note with a principal amount of up to \$12,000,000.00, (iv) a building loan assignment of leases and rents in form and substance substantially similar to the Assignment of Leases, (v) an affidavit complying with Section 22 of the New York Lien Law which is reasonably acceptable to Borrower and Lender, (vi) amended and restated guaranties in the form of the Guaranty (or, at Administrative Agent's election, an amendment and reaffirmation of the Guaranty with respect to the Loan and the Building Loan), (vii) an amendment to this Agreement for the purpose of making such administrative modifications hereto as Administrative Agent reasonably requires to account for the existence of the Building Loan, and (viii) any other documents reasonably required by Administrative Agent in connection with the Building Loan (provided that such other documents shall not increase the obligations, or decrease the rights, of Borrower under the Loan Documents other than to a de minimis extent).

ARTICLE X. MISCELLANEOUS

Section 10.1 Survival.

This Agreement and all covenants, agreements, representations and warranties made herein and in the certificates delivered pursuant hereto shall survive the making by Lenders of the Loan and the execution and delivery to Administrative Agent of the Note, and shall continue in full force and effect so long as all or any of the Debt is outstanding and unpaid unless a longer period is expressly set forth herein or in the other Loan Documents. Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the legal representatives, successors and assigns of such party. All covenants, promises and agreements in this Agreement, by or on behalf of Borrower, shall inure to the benefit of the legal representatives, successors and assigns of Administrative Agent and Lenders.

Section 10.2 Administrative Agent's Discretion.

Whenever pursuant to this Agreement, Administrative Agent exercises any right given to it to approve or disapprove, or any arrangement or term is to be satisfactory to Administrative Agent, the decision of Administrative Agent to approve or disapprove or to decide whether arrangements or terms are satisfactory or not satisfactory shall (except as is otherwise specifically herein provided) be in the sole discretion of Administrative Agent and shall be final and conclusive. Notwithstanding anything to the contrary contained herein or in any of the other Loan Documents, during the existence of an Event of Default under this Agreement or any of the other Loan Documents, any consent, approval or decision of Administrative Agent that is herein or therein provided to be in the "reasonable" discretion of Administrative Agent, or words of similar import, shall instead be deemed to be subject to the sole and absolute discretion of Administrative Agent

Section 10.3 Governing Law.

(a) THIS AGREEMENT, THE NOTE, THE SECURITY INSTRUMENT AND EACH OF THE OTHER LOAN DOCUMENTS SHALL IN ALL RESPECTS BE GOVERNED, CONSTRUED, APPLIED AND ENFORCED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW.

(b) WITH RESPECT TO ANY CLAIM OR ACTION ARISING HEREUNDER OR UNDER THIS AGREEMENT, THE NOTE, OR THE OTHER LOAN DOCUMENTS, BORROWER, LENDERS AND ADMINISTRATIVE AGENT EACH(A) IRREVOCABLY SUBMITS TO THE NONEXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK AND THE UNITED STATES DISTRICT COURT LOCATED IN THE BOROUGH OF MANHATTAN IN NEW YORK, NEW YORK, AND APPELLATE COURTS FROM ANY THEREOF, AND (B) IRREVOCABLY WAIVES ANY OBJECTION WHICH IT MAY HAVE AT ANY TIME TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE NOTE OR THE OTHER LOAN DOCUMENTS BROUGHT IN ANY SUCH COURT, AND IRREVOCABLY WAIVES ANY CLAIM THAT ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. NOTHING IN THIS AGREEMENT, THE NOTE OR THE OTHER LOAN DOCUMENTS WILL BE DEEMED TO PRECLUDE ADMINISTRATIVE AGENT OR LENDERS FROM BRINGING AN ACTION OR PROCEEDING WITH RESPECT HERETO IN ANY OTHER JURISDICTION. BORROWER, LENDERS AND ADMINISTRATIVE AGENT EACH FURTHER CONSENTS AND AGREES TO SERVICE OF ANY SUMMONS, COMPLAINT OR OTHER LEGAL PROCESS IN ANY SUCH SUIT, ACTION OR PROCEEDING BY REGISTERED OR CERTIFIED U.S. MAIL, POSTAGE PREPAID, TO BORROWER AT THE ADDRESS SET FORTH ON PAGE 1 HEREOF, AND CONSENTS AND AGREES THAT SUCH SERVICE SHALL CONSTITUTE IN EVERY RESPECT VALID AND EFFECTIVE SERVICE (BUT NOTHING HEREIN SHALL AFFECT THE VALIDITY OR EFFECTIVENESS OF PROCESS SERVICE IN ANY OTHER MANNER PERMITTED BY LAW).

Section 10.4 Modification, Waiver in Writing.

No modification, amendment, extension, discharge, termination or waiver of any provision of this Agreement, the Note, or of any other Loan Document, nor consent to any departure by Borrower therefrom, shall in any event be effective unless the same shall be in a writing signed by the party against whom enforcement is sought, and then such waiver or consent shall be effective only in the specific instance, and for the purpose, for which given. Except as otherwise expressly provided herein, no notice to, or demand on Borrower, shall entitle Borrower to any other or future notice or demand in the same, similar or other circumstances.

Section 10.5 Delay Not a Waiver.

Neither any failure nor any delay on the part of Administrative Agent or Lenders in insisting upon strict performance of any term, condition, covenant or agreement, or exercising any right, power, remedy or privilege hereunder, or under the Note or under any other Loan Document, or any other instrument given as security therefor, shall operate as or constitute a waiver thereof, nor shall a single or partial exercise thereof preclude any other future exercise, or the exercise of any other right, power, remedy or privilege. In particular, and not by way of limitation, by accepting payment after the due date of any amount payable under this Agreement, the Note or any other Loan Document, Administrative Agent and Lenders shall not be deemed to have waived any right either to require prompt payment when due of all other amounts due under this Agreement, the Note or the other Loan Documents, or to declare a default for failure to effect prompt payment of any such other amount.

Section 10.6 Notices.

All notices or other written communications (each, a "Notice") hereunder shall be deemed to have been properly given (i) upon delivery, if delivered in person, (ii) one (1) Business Day after having been deposited for overnight delivery with any reputable overnight courier service, or (iii) three (3) Business Days after having been deposited in any post office or mail depository regularly maintained by the U.S. Postal Service and sent by registered or certified mail, postage prepaid, return receipt requested, addressed as follows:

If to Borrower:	Reading Tammany Owner LLC US Development, LLC c/o Reading International, Inc. 5995 Sepulveda Boulevard, Suite 300 Culver City, California 90230 Attention: Chief Financial Officer
With a copy to:	Greenberg Traurig, LLC MetLife Building 200 Park Avenue New York, New York 10166 Attention: Joel C. Harrison, Esq.
If to Lenders:	Emerald Creek Capital 3, LLC 575 Lexington Avenue, Suite 3120 New York, New York 10022 Attention: Mark Bahiri
With a copy to:	Rosenberg & Estis P.C. 733 Third Avenue New York, New York 10017 Attention: Michael E. Lefkowitz, Esq.
If to Administrative Agent:	Emerald Creek Capital 3, LLC 575 Lexington Avenue, Suite 3120 New York, New York 10022 Attention: Mark Bahiri
With a copy to:	Rosenberg & Estis P.C. 733 Third Avenue New York, New York 10017 Attention: Michael E. Lefkowitz, Esq.

or addressed as such party may from time to time designate by written notice to the other parties.

Either party by notice to the other may designate additional or different addresses for subsequent notices or communications.

Section 10.7 Trial by Jury.

BORROWER, ADMINISTRATIVE AGENT AND LENDERS EACH HEREBY AGREES NOT TO ELECT A TRIAL BY JURY OF ANY ISSUE TRIABLE OF RIGHT BY JURY, AND WAIVES ANY RIGHT TO TRIAL BY JURY FULLY TO THE EXTENT THAT ANY SUCH RIGHT SHALL NOW OR HEREAFTER EXIST WITH REGARD TO THE LOAN DOCUMENTS, OR ANY CLAIM, COUNTERCLAIM OR OTHER ACTION ARISING IN CONNECTION THEREWITH. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS GIVEN KNOWINGLY AND VOLUNTARILY BY BORROWER, ADMINISTRATIVE AGENT AND LENDERS, AND IS INTENDED TO ENCOMPASS INDIVIDUALLY EACH INSTANCE AND EACH ISSUE AS TO WHICH THE RIGHT TO A TRIAL BY JURY WOULD OTHERWISE ACCRUE. EACH OF LENDERS, ADMINISTRATIVE AGENT, AND BORROWER IS HEREBY AUTHORIZED TO FILE A COPY OF THIS PARAGRAPH IN ANY PROCEEDING AS CONCLUSIVE EVIDENCE OF THIS WAIVER BY BORROWER, ADMINISTRATIVE AGENT AND LENDERS.

Section 10.8 Headings.

The Article and/or Section headings and the Table of Contents in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

Section 10.9 Severability.

Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

Section 10.10 Preferences.

Lenders shall have the continuing and exclusive right to apply or reverse and reapply any and all payments by Borrower to any portion of the obligations of Borrower hereunder. To the extent Borrower makes a payment or payments to Lenders, which payment or proceeds or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, receiver or any other party under any bankruptcy law, State or federal law, common law or equitable cause, then, to the extent of such payment or proceeds received, the obligations hereunder or part thereof intended to be satisfied shall be revived and continue in full force and effect, as if such payment or proceeds had not been received by Lenders.

Section 10.11 Waiver of Notice.

Borrower shall not be entitled to any notices of any nature whatsoever from Administrative Agent or Lenders except with respect to matters for which this Agreement or the other Loan Documents specifically and expressly provide for the giving of notice by Administrative Agent or Lenders to Borrower and except with respect to matters for which Borrower is not, pursuant to applicable Legal Requirements, permitted to waive the giving of notice. Borrower hereby expressly waives the right to receive any notice from Administrative Agent or Lenders with respect to any matter for which this Agreement or the other Loan Documents do not specifically and expressly provide for the giving of notice by Administrative Agent or Lenders to Borrower.

Section 10.12 Remedies of Borrower.

In the event that a claim or adjudication is made that Administrative Agent or Lenders have acted unreasonably or unreasonably delayed acting in any case where by law or under this Agreement or the other

Loan Documents, Administrative Agent, Lenders or such agent, as the case may be, has an obligation to act reasonably or promptly, Borrower agrees that Administrative Agent, Lenders and Administrative Agent's and Lenders' agents shall not be liable for any monetary damages, and Borrower's sole remedies shall be limited to commencing an action seeking injunctive relief or declaratory judgment. The parties hereto agree that any action or proceeding to determine whether Administrative Agent or Lenders has acted reasonably shall be determined by an action seeking declaratory judgment.

Section 10.13 Expenses; Indemnity.

(a) Borrower covenants and agrees to pay or, if Borrower fails to pay, to reimburse, Administrative Agent or Lenders within ten (10) Business Days of receipt of written notice from Administrative Agent or Lenders for all out-of-pocket costs and expenses (including reasonable attorneys' fees and disbursements) incurred by Administrative Agent or Lenders in connection with (i) the preparation, negotiation, execution and delivery of this Agreement and the other Loan Documents and the consummation of the transactions contemplated hereby and thereby and all the costs of furnishing all opinions by counsel for Borrower (including without limitation any opinions requested by Administrative Agent as to any legal matters arising under this Agreement or the other Loan Documents with respect to the Property); (ii) Borrower's ongoing performance of and compliance with Borrower's respective agreements and covenants contained in this Agreement and the other Loan Documents on its part to be performed or complied with after the Closing Date, including, without limitation, confirming compliance with environmental and insurance requirements; (iii) Administrative Agent or Lenders' ongoing performance and compliance with all agreements and conditions contained in this Agreement and the other Loan Documents on its part to be performed or complied with after the Closing Date; (iv) the negotiation, preparation, execution, delivery and administration of any consents, amendments, waivers or other modifications to this Agreement and the other Loan Documents and any other documents or matters requested by Administrative Agent; (v) securing Borrower's compliance with any requests made pursuant to the provisions of this Agreement; (vi) the filing and recording fees and expenses, title insurance (including the cost of quarterly title search updates to be performed by the Administrative Agent) and reasonable fees and expenses of counsel for providing to Administrative Agent all required legal opinions, and other similar expenses incurred in creating and perfecting the Liens in favor of Administrative Agent pursuant to this Agreement and the other Loan Documents; (vii) enforcing or preserving any rights, in response to third party claims or the prosecuting or defending of any action or proceeding or other litigation, in each case against, under or affecting Borrower, this Agreement, the other Loan Documents, the Property, or any other security given for the Loan; and (viii) enforcing any obligations of or collecting any payments due from Borrower under this Agreement, the other Loan Documents or with respect to the Property or in connection with any refinancing or restructuring of the credit arrangements provided under this Agreement in the nature of a "work-out" or of any insolvency or bankruptcy proceedings; provided, however, that Borrower shall not be liable for the payment of any such costs and expenses to the extent the same arise by reason of the gross negligence, illegal acts, fraud or willful misconduct of Administrative Agent or Lenders.

(b) Borrower shall indemnify, defend and hold harmless the Indemnified Parties from and against any and all other Losses of any kind or nature whatsoever (including, without limitation, the reasonable fees and disbursements of outside counsel for Indemnified Parties in connection with any investigative, administrative or judicial proceeding commenced or threatened, whether or not Indemnified Parties shall be designated a party thereto), that may be imposed on, incurred by, or asserted against Indemnified Parties in any manner relating to or arising out of (i) any breach by Borrower of its obligations under, or any material misrepresentation by Borrower contained in, this Agreement or the other Loan Documents, or (ii) the use or intended use of the proceeds of the Loan (collectively, the "Additional Indemnified Liabilities"); provided, however, that Borrower shall not have any obligation to Indemnified Parties hereunder to the extent that such Additional Indemnified Liabilities arise from the gross negligence, illegal acts, fraud or willful misconduct of Indemnified Parties. To the extent that the undertaking to indemnify, defend and hold harmless set forth in the preceding sentence may

be unenforceable because it violates any law or public policy, Borrower shall pay the maximum portion that it is permitted to pay and satisfy under applicable law to the payment and satisfaction of all Additional Indemnified Liabilities incurred by the Indemnified Parties.

(c) Borrower shall, at Borrower's sole cost and expense, protect, defend, indemnify, release and hold harmless the Indemnified Parties from and against any and all Losses of any kind or nature whatsoever (including, without limitation, the reasonable fees and disbursements of counsel for Indemnified Parties in connection with any investigative, administrative or judicial proceeding commenced or threatened, whether or not Indemnified Parties shall be designated a party thereto) imposed upon or incurred by or asserted against any Indemnified Parties and directly or indirectly arising out of or in any way relating to any tax on the making of the Security Instrument, the Note or any of the other Loan Documents, but excluding any income, franchise or other similar taxes.

(d) Borrower shall, at its sole cost and expense, protect, defend, indemnify, release and hold harmless Indemnified Parties from and against any and all Losses (including, without limitation, reasonable attorneys' fees and costs incurred in the investigation, defense, and settlement of losses incurred in correcting any prohibited transaction or in the sale of a prohibited loan, and in obtaining any individual prohibited transaction exemption under ERISA, the Code, any State statute or other similar law that may be required, in Administrative Agent's sole discretion) that the Indemnified Parties may incur, directly or indirectly, as a result of a default under Sections 3.1.8 or 4.2.8 hereof.

(e) The obligations and liabilities of Borrower under this Section 10.13 shall fully survive indefinitely (notwithstanding any termination, satisfaction, or assignment of the Security Instrument).

Section 10.14 Further Assurances.

10.14.1 **Replacement and Corrective Documents.** Upon receipt of an affidavit of an officer of Administrative Agent as to the loss, theft, destruction or mutilation of the Note or any other Loan Document which is not of public record, and, in the case of any such mutilation, upon surrender and cancellation of such Note or other Loan Document, Borrower and Guarantor, as applicable, shall issue, in lieu thereof, a replacement Note or other Loan Document, dated the date of such lost, stolen, destroyed or mutilated Note or other Loan Document in the same principal amount thereof and otherwise of like tenor. Borrower and Guarantor hereby consent and agree that in the event that any of the Loan Documents misstate or inaccurately reflect the true and correct terms and provisions of the Loan and said misstatement or inaccuracy is due to the mistake on the part of Administrative Agent or clerical error, then in such event Borrower and Guarantor shall, within ten (10) Business Days after written request of Administrative Agent and in order to correct such misstatement or inaccuracy, execute such new documents as Administrative Agent may reasonably deem necessary to remedy said inaccuracy or mistake (provided the same shall not increase any obligations, or decrease any rights, of Borrower or Guarantor under the Loan Documents).

10.14.2 **Further Acts, Etc.** Borrower and Guarantor shall (provided the same shall not increase any obligations, or decrease any rights, of Borrower or Guarantor under the Loan Documents), at the cost and expense of Borrower and Guarantor, and without expense to Administrative Agent or Lenders, do, execute, acknowledge and deliver all and every further acts, deeds, conveyances, assignments, security agreements, control agreements, notices of assignments, transfers and assurances as Administrative Agent shall, from time to time, reasonably require, for the better assuring, conveying, assigning, transferring, and confirming unto Lenders the Property and rights hereby granted, bargained, sold, conveyed, confirmed, pledged, assigned, warranted and transferred or intended now or hereafter so to be, or which Borrower or Guarantor may be or may hereafter become bound to convey or assign to Lenders, or for carrying out the intention or facilitating the performance of the terms of this Agreement or for filing or registering of the Security Instrument, or for complying with all Legal Requirements. Borrower and Guarantor, on demand, shall deliver, and in the event

Borrower or Guarantor shall fail to so deliver, hereby authorizes Administrative Agent to file, in the name of Borrower and Guarantor, one or more financing statements and financing statement amendments to evidence more effectively, perfect and maintain the priority of the security interest of Lenders in the Property. Upon the occurrence and during the continuance of an Event of Default, Borrower and Guarantor grant to Lenders and Administrative Agent an irrevocable power of attorney coupled with an interest for the purpose of exercising and perfecting any and all rights and remedies available to Lenders or Administrative Agent at law and in equity, including without limitation, such rights and remedies available to Lenders or Administrative Agent pursuant to this Section 10.14.2.

Section 10.15 Waiver of Statute of Limitations.

Borrower and Guarantor hereby expressly waive and release, to the fullest extent permitted by law, the pleading of any statute of limitations as a defense to payment of the Debt or performance of its other obligations set forth in the Loan Documents.

Section 10.16 Schedules, Exhibits and Cover Page Incorporated.

The Schedules, Exhibits and Cover Page annexed hereto are hereby incorporated herein as a part of this Agreement with the same effect as if set forth in the body hereof.

Section 10.17 Offsets, Counterclaims and Defenses.

Any assignee of Lenders' interest in and to this Agreement, the Note and the other Loan Documents shall take the same free and clear of all offsets, counterclaims or defenses which are unrelated to such documents which Borrower may otherwise have against any assignor of such documents, and no such unrelated counterclaim or defense shall be interposed or asserted by Borrower in any action or proceeding brought by any such assignee upon such documents and any such right to interpose or assert any such unrelated offset, counterclaim or defense in any such action or proceeding is hereby expressly waived by Borrower.

Section 10.18 No Joint Venture or Partnership; No Third Party Beneficiaries.

(a) Borrower, Administrative Agent and Lenders intend that the relationships created hereunder and under the other Loan Documents be solely that of borrower and lender. Nothing herein or therein is intended to create a joint venture, partnership, tenancy-in-common, or joint tenancy relationship between Borrower, Administrative Agent and Lenders nor to grant Administrative Agent or Lenders any interest in the Property other than that of mortgagee, beneficiary or lender. Borrower and Guarantor hereby knowingly, voluntarily, intentionally, unconditionally and irrevocably waive and relinquish all claims, demands, counterclaims and/or defenses alleging the existence of any partnership, joint venture or other fiduciary relationship between Administrative Agent or Lenders and Borrower and Borrower shall hold Lenders, Administrative Agent, Lenders' and Administrative Agent's successors and assigns, harmless from and against any and all Losses that Administrative Agent or Lenders may sustain as a result of any such allegation by any person or entity whatsoever.

(b) This Agreement and the other Loan Documents are solely for the benefit of Lenders, Administrative Agent and Borrower and nothing contained in this Agreement or the other Loan Documents shall be deemed to confer upon anyone other than Lenders, Administrative Agent and Borrower any right to insist upon or to enforce the performance or observance of any of the obligations contained herein or therein. All conditions to the obligations of Lenders to make the Loan hereunder are imposed solely and exclusively for the benefit of Lenders and no other Person shall have standing to require satisfaction of such conditions in accordance with their terms or be entitled to assume that Lenders will refuse to make the Loan in the absence of strict compliance with any or all thereof and no other Person shall under any circumstances be deemed to be a

beneficiary of such conditions, any or all of which may be freely waived in whole or in part by Lenders if, in Administrative Agent's or Lenders' sole discretion, Administrative Agent or Lenders deems it advisable or desirable to do so.

Section 10.19 Publicity.

All news releases, publicity or advertising by Borrower or their Affiliates through any media intended to reach the general public which refers to the Loan, Administrative Agent, Lenders, or any of Administrative Agent's or Lenders' Affiliates shall be subject to the prior written approval of Administrative Agent. Notwithstanding the foregoing, disclosure required by any federal or State securities laws, rules or regulations, as determined by Borrower's counsel, shall not be subject to the prior written approval of Administrative Agent. Administrative Agent and Lenders shall be permitted, without the prior approval of Borrower, to make any news releases, publicity or advertising by Administrative Agent, Lenders or Administrative Agent's or Lenders' Affiliates through any media intended to reach the general public which refers to the Loan, the Property, Borrower and Borrower's Affiliates.

Section 10.20 Waiver of Marshalling of Assets.

To the fullest extent permitted by applicable law, Borrower, for itself and its successors and assigns, waives all rights to a marshalling of the assets of Borrower, Borrower's partners and others with interests in Borrower, and of the Property, or to a sale in inverse order of alienation in the event of foreclosure of all or part of the Security Instrument, and agrees not to assert any right under any laws pertaining to the marshalling of assets, the sale in inverse order of alienation, homestead exemption, the administration of estates of decedents, or any other matters whatsoever to defeat, reduce or affect the right of Lenders under the Loan Documents to a sale of the Property for the collection of the Debt without any prior or different resort for collection or of the right of Lenders to the payment of the Debt out of the net proceeds of the Property in preference to every other claimant whatsoever.

Section 10.21 Waiver of Counterclaim.

Borrower hereby waives the right to assert a counterclaim, other than a compulsory counterclaim, in any action or proceeding brought against it by Lenders or Administrative Agent or Lenders' or Administrative Agent's agents.

Section 10.22 Conflict; Construction of Documents; Reliance.

In the event of any conflict between the provisions of this Agreement and any of the other Loan Documents, the provisions of this Agreement shall control. The parties hereto acknowledge that they were represented by competent counsel in connection with the negotiation, drafting and execution of the Loan Documents and that such Loan Documents shall not be subject to the principle of construing their meaning against the party which drafted same. Borrower acknowledges that, with respect to the Loan, Borrower shall rely solely on its own judgment and advisors in entering into the Loan without relying in any manner on any statements, representations or recommendations of Administrative Agent or Lenders or any parent, subsidiary or Affiliate of Administrative Agent or Lenders. Lenders shall not be subject to any limitation whatsoever in the exercise of any rights or remedies available to it under any of the Loan Documents or any other agreements or instruments which govern the Loan by virtue of the ownership by it or any parent, subsidiary or Affiliate of Lenders of any equity interest any of them may acquire in Borrower, and Borrower hereby irrevocably waives the right to raise any defense or take any action on the basis of the foregoing with respect to Lenders' or Administrative Agent's exercise of any such rights or remedies. Borrower acknowledges that Lenders engages in the business of real estate financings and other real estate transactions and investments which may be viewed as adverse to or competitive with the business of Borrower or its Affiliates.

Section 10.23 Counterparts.

This Agreement may be executed in any number of counterparts, and each such counterpart shall for all purposes be deemed to be an original, and all such counterparts together constitute but one and the same agreement. In addition, the parties may execute separate signature pages, and such signature pages (and/or signature pages which have been detached from one or more duplicate original copies of this Agreement) may be combined and attached to one or more copies of this Agreement so that such copies shall contain the signatures of all of the parties hereto.

Section 10.24 Brokers and Financial Advisors.

Borrower hereby represents that it has dealt with no financial advisors, brokers, underwriters, placement agents, agents or finders in connection with the transactions contemplated by this Agreement other than Estreich & Company. Borrower hereby agrees to indemnify, defend and hold the Indemnified Parties harmless from and against any and all claims, liabilities, costs and expenses (excluding special, indirect, punitive and consequential damages except to the extent paid to a third party) of any kind (including the Indemnified Parties reasonable attorneys' fees and expenses) in any way relating to or arising from a claim by any Person that such Person acted on behalf of Borrower, Administrative Agent or Lenders in connection with the transactions contemplated herein. The provisions of this Section 10.24 shall survive the expiration and termination of this Agreement and the payment of the Debt.

Section 10.25 Prior Agreements.

This Agreement and the other Loan Documents contain the entire agreement of the parties hereto and thereto in respect of the transactions contemplated hereby and thereby, and all prior agreements among or between such parties, whether oral or written, between Borrower and/or its Affiliates and Administrative Agent, Lenders, or any of Administrative Agent's or Lenders' Affiliates are superseded by the terms of this Agreement and the other Loan Documents.

Section 10.26 Joint and Several.

If more than one Person has executed this Agreement as "Borrower", the representations, covenants, warranties and obligations of all such Persons hereunder shall be joint and several.

Section 10.27 Negation of Implied Right to Cure Defaults.

Notwithstanding anything contained in this Agreement or any of the other Loan Documents providing that certain rights, remedies or privileges are only available to Administrative Agent during the "continuance" of an Event of Default (or words of similar import), Borrower expressly acknowledges and agrees that it does not have the right to cure an Event of Default once the same has occurred under this Agreement or any other Loan Document without the consent of Administrative Agent, which consent may be withheld, delayed or denied by Administrative Agent in its sole and absolute discretion.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their duly authorized representatives, all as of the day and year first above written.

