

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: **September 30, 2023**

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)  
**189 Second Avenue, Suite 2S**  
**New York, New York**  
(Address of principal executive offices)

**95-3885184**  
(IRS Employer Identification Number)

**10003**  
(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
<b>Class A Nonvoting Common Stock, \$0.01 par value</b>	<b>RDI</b>	<b>The Nasdaq Stock Market LLC</b>
<b>Class B Voting Common Stock, \$0.01 par value</b>	<b>RDIB</b>	<b>The Nasdaq Stock Market LLC</b>

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 November 13, 2023, there were 20,592,834 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.

READING INTERNATIONAL, INC. AND SUBSIDIARIES

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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)*

	September 30, 2023	December 31, 2022
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 11,925	\$ 29,947
Restricted cash	5,714	5,032
Receivables	5,779	6,206
Inventories	1,488	1,616
Derivative financial instruments - current portion	17	907
Prepaid and other current assets	4,243	3,804
Land and property held for sale	12,362	—
<b>Total current assets</b>	<b>41,528</b>	<b>47,512</b>
Operating property, net	261,614	286,952
Operating lease right-of-use assets	180,718	200,417
Investment and development property, net	8,336	8,792
Investment in unconsolidated joint ventures	4,488	4,756
Goodwill	24,597	25,504
Intangible assets, net	2,110	2,391
Deferred tax asset, net	489	447
Other assets	8,717	10,284
<b>Total assets</b>	<b>\$ 532,597</b>	<b>\$ 587,055</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current Liabilities:</b>		
Accounts payable and accrued liabilities	\$ 41,896	\$ 42,590
Film rent payable	3,462	5,678
Debt - current portion	40,402	37,279
Subordinated debt - current portion	776	747
Taxes payable - current	2,390	300
Deferred revenue	8,616	10,286
Operating lease liabilities - current portion	22,977	23,971
Other current liabilities	6,673	813
<b>Total current liabilities</b>	<b>127,192</b>	<b>121,664</b>
Debt - long-term portion	138,560	148,688
Subordinated debt, net	27,117	26,950
Noncurrent tax liabilities	5,842	7,117
Operating lease liabilities - non-current portion	180,002	200,037
Other liabilities	11,829	19,320
<b>Total liabilities</b>	<b>\$ 490,542</b>	<b>\$ 523,776</b>
<b>Commitments and contingencies (Note 15)</b>		
<b>Stockholders' equity:</b>		
Class A non-voting common shares, par value \$0.01, 100,000,000 shares authorized, 33,528,994 issued and 20,592,834 outstanding at September 30, 2023 and 33,348,295 issued and 20,412,185 outstanding at December 31, 2022	236	235
Class B voting common shares, par value \$0.01, 20,000,000 shares authorized and 1,680,590 issued and outstanding at September 30, 2023 and December 31, 2022	17	17
Nonvoting preferred shares, par value \$0.01, 12,000 shares authorized and no issued or outstanding shares at September 30, 2023 and December 31, 2022	—	—
Additional paid-in capital	154,903	153,784
Retained earnings/(deficits)	(67,104)	(48,816)
Treasury shares	(40,407)	(40,407)
Accumulated other comprehensive income	(5,647)	(1,957)
<b>Total Reading International, Inc. stockholders' equity</b>	<b>41,998</b>	<b>62,856</b>
Noncontrolling interests	57	423
<b>Total stockholders' equity</b>	<b>42,055</b>	<b>63,279</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 532,597</b>	<b>\$ 587,055</b>

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 September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
<b>Revenue</b>				
Cinema	\$ 62,688	\$ 48,359	\$ 165,731	\$ 147,476
Real estate	3,875	2,837	11,694	8,432
<b>Total revenue</b>	<b>66,563</b>	<b>51,196</b>	<b>177,425</b>	<b>155,908</b>
<b>Costs and expenses</b>				
Cinema	(53,278)	(45,308)	(146,297)	(134,579)
Real estate	(2,281)	(2,352)	(6,600)	(6,715)
Depreciation and amortization	(4,580)	(5,010)	(13,908)	(15,781)
Impairment expense	—	—	—	(1,549)
General and administrative	(5,405)	(