BORROWER:

READING TAMMANY OWNER LLC

By: _____

Name: Gilbert Avanes

Title: Authorized Signatory

US DEVELOPMENT, LLC

By: _____

Name: Gilbert Avanes

Title: Authorized Signatory

[SIGNATURES CONTINUE ON FOLLOWING PAGE]

ADMINISTRATIVE AGENT:

EMERALD CREEK CAPITAL 3, LLC

By: Emerald Creek Advisors LLC,
its Manager

By: _____
Name: Mark Bahiri
Title: Managing Member

LENDER:

EMERALD CREEK CAPITAL 3, LLC

By: Emerald Creek Advisors LLC,
its Manager

By: _____
Name: Mark Bahiri
Title: Managing Member

SCHEDULE I

PROPERTY DESCRIPTION

SCHEDULE II

[**]

SCHEDULE III

[**]

SCHEDULE IV

[**]

EXHIBIT A-1

EXHIBIT A-2

EXHIBIT B

Draft: 31 May 2021

National Australia Bank Limited

Reading Entertainment Australia Pty Ltd

Each Guarantor

Amendment Deed

Corporate Markets Loan & Bank Guarantee Facility Agreement

Ref: BMH/MH 9143151
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Parties

National Australia Bank Limited ABN 12 004 044 937 of Pier 3 Level 4, 800 Bourke Street, Docklands, Victoria 3008 (**Bank**)

Reading Entertainment Australia Pty Ltd ACN 070 893 908 of 98 York Street, South Melbourne, Victoria 3205 (**Borrower**)

Each entity listed in the schedule (each a **Guarantor**)

Agreed terms

1 Definitions

In this deed words and expressions which are defined or given a specific meaning in the Amended Facility Agreement but which are not defined or given a specific meaning in this deed have the same meaning as in the Amended Facility Agreement. Otherwise, terms have the following meanings:

Acceding Property	The property located at 16 Edmondstone Street, Newstead, Queensland described as Lot 3 on registered plan 58294 bearing title reference 17441054.
Amended Facility Agreement	The Facility Agreement as amended in accordance with this deed.
Effective Date	The date on which each of the conditions precedent set out in clause 3 have been satisfied (subject to clause 3.2(d)).
Facility Agreement	The Facility Agreement between the Bank, the Borrower, and others originally dated, 24 June 2011 as amended on 27 March 2019 and from time to time.
Net Sale Proceeds	In relation to the sale of the Released Property, the gross sale or disposal price set out in the sale contract less the aggregate of estate agent commissions, conveyancing fees, adjustments (for both water and council rates), land tax owners corporation fees and fees associated with the discharge or release of an Encumbrance over the Released Property and any GST payable in relation to the sale contract.
Released Property	The land and improvements known as Red Yard Entertainment Centre, 100 Parramatta Road, Auburn New South Wales and described in certificate of title 202/1039922.

2 Consideration

Each party has entered into this deed in consideration of the Bank agreeing to amend the Facility Agreement in accordance with this deed.

3 Conditions precedent

3.1 Conditions precedent to Effective Date

The amendments to the Facility Agreement effected by this deed, and the occurrence of the Effective Date, are subject to the following conditions precedent that:

- (a) at least two clear Business Days (or such shorter period as the Bank may agree) before the Effective Date, the Bank has received, in form and substance satisfactory to the Bank:
 - (i) executed copies of each of the following, executed by each party to it (other than the Bank):
 - (A) this document; and
 - (B) the mortgage granted by Hotel Newmarket Pty Ltd in respect of the Acceding Property;
 - (ii) evidence that satisfactory insurance policies are in place for the Acceding Property;
 - (iii) evidence that the Net Sale Proceeds are held by the Borrower and that the Borrower has made a prepayment of \$20,000,000 from the Net Sale Proceeds in permanent reduction of the Corporate Markets Loan Facility;
 - (iv) the Bank has received all title documents for the Acceding Property (including certificates of title or control of any electronic title) and any necessary transfers, and releases in respect of all Encumbrances affecting the Acceding Property other than Permitted Encumbrances;
 - (v) anything which the Bank has reasonably requested that the Borrower or the Guarantors provide to it in relation to any Transaction Document;
- (b) the representations and warranties set out in clause 8 of the Amended Facility Agreement are correct and not misleading on the date that the Borrower and the Guarantors execute this deed;
- (c) no Event of Default, Potential Event of Default or Review Event subsists; and
- (d) the Effective Date is no later than 31 August 2021, or such later date agreed by the Bank.

3.2 Satisfaction of conditions precedent

- (a) The Borrower and each Guarantor must use their best endeavours to satisfy the conditions precedent.
- (b) Any certificates or copies of documents referred to in **clause 3.1** must be certified by a company secretary or director of the Borrower and each Guarantor (as applicable) as being true, complete and current.
- (c) The conditions precedent are for the benefit of the Bank.

- (d) The Bank may waive, or agree to a delay of, the satisfaction of any of the conditions precedent in writing at any time before or after the time by which they must be satisfied.

4 Amendment of Facility Agreement

4.1 Amendment

On and from the Effective Date, the Facility Agreement is amended in the form of the **annexure**, by deleting the items struck through, and by adding the items underlined.

4.2 Parties bound

The parties will be bound by the Amended Facility Agreement on and from the Effective Date.

5 Release

On and from the Effective Date:

- (a) the Bank releases the Released Property from any Collateral Security granted by the relevant Guarantor; and
- (b) if a Security Interest is registered on the Personal Property Securities Register established under the PPSA in relation to the Released Property, the Bank will register a financing change statement in respect of that Security Interest within 10 Business Days.

6 Undertakings

- (a) The Borrower must, within 15 days from the date of this deed, deliver the original executed Finance Documents referred to in 3.1(a)(i) to the Bank (or the Bank's lawyers).
- (b) The Borrower acknowledges and agrees that any failure to comply with the obligations under this **clause 6** would constitute an Event of Default under the Facility Agreement.

7 Representations and warranties

7.1 General

The Borrower and each Guarantor each represent and warrant that at the time of its execution of this deed:

- (a) it has capacity unconditionally to execute, deliver and comply with its obligations under this deed;
- (b) it has taken all necessary action to authorise the unconditional execution and delivery of, and compliance with, its obligations under this deed;
- (c) this deed constitutes the valid and legally binding obligations of it and is enforceable against it in accordance with its terms;

- (d) it has duly executed each of the Transaction Documents to which it is expressed to be a party;
- (e) the Transaction Documents are valid and enforceable in accordance with their respective terms; and
- (f) its unconditional execution and delivery of, and compliance with its obligations under, this deed do not contravene its constituent documents or any obligation of it under any law or to any other person.

7.2 Survival of representations and warranties

The representations and warranties in **clause 7.1** survive the execution of this deed and the amendment of the Facility Agreement.

8 Acknowledgments

Each party other than the Bank:

- (a) agrees to the amendment of the Facility Agreement effected by this deed;
- (b) agrees that this deed is a Transaction Document for the purposes of the Amended Facility Agreement;
- (c) acknowledges that the Bank has agreed to execute this deed at the request of the Borrower and the Guarantors and that this is without prejudice to any other current or future right the Bank may have against the Borrower and the Guarantors or any other Security Provider or under or in connection with any Transaction Document; and
- (d) agrees that each Collateral Security to which it is a party extends to and secures its obligations to the Bank under the Amended Facility Agreement.

9 General

9.1 Amendment

This deed may only be varied or replaced by a deed executed by all of the parties to this deed.

9.2 Construction

Clause 1.2 of the Facility Agreement applies to this deed as if set out in full in this deed with such changes as are necessary.

9.3 Counterparts

This deed may consist of a number of counterparts and, if so, the counterparts taken together constitute one deed.

9.4 Deed

This document is a deed. Factors which might suggest otherwise are to be disregarded.

9.5 Duty

The Borrower, as between the parties, is liable for and must pay all duty (including any fine, interest or penalty except where it arises from default by the other party) on or relating to this deed, any document executed under it or any dutiable transaction evidenced or effected by it.

9.6 Entire understanding

- (a) This deed contains the entire understanding between the parties as to the subject matter of this deed.
- (b) All previous negotiations, understandings, representations, warranties, memoranda or commitments concerning the subject matter of this deed are merged in and superseded by this deed and are of no effect. No party is liable to any other party in respect of those matters.
- (c) No oral explanation or information provided by any party to another:
 - (i) affects the meaning or interpretation of this deed; or
 - (ii) constitutes any collateral agreement, warranty or understanding between any of the parties.

9.7 Further steps

Each party must promptly do whatever any other party reasonably requires of it to give effect to this deed and to perform its obligations under it.

9.8 Governing law and jurisdiction

- (a) This deed is governed by and is to be construed in accordance with the laws applicable in Victoria.
- (b) Each party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts exercising jurisdiction in Victoria and any courts which have jurisdiction to hear appeals from any of those courts and waives any right to object to any proceedings being brought in those courts.

9.9 Legal costs

- (a) The Borrower must pay, and if paid by the Bank reimburse the Bank, the cost of stamping and registering this deed and the reasonable legal and other costs and expenses of the Bank in relation to:
 - (a) the negotiation, preparation and execution of this deed; and
 - (b) the performance of the Bank's obligations under this deed.
- (b) Except as expressly stated otherwise in this deed, each party must pay its own legal and other costs and expenses of performing its obligations under this deed.

Guarantors		
Name	Capacity	Address
Reading Entertainment Australia Pty Ltd ACN 070 893 908	In its own capacity.	Address: 98 York Street, South Melbourne VIC 3205 Australia Fax: 03 9685 0999 Attention: Managing Director AND TO: Reading International Inc. Address: 5995 Sepulveda Blvd, Suite 300 Culver City California 90230 United States of America Fax: +1 213 235 2229 Attention: Chief Financial Officer
Australia Country Cinemas Pty Ltd ACN 076 276 349	In its own capacity.	Same as for Borrower.
Australian Equipment Supply Pty Ltd ACN 122 571 420	In its own capacity.	Same as for Borrower.
Burwood Developments Pty Ltd ACN 105 384 905	In its own capacity.	Same as for Borrower.
Epping Cinemas Pty Ltd ACN 073 997 172	In its own capacity.	Same as for Borrower.
Hotel Newmarket Pty Ltd ACN 094 367 969	In its own capacity.	Same as for Borrower.

Guarantors		
Name	Capacity	Address

Newmarket Properties Pty Ltd ACN 105 386 409	In its own capacity.	Same as for Borrower.
Newmarket Properties No. 2 Pty Ltd ACN 109 038 806	In its own capacity.	Same as for Borrower.
Newmarket Properties #3 Pty Ltd ACN 126 697 505	In its own capacity.	Same as for Borrower.
Reading Australia Leasing (E&R) Pty Ltd ACN 107 939 211	In its own capacity.	Same as for Borrower.
Reading Belmont Pty Ltd ACN 126 697 498	In its own capacity.	Same as for Borrower.
Reading Bundaberg 2012 Pty Ltd ACN 122 406 320	In its own capacity.	Same as for Borrower.
Reading Charlestown Pty Ltd ACN 123 938 483	In its own capacity.	Same as for Borrower.
Reading Cinemas Pty Ltd ACN 073 808 643	In its own capacity.	Same as for Borrower.
Reading Cinemas Management Pty Ltd ACN 122 406 311	In its own capacity.	Same as for Borrower.
State Cinema Hobart Pty Ltd ACN 108 861 061	In its own capacity.	Same as for Borrower.
Reading Dandenong Pty Ltd ACN 129 018 739	In its own capacity.	Same as for Borrower.
Reading Elizabeth Pty Ltd ACN 114 582 099	In its own capacity.	Same as for Borrower.
Reading Exhibition Pty Ltd ACN 103 529 782	In its own capacity.	Same as for Borrower.
Reading Licences Pty Ltd ACN 089 544 605	In its own capacity.	Same as for Borrower.
Reading Maitland Pty Ltd ACN 126 697 461	In its own capacity.	Same as for Borrower.

Guarantors

Name	Capacity	Address
Reading Melton Pty Ltd ACN 109 074 517	In its own capacity.	Same as for Borrower.
Reading Properties Pty Ltd ACN 071 195 429	In its own capacity.	Same as for Borrower.
Reading Properties Indooroopilly Pty Ltd ACN 121 284 884	As trustee for the Landplan Property Partners Discretionary Trust.	Same as for Borrower.
Reading Properties Taringa Pty Ltd ACN 128 819 483	As trustee for the Reading Property Partners No. 1 Discretionary Trust.	Same as for Borrower.
Reading Property Holdings Pty Ltd ACN 126 289 772	In its own capacity.	Same as for Borrower.
Reading Rouse Hill Pty Ltd ACN 123 245 885	In its own capacity.	Same as for Borrower.
Reading Sunbury Pty Limited ACN 109 074 571	In its own capacity.	Same as for Borrower.
Rhodes Peninsula Cinema Pty Limited ACN 120 827 812	In its own capacity.	Same as for Borrower.
Westlakes Cinema Pty Ltd ACN 108 531 308	In its own capacity.	Same as for Borrower.
A.C.N. 143 633 096 Pty Ltd ACN 143 633 096	In its own capacity.	Same as for Borrower.
Reading Cannon Park Pty Ltd ACN 609 837 569	In its own capacity.	Same as for Borrower.
Angelika Anywhere Pty Ltd ACN 642 993 593	In its own capacity.	Same as for Borrower.
Reading Jindalee Pty Ltd ACN 629 483 914	In its own capacity.	Same as for Borrower.
Reading Devonport Pty Ltd ACN 629 484 126	In its own capacity.	Same as for Borrower.
Reading Altona Pty Ltd ACN 634 384 311	In its own capacity.	Same as for Borrower.

Guarantors

Name	Capacity	Address
Reading South City Square Pty Ltd ACN 616 892 936	In its own capacity.	Same as for Borrower.
Reading Traralgon Pty Ltd ACN 618 457 202	In its own capacity.	Same as for Borrower.
Reading Burwood Pty Ltd ACN 619 050 396	In its own capacity.	Same as for Borrower.
Reading Alphington Pty Ltd ACN 633 008 401	In its own capacity.	Same as for Borrower.
Reading Auburn Pty Ltd ACN 126 697 470	In its own capacity.	Same as for Borrower.

Execution

Executed as a deed

**Executed by Reading Entertainment
Australia Pty Ltd** ACN 070 893 908)
)

/s/ Ellen M. Cotter
~~Company Secretary~~/Director
Ellen M. Cotter
Name of ~~Company Secretary~~/Director (print)

/s/ Andrzej Matyczynski
Director
Andrzej Matyczynski
Name of Director (print)

**Executed by Australian Country Cinemas
Pty Ltd** ACN 076 276 349)
)

/s/ Ellen M. Cotter
~~Company Secretary~~/Director
Ellen M. Cotter
Name of ~~Company Secretary~~/Director (print)

/s/ Andrzej Matyczynski
Director
Andrzej Matyczynski
Name of Director (print)

**Executed by Australian Equipment
Supply Pty Ltd** ACN 122 571 420)
)

/s/ Ellen M. Cotter
~~Company Secretary~~/Director
Ellen M. Cotter
Name of ~~Company Secretary~~/Director (print)

/s/ Andrzej Matyczynski
Director
Andrzej Matyczynski
Name of Director (print)

Corrs Chambers Westgarth
Executed by Burwood Developments Pty Ltd)
ACN 105 384 905)

/s/ Ellen M. Cotter
.....
~~Company Secretary~~/Director
Ellen M. Cotter
.....
Name of ~~Company Secretary~~/Director (print)

/s/ Andrzej Matyczynski
.....
Director
Andrzej Matyczynski
.....
Name of Director (print)

Executed by Epping Cinemas Pty Ltd)
ACN 073 997 172)

/s/ Ellen M. Cotter
.....
~~Company Secretary~~/Director
Ellen M. Cotter
.....
Name of ~~Company Secretary~~/Director (print)

/s/ Andrzej Matyczynski
.....
Director
Andrzej Matyczynski
.....
Name of Director (print)

Executed by Hotel Newmarket Pty Ltd)
ACN 094 367 969)

/s/ Ellen M. Cotter
.....
~~Company Secretary~~/Director
Ellen M. Cotter
.....
Name of ~~Company Secretary~~/Director (print)

/s/ Andrzej Matyczynski
.....
Director
Andrzej Matyczynski
.....
Name of Director (print)

Corrs Chambers Westgarth
Executed by Newmarket Properties Pty)
Ltd ACN 105 386 409)

/s/ Ellen M. Cotter
.....
~~Company Secretary~~/Director
Ellen M. Cotter
.....
Name of ~~Company Secretary~~/Director (print)

/s/ Andrzej Matyczynski
.....
Director
Andrzej Matyczynski
.....
Name of Director (print)

Executed by Newmarket Properties)
No. 2 Pty Ltd ACN 109 038 806)

/s/ Ellen M. Cotter
.....
~~Company Secretary~~/Director
Ellen M. Cotter
.....
Name of ~~Company Secretary~~/Director
(print)

/s/ Andrzej Matyczynski
.....
Director
Andrzej Matyczynski
.....
Name of Director (print)

Executed by Newmarket Properties #3)
Pty Ltd ACN 126 697 505)

/s/ Ellen M. Cotter
.....
~~Company Secretary~~/Director
Ellen M. Cotter
.....
Name of ~~Company Secretary~~/Director (print)

/s/ Andrzej Matyczynski
.....
Director
Andrzej Matyczynski
.....
Name of Director (print)

Corrs Chambers Westgarth
Executed by Reading Auburn Pty Ltd)
ACN 126 697 470)

/s/ Ellen M. Cotter
~~Company Secretary~~/Director
Ellen M. Cotter
Name of ~~Company Secretary~~/Director (print)

/s/ Andrzej Matyczynski
Director
Andrzej Matyczynski
Name of Director (print)

Executed by Reading Australia Leasing)
(E&R) Pty Ltd)
ACN 107 939 211)

/s/ Ellen M. Cotter
~~Company Secretary~~/Director
Ellen M. Cotter
Name of ~~Company Secretary~~/Director (print)

/s/ Andrzej Matyczynski
Director
Andrzej Matyczynski
Name of Director (print)

Executed by Reading Belmont Pty Ltd)
ACN 126 697 498)

/s/ Ellen M. Cotter
~~Company Secretary~~/Director
Ellen M. Cotter
Name of ~~Company Secretary~~/Director (print)

/s/ Andrzej Matyczynski
Director
Andrzej Matyczynski
Name of Director (print)

Executed by Reading Bundaberg 2012)
Pty Ltd ACN 122 406 320)

Corrs Chambers Westgarth
/s/ Ellen M. Cotter
.....
~~Company Secretary~~/Director
Ellen M. Cotter
.....
Name of ~~Company Secretary~~/Director (print)

/s/ Andrzej Matyczynski
.....
Director
Andrzej Matyczynski
.....
Name of Director (print)

Executed by Reading Charlestown Pty Ltd ACN 123 938 483)
)

/s/ Ellen M. Cotter
.....
~~Company Secretary~~/Director
Ellen M. Cotter
.....
Name of ~~Company Secretary~~/Director (print)

/s/ Andrzej Matyczynski
.....
Director
Andrzej Matyczynski
.....
Name of Director (print)

Executed by Reading Cinemas Pty Ltd ACN 073 808 643)
)

/s/ Ellen M. Cotter
.....
~~Company Secretary~~/Director
Ellen M. Cotter
.....
Name of ~~Company Secretary~~/Director (print)

/s/ Andrzej Matyczynski
.....
Director
Andrzej Matyczynski
.....
Name of Director (print)

Corrs Chambers Westgarth)
Executed by Reading Cinemas)
Management Pty Ltd)
ACN 122 406 311)

/s/ Ellen M. Cotter
~~Company Secretary~~/Director

Ellen M. Cotter
Name of ~~Company Secretary~~/Director (print)

/s/ Andrzej Matczynski
Director

Andrzej Matczynski
Name of Director (print)

Executed by State Cinema Hobart Pty)
Ltd ACN 108 861 061)

/s/ Ellen M. Cotter
~~Company Secretary~~/Director

Ellen M. Cotter
Name of ~~Company Secretary~~/Director (print)

/s/ Andrzej Matczynski
Director

Andrzej Matczynski
Name of Director (print)

Executed by Reading Dandenong Pty Ltd)
ACN 129 018 739)

/s/ Ellen M. Cotter
~~Company Secretary~~/Director

Ellen M. Cotter
Name of ~~Company Secretary~~/Director (print)

/s/ Andrzej Matczynski
Director

Andrzej Matczynski
Name of Director (print)

Corrs Chambers Westgarth)
Executed by Reading Elizabeth Pty Ltd)
ACN 114 582 099)

/s/ Ellen M. Cotter
~~Company Secretary~~/Director
Ellen M. Cotter
Name of ~~Company Secretary~~/Director (print)

/s/ Andrzej Matczynski
Director
Andrzej Matczynski
Name of Director (print)

Executed by Reading Exhibition Pty Ltd)
ACN 103 529 782)

/s/ Ellen M. Cotter
~~Company Secretary~~/Director
Ellen M. Cotter
Name of ~~Company Secretary~~/Director (print)

/s/ Andrzej Matczynski
Director
Andrzej Matczynski
Name of Director (print)

Executed by Reading Licences Pty Ltd)
ACN 089 544 605)

/s/ Ellen M. Cotter
~~Company Secretary~~/Director
Ellen M. Cotter
Name of ~~Company Secretary~~/Director (print)

/s/ Andrzej Matczynski
Director
Andrzej Matczynski
Name of Director (print)

Corrs Chambers Westgarth
Executed by Reading Maitland Pty Ltd)
ACN 126 697 461)

/s/ Ellen M. Cotter
.....
~~Company Secretary~~/Director
Ellen M. Cotter
.....
Name of ~~Company Secretary~~/Director (print)

/s/ Andrzej Matczynski
.....
Director
Andrzej Matczynski
.....
Name of Director (print)

Executed by Reading Melton Pty Ltd ACN)
109 074 517)

/s/ Ellen M. Cotter
.....
~~Company Secretary~~/Director
Ellen M. Cotter
.....
Name of ~~Company Secretary~~/Director (print)

/s/ Andrzej Matczynski
.....
Director
Andrzej Matczynski
.....
Name of Director (print)

Executed by Reading Properties Pty Ltd)
ACN 071 195 429)

/s/ Ellen M. Cotter
.....
~~Company Secretary~~/Director
Ellen M. Cotter
.....
Name of ~~Company Secretary~~/Director (print)

/s/ Andrzej Matczynski
.....
Director
Andrzej Matczynski
.....
Name of Director (print)

Corrs Chambers Westgarth)
Executed by Reading Properties)
Indooroopilly Pty Ltd)
ACN 121 284 884)

/s/ Ellen M. Cotter
~~Company Secretary~~/Director
Ellen M. Cotter
Name of ~~Company Secretary~~/Director (print)

/s/ Andrzej Matyczynski
Director
Andrzej Matyczynski
Name of Director (print)

Executed by Reading Properties Taringa)
Pty Ltd ACN 128 819 483)

/s/ Ellen M. Cotter
~~Company Secretary~~/Director
Ellen M. Cotter
Name of ~~Company Secretary~~/Director (print)

/s/ Andrzej Matyczynski
Director
Andrzej Matyczynski
Name of Director (print)

Executed by Reading Property Holdings)
Pty Ltd ACN 126 289 772)

/s/ Ellen M. Cotter
~~Company Secretary~~/Director
Ellen M. Cotter
Name of ~~Company Secretary~~/Director (print)

/s/ Andrzej Matyczynski
Director
Andrzej Matyczynski
Name of Director (print)

Corrs Chambers Westgarth
Executed by Reading Rouse Hill Pty Ltd)
ACN 123 245 885)

/s/ Ellen M. Cotter
~~Company Secretary~~/Director
Ellen M. Cotter
Name of ~~Company Secretary~~/Director (print)

/s/ Andrzej Matyczynski
Director
Andrzej Matyczynski
Name of Director (print)

Executed by Reading Sunbury Pty Ltd)
ACN 109 074 571)

/s/ Ellen M. Cotter
~~Company Secretary~~/Director
Ellen M. Cotter
Name of ~~Company Secretary~~/Director (print)

/s/ Andrzej Matyczynski
Director
Andrzej Matyczynski
Name of Director (print)

Executed by Rhodes Peninsula Cinema)
Pty Ltd ACN 120 827 812)

/s/ Ellen M. Cotter
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Ellen M. Cotter
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/s/ Andrzej Matyczynski
Director
Andrzej Matyczynski
Name of Director (print)

Corrs Chambers Westgarth
Executed by Westlakes Cinema Pty Ltd)
ACN 108 531 308)

/s/ Ellen M. Cotter
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Ellen M. Cotter
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/s/ Andrzej Matyczynski
Director
Andrzej Matyczynski
Name of Director (print)

Executed by A.C.N. 143 633 096 Pty Ltd)
ACN 143 633 096)

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Ellen M. Cotter
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Andrzej Matyczynski
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Executed by Reading Cannon Park Pty Ltd)
ACN 609 837 569)

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Ellen M. Cotter
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Director
Andrzej Matyczynski
Name of Director (print)

Corrs Chambers Westgarth
Executed by Angelika Anywhere Pty)
Ltd ACN 642 993 593)

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Ellen M. Cotter
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Name of ~~Company Secretary~~/Director (print)

/s/ Andrzej Matyczynski
.....
Director
Andrzej Matyczynski
.....
Name of Director (print)

Executed by Reading Jindalee Pty Ltd)
ACN 629 483 914)

/s/ Ellen M. Cotter
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~~Company Secretary~~/Director
Ellen M. Cotter
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Name of ~~Company Secretary~~/Director (print)

/s/ Andrzej Matyczynski
.....
Director
Andrzej Matyczynski
.....
Name of Director (print)

Executed by Reading Devonport Pty Ltd)
ACN 629 484 126)

/s/ Ellen M. Cotter
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Ellen M. Cotter
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/s/ Andrzej Matyczynski
.....
Director
Andrzej Matyczynski
.....
Name of Director (print)

Corrs Chambers Westgarth
Executed by Reading Altona Pty Ltd ACN)
634 384 311)

/s/ Ellen M. Cotter
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Ellen M. Cotter
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/s/ Andrzej Matyczynski
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Director
Andrzej Matyczynski
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Name of Director (print)

Executed by Reading South City Square)
Pty Ltd ACN 616 892 936)

/s/ Ellen M. Cotter
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~~Company Secretary~~/Director
Ellen M. Cotter
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/s/ Andrzej Matyczynski
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Director
Andrzej Matyczynski
.....
Name of Director (print)

Executed by Reading Traralgon Pty Ltd)
ACN 618 457 202)

/s/ Ellen M. Cotter
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Ellen M. Cotter
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/s/ Andrzej Matyczynski
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Director
Andrzej Matyczynski
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Name of Director (print)

Corrs Chambers Westgarth
Executed by Reading Burwood Pty Ltd)
ACN 619 050 396)

/s/ Ellen M. Cotter
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Ellen M. Cotter
Name of ~~Company Secretary~~/Director (print)

/s/ Andrzej Matyczynski
Director
Andrzej Matyczynski
Name of Director (print)

Executed by Reading Alphington Pty Ltd)
ACN 633 008 401)

/s/ Ellen M. Cotter
~~Company Secretary~~/Director
Ellen M. Cotter
Name of ~~Company Secretary~~/Director (print)

/s/ Andrzej Matyczynski
Director
Andrzej Matyczynski
Name of Director (print)

Executed by National Australia Bank)
Limited ABN 12 004 044 937 by its)
Attorney who holds the position of Level)
2 Attorney under Power of Attorney)
dated 1/3/2007 in the presence of:)

.....
Witness
.....
Name of Witness (print)

.....
Attorney
.....
Name of Attorney (print)

Annexure

Amended Facility Agreement

Annexure A – Amended Facility Agreement

National Australia Bank Limited

Reading Entertainment Australia Group

Corporate Markets Loan & Bank Guarantee Facility

[Ref: RMHMH_9143151_2475-0564-2922v13453-5666-7153v11](#)
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Date

Parties

National Australia Bank Limited ABN 12 004 044 937 of Pier 3 Level 4, 800 Bourke Street, Docklands, Victoria 3008 (**Bank**)

Reading Entertainment Australia Pty Ltd ACN 070 893 908 of 98 York Street, South Melbourne, Victoria 3205 (**Borrower**)

Each person listed in schedule 1 (each an **Original Guarantor**)

Agreed terms

1 Interpretation

1.1 Definitions

In this document:

AASB 16 means Accounting Standard AASB 16, issued by the Australian Accounting Standards Board under section 334 of the Corporations Act.

Accounting Standards means accounting principles and practices consistently applied which are generally accepted in Australia and are consistent with any applicable legislation in each case as in effect on the date of this document, including instruments in force under section 334 of the Corporations Act and provisions of such instruments.

Adjusted EBITDA means, for any period, EBITDA adjusted to exclude:

- (a) any non-cash impairment for non-current assets included in the consolidated financial statements of the Reading Entertainment Australia Group during the relevant period;
- (b) any net gains or losses on asset sales; and
- (c) any net foreign exchange amounts (whether realised or unrealised) included in the consolidated financial statements of the Reading Entertainment Australia Group during the relevant period.

and subject to adjustment in respect of any further extraordinary items with the Bank's written consent.

Advance means the principal amount of an advance made under the Corporate Markets Loan Facility or, where appropriate, requested under the Corporate Markets Loan Facility.

Aggregate Amount means, in relation to a Drawing, the aggregate of the Face Values of all Bank Guarantees comprising that Drawing.

Amendment Deed means the document entitled 'Amendment Deed' executed in March 2019 between the Bank and the Transaction Parties.

Annual Compliance Certificate means, in relation to a Financial Year, a certificate substantially in the form of **schedule 9**.

Approved Valuer means a company or firm of duly qualified and licensed real estate valuers acceptable to the Bank in all respects and instructed by (or with the approval of) the Bank.

Attorney means any attorney appointed under this document and any sub- attorney appointed by an Attorney.

Auburn Property means the land and improvements known as Red Yard Entertainment Centre, 100 Parramatta Road, Auburn New South Wales and described in certificate of title 202/1039922.

Authorisation includes any authorisation, consent, licence, permission, approval or exemption from any Government Body. If a Government Body could prohibit anything being done in connection with any matter or otherwise intervene within a specified time after notice has been given to it or any document lodged or filed with it in connection with the matter, the relevant matter will not be taken to have been authorised until the specified time limit has expired without the Government Body taking any relevant action.

Authorised Representative means, in relation to any party to this document, a person with the right to act as the agent of that party for the purposes of this document. It includes a director or company secretary of that party (if it is a corporation) and, in the case of the Bank, an employee of the Bank whose title contains the word "manager", "director", "associate" or a similar term and a lawyer for the Bank. It also includes a person appointed by a party as an Authorised Representative of that party whose appointment is notified by the appointor to the other party in a notice which contains the specimen signature of the appointee.

Availability Period means in respect of each Facility, the period beginning on the date on which the conditions precedent are satisfied or waived by the Bank in accordance with the Transaction Documents and ending on the Termination Date.

Available Commitment means in respect of a Facility, the Facility Limit less the Outstanding Accommodation relating to that Facility.

Bank Guarantee means each bank guarantee issued (or deemed to have been issued) in accordance with this document.

Bank Guarantee Facility means the Facility described as such in **schedule 2** and granted pursuant to **clause 4.1(a)(ii)**.

Bank Guarantee Margin means, in respect of each Bank Guarantee:

- (a) prior to the 'Variation Date' under the Restatement Deed, 2.35% per annum;
- (b) on and from the first services fee charge date (to be determined in accordance with **clause 9.1(e)**) following the 'Variation Date' under the Restatement Deed until the 'Amendment Date' under the Amendment Deed, 1.90% per annum; and
- (c) on and from the first services fee charge date (to be determined in accordance with **clause 9.1(e)**) following the 'Amendment Date' under the Amendment Deed, 1.85% per annum.

Base Rate means, in relation to a Pricing Period:

- (a) the rate (expressed as a percentage yield per annum to maturity, and not being less than zero) being the arithmetic average (rounded up to the nearest four decimal places) of the buying rates published at or about 10.15 am on the first Business Day of the Pricing Period on the Reuters Screen under the heading "BBSY" for Bills with a tenor as nearly as possible equal to that Pricing Period; or
- (b) if:
 - (i) the rate is not displayed for a term equivalent to that period; or
 - (ii) the basis of the calculation of the rate is changed after the date of this document so that in the opinion of the Bank it ceases to reflect the cost of providing the Facility,

the Base Rate will be the rate per centum per annum, and not being less than zero, determined by the Bank to be the average of the buying rates quoted to the Bank by at least three Reference Banks at or about that time on that date. The buying rates must be for bills of exchange accepted by a leading Australian bank and which have a term equivalent to the period. If there are no buying rates, the rate will be determined by the Bank having regard to indexes or other bases which the Bank determines to be as near as practicable to the indexes and bases used to determine the rate referred to in paragraph (a).

Beneficiary means in relation to a Bank Guarantee, the person who from time to time is entitled to make a claim for payment under that Bank Guarantee against the Bank.

Bill means a bill of exchange as defined in the *Bills of Exchange Act 1909* (but does not include a cheque). It includes a document which, when signed by the persons named as drawer and acceptor in the relevant document, will become such a bill of exchange.

Break Costs means, in relation to any financial accommodation provided or to be provided by the Bank under a Facility, any liability or costs incurred by the Bank by reason of:

- (a) liquidating or re-deploying deposits or other funds acquired or contracted for by or on account of the Borrower or the Bank;

- (b) terminating or reversing any agreement or arrangement (including by entering into new agreements or arrangements to close out or net off existing agreements or arrangements) entered into by or on account of the Borrower or the Bank with a counterparty or an internal department of the Bank responsible for such agreements or arrangements to hedge, fix, swap or limit its effective cost of funding; or
- (c) any loss of any margins in relation to future lending or loss of any fees.

Business Day means a day which is not a Saturday, Sunday or bank or public holiday in Melbourne.

Cash Cover Rate means the rate (expressed as a rate per centum per annum) determined by the Bank (in good faith) to be the interest rate which it would pay on deposits at call for an amount similar to the amount at which the relevant deposit is made.

Calculation Date means 31 March, 30 June, 30 September and 31 December in each year.

Calculation Period means each period of twelve months ending on a Calculation Date.

Change of Control means there is a change (from that prevailing at the date of this document) in the persons who control any of the following in respect of a Transaction Party:

- (a) more than 50% of the votes eligible to be cast in the election of directors or any similar matter; or
- (b) the right to appoint or remove directors (or members of a governing body having functions similar to a board of directors) representing more than 50% of the votes exercisable by the directors (or persons have similar functions); or
- (c) an interest of more than 50% in any category of the profits, distributions or net liquidation proceeds.

Collateral Security means:

- (a) any Guarantee by which any person Guarantees the Borrower's compliance with its obligations under any of the Transaction Documents;
- (b) any Security which secures the payment of money owing (actually or contingently) from time to time by:
 - (i) any Transaction Party in relation to any of the Transaction Documents; or
 - (ii) any person in relation to a Guarantee of any Transaction Party's compliance with its obligations under any of the Transaction Documents; and
- (c) without limiting the generality of paragraphs (a) and (b) each thing listed in **schedule 3**.

Contaminant means a noxious, harmful or hazardous condition (including an odour, temperature, sound, vibration or radiation) or substance the presence or use of which (having regard, without limitation, to the nature and quantity of the substance and other substances with which it is stored or used) does or may result in the breach of an Environmental Law or the issuing of an order or direction under an Environmental Law.

Corporate Markets Loan Facility means the Facility described as such in

schedule 2 and granted pursuant to **clause 4.1(a)(i), Corporations Act** means the *Corporations Act 2001* (Cth).

Current Bank Guarantee means a Bank Guarantee which has not Matured or Expired.

Daily Interest Rate means, for any day, the Interest Rate on that day divided by 365.

Debt to Debt plus Equity Ratio means, as at any date, the ratio of:

- (a) Total Gross Debt outstanding on that date; to
- (b) Total Gross Debt outstanding plus Equity on that date.

Disposal means a sale, lease, transfer or other disposal by any Transaction Party of any interest in:

- (a) any share or stock (whether or not ordinary or preference and whether or not redeemable) or any other instrument convertible or exchangeable into or entitling a person to acquire or subscribe for any share or stock;
- (b) the whole or any part of a business, business unit or line of business; or
- (c) any other asset under a particular transaction or related transactions not in the ordinary course of business of the Reading Entertainment Australia Group taken as a whole.

Distribution means:

- (a) in relation to any share capital of a Transaction Party, any dividend, charge, interest, fee, payment or other distribution (whether in cash or in kind) or redemption, repurchase, defeasance, retirement or redemption;
- (b) any interest, any redemption or early redemption of any amount of principal or any other payment in respect of any shareholder loan or other subordinated loans made to any Transaction Party; or
- (c) any loan or other financial accommodation made available by a Transaction Party to a person other than another Transaction Party.

Drawing means each Bank Guarantee issued or to be issued in accordance with this document under the same Funding Notice.

EBIT means, in relation to any period and without double counting, operating profit (loss) of the Reading Entertainment Australia Group (on a consolidated basis) from ordinary operations before interest, income tax and minority interests, but after deduction of depreciation and amortisation for that period, as determined in accordance with Accounting Standards.

EBITDA means, in relation to any period, EBIT for the Reading Entertainment Australia Group for that period, plus depreciation and amortisation as determined in accordance with Accounting Standards including management fees received in cash, but excluding management fees accrued but not received in cash.

Encumbrance means any interest in or right over property and anything which would at any time prevent, restrict or delay the registration of any interest in or dealing with property. It includes a Security Interest.

Environmental Assessment Report means a report in relation to compliance with Environmental Law of the Land and any activities carried out on the Land.

Environmental Law means any legislation, regulations or related codes, standards or policies which relate to environmental and planning matters, including matters concerning land use, development, building works, pollution, contamination, waste, toxic and hazardous substances, disposal of waste or other substances, human health, conservation of natural or cultural resources, heritage and resource allocation.

Environmental Liability means any liability, obligation, expense, penalty or fine arising out of a breach of Environmental Law which could be imposed on any Transaction Party or the Bank in respect of the Land as a result of activities carried on during the ownership, occupation or control of the Land by that Transaction Party, the Bank, any predecessor in title or any previous occupier or controller of the Land.

Equity means total assets minus total liabilities of the Reading Entertainment Australia Group (on a consolidated basis).

Event of Default means any event or circumstance described in **clause 10.1**.

Excluded Financial Indebtedness means Financial Indebtedness of the kind referred to in paragraph (a), (c) or (d) of the definition of Permitted Financial Indebtedness.

Excluded Property means:

- (a) the present or future interest of Reading Exhibition Pty Ltd in the Garden City Cinema joint venture with Village Roadshow Exhibition and Birch Carroll & Coyle or the assets the subject of the joint venture or the relevant joint venture agreement; and
- (b) the present or future interest of Epping Cinemas Pty Ltd in the lease granted by Bevendale Pty Ltd or the property the subject of the lease to the extent that the existence of a charge over that interest or property would cause a breach of the that lease.

Expired means, in relation to a Bank Guarantee, that its Expiry Date has passed whether or not a claim has been made under it by the Beneficiary.

Expiry Date means, in relation to a Bank Guarantee, the date specified in that Bank Guarantee as the latest date by which the Beneficiary may make a claim under it.

Face Value means, in relation to a Bank Guarantee:

- (a) subject to paragraph (b), the amount specified in that Bank Guarantee as the aggregate maximum amount which the Beneficiary may claim under it; or
- (b) if the Beneficiary makes a claim, then between when the Beneficiary makes the first of those claims and the first to occur of the Bank Guarantee Maturing or Expiring, the Face Value of the Bank Guarantee will be the difference between its original face value and the aggregate of all valid claims made under it.

Facility means each of the facilities listed in **schedule 2** (and each Facility may be referred to by the Facility Name listed in **schedule 2**).

Facility Limit means, in respect of each Facility, the relevant Facility Limit set out in **schedule 2**, as reduced under this document including in accordance with **clause 5.6**.

Financial Close means the initial Funding Date.

Financial Indebtedness means any indebtedness or other liability (present or future, actual or contingent) relating to any financial accommodation including indebtedness or other liability:

- (a) for money borrowed or raised;
- (b) relating to the sale or negotiation of any negotiable instrument;
- (c) as lessee under any finance lease, as hirer under any hire purchase agreement or as purchaser under any title retention agreement;
- (d) relating to any preference share or unit categorised as debt under Accounting Standards;
- (e) under any commodity, currency or interest rate swap agreement, forward exchange rate agreement or futures contract (as defined in any statute);
- (f) under any Guarantee relating to any financial accommodation; or
- (g) for any deferred purchase price (other than in the nature of warranty retention amounts) for any asset or service.

Financial Ratio means any of the financial ratios referred to in **clause 9.8**.

Financial Statements means a balance sheet, an income statement, a statement of changes in equity, a cash flow statement, notes comprising a summary of significant accounting policies and other explanatory note; and any directors' declarations, directors' reports and auditor's reports attached to, intended to be read with or required by the Corporations Act to accompany, all or any of those documents.

Financial Year means a period of 12 months ending on 31 December.

Fixed Charges Cover Ratio means:

- (a) at any date (other than 31 March 2021, 30 June 2021 and 30 September 2021), the ratio of:
 - (i) the aggregate amount of:
 - (A) Adjusted EBITDA in respect of the 12 month period ending on that date; and
 - (B) Total Lease Payments in respect of the 12 month period ending on that date,to
 - (ii) the aggregate amount of:
 - (A) Gross Interest Expense paid or payable by the Reading Entertainment Australia Group (whether payable in respect of the Facilities or otherwise) in respect of the 12 month period ending on that date; and
 - (B) Total Lease Payments in respect of the 12 month period ending on that date;
- (b) at 31 March 2021, the ratio of:
 - (i) the aggregate amount of:
 - (A) Adjusted EBITDA in respect of the 3 month period ending on that date; and
 - (B) Total Lease Payments in respect of the 3 month period ending on that date,to
 - (ii) the aggregate amount of:
 - (A) Gross Interest Expense paid or payable by the Reading Entertainment Australia Group (whether payable in respect of the Facilities or otherwise) in respect of the 3 month period ending on that date; and
 - (B) Total Lease payments in respect of the 3 month period ending on that date;
- (c) at 30 June 2021, the ratio of:
 - (i) the aggregate amount of:
 - (A) Adjusted EBITDA in respect of the 6 month period ending on that date; and
 - (B) Total Lease Payments in respect of the 6 month period ending on that date,to
 - (ii) the aggregate amount of:

- (A) Gross Interest Expense paid or payable by the Reading Entertainment Australia Group (whether payable in respect of the Facilities or otherwise) in respect of the 6 month period ending on that date; and
 - (B) Total Lease payments in respect of the 6 month period ending on that date; and
- (d) at 30 September 2021, the ratio of:
- (i) the aggregate amount of:
 - (A) Adjusted EBITDA in respect of the 9 month period ending on that date; and
 - (B) Total Lease Payments in respect of the 9 month period ending on that date,to
 - (ii) the aggregate amount of:
 - (A) Gross Interest Expense paid or payable by the Reading Entertainment Australia Group (whether payable in respect of the Facilities or otherwise) in respect of the 9 month period ending on that date; and
 - (B) Total Lease payments in respect of the 9 month period ending on that date ;

Freehold Property means each freehold property owned by a Transaction Party that is the subject of a real property mortgage referred to in of **schedule 3**.

Funding Date means a date on which:

- (a) an Advance is, or is proposed to be, made; or
- (b) a Bank Guarantee is, or is proposed to be, issued, under this document.

Funding Notice means a notice in accordance with **clause 4.4**.

Government Body means any person or body exercising an executive, legislative, judicial or other governmental function. It includes any public authority constituted under a law of any country or political sub-division of any country. It also includes any person deriving a power directly or indirectly from any other person or body referred to in this definition.

Gross Interest Expense means, in relation to any period, the aggregate of all interest and amounts in the nature of interest (including commissions, discount fees, acceptance fees, facility fees, the interest element of a finance lease and fees or charges) payable in connection with any Financial Indebtedness of the Reading Entertainment Australia Group (other than Excluded Financial Indebtedness) for that period on a consolidated basis, whether accrued, paid, payable or expensed (including interest expense under each of the Facilities).

Guarantee means:

- (a) a guarantee, indemnity, undertaking, letter of credit, Security, acceptance or endorsement of a negotiable instrument or other obligation (actual or contingent) given by any person to secure compliance with an obligation by another person;
- (b) an obligation (actual or contingent) of a person to ensure the solvency of another person or the ability of another person to comply with an obligation, including by the advance of money or the acquisition for valuable consideration of property or services; and
- (c) an option under which a person is obliged on the exercise of the option to buy:
 - (i) any debt or liability owed by another person; or
 - (ii) any property which is subject to a Security Interest.

Guaranteed Money means all money:

- (a) which now or in the future is owing (actually or contingently) by a Transaction Party to the Bank under or in relation to any of the Transaction Documents;
- (b) which having now or in the future become owing (actually or contingently) by a Transaction Party to the Bank under or in relation to any of the Transaction Documents, ceases to be owing by reason of any law relating to insolvency and remains unpaid by the Transaction Party and unreleased by the Bank; or
- (c) that now or in the future may become owing (actually or contingently) by a Transaction Party to the Bank under or in relation to any of the Transaction Documents,

for any reason, whether such money is payable:

- (d) by a Transaction Party alone or jointly or severally with any other person;
- (e) by a Transaction Party in its own right or in any capacity;
- (f) to the Bank in its own right or in any capacity; and
- (g) by a Transaction Party as liquidated or unliquidated damages caused or contributed to by any breach by the Transaction Party of any obligation owed by the Transaction Party (or any other Transaction Party) to the Bank under or in relation to any of the Transaction Documents,

and if any Transaction Document or any obligation of a Transaction Party to the Bank under or in relation to any of the Transaction Documents is void, voidable or otherwise unenforceable by the Bank in accordance with its terms, it includes all money which would have been within this definition if that Transaction Document or obligation was not void, voidable or otherwise unenforceable.

Guarantor means the Original Guarantors and each person that becomes a guarantor under **clause 16**. If there are more than one, Guarantor means each of them individually and every two or more of them jointly.

Guarantor Accession Deed means a deed substantially in the form of **schedule 8**.

Half means each six month period ending on 30 June and 31 December in each year.

Hedging Transaction means a contract, agreement or arrangement (other than in respect of the price of electricity, gas, oil, foreign exchange or any other non-interest rate derivative contract) which is a futures contract or an interest rate hedge, swap, option, swaption, forward rate agreement or any other contract, agreement or arrangement similar to or having in respect of its subject matter a similar effect to any of the preceding.

Indemnity Amount means, in relation to a Bank Guarantee, the amount or, as the case may be, the aggregate of the amounts payable by the Borrower in relation to a Bank Guarantee in accordance with **clause 5.3**.

Insolvency means:

- (a) in relation to a corporation, its winding up or dissolution or its administration, provisional liquidation or any administration having a similar effect;
- (b) in relation to an individual, his or her bankruptcy; and
- (c) in relation to a person, any arrangement (including a scheme of arrangement or deed of company arrangement), composition or compromise with, or assignment for the benefit of, all or any class of that person's creditors or members or a moratorium involving any of them.

Insolvency Event means any of the following:

- (a) a person is or states that the person is unable to pay from the person's own money all the person's debts as and when they become due and payable;
- (b) a person is taken or must be presumed to be insolvent or unable to pay the person's debts under any applicable legislation;
- (c) an order is made for the winding up or dissolution or an effective resolution is passed for the winding up or dissolution of a corporation;
- (d) an administrator, provisional liquidator, liquidator or person having a similar or analogous function under the laws of any relevant jurisdiction is appointed in relation to a corporation or an effective resolution is passed to appoint any such person and the action is not stayed, withdrawn or dismissed within 10 Business Days;
- (e) a controller is appointed in relation to any property of a corporation;
- (f) a corporation is deregistered under the Corporations Act or notice of its proposed deregistration is given to the corporation;

- (g) a distress, attachment or execution is levied or becomes enforceable against any property of a person;
- (h) a person enters into or takes any action to enter into an arrangement (including a scheme of arrangement or deed of Borrower arrangement), composition or compromise with, or assignment for the benefit of, all or any class of the person's creditors or members or a moratorium involving any of them;
- (i) a petition for the making of a sequestration order against the estate of a person is presented and the petition is not stayed, withdrawn or dismissed within seven days or a person presents a petition against himself or herself;
- (j) a person presents a declaration of intention under section 54A of the *Bankruptcy Act 1966*; or
- (k) anything analogous to or of a similar effect to anything described above under the law of any relevant jurisdiction occurs in relation to a person.

Insurance means insurance which a Transaction Party is obliged to take out or maintain under a Transaction Document.

Interest Rate means, in relation to a Pricing Period for an Advance until it becomes due and owing, an interest rate equal to the aggregate of the Base Rate for that Pricing Period and the Margin.

Interim Compliance Certificate means a certificate in substantially the form set out in **schedule 10**.

Jindalee Cinema means the property located at 6 Amazons Place, Jindalee, QLD 4074.

Land means any land owned or occupied by a Transaction Party that forms part of the Secured Property.

Leasehold Properties means each leasehold property leased by a Transaction Party that is the subject of a mortgage of lease referred to in **schedule 3** (including the mortgage of lease described at item 11 of **schedule 3**).

Leverage Ratio means:

- (a) as at any date (other than 31 December 2021, 31 March 2022 and 30 June 2022), the ratio of:
 - (i) Total Gross Debt outstanding on that date; to
 - (ii) Adjusted EBITDA in respect of the 12 month period ending on that date;
- (b) as at 31 December 2021, the ratio of:
 - (i) Total Gross Debt outstanding on that date; to
 - (ii) Adjusted EBITDA (calculated on an annualised basis) in respect of the 3 month period ending on that date;

- (c) as at 31 March 2022, the ratio of:
 - (i) Total Gross Debt outstanding on that date; to
 - (ii) Adjusted EBITDA (calculated on an annualised basis) in respect of the 6 month period ending on that date;
- (d) as at 30 June 2022, the ratio of:
 - (i) Total Gross Debt outstanding on that date; to
 - (ii) Adjusted EBITDA (calculated on an annualised basis) in respect of the 9 month period ending on that date;

For the purposes of calculating Leverage Ratio on any date occurring before the first anniversary of Financial Close, Leverage Ratio will be based on a pro forma EBITDA for the 12 month period to that date.

Loan to Value Ratio at any date means the ratio (expressed as a percentage) of:

- (a) the aggregate of the Total Gross Debt outstanding on that date and any Outstanding Accommodation in relation a Current Bank Guarantee as at that date; to
- (b) the market value of the Freehold Properties and Leasehold Properties included in the Secured Property as noted in the most recent Valuation provided to the Bank pursuant to this document and accepted by the Bank.

Management Fees means management and consulting fees payable to Reading International Inc each Financial Year.

Margin means in relation to a Pricing Period for an Advance:

- (a) 1.75% per annum for each Pricing Period which commences during the Relevant Period; and
- (b) for all other Pricing Periods, where the Leverage Ratio as shown in the Annual or Interim Compliance Certificate most recently delivered to the Bank (subject to **clause 10.6(e)**) on or before the first day of the relevant Pricing Period is:
 - (i) greater than 3.0 times, 1.30% per annum;
 - (ii) greater than 2.5 times but less than or equal to 3.0 times, 1.15% per annum;
 - (iii) greater than 2.0 times but less than or equal to 2.5 times, 1.00% per annum; and
 - (iv) less than or equal to 2.0 times, 0.85% per annum.

Material Adverse Effect means a material adverse effect on:

- (a) the business, operation, property, condition (financial or otherwise) of a Transaction Party or the Reading Entertainment Australia Group taken as a whole;

- (b) the ability of a Transaction Party to perform its obligations under the Transaction Documents; or
- (c) the validity or enforceability of the whole or any material part of any Transaction Document or any rights or remedies of the Bank under the Transaction Documents.

Matured means, in relation to a Bank Guarantee, that the Beneficiary has made a claim and is not entitled to claim any more under the relevant Bank Guarantee.

Merchant Services Agreement means the agreement for merchant services between the Bank and Reading Entertainment Australia Group.
Month means a calendar month.

Net Sale Proceeds means in relation to the sale of the Auburn Property, the gross sale or disposal price set out in the sale contract less the aggregate of estate agent commissions, conveyancing fees, adjustments (for both water and council rates), land tax owners corporation fees and fees associated with the discharge or release of an Encumbrance over the Auburn Property and any GST payable in relation to the sale contract.

Outstanding Accommodation means at any time, the aggregate of:

- (a) the aggregate of the unpaid Advances outstanding under the Corporate Markets Loan Facility;
- (b) the Face Values of all Current Bank Guarantees and all Indemnity Amounts in relation to each Bank Guarantee which are due and payable; and
- (c) for the purposes of **clauses 5.5, 10 and 18.14** only and for no other purposes, any other amounts which the Borrower owes to the Bank or which the Borrower may owe to the Bank under or in connection with the Facilities and includes:
 - (i) any other amounts which the Borrower owes to the Bank or which the Borrower may owe to the Bank under or in connection with any Hedging Transaction; and
 - (ii) all interest, costs and fees payable under the Transaction Documents, whether such amounts are owing actually or contingently and whether such amounts are then due for payment or will or may become due for payment and includes all interest, costs and fees payable under the Transaction Documents.

When used in relation to any Facility, it means the Outstanding Accommodation in relation to Advances or Drawings under that Facility (as applicable).

Overdue Money means money due and payable from time to time under each Transaction Document.

Overdue Rate means at any time, the aggregate of the Interest Rate and a default margin of 1.00% per annum.

Parent means [Reading International Cinemas LLC](#).

Parent Subordination Agreement means the document entitled 'subordination deed' dated on or about the date of this document between the Borrower, Reading International Cinemas LLC and the Bank.

Permitted Disposal means a disposal:

- (a) of assets between the Transaction Parties;
- (b) represented by a lease or licence of real property granted by a Transaction Party in the ordinary course of business of the Reading Entertainment Australia Group;
- (c) of trading stock or cash made in the ordinary course of business;
- (d) of plant and equipment in exchange for other assets comparable or superior as to type, value and quality;
- (e) of obsolete or redundant assets;
- (f) arising as a result of a Permitted Encumbrance or a Distribution or payment permitted by **clause 9.6(f)** or **clause 9.6(k)**;
- (g) of assets that are the subject of a floating charge (or its equivalent) under a Collateral Security, provided the disposal is made in the ordinary course of business; ~~or~~
- (h) where the aggregate value of the assets disposed of in the 12 month period ending on the date of the relevant disposal (and including the value of the relevant disposal) does not exceed \$2,000,000;
- (i) [of the Auburn Property](#);
- (j) [of cash under any Permitted Distribution](#); and
- (k) [of cash being payments of any expenses pursuant to clause 9.13\(b\)](#).

Permitted Distribution means a Distribution:

(a) [made at any time on or prior to the Relevant Date](#):

- (i) [for an amount up to \\$15,000,000 of the Net Sale Proceeds provided that the Quarterly Financial Statements for the Quarter ending 30 June 2021 reveals a variance of 10% or less to the forecasts provided to the Bank on 19 February 2021](#);
- (ii) [for an amount up to 66.67% of the Remaining Proceeds provided such Distribution is made by way of dividend to the Parent; and at each time of making such distributions or payments, no Event of Default, Potential Event of Default or Review Event subsists or would be caused by making such distributions or payments](#);

(b) [made at any time after the Relevant Date, provided that at each time of making such distributions or payments, no Event of Default, Potential](#)

[Event of Default or Review Event subsists or would be caused by making such distributions or payments; or](#)

(c) [made with the Bank's prior written consent.](#)

Permitted Encumbrance means:

- (a) an Encumbrance which has been approved by the Bank (including the Security Interests created by any Transaction Document);
- (b) any right of set off or combination arising by operation of law or practice over money deposited with a bank or financial institution in the ordinary course of the business of a Transaction Party;
- (c) an Encumbrance which arises by operation of law in the ordinary course of the business of a Transaction Party provided the debt secured by that Encumbrance is paid when due or contested in good faith by appropriate proceedings;
- (d) every easement, restrictive covenant, caveat or similar restriction over property, right of way, exception, encroachment, reservation, restriction, condition or limitation which arises in the ordinary course of the ordinary business of the relevant Transaction Party and does not either by itself or in the aggregate materially interfere with or impair the operation or use of a property affected thereby, have a Material Adverse Effect or otherwise restrict or prevent the Bank exercising its rights against any Secured Property under the relevant Collateral Security;
- (e) every right reserved to, or vested in, any municipality or governmental or other public authority by the terms of any right, power, franchise, grant, licence or permit to control or regulate any part of the property of a Transaction Party, or to use that property in any manner which does not either by itself or in the aggregate materially interfere with or impair the operation or the use thereof, have a Material Adverse Effect or otherwise restrict or prevent the Bank exercising its rights against any Secured Property under the relevant Collateral Security;
- (f) every Encumbrance incurred or deposits made in the ordinary course of ordinary business to secure the performance of tenders, statutory obligations, surety bonds, bids, leases, government contracts, performance and return of money bonds (provided that such Encumbrances do not restrict or prevent the Bank exercising its rights against any Secured Property under the relevant Collateral Security) or in connection with workers' compensation, unemployment insurance and other types of social security;
- (g) every Encumbrance incurred or deposit made in the ordinary course of the business of a Transaction Party in respect of a leasehold property, the purchase of assets or the use of utilities, provided that:
- (i) in relation to an Encumbrance incurred or deposit made in respect of the purchase of assets which secures an aggregate amount

- greater than \$250,000 the Bank has given prior written consent to the Borrower; and
- (ii) the recourse of the holder of that Encumbrance is limited to the leasehold interest, the assets purchased or use of utilities and the proceeds of enforcement of the Encumbrance.
 - (h) every retention of title arrangement in respect of trading stock acquired or to be acquired by a Transaction Party in the ordinary course of business;
 - (i) any easement, caveat or other restriction in relation to a Freehold Property that would be apparent from a title search conducted before the date of this document.

Permitted Financial Accommodation means:

- (a) financial accommodation granted by a Transaction Party to another Transaction Party;
- ~~(b)~~ [the loan granted by Reading Entertainment Australia Group to the Parent, up to 33.33% of the Remaining Proceeds;](#)
- ~~(c)~~ any trade credit extended by a Transaction Party to its customers on normal commercial terms and in the ordinary course of business; or
- ~~(d)~~ any other financial accommodation granted with the prior consent of the Bank.

Permitted Financial Indebtedness means:

- (a) trade debt incurred in the ordinary course of business of the Transaction Parties;
- (b) Financial Indebtedness incurred under the Transaction Documents;
- (c) Financial Indebtedness owing from one Transaction Party to another Transaction Party;
- (d) any Subordinated Debt;
- (e) a \$225,000 loan from the landlord of the Westlakes Cinema property;
- (f) a \$400,000 loan from the landlord of the Rhodes Cinema property;
- (g) Financial Indebtedness arising under any performance or similar bond guaranteeing performance by a Transaction Party under any contract entered into in the ordinary course of business;
- (h) Financial Indebtedness arising under a guarantee given to a landlord in respect of a lease entered into by a Transaction Party;
- (i) Financial Indebtedness under finance or capital leases of vehicles, plant, equipment or computers; and
- (j) Financial Indebtedness not permitted by the preceding paragraphs and the outstanding principal amount of which does not exceed \$2,000,000 in aggregate for the Transaction Parties at any time.

PPS Act means the *Personal Property Securities Act 2009* (Cth).

PPS property means all property (other than Excluded Property) over which the Borrower or a Security Provider is legally capable under the PPS Act of granting a security interest.

Potential Event of Default means any thing which, with the giving of notice, lapse of time or determination of materiality, will constitute an Event of Default.

Pricing Period means, in relation to an Advance under the Corporate Markets Loan Facility, the period having the duration selected in accordance with **clause 6.1** and beginning on the Funding Date in relation to the Advance.

Quarter means each three month period ending on 31 March, 30 June, 30 September and 31 December in each year.

Reading Entertainment Australia Group means, at any time, the Borrower and any subsidiary of the Borrower and **Reading Entertainment Australia Group Member** means any one of them.

Release Date means the Business Day following the later of:

- (a) the latest of the Expiry Dates of all Current Bank Guarantees; and
- (b) the date on which the Bank is satisfied in its reasonable opinion that it has been paid all amounts which are then or may in the future become due and payable to the Bank under any of the Transaction Documents and that there is no prospect that any amounts which the Bank has received in relation to any of the Transaction Documents will subsequently be made void or be required to be repaid in whole or in part.

Relevant Date means the date on which the Bank receives the Interim Compliance Certificate for the Quarter ending on 31 December 2021 in accordance with **clause 9.5(c)**.

Relevant Jurisdiction means Victoria.

Relevant Period means the period from (and including) 31 August 2020 to (and including) the Relevant Date.

Remaining Proceeds means the Net Sale Proceeds less:

- (a) \$20,000,000, being the prepayment amount made by the Borrower in accordance to clause 5.4(b); and
- ~~(b) \$15,000,000 and any other amounts retained by the Borrower in accordance with clause 9.13.~~

Receiver means a receiver or receiver and manager appointed by the Bank under any Transaction Document and any person who derives a right directly or indirectly from a Receiver.

Reference Banks means each of Australia and New Zealand Banking Group Limited, Commonwealth Bank of Australia and Westpac Banking Corporation, or any other banks or financial institutions determined by the Bank from time to time following consultation with the Borrower.

Regulatory Event means any:

- (a) change in, or introduction of a new, law or other form of regulation;
- (b) change in, or introduction of a new, practice or policy of an Government Body;
- (c) investigation into a Transaction Party or any related entity of a Transaction Party by a Government Body;
- (d) application for or grant of an injunction or order in respect of any Encumbrance, Facility or account held with the Bank made by a Government Body, or
- (e) change in, or introduction of a new, code of practice or custom relating to the provision of the Services which a reasonable and prudent banker would comply with,

whether in Australia or elsewhere, that, in the Bank's good faith opinion, applies in any way to a Transaction Party, or the Service.

Representative of a person means an officer, employee, contractor or agent of that person.

Reset Margin means the reset margin (if any) applicable if a Pricing Period is, or becomes, shorter than three months, as determined in accordance with **clause 6.6**. It is 0.02% per annum (indicatively).

Restatement Deed means the document entitled 'Restatement Deed' executed in December 2015 between the Bank and the Transaction Parties.

Review Event means any event or circumstance described in **clause 10.4**.

Revolving Tranche means at any time, the aggregate of the unpaid Advances outstanding under the Corporate Markets Loan Facility at that time less the Term Tranche at that time.

Secured Property means all property which, from time to time, is subject to a Security which forms part of the Collateral Security.

Security means any document or transaction which reserves or creates a Security Interest.

Security Interest means any interest or right which secures the payment of a debt or other monetary obligation or the compliance with any other obligation. It includes any retention of title to any property and any right to set off or withhold payment of any deposit or other money.

Security Provider means each person who gives a Collateral Security (other than a related body corporate of the Bank).

Service means any service the Bank provides to the Borrower under or in relation to a Facility including making or processing any payment or issuing any document.

Subordinated Debt means:

- (a) Financial Indebtedness that is or may become owing by the Borrower to Reading International Cinemas, LLC, that is fully subordinated on the terms set out in the Parent Subordination Agreement; and
- (b) Financial Indebtedness that is or may become owing by a Transaction Party to Reading International Inc (or any subsidiary or affiliate of Reading International Inc) that is fully subordinated on substantially the same terms (except for the name and other details of the subordinated lender) as those set out in the Parent Subordination Agreement.

Tax means a tax (including any tax in the nature of a goods and services tax), rate, levy, impost or duty (other than a tax on the net overall income of the Bank) and any interest, penalty, fine or expense relating to any of them.

Term Tranche means the first \$43,000,000 of the unpaid Advances outstanding under the Corporate Markets Loan Facility on the 'Amendment Date' as defined in the Amendment Deed, as that amount may be reduced from time to time in accordance with **clause 5.6**.

Termination Date means, in respect of each Facility, the Termination Date set out in **schedule 2**, or such other date agreed in writing by the parties.

Total Gross Debt means, on any date, all Financial Indebtedness of the Reading Entertainment Australia Group, but excluding any Excluded Financial Indebtedness.

Total Lease Payments means the aggregate amount of all rental expenditure of the Reading Entertainment Australia Group, other than rental expenditure payable to any Transaction Party, calculated in accordance with Accounting Standards, for that period.

Transaction Documents means:

- (a) this document;
- (b) not used;
- (c) each Guarantor Accession Deed;
- (d) the Collateral Security;
- (e) the Parent Subordination Agreement;
- (f) the ISDA Master Agreement dated 17 June 2011 between the Bank and the Borrower, as amended from time to time;
- (g) each deed of consent referred to in item 12 (*Deed of consent*) of **schedule 3** upon it being executed by the relevant parties;
- (h) any agreement relating to the priority of any Security which is a Collateral Security;
- (i) the Merchant Services Agreement;
- (j) any document which the Borrower and the Bank agree is a Transaction Document for the purposes of this document; and

(k) each document entered into for the purpose of amending, novating, restating or replacing any of them.

Transaction Parties means the Borrower and each Guarantor.

Trust means, in relation to any Transaction Party that enters into a Transaction Document in the capacity as trustee of a trust, the relevant trust.

Trust Deed means, in relation to a Trust, the trust deed or other document which establishes or evidences that Trust.

Trustee means a Transaction Party that enters into a Transaction Document acting as the trustee of a Trust.

Valuation means a valuation of the Freehold Properties or leasehold properties included in the Secured Property addressed to the Bank, by an Approved Valuer in form and substance satisfactory to the Bank in all respects.

Verification Certificate means a certificate in substantially the form set out in **schedule 6**.

1.2 Construction

Unless expressed to the contrary, in this document:

- (a) words in the singular include the plural and vice versa;
- (b) any gender includes the other genders;
- (c) if a word or phrase is defined its other grammatical forms have corresponding meanings;
- (d) "includes" means includes without limitation;
- (e) no rule of construction will apply to a clause to the disadvantage of a party merely because that party put forward the clause or would otherwise benefit from it; and
- (f) a reference to:
 - (i) a person includes a partnership, joint venture, unincorporated association, corporation and a government or statutory body or authority;
 - (ii) a person includes the person's legal personal representatives, successors, assigns and persons substituted by novation;
 - (iii) any legislation includes subordinate legislation under it and includes that legislation and subordinate legislation as modified or replaced;
 - (iv) an obligation includes a representation or warranty and a reference to a failure to comply with an obligation includes a breach of representation or warranty;
 - (v) a right includes a benefit, remedy, discretion or power;
 - (vi) time is to local time in Melbourne;
 - (vii) "\$" or "dollars" is a reference to Australian currency;

- (viii) this or any other document includes the document as novated, varied or replaced and despite any change in the identity of the parties;
- (ix) writing includes any mode of representing or reproducing words in tangible and permanently visible form, and includes fax transmissions;
- (x) any thing (including any amount) is a reference to the whole or any part of it and a reference to a group of things or persons is a reference to any one or more of them;
- (xi) this document includes all schedules and annexures to it; and
- (xii) a clause, schedule or annexure is a reference to a clause, schedule or annexure, as the case may be, of this document.

1.3 Headings

Headings do not affect the interpretation of this document.

1.4 Corporations Act, GST and Accounting Standards

Unless expressed to the contrary:

- (a) "control", "controller", "corporation", "disclosing entity", "holding company", "marketable security", "prospective liability", "public company", "related body corporate" and "subsidiary" each has the meaning which it is defined to have in the Corporations Act;
- (b) "adjustment event", "consideration", "GST", "input tax credit", "supply", "taxable supply" and "tax invoice" each has the meaning which it is defined to have in the *A New Tax System (Goods and Services Tax) Act 1999*; and
- (c) "economic entity", "entity" and "finance lease" each has the meaning which it has in the Accounting Standards.
- (d) terms have the meanings given to them in the PPS Act.

1.5 Subsisting Events of Default and Potential Events of Default

- (a) An Event of Default subsists if it has occurred and has not been waived by the Bank in accordance with this document or remedied.
- (b) A Potential Event of Default subsists if it exists and has not been waived by the Bank in accordance with this document or remedied.

1.6 Not used

1.7 Inconsistency

If there is any inconsistency between this document and any other Transaction Document, then this document prevails to the extent of that inconsistency.

2 Consideration

The Borrower enters into this document in consideration of the Bank agreeing to make the Facility available in accordance with this document.

3 Conditions precedent

3.1 Not used

3.2 Conditions precedent to Advances and Drawings

The obligation of the Bank to make any Advances or Drawings is subject to the further conditions precedent that the Bank is satisfied in its absolute discretion that:

- (a) the representations and warranties set out in **clause 8.1** are correct and in all material respects not misleading in any material respect when the Funding Notice is given and on the Funding Date;
- (b) all fees and charges then due and payable in connection with the Facility have been paid (including the Restructure Fee set out in **clause 9.1(a)**); and
- (c) no Event of Default or Potential Event of Default subsists when the Funding Notice is given and on the Funding Date.

4 Facility

4.1 Nature

- (a) Subject to **clauses 3** and **10.2**, the Bank will make available:
 - (i) the revolving Corporate Markets Loan Facility under which it will make Advances; and
 - (ii) the Bank Guarantee Facility under which it will issue Bank Guarantees at the request of the Borrower, in accordance with this document.
- (b) The Borrower may request one or more Advances and Drawings in accordance with this **clause 4**, but so that the Outstanding Accommodation under each Facility does not at any time exceed the relevant Facility Limit.

4.2 Purpose

The Borrower must only use Advances and Drawings under each Facility for the relevant purposes set out in **schedule 2**, and the Borrower must promptly repay to the Bank all Advances and Drawings not used for these purposes.

4.3 Advances and Drawings

- (a) The Borrower may request an Advance or a Drawing by giving a Funding Notice to the Bank by 11.00 am at least one clear Business Day before the date the proposed Advance or Drawing is required.
- (b) An Advance under the Corporate Markets Loan Facility must not be for an amount which, when added to the Outstanding Accommodation (if any) under that Facility, causes the Facility Limit for that Facility to be exceeded. In determining with an Advance will cause the Facility Limit to be exceeded:
 - (i) the amount of all Advances repaid on the Funding Date are excluded from the calculation of the Outstanding Accommodation; and
 - (ii) the aggregate amount of all other Advances which the Borrower has requested to be made on the same Funding Date are included in that calculation.
- (c) The Aggregate Amount of a Drawing under the Bank Guarantee Facility must not, when added to the Outstanding Accommodation (if any) under that Facility, cause the Facility Limit for that Facility to be exceeded at any time during the Funding Period. In determining whether the Aggregate Amount of a Drawing will cause the Facility Limit to be exceeded:
 - (i) the Face Value of all Bank Guarantees under a Facility which will mature on the Funding Date for the relevant Drawing are excluded from the calculation of the Outstanding Accommodation; and
 - (ii) the Aggregate Amount of all other Drawings which the Borrower has requested to be made under the same Facility and on the same Funding Date are included in that calculation.
- (d) The Bank is only obliged to make Advances or accept any Drawings during the Availability Period.

4.4 Funding Notices

- (a) A Funding Notice must:
 - (i) be substantially in the form of **schedule 7**;
 - (ii) be signed by an Authorised Representative of the Borrower;
 - (iii) specify the proposed Funding Date which must be a Business Day during the Availability Period;
 - (iv) specify the amount of the proposed Advance or the Aggregate Amount of the proposed Drawing;
 - (v) specify the duration of the Pricing Period for each Advance; and
 - (vi) in the case of any Drawing, specify whether the Drawing is:
 - (A) to comprise the issue of a new Bank Guarantee, and if so, also specify the date to be shown as the Expiry Date, the

person to be named as the Beneficiary and the Face Value of each requested Bank Guarantees; or

- (B) deemed to comprise an existing bank guarantee that prior to the date of this document has been issued by the Bank at the request of the Borrower and, if so, specify the date shown as the Expiry Date, the person named as the Beneficiary and the Face Value of that bank guarantee.
- (b) The requirement of a Funding Notice is for the benefit of the Bank. The Bank may waive the requirement at any time and in any manner.
- (c) A Funding Notice is irrevocable from the time of its actual receipt in legible form by the Bank.

4.5 Not used

4.6 Not used

4.7 Not used

4.8 Bank Guarantee Facilities

In the case of the Bank Guarantee Facility on the Funding Date specified in the Funding Notice:

- (a) the Bank must for the purposes of a Drawing contemplated under **clause 4.4(a)(vi)(A)**, issue each Bank Guarantee requested in the Funding Notice in accordance with that Funding Notice; or
- (b) the parties agree that for the purposes of a Drawing contemplated under **clause 4.4(a)(vi)(B)**, the existing bank guarantee referred to in the Funding Notice is deemed to be a Bank Guarantee issued in accordance with the Bank Guarantee Facility and that Funding Notice.

4.9 Cancellation

The Borrower may cancel the Available Commitment or any part of it (being \$100,000 or an integral multiple of that amount) by giving 30 Business Days' notice to the Bank specifying the amount to be cancelled and the date on which the cancellation takes effect. The cancellation takes effect on the date specified in the notice (which must be a date not earlier than five Business Days after the date the Bank receives the notice).

4.10 Market disruption

- (a) If the Bank determines that a Market Disruption Event occurs or has occurred in relation to an Advance, then the Bank will promptly notify the Borrower, and the Interest Rate on that Advance for that Pricing Period will be the rate per annum which is the sum of:
 - (i) the Margin for the Advance; and
 - (ii) the rate notified to the Borrower as soon as practicable and in any event no later than the Business Day before interest is due to be paid in respect of that Pricing Period, to be that which expresses

as a percentage rate per annum the cost to the
Bank of funding that Advance from whatever source or sources the Bank may reasonably select.

(b) For the purposes of **clause 4.10(a)**:

(i) **Market Disruption Event** means:

- (A) at or about the time on the day (Quotation Day) for the Bank to determine the Screen Rate for the relevant currency and Pricing Period, the Screen Rate is not available and the Bank is unable to specify another page or service displaying an appropriate rate; or
- (B) in relation to an Advance, before 5.00 pm (local time) on the Business Day after the Quotation Day for the relevant period, the Bank notifies the Borrower, that as a result of market circumstances not limited to the Bank the cost to the Bank of funding the Advance exceeds the Screen Rate.

(ii) **Screen Rate** means the rate specified in paragraph (a) of the definition of "Base Rate".

4.11 Alternative basis of interest or funding

If a Market Disruption Event occurs and the Bank or the Borrower so requires, the Bank and the Borrower will enter into negotiations (for a period of not more than 30 days) with a view to agreeing a substitute basis for determining the rate of interest or discount.

4.12 Pricing Review Events

(a) The Bank has the right to review the pricing applicable to a Facility (**Review**):

- (i) at any time if the Bank reasonably believes that an Event of Default subsists;
- (ii) at any time:

- (A) a change occurs in the financial markets which affects financial institutions generally; and/or
- (B) a general change occurs in the cost of funds in the financial markets in which the Bank raises funds (not being a change resulting from a change in the Bank's credit rating or any other matter relating specifically to the Bank).

(b) The Bank may request the Borrower to provide information in connection with a Review and the Borrower must provide such information as soon as possible following receipt of the request.

4.13 Consequences of a Pricing Review

(a) Following a Review, the Bank may, by giving written notice to the Borrower and/or by way of advertisement in the local or national press:

- (i) introduce a new fee, charge or premium or change an existing fee, charge or premium (including its amount, the way in which it is calculated and when it is charged); and
 - (ii) change the acceptance margin, line fee, interest rate or yield rate applicable to a Facility including by changing or introducing a margin (including by making the margin positive or negative), or substituting a different indicator rate for the relevant indicator rate (except where the rate is a fixed rate).
- (b) Where the Bank gives the Borrower notice under **clause 4.10(a)** by way of advertisement in the local or national press, the Bank will also endeavour to directly notify the Borrower of the change although the Bank will not be precluded from charging the new or adjusted pricing if it does not directly notify the Borrower.
- (c) An introduction or change of a matter specified in **clause 4.10(a)** takes effect on the date specified in the relevant notice to the Borrower (which must be at least 30 days after the date on which the notice is given to the Borrower).

5 Payments

5.1 Not used

5.2 Voluntary prepayments

- (a) In relation to any Advance, the Borrower:
- (i) may prepay any Advance or a part of it (being a minimum of \$100,000 or an integral multiple of that amount) by giving 5 Business Days' notice to the Bank specifying the amount to be prepaid and the date on which the prepayment will be made;
 - (ii) may, subject to **clause 4.3**, redraw any amount prepaid in accordance with this **clause 5.2** which forms part of the Revolving Tranche; and
 - (iii) must make any prepayment under this document together with accrued interest on the amount prepaid, any fees payable under **clause 9.1** and any Break Costs, but otherwise without premium or penalty.
- (b) The Borrower may reimburse or repay the Face Value in respect of any Current Bank Guarantee by:
- (i) providing to the Bank, cash collateral (on terms satisfactory to the Bank and subject to **clause 10.3**) in an amount not less than the Face Value of the Bank Guarantee; or
 - (ii) cancelling that Bank Guarantee by returning the original to the Bank together with written confirmation from the Beneficiary that the Bank has no further liability under that Bank Guarantee.

5.3 Indemnity in respect of Bank Guarantees

- (a) Without limiting **clause 12.1**, the Borrower indemnifies the Bank against any liability, loss, cost or expense sustained or incurred in relation to any Bank Guarantee or as a direct or indirect consequence of any claim made or purported to be made under any Bank Guarantee, or anything done by any person who is or claims to be entitled to the benefit of a Bank Guarantee.
- (b) Without limiting **clause 5.3(a)**, the Borrower must pay to the Bank all amounts claimed by or paid to any Beneficiary in relation to any Bank Guarantee (whether or not the Beneficiary was entitled to make that claim or the Bank was required to make that payment), including any payment made by the Bank under **clause 10.2(a)(iv)(B)**.
- (c) The Borrower's obligations under **clause 5.4** are absolute and unconditional. They are not affected by any reduction, termination or other impairment by set-off, deduction, abatement, counterclaim, agreement, defence, suspension, deferment or otherwise.
- (d) The Borrower is not released, relieved or discharged from any obligation under this document, nor will such obligation be prejudiced or affected for any reason, including:
 - (i) any falsity, inaccuracy, insufficiency or forgery of or in any demand, certificate or declaration or other document which on its face purports to be signed or authorised under a Bank Guarantee;
 - (ii) any failure by the Bank to enquire whether a cable, telex or other notification was inaccurately transmitted, received or given by an unauthorised person (other than where such failure occurs due to the wilful default or fraud of the Bank);
 - (iii) the impossibility or illegality of performance of, or any invalidity of or affecting, any Transaction Document or Bank Guarantee or any other document;
 - (iv) any act of any Government Body or arbitrator including any law, judgment, decree or order at any time in effect in any jurisdiction affecting any Transaction Document or Bank Guarantee or any document delivered under a Transaction Document;
 - (v) any failure to obtain any consent, license or other authorisation necessary or desirable in connection with any Transaction Document or any Bank Guarantee; or
 - (vi) any other cause or circumstance, foreseen or unforeseen, whether or not similar to any of the above, affecting any Transaction Document or Bank Guarantee or any transaction under a Transaction Document or Bank Guarantee,
 - (vii) and the Bank need not inquire into any of these matters.
- (e) The Bank is irrevocably authorised and directed by the Borrower to pay immediately against a demand appearing or purporting to be made by or

on behalf of a Beneficiary, any sums up to the Face Value of a Bank Guarantee which may be demanded from the Bank from time to time without any reference to or any necessity for confirmation or verification on the part of the Borrower, and notwithstanding any instructions from the Borrower to the contrary.

- (f) The obligations of the Borrower will not be affected or in any way limited by any falsity, inaccuracy, insufficiency or forgery of or in any notice or demand pursuant to any liability or the failure of the Bank to enquire (other than where such failure arises due to the wilful default or fraud of the Bank) whether any notice or demand has been inaccurately transmitted or received from any cause whatsoever or has been given or sent by an unauthorised person.

5.4 Mandatory prepayments

- (a) Unless the Bank otherwise agrees, if any of the assets, business or undertaking of any Transaction Party is the subject of any Disposal (other than a Permitted Disposal) the Borrower must apply or ensure is applied an amount equal to the cash or equivalent proceeds received by the Transaction Party from the Disposal net of reasonable transaction costs and Taxes in prepayment of Outstanding Accommodation or at the Borrower's election, in permanent reduction of the unused portion of one or more of the Facility Limits.

~~(a)(b)~~ [The Borrower must, in relation to the Permitted Disposal under paragraph \(i\) of that definition, apply an amount equal to \\$20,000,000 of the Net Sale Proceeds in permanent reduction of the Outstanding Accommodation under the Corporate Markets Loan Facility.](#)

5.5 Repayment

Subject to **clause 10.2** and **clause 10.3**, each Borrower must:

- (a) pay instalments, in permanent reduction of the Outstanding Accommodation and the Facility Limit for the Corporate Markets Loan Facility, of:
- ~~(i)~~ ~~\$500,000 on 30 April 2021~~; ~~(ii)~~ (i) \$500,000 on 31 October 2021;
 - ~~(iii)~~ (ii) \$500,000 on 30 April 2022;
 - ~~(iv)~~ (iii) \$500,000 on 31 October 2022; ~~(v)~~ (iv) \$500,000 on 30 April 2023; and ~~(vi)~~ (v) \$500,000 on 31 October 2023;
- (b) repay the Outstanding Accommodation in respect of each Facility on the Termination Date in respect of that Facility; and
- (c) subject to **clause 6**, and any other provision in a Transaction Document that provides otherwise, pay any other amounts payable in connection with the Transaction Documents, to the Bank on demand.

5.6 Tranches

Amounts repaid or prepaid which form part of the Term Tranche may not be redrawn, and the Facility Limit in respect of the Corporate Markets Loan Facility will be reduced by the aggregate amount of such repayments or prepayments.

6 Interest and fees

6.1 Pricing Periods

- (a) Subject to **clause 6.1(c)**, the Pricing Period for each Advance must be a period of 30, 60 or 90 days or six Months or another period agreed by the Bank.
- (b) Subject to **clause 6.1(c)**, the first Pricing Period for an Advance commences on its Funding Date and will have the duration specified in the relevant Funding Notice. Each subsequent Pricing Period for the Advance:
 - (i) commences on the day after the preceding Pricing Period for the Advance expires; and
 - (ii) is a period notified by the Borrower to the Bank at least two Business Days before the last day of the current Pricing Period, but if the Borrower does not give notice, is of the same duration as the Pricing Period which immediately precedes it.
- (c) A Pricing Period:
 - (i) which would otherwise end on a day which is not a Business Day ends on the next Business Day and a Pricing Period which would otherwise end after the Termination Date ends on the Termination Date. For the avoidance of doubt, if a Pricing Period ends on a day that is not followed by a Business Day, the Bank may extend that Pricing Period accordingly (except where this would be contrary to **clause 6.1(c)(ii)**, in which case the Bank may shorten the Pricing Period); and
 - (ii) May be adjusted by the Bank where necessary so that:
 - (A) a Pricing Period starts on a Business Day;
 - (B) all Advances will have the same Pricing Period;
 - (C) a Pricing Period does not end after the Termination Date; and
 - (D) if a new Advance is made during a Pricing Period for an existing Advance, the first Pricing Period for that new Advance ends on the same day as the Pricing Period for the existing Advance.

6.2 Payment and rate

- (a) In respect of the Corporate Markets Loan Facility:
 - (i) interest for each day is calculated by applying the Daily Interest Rate to the Advance at the end of that day (excluding any amount to which the Overdue Rate applies); and
 - (ii) the Borrower must pay accrued interest in respect of:
 - (A) each Pricing Period, on the First Business Day after the expiry of that Pricing Period; and
 - (B) the last Pricing Period, for the period up to and including the Termination Date, on the Termination Date.
- (b) The Borrower must pay interest on Overdue Money, and such interest must be paid on demand by the Bank.
- (c) The interest rate on Overdue Money will be the Overdue Rate.

6.3 Computation of interest

Interest will:

- (a) accrue from day to day;
- (b) be computed from and including the day when the money on which interest is payable becomes owing to the Bank by the Borrower until but excluding the day of payment of that money; and
- (c) be calculated on the actual number of days elapsed on the basis of a 365 day year.

6.4 Capitalisation of interest

The Bank may:

- (a) capitalise, on a monthly or other periodical basis as the Bank determines, any part of any interest which becomes due and payable and interest is payable in accordance with this document on capitalised interest; and
- (b) continue to capitalise interest despite:
 - (i) that as between the Bank and the Borrower the relationship of Bank and customer has ceased;
 - (ii) any composition agreed to by the Bank;
 - (iii) any judgment or order against the Borrower; or
 - (iv) any other thing.

6.5 Merger

If the liability of the Borrower to pay to the Bank any money payable under a Transaction Document becomes merged in any deed, judgment, order or other thing, the Borrower must pay interest on the amount owing from time to time under that deed, judgment, order or other thing at the higher of the rate

payable under the Transaction Documents and that fixed by or payable under that deed, judgment, order or other thing.

6.6 Reset Margin

- (a) The Borrower must pay a Reset Margin where a Pricing Period is, or becomes, shorter than 3 months.
- (b) The Reset Margin (if any) for a Pricing Period:
 - (i) will be determined by the Bank on the commencement of that period;
 - (ii) will be advised to the Borrower in writing shortly after the commencement of that period; and
 - (iii) will be fixed for that period.
- (c) Subject to **clause 6.6(b)**, if a Reset Margin is applicable to a Facility, the Bank may vary the rate of the Reset Margin from time to time (and any rate set out in this document is indicative only). The Bank publishes Reset Margin rates periodically on nab.com.au.
- (d) The Reset Margin will be payable in arrears:
 - (i) on the first Business Day following the end of each Pricing Period that is shorter than 3 months;
 - (ii) on the Termination Date of the relevant Facility; and
 - (iii) upon the early repayment or all or part of the relevant Advance.
- (e) The Reset Margin is calculated on a daily basis on the outstanding principal amount of the relevant Advance on the basis of a 365 day year and the actual number of days elapsed.

7 Payments

7.1 Place, manner and time of payment

Each Transaction Party must make payments to the Bank under the Transaction Documents:

- (a) at the address specified in **clause 19.3** or at such other place reasonably required by the Bank;
- (b) in a manner reasonably required by the Bank;
- (c) by 11.00 am local time in the place where payment is required to be made; and
- (d) in immediately available funds and without set-off, counter claim, condition or, unless required by law, deduction or withholding.

7.2 Gross-up

If a Transaction Party is required by law to deduct or withhold Taxes from any payment it must:

- (a) make the required deduction and withholding;
- (b) pay the full amount deducted or withheld in accordance with the relevant law;
- (c) deliver to the Bank an original receipt for each payment; and
- (d) pay an additional amount with such payment so that, after all applicable deductions or withholdings, the Bank actually receives for its own benefit the full amount which would have been payable to the Bank if no deduction or withholding had been required.

7.3 Appropriation

Subject to any express provision to the contrary in any Transaction Document, the Bank may appropriate any payment towards the satisfaction of any money due for payment by the Borrower in relation to a Transaction Document in any way that the Bank thinks fit and despite any purported appropriation by the Borrower.

8 Representations and warranties

8.1 Nature

Each Transaction Party represents and warrants that:

- (a) **duly incorporated:** if it purports to be a corporation, it is duly incorporated in accordance with the laws of its place of incorporation, validly exists under those laws and has the capacity to sue or be sued in its own name and to own its property and conduct its business as it is being conducted;
- (b) **capacity:** it has capacity unconditionally to execute and deliver and comply with its obligations under the Transaction Documents;
- (c) **action taken:** it has taken all necessary action to authorise the unconditional execution and delivery of, and the compliance with its obligations under, the Transaction Documents to which it is a party;
- (d) **binding obligations:** each Transaction Document constitutes the valid and legally binding obligations of, and is enforceable against it by the Bank in accordance with its terms (subject to any necessary stamping or registration and to equitable principles and insolvency laws);
- (e) **priority:** each Security Interest which each Transaction Document purports to create exists and has the priority which the Bank has agreed to (subject to any necessary stamping and registration);
- (f) **authorisations:** each authorisation from, and filing and registration with, a Government Body necessary to enable it to unconditionally execute

and deliver and comply with its obligations under the Transaction Documents to which it is a party has been obtained, effected and complied with;

- (g) **no contravention:** the unconditional execution and delivery of, and compliance with its obligations by it under, the Transaction Documents to which it is a party do not:
 - (i) contravene any law to which it or any of its property is subject or any order or directive from a Government Body binding on it or any of its property;
 - (ii) contravene its constituent documents;
 - (iii) contravene any agreement or instrument to which it is a party;
 - (iv) contravene any obligation it has to any other person; or
 - (v) require it to make any payment or delivery in relation to any Financial Indebtedness (other than Excluded Financial Indebtedness) before the scheduled date for that payment or delivery;
- (h) **correct information:** all information given and each statement made to any Bank by it or at its direction in relation to the Transaction Documents, is correct, complete and not misleading;
- (i) **full disclosure:** it has disclosed to the Bank all information which the Borrower has or has access to and which is relevant to the assessment by the Bank of the nature and amount of the risks undertaken by the Bank becoming a creditor of or taking a Security from it;
- (j) **Financial Statements:** the Financial Statements of each of Transaction Party given to the Bank under **clause 9.3:**
 - (i) are a true, fair and accurate statement of their respective financial performance and position and their respective consolidated financial performance and position at the date to which they are prepared; and
 - (ii) have been prepared in accordance with **clause 9.2 and 9.3**, except for such departures expressly disclosed in those Financial Statements;
 - (k) **no change in financial position:** there has been no change in the financial performance or position of a Transaction Party since the date to which the last Financial Statements given to the Bank under **clause 9.3** were prepared, which has a Material Adverse Effect;
 - (l) **no related party transaction:** no person has contravened or will contravene sections 208 or 209 of the Corporations Act due to a Transaction Party entering into or performing its obligations under a Transaction Document;
 - (m) **no proceeding:** except as notified to the Bank in writing before the date of this document, no litigation, arbitration or administrative proceeding is

current, pending or, to the knowledge of the Borrower, threatened, which has, or the adverse determination of which would be likely to have, a Material Adverse Effect;

- (n) **no trust:** except as notified to the Bank in writing before the date of this document, no Transaction Party enters into a Transaction Document as trustee of any trust;
- (o) **sole owner and no Encumbrances:** except as notified to the Bank in writing before the date of this document:
 - (i) each Transaction Party is the sole legal and beneficial owner of the property it purports to own; and
 - (ii) there are no Encumbrances over the property of any Transaction Party other than Permitted Encumbrances;
- (p) **no existing default:** no Event of Default, Review Event or Potential Event of Default subsists;
 - (q) **ranking of obligations:** each obligation of the Borrower under this document ranks at least pari passu with all unsecured and unsubordinated obligations of the Borrower except obligations mandatorily preferred by law;
 - (r) **warranties correct:** the representations and warranties given by any Transaction Party in any Transaction Document are correct in all material respects and not misleading in any material respect and will be when given or repeated;
 - (s) **no immunity:** each Transaction Party and its property are free of any right of immunity from set-off, proceedings or execution in relation to its obligations under any Transaction Document;
 - (t) **insurance:** the Insurances are enforceable against the relevant insurer in accordance with their terms and are not void or voidable;
 - (u) **trust provisions:** in relation to each Transaction Party which enters into any Transaction Document as trustee of a Trust:
 - (i) the Trustee has power as trustee of the Trust to execute and perform its obligations under the Transaction Documents;
 - (ii) the Trustee, in executing the Transaction Documents and entering into those transactions, have properly performed their obligations to the beneficiaries of the Trust;
 - (iii) all necessary action required by the Trust Deed to authorise the unconditional execution and delivery of, and compliance with its obligations under, the Transaction Documents has been taken;
 - (iv) the Trustee is the only trustee of the Trust;
 - (v) no effective action has been taken to remove the Trustee as trustee of the Trust or to appoint an additional trustee of the Trust;

- (vi) (A) the Trustee has a right to be fully indemnified out of the property of the Trust in relation to all of its obligations under the Transaction Documents;
- (B) the Trustee has not released or disposed of its equitable lien over the property of the Trust which secures that indemnity; and
- (C) the property of the Trust is sufficient to satisfy that indemnity;
- (vii) the Trustee has complied with all of its obligations as trustee of the Trust in relation to execution of the Transaction Documents;
- (viii) no effective action has been taken or, so far as the Trustee is aware, is contemplated by the beneficiaries of the Trust to terminate the Trust;
- (ix) the Trustee has disclosed to the Bank full details of:
 - (A) the Trust and any other trust or fiduciary relationship affecting the property of the Trust and, without limitation, has given to the Bank copies of any instruments creating or evidencing the Trust; and
 - (B) the Trustee's other trusteeships (if any);
- (x) the Trust is properly constituted and the Trust Deed is not void, voidable or otherwise unenforceable;
- (xi) the rights of the beneficiaries of the Trust in relation to, and their interest in, the property of the Trust are subject to:
 - (A) the rights of the Bank in relation to, and their respective interests in, the property of the Trust; and
 - (B) any rights or interests in the property of the Trust to which the Bank may from time to time be subrogated; and
- (xii) the Trustee:
 - (A) if it is a corporation, is duly incorporated in accordance with the laws of its place of incorporation, validly exists under those laws and has the capacity to sue and be sued in its own name, to own property and to act as trustee of the Trust;
 - (B) if it is natural person, has the capacity to be trustee of the Trust;
- (v) **solvency:** each Transaction party is not insolvent;
- (w) **corporate benefit:** each of the Transaction Parties will receive corporate benefit by entering into the Transaction Documents to which they are a party.

8.2 General

- (a) The interpretation of any statement contained in any representation or warranty will not be restricted by reference to or inference from any other statement contained in any other representation or warranty.
- (b) The Borrower acknowledges that the Bank enters into the Transaction Documents in reliance on each representation and warranty.
- (c) Each representation and warranty survives the execution of the Transaction Documents and is deemed to be repeated with reference to the facts and circumstances then existing on the date each Funding Notice is issued, on each Funding Date, on the last day of each Funding Period and on each day that an Annual Compliance Certificate or Interim Compliance Certificate is given.

9 General obligations

9.1 Fees

The Borrower must pay to the Bank:

- (a) **restructure fee:** on or before execution of the Restatement Deed, a non-refundable Restructure Fee of \$30,000 (which fee has been paid);
- (b) **restructure fee:** on or before the 'Amendment Date' referred to in the Amendment Deed, a non-refundable Restructure & Application Fee of \$300,000 (less the \$20,000 work fee referred to in the term sheet dated 17 December 2018 if the Borrower has paid that work fee to the Bank);
- (c) **Corporate Markets Loan Facility Fee:** a non-refundable facility fee on the Facility Limit in respect of the Corporate Markets Loan Facility calculated at 0.95% per annum from the date of the 'Variation Date' under the Restatement Deed and at 1.00% per annum from the date of the 'Amendment Date' under the Amendment Deed, which will:
 - (i) accrue from day to day from the date of this document up to and including the Termination Date;
 - (ii) be payable quarterly in arrears, on the first Business Day of each Quarter;
 - (iii) be calculated on the actual number of days elapsed and on the basis of a 365 day year;
- (d) **Reset Fee:** on the first Business Day of each Pricing Period (other than the first Pricing Period) a non-refundable fee of \$150.00;
- (e) **Bank Guarantee service fee:** on and from the first services fee charge date following 30 June 2014, a non-refundable fee in respect of each Bank Guarantee of 50% of the applicable Bank Guarantee Margin calculated on the Face Value of the Bank Guarantee, payable on a pro-rata basis half yearly in arrears, with the first payment due six months after the relevant Funding Date of the Bank Guarantee, and subsequent

payments due every six months thereafter until the Bank Guarantee Matures or Expires or is cancelled. This fee will be calculated on the actual number of days elapsed and on the basis of a 365 day year; and

- (f) **Bank Guarantee issuance fee:** a non-refundable fee in respect of each Bank Guarantee of 50% of the applicable Bank Guarantee Margin calculated on the Face Value of the Bank Guarantee (or \$125 whichever is greater), payable on the relevant Funding Date of the Bank Guarantee.

9.2 Records

The Borrower must ensure that each Transaction Party:

- (a) prepares and keeps books, accounts and other records in accordance with the law and Accounting Standards; and
- (b) on demand, makes the same available for inspection and copying by the Bank.

9.3 Financial Statements and other financial information

The Borrower must give to the Bank:

- (a) **annual Financial Statements:** as soon as practicable, and in any event within 120 days after the end of each Financial Year the consolidated audited Financial Statements of the Reading Entertainment Australia Group for that Financial Year;
- (b) **Quarterly Financial Statements:** as soon as practicable, and in any event within 45 days after the end of each Quarter (other than the Quarter ending 31 December) the consolidated unaudited Financial Statements of the Reading Entertainment Australia Group for that Quarter (showing both actual and budget figures);
- (c) **group structure diagram:** within 120 days after the end of each Financial Year, a group structure diagram in relation to Reading International Inc. and the Reading Entertainment Australia Group which lists all the then Group Members and which contains such other information in relation to the legal relationship between Reading International Inc. and the Reading Entertainment Australia Group Members as the Bank reasonably requires;
- (d) **budget:** as soon as practicable, and in any event before 31 March for each Financial Year, a consolidated budget for the Reading Entertainment Australia Group for the current Financial Year showing the budgeted profit and loss, balance sheet and cash flow for the Reading Entertainment Australia Group and such other matters customarily dealt with in such budgets;
- (e) **other financial information:** promptly on reasonable notice from the Bank, such additional information in relation to the financial condition and the operations of the Borrower and each other Transaction Party as the Bank reasonably requests from time to time.

The Borrower must ensure that all Financial Statements given to the Bank under the Transaction Documents are prepared in accordance with the Corporations Act and the Accounting Standards.

If after the date of this document there is a change in the accounting principles or practices referred to in the definition of 'Accounting Standards' and the Bank or the Borrower reasonably considers that, if the change were to apply for the purposes of this document, the change would have a material effect on the Financial Statements or the calculation of the financial ratios in **clause 9.8**, the Bank and the Borrower shall endeavour to agree mutually acceptable changes to this document so that the accounting change can be adopted for the purposes of this document.

9.4 Adjustments for AASB 16

- (a) The parties acknowledge that:
- (i) AASB 16 took effect on and from 1 January 2019, which changed or eliminated the distinction between operating leases and finance leases; and
 - (ii) the parties are continuing to assess the potential effect of AASB 16 on the calculation of the financial ratios referred to in **clause 9.8** and the related definitions.
- (b) For each Calculation Date occurring on or prior to 31 December 2021:
- (i) the financial ratios referred to in **clause 9.8** and the related definitions will be calculated ignoring any changes following AASB 16 taking effect on 1 January 2019; and
 - (ii) the Company must provide with its Financial Statements and other financial information any reconciliation statements (audited, where applicable) necessary to enable the financial ratios in **clause 9.8** and the related definitions to be calculated in accordance with **clause 9.4(b)(i)**.
- (c) If, in the reasonable opinion of the Borrower or the Bank, at any time after 31 December 2021, taking into account the AASB 16 changes when calculating the financial ratios referred to in **clause 9.8** and the related definitions would materially alter the effect of, or the calculation of, those financial ratios or related definitions, the Borrower and the Bank will negotiate in good faith to amend the relevant undertakings and definitions so that they have an effect comparable to that as if the AASB 16 changes did not apply.

9.5 Other information

The Borrower must give to the Bank:

- (a) **other information:** on reasonable notice from the Bank, any other information in the possession or under the control of a Transaction Party which in the Bank's reasonable opinion is necessary to verify the Borrower's compliance with any Transaction Document;

- (b) **Annual Compliance Certificate:** as soon as practicable, and in any event within 120 days after the end of each Financial Year, an Annual Compliance Certificate for that Financial Year signed by at least one director of the Borrower;
- (c) **Interim Compliance Certificate:** as soon as practicable, and in any event within 45 days after the end of each Quarter (other than the Quarter ending 31 December) an Interim Compliance Certificate for the previous 12 months signed by at least one director of the Borrower;
- (d) **tenancy schedule:** as soon as practicable, and in any event within 120 days of the end of each Financial Year an updated tenancy schedule for each Freehold Property, including (without limitation) the following details:
 - (i) the name of each tenant;
 - (ii) area let by each tenant;
 - (iii) current passing rent paid by each tenant;
 - (iv) the lease start date;
 - (v) the lease term;
 - (vi) the lease maturity date;
 - (vii) the option term (if any);
 - (viii) rent review details; and
 - (ix) any other material or special clauses or conditions;
- (e) **Valuations:** on demand (provided that no more than one demand is made in a Financial Year and the Bank reasonably considers that there has been a material devaluation of the freehold and leasehold interests subject to the Collateral Security), and in any event by 31 July 2021 and every 36 months thereafter, a Valuation in respect of each Freehold Property and leasehold interest that is subject to the Collateral Security. Each Valuation is to be at the Borrower's expense, addressed to the Bank, conducted by an Approved Valuer and in a form and substance (other than as to value) reasonably satisfactory to the Bank;
- (f) **details of any proceeding:** full details of any litigation, arbitration, administrative proceeding or native title claim which affects a Transaction Party and which has or the adverse determination of which would be likely to have a Material Adverse Effect, as soon as it is commenced or to the knowledge of the Borrower is threatened; and
- (g) **claims:** on being notified of it, full details of any event which entitles the Borrower or the Bank to claim more than \$1,000,000 under the Insurances.

9.6 Other financial undertakings

Each Transaction Party must ensure that:

- (a) **negative pledge:** no Encumbrances exist on its property, except Permitted Encumbrances;
- (b) **permitted financial transactions:** it does not, without the prior written consent of the Bank:
 - (i) incur any Financial Indebtedness except Permitted Financial Indebtedness;
 - (ii) provide any financial accommodation (excluding trade credit in the ordinary course of business) except Permitted Financial Accommodation;
- (c) **disposals:** must not dispose of any of its assets, either in a single transaction or in a series of transactions whether related or not and whether voluntary or involuntary, except Permitted Disposals;
- (d) **mergers:** a Transaction Party does not:
 - (i) enter into any merger, reconstruction or amalgamation; or
 - (ii) acquire any property or business or make any investment if the property, business or investment is substantial in relation to the relevant Transaction Party,
if it would have or be likely to have a Material Adverse Effect;
- (e) **maintain status:** it does everything necessary to maintain its corporate existence in good standing and:
 - (i) ensures that it has the right and is properly qualified to conduct its business in all relevant jurisdictions; and
 - (ii) obtains and maintains all Authorisations necessary for the conduct of its business;
 - (iii) comply with all laws affecting it or its business in all relevant jurisdictions
- (f) **Distributions:** it must not make any Distribution except [a Permitted Distribution](#):
 - ~~at any time on or prior to the Relevant Date, with the Bank's prior written consent; and~~
 - ~~at any time after the Relevant Date, if: (A) -no Event of Default subsist; and~~
~~(B) such Distributions will not cause an Event of Default.~~
- (g) **Taxes:** must
 - (i) promptly pay when they become due for payment (or reimburse the Bank on demand for) all Taxes payable by it from time to time

- other than Taxes being contested in good faith where it has made adequate provisioning;
- (ii) not transfer any Tax losses to any person other than to the Borrower in connection with the preparation of consolidated annual Financial Statements or in connection with the Reading Entertainment Australia Group's tax consolidation arrangements; and
 - (iii) not become a member of a consolidated group for the purposes of Part 3-90 of the *Income Tax Assessment Act 1936* and the *Income Tax Act 1997* including any amendments thereto (including any amendments made by the *New Business Tax (Consolidation Act (No. 1)) 2002* and the *New Business Tax System (Consolidation, Value Shifting, Damages and other Measures) Act 2002*) other than in accordance with a Tax Sharing Agreement or otherwise on terms approved by the Bank;
- (h) **Guarantor coverage:**
- (i) Subject to paragraph (ii), the Borrower shall ensure that at all times:
 - (A) the aggregate of total assets (calculated on the same basis as total assets of the Reading Entertainment Australia Group) of the Guarantors represents at least 90 per cent of total assets of the Reading Entertainment Australia Group; and
 - (B) the aggregate EBITDA of the Guarantors (calculated on the same basis as EBITDA of the Reading Entertainment Australia Group) represents at least 90 per cent of EBITDA of the Reading Entertainment Australia Group;
 - (C) any member of the Reading Entertainment Australia Group which contributes 5 per cent or more of EBITDA of the Reading Entertainment Australia Group is a Guarantor; and
 - (D) any member of the Reading Entertainment Australia Group which holds intellectual property which the Bank considers to be material to the operations of the Reading Entertainment Australia Group is a Guarantor(and in each case the figures for the Guarantors will be calculated on an unconsolidated basis and excluding all intra-Reading Entertainment Australia Group items and investments in Subsidiaries); and
 - (ii) where an entity becomes a member of the Reading Entertainment Australia and is required to become a Guarantor to comply with paragraph (i), the Borrower shall ensure:
 - (A) the entity becomes an Additional Guarantor by executing a Guarantor Accession Deed;

- (B) the entity executes a general security agreement over all its assets in favour of the Bank, in form and substance consistent with the general security agreements previously executed by the other Guarantors; and
- (C) provides the Bank with any documents or evidence in relation to the entity as the Bank may reasonably consider necessary in respect of the entering into, validity and enforceability of the accession documents, as soon as reasonably practicable and in any event within 45 days.

Provided the Borrower complies with this paragraph (ii), the Borrower will not be in breach of paragraph (i) by reason only that the entity is not a Guarantor.

- (i) **Major developments:** in respect of any major development projects to be undertaken by the Transaction Parties (that are outside of the budgeted capital expenditure that has been disclosed to the Bank);
- (i) the Bank is provided with development budgets and other information reasonably requested by the Bank; and
- (j) **Major acquisitions:** in respect to any acquisitions or investments in assets to be undertaken by the Transaction Parties, the Bank's written consent is obtained for (and prior to) the purchase of:
 - (i) any freehold title or ground lease with a remaining tenor of 25 years or more and a consideration greater than \$50,000,000; and
 - (ii) the purchase of any other operating business assets with a consideration greater than \$25,000,000.
- (k) **Management Fees:** no Management Fees are paid except:
 - (i) a once off payment of \$2,000,000 paid on or before 31 December 2020;
 - (ii) a once off payment of \$2,000,000 paid on or around 31 January 2021, subject to:
 - (A) the Borrower providing consolidated unaudited financial forecast statements (including, profit and loss statements, balance sheets and cashflow statements) for the Reading Entertainment Australia Group, for the quarters ending on 31 March 2021 and 30 June 2021, including any commentary on the following assumptions:
 - (1) withdrawal of JobKeeper government support; and
 - (2) rental payment relief provided by relevant landlords;
 - (B) the Borrower providing confirmation to the Bank that the minimum forecasted cash balance is equal to or greater than \$6,000,000 for each month for the period to 30 June 2021;

- (C) the Borrower providing confirmation to the Bank that the forecasted monthly cashflow position is positive for each month for the period to 30 June 2021; and
 - (D) no Event of Default subsisting;
 - (iii) at any time on or prior to the Relevant Date, with the Bank's prior written consent; and
 - (iv) at any time after the Relevant Date, if no Event of Default subsists.
- (l) **Preservation and protection of Security:** it does everything necessary or reasonably required by the Bank to:
- (i) keep the Secured Property in good repair and in good working order;
 - (ii) promptly pay when they become due for payment (or reimburse the Bank on demand for) all Taxes payable in respect of the Secured Property;
 - (iii) preserve and protect the value of the Secured Property as a whole; and
 - (iv) protect and enforce its title and the Bank's title as mortgagee to the Secured Property.

9.7 Insurance

- (a) Subject to the provisions of the Transaction Documents, the Borrower must effect and maintain insurance over and in relation to the Secured Property, the business operations of the Group (including business interruption) and for public liability with insurers, for amounts, against risks and on terms and conditions:
 - (i) that the Bank reasonably requires; or
 - (ii) if the Bank does not notify the Borrower of its requirements, that a prudent and reasonable owner of the Secured Property would effect and maintain, including insurance for full replacement value on a reinstatement basis.
- (b) Subject to the provisions of the Transaction Documents, the Borrower must give to the Bank on demand a certificate in form and substance satisfactory to the Bank from the insurer to the effect that the required Insurances are current and no premium is overdue.

9.8 Financial ratios

- (a) The Borrower must ensure that:
 - (i) **Fixed Charges Cover Ratio:**
 - (A) at 31 March 2021 the Fixed Charges Cover Ratio for the Calculation Period ending on that date is not less than 1.25 times (provided that, for the purposes of this clause

- 9.8(a)(i)(A)** only, "Calculation Period" shall be the period of three (3) months ending on that date);
- (B) at 30 June 2021, the Fixed Charges Cover Ratio for the Calculation Period ending on that date is not less than 1.25 times (provided that, for the purposes of this **clause 9.8(a)(i)(B)** only, "Calculation Period" shall be the period of six (6) months ending on that date);
 - (C) at 30 September 2021, the Fixed Charges Cover Ratio for the Calculation Period ending on that date is not less than 2.0 times (provided that, for the purposes of this **clause 9.8(a)(i)(C)** only, "Calculation Period" shall be the period of nine (9) months ending on that date); and
 - (D) at each other Calculation Date (other than 30 June 2020, 30 September 2020 and 31 December 2020 (without prejudice to the Borrower's obligation under **clause 9.5(b) and 9.5(c)** in respect of those dates)), the Fixed Charges Cover Ratio for the Calculation Period ending on that date is not less than 2.00 times;
- (ii) **Leverage Ratio:**
- (A) at 31 December 2021 the Leverage Ratio for the Calculation Period ending on that date is less than or equal to 3.25 times (provided that, for the purposes of this **clause 9.8(a)(ii)(A)** only, the "Calculation Period" shall be the period of three (3) months ending on that date with Adjusted EBITDA to be calculated on an annualised basis);
 - (B) at 31 March 2022 the Leverage Ratio for the Calculation Period ending on that date is less than or equal to 3.25 times (provided that, for the purposes of this **clause 9.8(a)(ii)(B)** only, the "Calculation Period" shall be the period of six (6) months ending on that date with Adjusted EBITDA to be calculated on an annualised basis);
 - (C) at 30 June 2022 the Leverage Ratio for the Calculation Period ending on that date is less than or equal to 3.25 times (provided that, for the purposes of this **clause 9.8(a)(ii)(C)** only, the "Calculation Period" shall be the period of nine (9) months ending on that date with Adjusted EBITDA to be calculated on an annualised basis); and
 - (D) at each other Calculation Date (other than 30 June 2020, 30 September 2020, 31 December 2020, 31 March 2021, 30 June 2021 and 30 September 2021 inclusive (without prejudice to the Borrower's obligations under **clauses 9.5(b) and 9.5(c)** in respect of those dates)), the Leverage Ratio for the Calculation Period ending on that date is less than or equal to 3.25 times;

- (iii) **Debt to Debt plus Equity Ratio:** at each Calculation Date, the Debt to Debt plus Equity Ratio for the Calculation Period ending on that date is less than or equal to 50%;
- (iv) **Loan to Value Ratio:** at each Calculation Date, the Loan to Value Ratio for the Calculation Period ending on that date is less than or equal to 70%.
- (a) A financial ratio or amount to be determined under **clause 9.8(a)** must be tested or determined by reference to the most recently prepared Financial Statements. The calculation of any amounts on a consolidated basis must be made in accordance with the requirements of the Accounting Standards relating to the consolidation of entities.

9.9 Environment

- (a) Each Transaction Party must ensure that at all times all practical and reasonable steps that can be taken and measures and precautions that can be adopted are taken or adopted by each Transaction Party to ensure that:
 - (i) all persons, things and activities of any kind on or using the Land comply with all Environmental Laws and any consent, permit, approval, licence, authorisation, certification, order or direction granted or issued under any Environmental Law;
 - (ii) if there is any non-compliance with any Environmental Law or any consent, permit, approval, licence, authorisation, certification, order or direction granted or issued under any Environmental Law:
 - (A) the impact on the Land and the environment is minimised; and
 - (B) steps are taken as quickly as possible to rectify the non-compliance, eliminate or reduce any liability arising from the non-compliance and to ensure the non-compliance does not recur;
 - (iii) it or any person on the Land does not:
 - (A) allow onto or permit to exist on the Land any Contaminant; or
 - (B) allow a Contaminant to escape or be released into the environment,
 - if to do so would be in breach of any Environmental Law or any consent, permit, approval, licence, authorisation, certification, order or direction granted or issued under any Environmental Law or could give rise to an order or direction being issued under any Environmental Law; and
 - (iv) if any Contaminant is discovered on or affecting the Land (other than a Contaminant which is safely stored in accordance with

- lawful authority) or, without lawful authority, escapes or is released from the Land into the environment:
- (A) the impact on the Land and the environment is minimised; and
 - (B) steps are taken as quickly as possible to safely contain the Contaminant and to remove the Contaminant from the environment or the Land or reduce the levels of the Contaminant to a level required or recommended by the relevant Government Body as safe and in either case to eliminate or reduce any liability arising from the Contaminant and do all things necessary to restore the Land and the environment.
- (b) If there is any non-compliance under **clauses 9.9(a)(i), (ii) or (iii)** or any Contaminant is discovered or the Borrower has reason to believe that there is some Contaminant on the Land requiring action to be taken under **clause 9.9(a)(iv)**, the Borrower must immediately notify the Bank.
- (c) If there is or the Bank has reason to believe that there may be any non-compliance under **clauses 9.9(a)(i), (ii) or (iii)** or any Contaminant is discovered or the Bank has reason to believe that there is some Contaminant on the Land requiring action to be taken under **clause 9.9(a)(iv)**, the Borrower, at the request of the Bank, must procure and furnish to the Bank, in a form acceptable to the Bank, an Environmental Assessment Report in relation to the Land and any operations conducted on it.
- (d) The Borrower indemnifies the Bank from and against all:
- (i) Environmental Liability; and
 - (ii) damages, losses, outgoings, costs, charges or expenses suffered or incurred by the Bank in respect of any action, claim or demand made or brought in respect of or otherwise arising from or in connection with any breach of any Environmental Law in relation to the Land.
- (e) The Borrower must immediately notify the Bank of:
- (i) the existence of any Contaminant on or adjacent to or affecting the Land; and
 - (ii) the receipt by any Transaction Party of any notice, order or direction:
 - (A) to clean up any Contaminant on the Land; or
 - (B) alleging any breach of Environmental Law.
- (f) If requested by the Bank, the Borrower must provide the Bank with a copy of each environmental consent, permit, approval, licence, authorisation, certification, order and direction relating to the Land together with confirmation that:

- (i) it is complying with the terms and conditions of each consent, permit, approval, licence, authorisation, certification, order and direction; and
- (ii) it has renewed each consent, permit, approval, licence, authorisation, certification, order and direction as appropriate.
- (g) The Borrower must:
 - (i) when reasonably required by the Bank, obtain or permit the Bank to obtain an Environmental Assessment Report from a person approved by the Bank in relation to the Land; and
 - (ii) promptly comply with any reasonable recommendation contained in any Environmental Assessment Report relating to compliance with Environmental Law in relation to the Land and obtain any consent, permit, approval, licence, authorisation, certification, order and direction required in order to comply with that recommendation.

9.10 No default

The Borrower must ensure that an Event of Default does not occur.

9.11 Obligations of Trustees

If a Transaction Party is a Trustee the Borrower must ensure that it:

- (a) ensures that the property of the Trust is not mixed with any other property;
- (b) complies with its obligations as trustee of the Trust;
- (c) does not release, dispose of or otherwise prejudice its right of indemnity against, and equitable lien over, the property of the Trust and its right of indemnity (if any) against the beneficiaries of the Trust in relation to any money owing to the Bank;
- (d) at the Bank's request:
 - (i) exercises its right of indemnity against, and equitable lien over, the property of the Trust and its right of indemnity (if any) against the beneficiaries of the Trust in relation to any money owing to the Bank; and
 - (ii) assigns to the Bank those indemnities and that equitable lien and otherwise facilitates the subrogation of the Bank to those indemnities and that equitable lien;
- (e) does not, if the Trust is a unit trust, consent to or register the transfer of units in the Trust or cancel, repurchase, redeem or issue any units in the Trust;
- (f) ensures that:
 - (i) another person is not appointed as trustee of the Trust;
 - (ii) the Trust is not terminated or its terms varied;

- (iii) the Trustee does not resign and is not removed or replaced as trustee of the Trust;
- (iv) the property of the Trust is not resettled;
- (v) the capital of the property of the Trust is not distributed at any time; and
- (vi) income of the Trust is not distributed to anyone other than a Transaction Party while an Event of Default or Potential Event of Default subsists;
- (g) prepares and keeps full and true records and books of accounts of the Trust and makes them available for inspection and copying by the Bank on demand; and
- (h) does not default in performing or observing its obligations under the Transaction Documents.

9.12 Release for Permitted Disposals

The Bank must on request from (and at the cost of) a Transaction Party release from the Collateral Security that part of the Secured Property that is the subject of a Permitted Disposal (other than a Permitted Disposal of the kind referred to in paragraph (a) of that term's definition).

9.13 Net Sale Proceeds

Each Transaction Party must, in relation to the Net Sale Proceeds, ensure that Reading Entertainment Australia Group retains:

- (a) an amount equal to \$15,000,000, subject to clause 9.6(f); and (a) -
- (b) sufficient funds to pay any Taxes (including capital gains tax).

10 Events of Default

10.1 Nature

Each of the following is an Event of Default (whether or not caused by anything outside the control of any Transaction Party):

- (a) **non-payment:** a Transaction Party does not pay on the due date any principal, interest and fees due for payment by it under a Transaction Document in accordance with the relevant Transaction Document unless the Bank is satisfied that the sole reason for such failure to pay is caused by administrative or technical error in the banking system generally which is beyond the control of that Transaction Party and payment is made within 2 Business Days after its due date;
- (b) **other non-compliance:** (subject to **clause 10.6** in the case of a failure to comply with a Financial Ratio other than the Fixed Charges Cover Ratio) a Transaction Party does not comply with any other obligation

- under a Transaction Document and if that default is capable of rectification:
- (i) it is not rectified within 10 Business Days (or any other longer period agreed by the Bank) after its occurrence; or
 - (ii) the Transaction Party does not during that period take all action which in the Bank's reasonable opinion is necessary to rectify that default;
 - (c) **untrue warranty:** a representation, warranty or statement made or deemed to be made by a Transaction Party in a Transaction Document is untrue or misleading in any material respect or a reply by a Transaction Party to a requisition made by, or on behalf of, the Bank is untrue or misleading in any material respect;
 - (d) **void document:** a Transaction Document is void, voidable or otherwise unenforceable by the Bank or is claimed to be so by a Transaction Party;
 - (e) **compliance unlawful:** it is unlawful for a Transaction Party to comply with any of its obligations under a Transaction Document or it is claimed to be so by a Transaction Party;
 - (f) **loss of priority:** a Security Interest created by or purportedly created by a Collateral Security does not have or ceases to have the priority which it purports to have under the relevant Transaction Document or becomes ineffective to secure the payment of the money or compliance with the obligations which it purports to secure, otherwise than by any act of the Bank;
 - (g) **Insolvency Event:** an Insolvency Event occurs in relation to a Transaction Party;
 - (h) **authorisation ceasing:** an Authorisation from a Government Body necessary to enable:
 - (i) a Transaction Party to comply with its obligations under a Transaction Document or carry on its principal business or activity;
 - (ii) a Transaction Party to carry on its principal business or activity; or
 - (iii) the Bank to exercise its rights under a Transaction Document, is withheld or ceases to be in full force and effect and, in the case of **clause 10.1(h)(i)**, would have a Material Adverse Effect;
 - (i) **Material Adverse Effect:** an event or series of events whether related or not, including any material adverse change in the property or financial condition of a Transaction Party, occurs which has a Material Adverse Effect;
 - (j) **cross default:**
 - (i) Financial Indebtedness (other than Excluded Financial Indebtedness) of a Transaction Party in excess of \$500,000 becomes due for payment before its stated maturity other than by

- the exercise of an option of the Transaction Party to pay it before its maturity;
- (ii) a Transaction Party fails to pay when due for payment (or within any applicable grace period) any Financial Indebtedness (other than Excluded Financial Indebtedness) in excess of \$500,000;
 - (iii) an obligation by a person to a Transaction Party to provide financial accommodation or to acquire or underwrite Financial Indebtedness (other than Excluded Financial Indebtedness) in excess of \$500,000 ceases before its stated maturity other than by the exercise of an option of the Transaction Party to cancel that obligation; or
 - (iv) a marketable security issued by a Transaction Party and having a face value over \$500,000 is required to be redeemed or repurchased before its stated maturity other than by the exercise of an option of the issuer to redeem or repurchase;
 - (k) **cessation of business:** a Transaction Party ceases or threatens to cease to carry on its business or a substantial part of its business;
 - (l) **enforcement of other Security:** a person who holds a Security over property of a Transaction Party exercises a right under that Security against the property to recover any money the payment of which is secured by that Security or enforce any other obligation the compliance with which is secured by it;
 - (m) **undertaking:** an undertaking given to the Bank (or its lawyers) by or on behalf of a Transaction Party (or its lawyers) is not honoured in accordance with its terms and if capable of rectification, is not rectified within three Business Days (or any other longer period agreed by the Bank) after its occurrence;
 - (n) **reduction of capital:** if a Transaction Party is a corporation:
 - (i) it reduces or takes any action to reduce its capital other than by the redemption of redeemable preference shares;
 - (ii) it passes or takes any action to pass a resolution of the type referred to in section 254N of the Corporations Act;
 - (iii) it:
 - (A) buys or takes any action to buy, or
 - (B) financially assists (within the meaning of section 260A of the Corporations Act) or takes any action to financially assist any person to acquire, shares in itself or in a holding company of it,
 - (o) **investigation:** if a Transaction Party is a corporation, an investigation is instituted under the Corporations Act or other legislation into, or an inspector is appointed to investigate, its affairs, which would have a Material Adverse Effect;

- (p) **environmental claim:** a Government Body takes any action, there is a legally valid claim or there is a legally enforceable requirement for expenditure or for cessation or alteration of activity under an Environmental Law, which, in the reasonable opinion of the Bank, would have a Material Adverse Effect;
- (q) **Trust:** if a Transaction Party is a Trustee:
 - (i) the Trustee ceases to be the trustee or the only trustee of the Trust or any action is taken for the removal of the Trustee as trustee of the Trust, or for the appointment of another person as trustee in addition to the Trustee;
 - (ii) an application or order is sought or made in any court, which is not withdrawn or dismissed within ten Business Days, for:
 - (A) the property of the Trust to be administered by the court; or
 - (B) an account to be taken in relation to the Trust; or
 - (iii) non-compliance by the Trustee with its obligations as trustee under the Trust Deed which has a Material Adverse Effect.

10.2 Effect of Event of Default

- (a) If an Event of Default subsists the Bank may at any time by notice to the Borrower do any or all of the following:
 - (i) **cancel Facility:** cancel any or all of the Facilities or any part of a Facility, specified in the notice;
 - (ii) **accelerate:** make so much of the Outstanding Accommodation which is not then immediately due and payable, any unpaid accrued interest or fees and any other money owing by the Borrower to the Bank in relation to the Transaction Documents either:
 - (A) payable on demand; or
 - (B) immediately due for payment;
 - (iii) **Not used**
 - (iv) **Bank Guarantees:**
 - (A) by notice to the Borrower require the Borrower to pay immediately to the Bank the aggregate of the Face Values for all Current Bank Guarantees as at the date of the notice, together with any unpaid accrued interest or fees and any other money (including all Indemnity Amounts) owing by the Borrower to the Bank in relation to the Transaction Documents;
 - (B) pay the Beneficiaries of any one or more of the Current Bank Guarantees the amount agreed between the Bank and the relevant Beneficiary sufficient to obtain from the Beneficiary an unconditional release of the Bank's obligations under the

relevant Bank Guarantee on terms satisfactory to the Bank (acting reasonably).

- (v) **engage consultants:** at the cost of the Borrower, appoint (or require the Borrower to appoint) such accountancy, financial management and other consultants as the Bank may nominate to investigate the business affairs and financial condition of any Transaction Party and whether each Transaction Party has complied with each Transaction Document to which it is a party and to make recommendations relating to the manner in which the Transaction Party carries on its business. Each Transaction Party agrees to provide all assistance and information required by the consultants (including making all financial records available and giving access to all premises and records) to enable the consultants to conduct their examination promptly, completely and accurately. No Transaction Party is obliged to accept the recommendations of any consultant, and the Bank will assume no liability with respect to any actions a Transaction Party takes, or does not take, as a result of those recommendations; or
 - (vi) **treasury related transactions:** if there are any Hedging Transactions or treasury related transactions in existence between the Bank and the Borrower (**Open Positions**) then:
 - (A) the Bank may close out the Open Positions, by entering into opposite positions for the balance of the unexpired term, or by such other means as may be usual in the relevant market. Any such close out must be at market rates prevailing at the time;
 - (B) any costs incurred by the Bank in closing out Open Positions must be paid by the Borrower to the Bank immediately upon demand by the Bank;
 - (C) any gain derived from the closing out of the Open Positions will be credited to the Borrower and set off against the Amount Owing; and
 - (D) the Bank will give the Borrower reasonable particulars of the manner of close out of the Open Positions and the basis of calculation of any amounts payable by or to the relevant Borrower arising from that close out.
- (b) On receipt of a notice under **clause 10.2(a)(ii)(A)** or **10.2(a)(ii)(B)**, the Borrower must immediately pay in full the amounts referred to in that notice.

10.3 Cash Cover Account regarding Bank Guarantees

- (a) The Bank must credit so much of the money paid by the Borrower under **clause 10.2(a)(iv)(A)** which the Bank appropriates towards the Face Values of Current Bank Guarantees to an account maintained by the Bank for this purpose (**Cash Cover Account**).

- (b) The following provisions apply to the Cash Cover Account:
 - (i) the account will be in the name of the Borrower;
 - (ii) despite the Cash Cover Account being in the name of the Borrower, until the Release Date the money held in the account is not owed by the Bank to the Borrower and the Borrower is not entitled to withdraw or be paid any of that money (including interest credited to the account);
 - (iii) the Bank must credit to the account interest at the Cash Cover Rate from time to time and that interest will be credited to the account monthly and on the Release Date; and
 - (iv) without limiting this **clause 10.3**, the Bank may apply any amounts from time to time held in the account towards payment of any amounts due and payable from time to time to the Bank under any Transaction Document.
- (b) On the Release Date, the Bank must pay to the Borrower the credit balance of the Cash Cover Account.

10.4 Review Events

Each of the following is a Review Event (whether or not caused by anything outside the control of any Transaction Party):

- (a) there is an Insolvency Event in respect of Reading International Inc; and
- (b) a Change of Control occurs in relation to any Transaction Party.

10.5 Reviews

- (a) In addition to any other review rights the Bank has under this document, the Bank may conduct a review of any Facility following a Review Event.
- (b) If a Review Event has occurred, then, at any time or from time to time:
 - (i) the Bank may change any of the conditions applying to the Facility including, but not limited to, increasing or otherwise varying the fees payable in connection with the Facility; and/or
 - (ii) the Bank may terminate the Facility. If the Bank terminates the Facility, the Termination Date occurs on the date 30 days after the date the Bank notifies the Borrower that it wishes to terminate the Facility.
- (c) The Bank may not change any of the conditions applying to the Facility unless it has first given 30 days prior notice to the Borrower of the intended change.
- (d) If the Bank gives notice of any change to the conditions of any Facility and the Borrower refuses to accept the changes before the end of the period of notice, then at the end of that period, the Facility will become repayable within 30 days of any demand by the Bank.

- (e) Nothing in this clause affects the Bank's rights if any Event of Default occurs.

10.6 Equity Cure

- (a) If a breach of a Financial Ratio (other than the Fixed Charges Cover Ratio) occurs, the Borrower will have the right subject to **clause 10.6(b)** to cure the breach by procuring additional Subordinated Debt or an equity contribution by way of subscription for new shares in the Borrower (or a combination of both) in an amount sufficient to cure the breach when applied in prepayment of the Outstanding Accommodation (Equity Cure).
- (b) Equity Cure may not be used:
- (i) more than 3 times during the term of the Facilities; or
- (ii) in respect of breach of a Financial Ratio on a Calculation Date, where Equity Cure has been used to cure a breach on the preceding Calculation Date.
- (c) The Borrower must notify the Bank of its intention to provide an Equity Cure and effect the Equity Cure, within 10 Business Days of the delivery of the Compliance Certificate that identified the breach.
- (d) The amount of an Equity Cure will be deemed to be applied as of the first day of the relevant test period in prepayment of the Outstanding Accommodation. The breach of the Financial Ratio will be taken to have been cured immediately upon the requisite proceeds being applied in prepayment and the Borrower confirming to the Bank that the amount prepaid when the Financial Ratio is recalculated is sufficient to ensure that the relevant Financial Ratio is met.
- (e) Notwithstanding **clause 10.6(d)**, any Equity Cure will be disregarded when calculating the Leverage Ratio for the purposes of determining the Margin.

11 Costs and expenses

11.1 Interpretation

A reference to "costs and expenses" in a Transaction Document includes legal costs and expenses on a full indemnity basis.

11.2 Nature

The Borrower must on demand pay and if paid by the Bank reimburse to the Bank:

- (a) the Bank's reasonable costs and expenses relating to:
- (i) any Valuation obtained for the purposes of any Transaction Document;

- (ii) the negotiation, preparation, execution, stamping and registration of the Transaction Documents or any document contemplated by them;
- (iii) any consent, request for consent (whether or not given), communication or waiver of any right, or the variation, replacement or discharge of any Transaction Document or any document contemplated by it;
- (iv) the enforcement or attempted enforcement or the preservation of any rights of the Bank under the Transaction Documents;
- (v) the occurrence of any Event of Default or Potential Event of Default; and
- (vi) the lodgment or removal of any Encumbrance on the Secured Property by any person; and
- (b) subject to **clause 18.14(d)**, any Taxes and registration or other fees (including fines and penalties relating to the Taxes and fees) which are payable or are assessed by a relevant Government Body or other person to be payable in relation to the Transaction Documents or any document or transaction contemplated by them.

11.3 Remuneration

The Bank, any Receiver and any Attorney must be remunerated by the Borrower for any services rendered by them in relation to the enforcement of any right under the Transaction Documents. The rate of the remuneration and the manner of payment will be that determined by the Bank, acting reasonably.

12 Indemnities

12.1 Nature

The Borrower indemnifies the Bank on demand against any liability, loss, cost or expense (including Break Costs) caused or contributed to by:

- (a) any failure by any Transaction Party to comply with any obligation under any Transaction Document;
- (b) any Event of Default or Potential Event of Default;
- (c) the enforcement or attempted enforcement of any right by the Bank, any Receiver or any Attorney under the Transaction Documents;
- (d) any Drawing requested by the Borrower not being granted by the Bank for any reason other than a default by the Bank;
- (e) any payment not being made by the Borrower in accordance with any Transaction Document; or
- (f) any act by the Bank in reliance on any communication purporting to be from the Borrower or to be given on behalf of the Borrower.

12.2 Representatives

The Borrower indemnifies each Receiver and Attorney and their respective Representatives and the Representatives of the Bank against any liability, loss, cost and expense caused by anything the Bank is indemnified against under **clause 12.1** and the Bank holds the benefit of this **clause 12.2** on trust for those persons.

12.3 Currency deficiency

If there is any deficiency between:

- (a) an amount payable by a Transaction Party under a Transaction Document which is received by the Bank in a currency other than the currency payable under the Transaction Document because of a judgment, order or otherwise; and
- (b) the amount produced by converting the payment received from the currency in which it was paid into the currency in which it was agreed to be paid either directly or through a currency other than that in which it was agreed to be paid,

the Borrower must pay to the Bank the deficiency and any loss, costs or expenses resulting from it.

12.4 Independence and survival

Each indemnity in a Transaction Document is a continuing obligation, separate and independent from the other obligations of the Borrower and survives the termination of that Transaction Document.

12.5 Accounting for transactions

- (a) The Borrower irrevocably authorises the Bank to open such accounts as the Bank requires in connection with a Facility.
- (b) The Borrower irrevocably authorises the Bank to debit from any account in the name of the Borrower (including an account the Bank opens in the Borrower's name) any amounts payable by the Borrower in relation to that Facility or account, including interest, costs, Taxes, enforcement expenses and any amount payable under an indemnity.
- (c) If the Borrower authorises the Bank to debit any amount from an account, the Bank can debit that amount from that account even if it causes the account to become overdrawn. Alternatively, if there are insufficient cleared funds in that account, the Borrower authorises the Bank to debit that amount from any account of the Borrower the Bank decides, including an account the Bank opens in the Borrower's name.
- (d) Where the Bank debits an account in the name of the Borrower, opened by:
 - (i) the Borrower, the Borrower must pay the Bank interest (including default interest if applicable) on any debit balance in accordance with the terms of that account;

- (ii) the Bank, the Borrower must pay the Bank interest on the overdrawn balance of that account at the Overdue Rate applying to the relevant Facility or, if there is none, in accordance with the terms normally applied by the Bank to accounts of that type; or
- (iii) either the Borrower or the Bank, the overdrawn balance of the account in excess of the applicable Facility Limit is immediately payable without further notice.
- (e) Unless otherwise provided, the Bank may apply any payment under or in connection with this document towards satisfying obligations under this document as the Bank sees fit.
- (f) Where the Bank is authorised to debit an amount from an account under this document, it can do so without prior notice.

12.6 Liability for Regulatory Events

- (a) The Borrower acknowledges that the Services may be interrupted, prevented, delayed or otherwise adversely affected by a Regulatory Event.
- (b) To the extent permitted by Law:
- (i) the Bank is not liable for any loss incurred by a Borrower or any other person if an event described in **clause 12.6(a)** occurs, irrespective of the nature or cause of that loss, and the Bank has no obligation to contest any Regulatory Event or to mitigate its impact on the Borrower or the Bank; and
- (ii) the Borrower releases the Bank from all liability in connection with any loss incurred by a Borrower or any other person if an event described in **clause 12.6(a)** occurs.
- (c) To the extent that the Bank's liability cannot be excluded, the Bank's liability is limited to the cost of having the Service supplied again.
- (d) The Bank may use and disclose to any other financial institution or agency, any information about any Borrower, the Services or any person connected with it or the Services, for any purpose which the Bank, or any other financial institution, considers appropriate or necessary in connection with any Regulatory Event or the Services and this may result in information being transmitted overseas.
- (e) The Borrower agrees to provide information to the Bank about it, the Services or any person connected with it or the Services on request, and to promptly procure any consents the Bank requires to give effect to **clause 12.6(d)**.

13 Goods and Services Tax

13.1 Taxable supply

- (a) If GST is payable by the Bank on any supply made under a Transaction Document, the Borrower must pay to the Bank an amount equal to the GST payable on the supply.
- (b) That amount must be paid at the same time that the consideration for the supply is to be provided under the Transaction Document and must be paid in addition to the consideration expressed elsewhere in the Transaction Document.
- (c) On receiving that amount from the Borrower, the Bank must provide the Borrower with a tax invoice for the supply.

13.2 Adjustment events

If an adjustment event arises in relation to a supply made by the Bank to the Borrower under a Transaction Document, a corresponding adjustment must be made between the Bank and the Borrower in relation to any amount paid to the Bank by the Borrower under **clause 13.1** and payments to give effect to the adjustment must be made.

13.3 Payments

If the Borrower is required under a Transaction Document to pay for or reimburse an expense or outgoing of the Bank or is required to make a payment under an indemnity in relation to an expense or outgoing of the Bank, the amount to be paid by the Borrower is the sum of:

- (a) the amount of the expense or outgoing less any input tax credit in relation to that expense or outgoing that the Bank is entitled to; and
- (b) if the Bank's recovery from the Borrower is in relation to a taxable supply, an amount equal to the GST payable by the Bank in relation to that recovery.

14 Increased costs

If the Bank determines that:

- (a) the cost to it of providing, funding or maintaining the Facility is increased;
- (b) an amount payable to the Bank or the effective return to the Bank under a Transaction Document is reduced;
- (c) the effective return to the Bank under any Transaction Document as a proportion of the capital of the Bank is reduced; or
- (d) the Bank must make a payment or forego any interest or other return calculated by reference to any amount received or receivable by it from any Transaction Party under a Transaction Document,

because of:

- (e) any law, regulation or Government Body directive or request (whether or not having the force of law) introduced or made after the date of this document, including those relating to taxation, capital adequacy or reserve requirements or banking or monetary controls; or
- (f) any change in the interpretation or application of any of them,

the Borrower must, within two Business Days after a demand by the Bank, pay to the Bank the amount which, in the Bank's reasonable opinion, will compensate the Bank for the increased cost, reduction, payment or foregone interest or other return.

15 Illegality

15.1 Prepayment

If because of any change after the date of this document in:

- (a) a law, regulation or a Government Body directive or request which is legally enforceable or compliance with which is in accordance with the practice of responsible Banks in the relevant jurisdiction; or
- (b) the interpretation or application of any of them,

the Bank determines that it is or it will become impossible or illegal or contrary to that Government Body directive or request for:

- (c) the Bank to fund, provide or maintain the Facility or otherwise comply with its obligations under the Transaction Documents; or
 - (d) a person from whom the Bank has raised or proposes to raise money in relation to the Facility to fund, provide or maintain that money,
- the Borrower must, within five Business Days after receipt of a notice from the Bank to do so, pay the amount referred to in **clause 10.2(a)(ii)(A)** or **10.2(a)(ii)(B)** as if that notice were a notice under **clause 10.2(a)(ii)(A)** or **10.2(a)(ii)(B)**.

15.2 Facility terminated

The Bank's obligation to make Advances or Drawings under this document terminates on the giving of a notice under **clause 15.1**.

16 Guarantee and indemnity

16.1 Guarantee

- (a) Each Guarantor unconditionally and irrevocably guarantees the payment to the Bank of the Guaranteed Money.

- (b) If the Borrower does not pay the Guaranteed Money on time and in accordance with the Transaction Documents, then the Guarantors agree to pay the Guaranteed Money on demand from the Bank.
- (c) A demand may be made at any time and from time to time and whether or not the Bank or the Bank has made demand on the Borrower or any other Transaction Party.

16.2 Nature of guarantee

- (a) The guarantee in **clause 16.1** is a continuing obligation despite any intervening payment, settlement or other thing and extends to all of the Guaranteed Money.
- (b) As between each Guarantor and the Bank (but without affecting the obligations of any other Transaction Party) each Guarantor is liable under this document in relation to the Guaranteed Money as a sole and principal debtor and not as surety.

16.3 Indemnity

- (a) Each Guarantor indemnifies the Bank against any liability or loss arising and any costs it suffers or incurs:
 - (i) if a Transaction Party does not, is not obliged to or is unable to pay the Guaranteed Money in accordance with the Transaction Documents;
 - (ii) if a Guarantor is not obliged to pay the Bank an amount under **clause 16**;
 - (iii) if the Bank is obliged, or agrees, to pay an amount to a trustee in bankruptcy or liquidator (of an insolvent person) in connection with a payment by a Transaction Party under or in connection with a Transaction Document;
 - (iv) if a Guarantor defaults under the Guarantee in **clause 16.1**; or
 - (v) in connection with any person exercising, or not exercising, rights under the Guarantee in **clause 16.1**.
- (b) Each Guarantor agrees to pay amounts due under this indemnity immediately on demand from the Bank.

16.4 Reinstatement of rights

- (a) Following an Insolvency Event in respect of a Transaction Party, a person may claim that a transaction (including a payment) in connection with this Guarantee or the Guaranteed Money is void or voidable.
- (b) If a claim is made and upheld, conceded or comprised:
 - (i) the Bank is immediately entitled as against the Guarantors to the rights in respect of the Guaranteed Money to which it was entitled immediately before the transaction; and

- (ii) on request from the Bank, each Guarantor agrees to do anything (including signing any document) to restore to the Bank any Security Interest (including this Guarantee) held by it from the Guarantors immediately before the transaction.

16.5 Rights of the Bank are protected

Rights given to the Bank under this Guarantee (and each Guarantor's liabilities under it) are not affected by any act or omission by the Bank or by anything else that might otherwise affect them under law or otherwise, including:

- (a) the fact that it varies or novates any agreement under which the Guaranteed Money is expressed to be owing, such as by increasing the Facility Limit or extending the term;
- (b) the fact that it releases any Transaction Party or gives it a concession, such as more time to pay;
- (c) the fact that a Transaction Party opens an account with it;
- (d) the fact that it releases, loses the benefit of or does not obtain any Security Interest;
- (e) the fact that it does not register any Security Interest which could be registered;
- (f) the fact that it releases any person who gives a guarantee or indemnity in connection with any Transaction Party's obligations (including under **clause 16.13**);
- (g) the fact that a person becomes a Guarantor after the date of this document (including under **clause 16.14**);
- (h) the fact the obligations of any person who guarantees any Transaction Party's obligations (including under this Guarantee) may not be enforceable;
- (i) the fact that any person who was intended to guarantee any Transaction Party's obligations does not do so or does not do so effectively;
- (j) changes in the membership, name or business of any person; or
- (k) the fact that a person who is a co-surety or co-indemnifier for payment of the Guaranteed Money is discharged under an agreement or by operation of law.

16.6 No merger

- (a) This Guarantee does not merge with or adversely affect, and is not adversely affected by, any of the following:
 - (i) any other guarantee, indemnity, or Security Interest, or other right or remedy to which the Bank is entitled; or
 - (ii) a judgment which the Bank obtains against the Guarantors in connection with the Guaranteed Money or any other amount payable under this Guarantee.

- (b) The Bank may still exercise rights under this Guarantee as well as under the judgment, other guarantee, indemnity, Security Interest, or other right or remedy.

16.7 Extent of Guarantor's obligations

If more than one person is named as "Guarantor", each of them is liable for all the obligations under this Guarantee both individually and jointly with any one or more other persons named as "Guarantor".

16.8 Guarantor's rights are suspended

As long as any of the Guaranteed Money remains unpaid, the Guarantor may not, without the Bank's consent:

- (a) reduce its liability under this Guarantee by claiming that it or any other Transaction Party or any other person has a right of set-off or counterclaim against the Bank;
- (b) exercise any legal right to claim to be entitled to the benefit of another guarantee, indemnity, or Security Interest given in connection with the Guaranteed Money or any other amount payable under this Guarantee;
- (c) claim an amount from another Transaction Party, or another guarantor of the Guaranteed Money (including a person who has signed this document as a "Guarantor"), under a right of indemnity in respect of this guarantee; or
- (d) claim an amount in the insolvency of a Transaction Party or of another guarantor of the Guaranteed Money (including a person who has signed this document as a "Guarantor").

16.9 Guarantor's right of proof limited

Each Guarantor agrees not to exercise a right of proof after an event occurs relating to the insolvency of a Transaction Party or another guarantor of the Guaranteed Money (including a person who has signed this document as a "Guarantor") independently of an attorney appointed under **clause 16.12**.

16.10 No set-off against assignees

If the Bank assigns or otherwise deals with its rights under this Guarantee, the Guarantors may not claim against any assignee (or any other person who has an interest in this Guarantee) any right of set-off or other right the Guarantors have against the Bank.

16.11 Suspense account

The Bank may place in a suspense account any payment it receives from the Guarantors if there is currently an Insolvency Event, or an Insolvency Event is likely to occur, in relation to any Transaction Party, but must apply it towards satisfying the Guaranteed Money within six months unless the winding up of the relevant Guarantor has commenced.

16.12 Right to prove

- (a) The Guarantor irrevocably appoints the Bank and each of its Authorised Representatives individually as its attorney and agrees to formally approve all action taken by an attorney under this **clause 16**.
- (b) Each attorney may, at any time while any Guaranteed Money is outstanding:
 - (i) do anything which a Guarantor may lawfully do to exercise their right of proof in respect of a Transaction Party after an Insolvency Event occurs in respect of such Transaction Party. These things may be done in the Guarantor's name or the attorney's name and they include signing and delivering documents, taking part in legal proceedings and receiving any dividends arising out of the right of proof;
 - (ii) delegates its powers (including this power) and may revoke a delegation; and
 - (iii) exercise its powers even if this involves a conflict of duty and even if it has a personal interest in doing so.
- (c) The attorney need not account to a Guarantor for any dividend received on exercising the right of proof under **clause 16.12(i)** except to the extent that any dividend remains after the Bank has received all of the Guaranteed Money and all other amounts payable under the Guarantee.

16.13 Release of Guarantors

- (a) The Bank must, at the Borrower's cost, execute any release documentation in respect of the Bank's rights under **clause 16**.
- (b) As between the Transaction Parties and the Bank, the Bank is not obliged to consent to a release unless required to do by the terms of another Transaction Document.
- (c) The rights and obligations of the remaining Guarantors under the Guarantee in **clause 16.1** will continue in full force and effect despite the release of a Guarantor under this **clause 16.13**.

16.14 New Guarantors

If a Subsidiary of any Transaction Party is required by the terms of a Transaction Document to become a Guarantor, the Borrower must ensure that such subsidiary executes a Guarantor Accession Deed as a new Transaction Party.

16.15 Consideration

Each Guarantor acknowledges having executed this document in return for the Bank entering into the Transaction Documents at the request of the Guarantor and other valuable consideration.

16.16 New Guarantors

- (a) A person automatically becomes a party to this document as a Guarantor and Transaction Party (after the date of this document) by signing and delivering to the Bank a Guarantor Accession Deed and doing anything else which the Bank reasonably requests to ensure the enforceability of that person's obligations as a Guarantor.
- (b) Each of the other parties to his document irrevocably appoints the Bank as its agent to sign on its behalf any Guarantor Accession Deed.
- (c) The execution of a Guarantor Accession Deed will not operate to release any party from its obligations under any Transaction Document.

17 Attorney

17.1 Appointment

If and for so long as an Event of Default occurred and is continuing, the Borrower irrevocably appoints the Bank its attorney with the power:

- (a) at any time to:
 - (i) do everything which in the Attorney's reasonable opinion is necessary or expedient to enable the exercise of any right of the Bank in relation to the Transaction Documents;
 - (ii) not used;
 - (iii) complete the Transaction Documents to which it is a party; and
 - (iv) appoint its directors, officers, employees and solicitors as substitutes and otherwise delegate its powers to any of them (except this power of delegation); and
- (b) at any time after a notice is given under **clause 10.2(a)(ii)(A) or 10.2(a)(ii)(B)**, to do all acts and things which the Borrower is obliged to do under the Transaction Documents or which in the Attorney's opinion are necessary or expedient to enable the exercise of any right of the Bank in relation to the Transaction Documents.

17.2 Not used

17.3 General

- (a) Any Attorney may exercise any right solely for the benefit of the Bank, even if the exercise of the right constitutes a conflict of interest or duty.
- (b) The Borrower by this document ratifies anything done or not done by the Attorney pursuant to the power of attorney.
- (c) The power of attorney is granted:
 - (i) to secure the compliance by the Borrower with its obligations to the Bank under the Transaction Documents and any proprietary interests of the Bank under the Transaction Documents; and

- (ii) for valuable consideration (receipt of which is acknowledged) which includes entry into of this document by the Bank at the Borrower's request.

18 General

18.1 Set-off

The Bank may set off any money due for payment by the Bank to the Borrower, whatsoever, including any money in any currency held by the Bank for the account of the Borrower in any place, against any money due for payment by the Borrower to the Bank under a Transaction Document.

18.2 Bank's certificate

- (a) A certificate by the Bank relating to any amount owing under a Transaction Document or as to its opinion in relation to any matter under any Transaction Document is prima facie evidence against the Borrower of the matters certified unless proven incorrect or there is a manifest error.
- (b) The Bank is not obliged to give the reasons for its determination or opinion in relation to any matter under any Transaction Document. Any certification, determination or opinion relating to an amount must contain reasonable detail as to how the amount was calculated.
- (c) A determination or an opinion of an Authorised Representative of the Bank which is given to the Borrower or otherwise expressed or acted on by the Bank as being a determination or an opinion of the Bank will be deemed to be a determination or opinion of the Bank.

18.3 Supervening legislation

Any present or future legislation which operates:

- (a) to lessen or vary in favour of the Borrower any of its obligations in connection with the Transaction Documents; or
 - (b) to postpone, stay, suspend or curtail any rights of the Bank under the Transaction Documents,
- is excluded except to the extent that its exclusion is prohibited or rendered ineffective by law.

18.4 Time of the essence

Time is of the essence as regards any obligations of the Borrower or any date or period determined under the Transaction Documents, and if any date or period is altered by agreement between the parties, time is of the essence as regards such altered date or period.

18.5 Business Days

- (a) If the day on or by which anything, other than making a payment, must be done by the Borrower under a Transaction Document is not a

Business Day, that thing must be done on or by the preceding Business Day.

- (b) If a payment would otherwise be due on a day which is not a Business Day it will be due on the immediately following Business Day. However, if this would result in the payment being due in the month after the original due day or after the Termination Date it will be due on the immediately preceding Business Day.
- (c) If anything, including making a payment, is to be done by the Borrower on or by a particular day and it is done:
- (i) after the time by which a Transaction Document states it must be done or, if the Transaction Document does not state a time, after 4.00 pm in the place where it is to be done; or
- (ii) on a day which is not a Business Day,
it will be deemed to have been done at 9.00 am on the next Business Day.

18.6 Confidentiality

- (a) The Bank must keep any information or document relating to a Transaction Party confidential. However, the Bank may disclose to any person any information or document relating to a Transaction Party:
 - (i) where permitted in a Transaction Document;
 - (ii) to another party to a Transaction Document;
 - (iii) to a potential transferee, assignee, participant or sub-participant of the Bank's interests under a Transaction Document or to any other person who is considering entering into contractual relations with it in connection with a Transaction Document;
 - (iv) to the Bank's related bodies corporate and shareholders, or to any employee, banker, lawyer, auditor or other consultant of the Bank, its related bodies corporate or its shareholders;
 - (v) to the professional advisers or consultants of any party involved in connection with any Facility who are bound by a duty or obligation of confidence;
 - (vi) if required by law or by any Government Body or stock exchange;
 - (vii) in connection with any legal proceedings relating to a Transaction Document or a document delivered under or in relation to a Transaction Document;
 - (viii) if the information or document is in the public domain; or
 - (ix) with the consent of the Borrower (which must not be unreasonably withheld or delayed).
- (b) Subject to **paragraph (c)**, the Transaction Parties shall keep confidential and not disclose to any other person the terms of the Transaction Documents.

- (c) However, the Transaction Parties and any officers or employees of each Transaction Party may disclose such information:
 - (i) with the prior written consent of the Bank;
 - (ii) to the extent required by any applicable law or regulation;
 - (iii) to the extent it reasonably deems necessary in connection with any actual or contemplated proceedings or a claim with respect to this **clause 18.6**; or
 - (iv) to the extent permitted by **clause 18.6(a)** (other than paragraph (iii)) as if each reference in that clause to the 'Bank' were to a 'Transaction Party' and each reference to the 'Borrower' were to the 'Bank'; or
 - (v) Reading International, Inc. or any other holding company of a Transaction Party (who in turn may disclose such information to their officers or employees or to the extent required by any applicable law or regulation or rule of any stock exchange).
- (d) The Bank and the Transaction Parties agree that:
 - (i) neither of them will disclose information of the kind mentioned in section 275(1) of the PPS Act; and
 - (ii) this document does not create a Security Interest.
- (e) This **clause 18.6** survives the termination of this document.
 - (f) The Bank acknowledges that:
 - (i) information provided from time to time by the Transaction Parties to the Bank may constitute confidential non-public information; and
 - (ii) trading in marketable securities of Reading International Inc while in possession of the information referred to **clause 18.6(f)** (i) will violate United States' federal securities laws.
 - (g) The Bank agrees to:
 - (i) take reasonable precautions to maintain the confidentiality of the information referred to in **clause 18.6(f)(i)**; and
 - (ii) advise any party to whom the information referred to in **clause 18.6(f)(i)** is disclosed that it may not trade in the marketable securities of Reading International Inc while in the possession of such information.
 - (h) This **clause 18.6** will not be deemed to restrict the provision of information by any party to the Internal Revenue Service of the United States of America.

18.7 Exchange rate

Subject to any express provision to the contrary, if for the purposes of a Transaction Document it is necessary to convert one currency into another

currency, the conversion must be effected using an exchange rate selected by the Bank acting reasonably and in accordance with its usual practices.

18.8 Records as evidence

The Bank may maintain records specifying:

- (a) payments made by the Bank for the account of a Transaction Party under a Transaction Document;
- (b) payments by a Transaction Party for the account of the Bank under a Transaction Document; and
- (c) interest, fees, charges, costs and expenses payable in relation to the Transaction Documents,

and those records will against the Borrower constitute prima facie evidence of the matters set out in them.

18.9 Further assurances

The Borrower must promptly execute all documents and do all things that the Bank from time to time reasonably requires to:

- (a) effect, perfect or complete the provisions of each Transaction Document or any transaction contemplated by it;
- (b) establish the priority of or reserve or create any Security Interest contemplated by or purported to be reserved or created by a Transaction Document; and
- (c) stamp and register each Transaction Document in any relevant jurisdiction and by any person that the Bank thinks fit.

18.10 Amendment

This document may only be varied or replaced by a document executed by the parties.

18.11 Waiver and exercise of rights

- (a) A right in favour of the Bank under a Transaction Document, a breach of an obligation of the Borrower under a Transaction Document or an Event of Default can only be waived by an instrument signed by the Bank. No other act, omission or delay of the Bank constitutes a waiver binding, or estoppel against, the Bank.
- (b) A single or partial exercise or waiver by the Bank of a right relating to a Transaction Document does not prevent any other exercise of that right or the exercise of any other right.
- (c) The Bank and its Representatives are not liable for any loss, cost or expense of the Borrower caused or contributed to by the waiver, exercise, attempted exercise, failure to exercise or delay in the exercise of a right and the Bank holds the benefit of this **clause 18.11** on trust for itself and its Representatives.

18.12 Rights cumulative

The rights of the Bank under the Transaction Documents are cumulative and in addition to its other rights.

18.13 Approval and consent

Except where a Transaction Document expressly provides otherwise, the Bank may conditionally or unconditionally give or withhold any consent under a Transaction Document and is not obliged to give its reasons for doing so.

18.14 Assignment

- (a) The Borrower must not dispose of or Encumber any right under the Transaction Documents without the consent of the Bank.
- (b) The Bank may assign any of its rights or novate, sub-participate, sell- down or transfer by whatever form or otherwise deal with any or all of its rights and obligations under any Transaction Document without the consent of, or notice to, the Borrower.
- (c) If an Event of Default subsists then, in order to facilitate the Bank to deal with its rights and obligations, the Bank may (but is not obliged to), from time to time, separate and sever any of its rights (or any part of any of its rights) described in a notice given by the Bank to the Borrower from its other rights and obligations under any Transaction Document. Any such notice is effective on the time of delivery to separate and sever the rights described in the notice so that:
 - (i) those rights and obligations are independent from, and may be assigned (including at law), novated, sub-participated, sold-down, transferred or otherwise dealt with separately from, any other of the rights and obligations of the Bank under that Transaction Document;
 - (ii) those rights and obligations may be exercised differently from any other rights and obligations of the Bank under that Transaction Document; and
 - (iii) the Outstanding Accommodation in respect of those rights may be calculated separately from the other Outstanding Accommodation.
- (d) If the Bank assigns its rights or transfers its rights and obligations under this document or any other Transaction Document, no Transaction Party will be required to pay any net increase in the aggregate amount of costs, Taxes, fees or charges which is a direct consequence of the assignment or transfer.

18.15 Counterparts

This document may consist of a number of counterparts and, if so, the counterparts taken together constitute one document.

18.16 Sovereign immunity

The Borrower irrevocably waives any immunity that it or its property has from:

- (a) set-off;
- (b) legal, arbitral or administrative proceedings;
- (c) any process or order of any court, administrative tribunal or arbitrator for the satisfaction or enforcement of a judgment, order or arbitral award or for the arrest, detention or sale of any property; or
- (d) service on it of any process, judgment, order or arbitral award,

on the grounds of sovereignty or otherwise under any law of any jurisdiction where any proceedings may be brought or enforced in relation to any Event of Default under a Transaction Document.

18.17 Governing law and jurisdiction

- (a) This document is governed by and is to be construed in accordance with the laws applicable in the Relevant Jurisdiction.
- (b) Each party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts exercising jurisdiction in the Relevant Jurisdiction and any courts which have jurisdiction to hear appeals from any of those courts and waives any right to object to any proceedings being brought in those courts.

18.18 Telephone recording

The Borrower consents to the Bank recording any telephone conversations between it and the Bank in relation to any Facility that are customarily recorded in the finance industry or where the Borrower is notified prior to the commencement of the telephone conversation and such recordings being used in any arbitral or legal proceedings and any telephone recording remains the Bank's sole property at all times.

18.19 Legal advice

The Borrower acknowledges that, except as expressly set out in a Transaction Document:

- (a) none of the Bank or any of its advisers have given any representation or warranty or other assurance to it in relation to any Transaction Document or the transactions contemplated by any Transaction Document, including as to Tax or other effects;
- (b) it has not relied on the Bank or any of its advisers or on any conduct (including any recommendation) by the Bank or any of its advisers; and
- (c) it has obtained its own independent financial, Tax and legal advice.

18.20 Further assurances

Whenever the Bank requests a Transaction Party to do anything:

- (a) to ensure any Transaction Document (or any security interest (as defined in the PPS Act) or other Security Interest, right or power under any Transaction Document) is fully effective, enforceable and perfected with the contemplated priority;

- (b) for more satisfactorily assuring or securing to the Bank the property the subject of any such security interest or other Security in a manner consistent with the Transaction Documents; or
- (c) for aiding the exercise of any right or power in any Transaction Document,

the Transaction Party shall do it promptly at its own cost. This may include obtaining consents, getting documents completed and signed, supplying information, delivering documents and evidence of title and executed blank transfers, and giving possession or control with respect to any Secured Property.

18.21 Exclusion of certain provisions

Where there is a Security Interest under any Transaction Document:

- (a) to the extent permitted, sections 142 and 143 of the PPS Act are excluded in full and will not apply to that Security Interest and the Bank need not comply with sections 95, 118, 121(4), 125, 130, 132(3)(d), and 132(4) of the PPS Act; and
- (b) each Transaction Party waives its right to receive from the Bank any notice required under s157 of the PPS Act or the provisions of the PPS Act referred to in s144 of the PPS Act, except section 135.

This does not affect any rights a person has or would have other than by reason of the PPS Act and applies despite any other clause in any Transaction Document.

18.22 Notice of changes

Each Transaction Party agrees to notify the Bank at least 14 days before:

- (a) a Transaction Party (or if the Transaction Party is trustee of a Trust or a partner of a partnership, the Trust or the partnership) changes its name;
- (b) any ABN, ARBN or ARSN allocated to a Transaction Party (or if the Transaction Party is trustee of a Trust or a partner of a partnership, the Trust or the partnership) changes, is cancelled or otherwise ceases to apply to it (or if it does not have an ABN, ARBN or ARSN, one is allocated, or otherwise starts to apply, to it); or
- (c) the Borrower becomes trustee of a trust, or a partner in a partnership, which is not expressly contemplated in the Transaction Documents.

19 Notices

19.1 General

A notice, demand, certification, process or other communication relating to a Transaction Document must be in writing in English and may be given by an Authorised Representative of the sender.

19.2 How to give a communication

In addition to any other lawful means, a communication may be given by being:

- (a) personally delivered;
- (b) left at the party's current address for notices;
- (c) sent to the party's current address for notices by pre-paid ordinary mail or, if the address is outside Australia, by pre-paid airmail; or
- (d) sent by fax to the party's current fax number for notices.

19.3 Particulars for delivery of notices

- (a) The particulars for delivery of notices are initially:

Transaction Parties:

As set out in **schedule 1. Bank:**

Address: Level 28, 500 Bourke Street, Melbourne, Victoria 300 Fax: ~~1300 889 390~~

Attention: ~~Andrew Tham~~ Jonathan Kerr

- (b) Each party may change its particulars for delivery of notices by notice to each other party.

19.4 Communications by post

Subject to **clause 19.6**, a communication is given if posted:

- (a) within Australia to an Australian address, three Business Days after posting; or
- (b) in any other case, ten Business Days after posting.

19.5 Communications by fax

Subject to **clause 19.6**, a communication is given if sent by fax when the sender's fax machine produces a report that the fax was sent in full to the addressee. That report is conclusive evidence that the addressee received the fax in full at the time indicated on that report.

19.6 After hours communications

If a communication is given:

- (a) after 5.00 pm in the place of receipt; or
- (b) on a day which is a Saturday, Sunday or bank or public holiday in the place of receipt,

it is taken as having been given at 9.00 am on the next day which is not a Saturday, Sunday or bank or public holiday in that place.

19.7 Process service

Any process or other document relating to litigation, administrative or arbitral proceedings relating to a Transaction Document may be served on a party to this document by any method contemplated by this **clause 19.7** or in accordance with any applicable law.

Schedule 1 Original Guarantors

Name	ACN	Particulars for delivery of notices
Reading Entertainment Australia Pty Ltd	070 893 908	Address: 98 York Street, South Melbourne VIC 3205 Australia Fax: 03 9685 0999 Attention: Managing Director AND TO: Reading International Inc. Address: 5995 Sepulveda Blvd, Suite 300 Culver City California 90230 United States of America Fax: +1 213 235 2229 Attention: Chief Financial Officer
Australia Country Cinemas Pty Ltd	076 276 349	Same as for Borrower
Australian Equipment Supply Pty Ltd	122 571 420	Same as for Borrower
Burwood Developments Pty Ltd	105 384 905	Same as for Borrower
Epping Cinemas Pty Ltd	073 997 172	Same as for Borrower
Hotel Newmarket Pty Ltd	094 367 969	Same as for Borrower
Newmarket Properties Pty Ltd	105 386 409	Same as for Borrower
Newmarket Properties No. 2 Pty Ltd	109 038 806	Same as for Borrower
Newmarket Properties #3 Pty Ltd	126 697 505	Same as for Borrower
Reading Auburn Pty Ltd	126 697 470	Same as for Borrower
Reading Australia Leasing (E&R) Pty Ltd	107 939 211	Same as for Borrower

Name	ACN	Particulars for delivery of notices
Reading Belmont Pty Ltd	126 697 498	Same as for Borrower
Reading Charlestown Pty Ltd	123 938 483	Same as for Borrower
Reading Cinemas Pty Ltd	073 808 643	Same as for Borrower
Reading Cinemas Management Pty Ltd	122 406 311	Same as for Borrower
State Cinema Hobart Pty Ltd	108 861 061	Same as for Borrower
Reading Dandenong Pty Ltd	129 018 739	Same as for Borrower
Reading Elizabeth Pty Ltd	114 582 099	Same as for Borrower
Reading Exhibition Pty Ltd	103 529 782	Same as for Borrower
Reading Licences Pty Ltd	089 544 605	Same as for Borrower
Reading Maitland Pty Ltd	126 697 461	Same as for Borrower
Reading Melton Pty Ltd	109 074 517	Same as for Borrower
Reading Bundaberg 2012 Pty Ltd (formerly Reading Moonee Ponds Pty Ltd)	122 406 320	Same as for Borrower
Reading Properties Pty Ltd	071 195 429	Same as for Borrower
Reading Properties Indooroopilly Pty Ltd as trustee for The Landplan Property Partners Discretionary Trust	121 284 884	Same as for Borrower
Reading Properties Taringa Pty Ltd as trustee for the Reading Property Partners No. 1 Discretionary Trust	128 819 483	Same as for Borrower
Reading Property Holdings Pty Ltd	126 289 772	Same as for Borrower
Reading Rouse Hill Pty Ltd	123 245 885	Same as for Borrower
Reading Sunbury Pty Limited	109 074 571	Same as for Borrower
Rhodes Peninsula Cinema Pty Ltd	120 827 812	Same as for Borrower
Westlakes Cinema Pty Ltd	108 531 308	Same as for Borrower

Name	ACN	Particulars for delivery of notices
A.C.N. 143 633 096 Pty Ltd	143 633 096	Same as for Borrower
Reading Cannon Park Pty Ltd	609 837 569	Same as for Borrower
Angelika Anywhere Pty Ltd	642 993 593	Same as for Borrower
Reading Jindalee Pty Ltd	629 483 914	Same as for Borrower
Reading Devonport Pty Ltd	629 484 126	Same as for Borrower
Reading Altona Pty Ltd	634 384 311	Same as for Borrower
Reading South City Square Pty Ltd	616 892 936	Same as for Borrower
Reading Traralgon Pty Ltd	618 457 202	Same as for Borrower
Reading Burwood Pty Ltd	619 050 396	Same as for Borrower
Reading Alphington Pty Ltd	633 008 401	Same as for Borrower

Schedule 2
Schedule 2

Facilities

Facility Name	Granted pursuant to	Facility Limit	Purpose	Termination Date
Corporate Markets Loan Facility	Clause 4.1(a)(i)	\$123,000,000 \$122,500,000 subject to clause 5.6	General corporate purposes and Advances not exceeding \$3,000,000 to finance costs associated with completing the fit out works related to the Jindalee Cinema.	31 December 2023
Bank Guarantee Facility	Clause 4.1(a)(ii)	\$5,000,000	To support other cinema operations now or in the future operating from third party leased premises.	31 December 2023

Schedule 3
Schedule 3

Collateral Security

Item	Description	Grantor	Secured Party	Details
1	Fixed and floating charge	Each Transaction Party	The Bank	Over all present and after acquired property but excluding the land and improvement 78 Middleborough Road, Old Burwood Road, Burwood Victoria and the other Exclud
2	First ranking mortgage	Originally granted by the Borrower but subsequently assumed by Reading Properties Pty Ltd	The Bank	The land and improvements known as 98 York Street, South Melbourne, Victoria and of title volume 9944 folio 571.
3	First ranking mortgage	Originally granted by Reading Properties Pty Ltd but subsequently assumed by Reading Auburn Pty Ltd	The Bank	The land and improvements known as Red Yard Entertainment Centre, 100 Parramatta Road, Parramatta, New South Wales and described in certificate of title 2024039922.
4	First ranking mortgage	Originally granted by Reading Properties Pty Ltd but subsequently assumed by Reading Maitland Pty Ltd	The Bank	The land and improvements known as Reading Maitland Cinema, Ken Tubman Drive New South Wales and described in certificate of title 1/SP41681.
5	First ranking mortgage	Originally granted by Reading Properties Pty Ltd but subsequently assumed by Reading Belmont Pty Ltd	The Bank	The land and improvements known as Reading Cloverdale Cinema 237 Knutsford Avenue, Cloverdale Western Australia of title volume 2189 folio 801.

Item	Description	Grantor	Secured Party	Details
6	First ranking mortgage	Originally granted by Reading Properties Pty Ltd but subsequently assumed by Reading Bundaberg 2012 Pty Ltd (formerly Reading Moonee Ponds Pty Ltd)	The Bank	The land and improvements known as Reading Bundaberg Cinema 1 Johanna Boulevard, Kensington, Queensland and described in certificate of title 50013631.
7	First ranking mortgage	Newmarket Properties Pty Ltd	The Bank	The land and improvements known as Reading Newmarket Shopping Centre, 400 Newmarket Road, Newmarket Queensland and described in certificate of title 50617438.
8	First ranking mortgage	Newmarket Properties No. 2 Pty Ltd	The Bank	The land and improvements known as Corner Enoggera Road and Edmondstone Street, Newmarket Queensland and described in certificate of title 16548229.
9	First ranking mortgage	Originally granted by A.C.N. 143 633 096 Pty Ltd, but subsequently assumed by Newmarket Properties #3 Pty Ltd	The Bank	The land and improvements known as 14 Edmondstone Street, Newmarket Queensland and described of title 12106104.
10	Guarantee and indemnity	Transaction Parties	The Bank	Set out in clause 16 .
11	Mortgage of lease	Reading Cinemas Pty Ltd	The Bank	The leasehold land improvements known as Reading Cinema Waurm Ponds, Corner Pioneer Road and Princes Highway, Waurm Ponds Victoria and described in certificate of title volume 10530 folio 739.
12	Deed of consent	Relevant landlords	The Bank	Deeds of consent landlords of leased cinema properties except for cinema properties located in Dubbo a

Item	Description	Grantor	Secured Party	Details
13	Deed of subordination	Borrower Reading International Cinemas LLC	The Bank	Deed of subordination between the Borrower, Reading International Cinemas LLC and the Bank.
14	First ranking mortgage	Reading Cannon Park Pty Ltd ACN 609 837 569	The Bank	The land and improvements known as Cannon Park City Centre and Cannon Park Discount Centre, Corner Hervey Range Road and Pioneer Drive, Thurwingowa Central, Queensland, described in title references 50442105, 50442106 and 51155321.
15	First ranking mortgage	Hotel Newmarket Pty Ltd ACN 094 367 969	The Bank	The land and improvements known as 16 Edmondstone Street, Newstead, Queensland, described in title reference 17441054.

Schedule 4
Schedule 4

Not used

Schedule 5
Schedule 5

Not used

Verification Certificate

To: National Australia Bank Limited Level 28, 500 Bourke Street
Melbourne VIC 3000

[date]

Reading Entertainment Australia Pty Ltd Facility Agreement

I, [] being the person whose name and signature appear at the bottom of this document, am a Director of the company named at the bottom of this document (**Transaction Party**) refer to the Corporate Markets Loan & Bank Guarantee Facility Agreement dated on or about the date of this document between, amongst others, Reading Entertainment Australia Pty Ltd as Borrower and National Australia Bank Limited as Bank (**Facility Agreement**) and certify as follows:

1 Certificate of incorporation

A copy of the certificate of incorporation/registration and any certificate of change of name of the Transaction Party is attached and marked A. The copy is true, complete and up-to-date and there have been no amendments or variations since the date of the copy.

2 Extract of minutes of meeting of directors

A true and correct extract of minutes of meeting of directors of the Transaction Party duly convened and held on the date mentioned in the extract is attached and marked B. The resolutions set out in the extract were duly approved, remain in full force and effect and have not been rescinded, amended, modified or revoked. The resolutions confirm that the Transaction Party derives a corporate benefit from the Transaction Documents.

3 Power of attorney

[If applicable: An original power of attorney of the Transaction Party dated [date] appointing attorneys in respect of the Transaction Documents is attached and marked C. This power of attorney remains in full force and has not been revoked.]

4 Specimen signatures

[In the case of the Borrower, insert: The following are the signatures of the persons appointed as Authorised Representatives of the

Schedule 6 Schedule 6

Transaction Party for the purposes of the Transaction Documents.]

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Facility Agreement

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- [In the case of any other Transaction Party insert: The signatures of the persons appointed as Authorised Representatives of the Transaction Party for the purposes of the Transaction Documents are set out in the Verification Certificate provided by the Borrower.]
- [In the case of the Borrower, insert:

Authorised Representatives

Signature Name: Title:

Signature Name: Title:

Signature Name: Title:

5 Solvency declaration

- (a) As at the date of execution of each Transaction Document the Transaction Party is solvent (as defined in section 95A(1) of the Corporations Act) and will not become insolvent (as defined in section 95A(2) of the Corporations Act) by entering into and complying with its obligations under each Transaction Document to which it is expressed to be a party.
- (b) To the best of my knowledge, no application or order has been made, no proceedings have been commenced, no resolutions have been passed or proposed in a notice of meeting and no other steps have been taken for:
- (i) the winding up, dissolution or administration of the Transaction Party; or
- (ii) the Transaction Party entering into an arrangement, compromise or composition with or assignment of the benefit of its creditors or a class of them.

6 Trust deed

[If applicable: A copy of the Trust Deed of the Trust of which the Transaction Party is sole trustee is attached and marked D. The copy is true, complete and up-to-date and there have been no amendments or variations since the date of the copy.]

7 Definitions

Terms given a defined or specific meaning in the Facility Agreement and not separately defined in this certificate have the same meaning in this document unless the context requires otherwise.

[Name of person] who is a
Director of [name of Transaction Party]

Date:

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Facility Agreement

Funding Notice

To: National Australia Bank Limited Level 28, 500 Bourke Street
Melbourne VIC 3000

[date]

Reading Entertainment Australia Pty Ltd Facility Agreement

I refer to the Corporate Markets Loan & Bank Guarantee Facility Agreement dated [insert date] between, amongst others, Reading Entertainment Australia Pty Ltd as Borrower and National Australia Bank Limited as Bank (**Facility Agreement**). A term which has a defined meaning in the Facility Agreement has the same meaning in this Funding Notice.

The Borrower requires an Advance/a Drawing details of which are as follows:

(a) the Funding Date is [];

[either]

(b) the amount of the Advance is [];

(c) the duration of the first Pricing Period for the Advance is [];

[or]

(d) the Beneficiary, Face Value and Expiry Date of each Bank Guarantee is:

Beneficiary	Face value	Expiry date

[Name of person] who is an
Authorised Representative of Reading Entertainment Australia Pty Ltd

Guarantor Accession Deed

Date

Parties

[New Guarantor] (Guarantor)

National Australia Bank Limited ABN 12 004 044 937 of Pier 3 Level 4, 800 Bourke Street, Docklands, Victoria 3008 (Bank)

Agreed terms

1 Interpretation

Facility Agreement means the Corporate Markets Loan & Bank Guarantee Facility Agreement dated [date] between, amongst others, Reading Entertainment Australia Pty Ltd as Borrower and National Australia Bank Limited as Bank together with all supplements to it.

Terms defined or given a meaning in the Facility Agreement have the same meaning in this document.

2 Transaction Document

This document is a Transaction Document for the purposes of the Facility Agreement.

3 Accession

- (a) The Guarantor:
 - (i) agrees with each person who is or becomes a party to the Facility Agreement that with effect on and from the date of this document, it will be bound by the Facility Agreement as a Guarantor and a Transaction Party; and
 - (ii) makes in relation to itself in favour of the Bank the representations and warranties set out in **clause 8.1** of the Facility Agreement.
- (b) Each party agrees with the Guarantor that, with effect from the date of this document, the Guarantor will have the benefit of the Facility

Schedule 8 Schedule 8

Agreement as a Transaction Party and Guarantor.

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Facility Agreement

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4 Notice

The address for notice of the Guarantor for the purposes of **clause 19.3** of the Facility Agreement is:

Address: Fax: Attention:

5 Governing law

This document is governed by the laws of Victoria.

Executed as a deed.

Annual Compliance Certificate

To: National Australia Bank Limited Level 28, 500 Collins Street
Melbourne VIC 3000

[date]

Reading Entertainment Australia Pty Ltd Facility Agreement

- 1 We refer to the Facility Agreement (**Facility Agreement**) dated *[insert date]* between, amongst others, Reading Entertainment Australia Pty Ltd as Borrower and National Australia Bank Limited as Bank. A term which has a defined meaning in the Facility Agreement has the same meaning in this Compliance Certificate.
This is an Annual Compliance Certificate given for the purpose of **clause 9.4(b)** of the Facility Agreement.
- 2 We confirm that:
 - (a) the Fixed Charges Cover Ratio for the Financial Year ending *[date]* was [].
 - (b) the Leverage Ratio for the Financial Year ending *[date]* was [].
 - (c) the Debt to Debt plus Equity Ratio for the Financial Year ending *[date]* was [].
 - (d) the Loan to Value Ratio for the Financial Year ending *[date]* was [].
- 3 We confirm that, as at the date of this Compliance Certificate:
 - (a) no Event of Default, Review Event or Potential Event of Default has occurred and is continuing *[or provide details of any Event of Default, Review Event or Potential Event of Default]*
 - (b) there are no Taxes or other statutory payments which are due and payable by a Transaction Party but unpaid *[or provide details of any Taxes and other statutory payments which are due and payable]*
 - (c) the representations and warranties in **clause 8.1** of the Facility Agreement which are to be repeated as at the date of this Compliance Certificate are correct.
- 4 We confirm that the position of the Reading Entertainment Australia Group with respect to the following liabilities is as follows:

Liability	Lodgement Cycle (Ann/Qtr/Mth - Please Circle)	Current (Yes/No - Please Circle)	If current, last payment details (Use brackets where refund)	If not current, Out:
GST	A Q M	Yes No	Amt: Date:	Amt: Date:
PAYG- Withholding	A Q M	Yes No	Amt: Date:	Amt: Date:
PAYG- Instalments (Income Tax)	A Q M	Yes No	Amt: Date:	Amt: Date:
Employer Superannuation Contributions	A Q M	Yes No	Amt: Date:	Amt: Date:
Payroll Tax	A M	Yes No	Amt: Date:	Amt: Date:
Workcover		Yes No	Amt: Date:	Amt: Date:
Other Taxes?		Yes No	Amt: Date:	Amt: Date:

*** Where amounts are outstanding please provide the following information to support the advised position:**

- Copy of the latest ATO Running Balance Account Statement (RBA);
- Have all BAS's/IAS's have been lodged? **Yes / No** (please circle);

If No - What statements are outstanding with associated liability amount?

Is any Group Member required to provide superannuation coverage under an industrial award?

Yes / No (please circle)

If Yes – With reference to Industrial Awards, in accordance with any Award(s) that may have application to my/our industry and employees, I/We confirm that the prescribed amounts provided for in the Award(s) are being contributed to an eligible fund(s).

[Name of person] who is a
Director of Reading Entertainment Australia Pty Ltd
For and on behalf of Reading Entertainment Australia Pty Ltd

Interim Compliance Certificate

To: National Australia Bank Limited Level 28, 500 Collins Street
Melbourne VIC 3000

[date]

Reading Entertainment Australia Pty Ltd Facility Agreement

- 1 We refer to the Facility Agreement (**Facility Agreement**) dated *[insert date]* between, amongst others, Reading Entertainment Australia Pty Ltd as Borrower and National Australia Bank Limited as Bank. A term which has a defined meaning in the Facility Agreement has the same meaning in this Compliance Certificate.

This is an Interim Compliance Certificate given for the purpose of **clause 9.4(c)** of the Facility Agreement.
- 2 We confirm that:
 - (a) the Fixed Charges Cover Ratio for the [3, 6 or 12] month period ending *[Calculation Date]* was [].
 - (b) the Leverage Ratio for the [3, 6 or 12] month period ending *[Calculation Date]* was [].
 - (c) the Loan to Value Ratio for the 12 month period ending *[Calculation Date]* was [].
- 3 We confirm that, as at the date of this Compliance Certificate:
 - (a) no Event of Default, Review Event or Potential Event of Default has occurred and is continuing *[or provide details of any Event of Default, Review Event or Potential Event of Default]*; and
 - (b) the representations and warranties in **clause 8.1** of the Facility Agreement which are to be repeated as at the date of this Compliance Certificate are correct.
- 4 I confirm that the position of the Reading Entertainment Australia Group with respect to the following liabilities is as follows:

Liability Description	Lodgement Cycle Ann/Qtr/Mth (Please Circle)	Current (Yes/No) (Please Circle)	If Current Last Payment Details (Use brackets where refund)	If Not Current Outstanding Details	Comments (eg - Repayment Arrangement entered with ATO)
GST	A Q M	Yes No	Amt: Date:	Amt: Date:	
PAYG- Withholding	A Q M	Yes No	Amt: Date:	Amt: Date:	
PAYG- Instalments (Income Tax)	A Q M	Yes No	Amt: Date:	Amt: Date:	
Employer Superannuation Contributions	Q M %	Yes No	Amt: Date:	Amt: Date:	
Payroll Tax	A M	Yes No	Amt: Date:	Amt: Date:	
Workcover		Yes No	Amt: Date:	Amt: Date:	
Other Taxes?		Yes No	Amt: Date:	Amt: Date:	

*** Where amounts are outstanding please provide the following information to support the advised position:**

- Copy of the latest ATO Running Balance Account Statement (RBA);
- Have all BAS's/IAS's have been lodged? **Yes / No** (please circle);

If No - What statements are outstanding with associated liability amount?

Is any Group Member required to provide superannuation coverage under an industrial award?

Yes / No (please circle)

If Yes – With reference to Industrial Awards, in accordance with any Award(s) that may have application to my/our industry and employees, I/We confirm that the prescribed amounts provided for in the Award(s) are being contributed to an eligible fund(s).

[Name of person] who is a
Director of Reading Entertainment Australia Pty Ltd
For and on behalf of Reading Entertainment Australia Pty Ltd

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO EXCHANGE ACT RULE 13a-14(a)/15d-14(a) AS ADOPTED
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 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/ Ellen M. Cotter
Ellen M. Cotter
President and Chief Executive Officer
August 9, 2021

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO EXCHANGE ACT RULE 13a-14(a)/15d-14(a) AS ADOPTED
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
August 9, 2021

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 June 30, 2021, (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: August 9, 2021

/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
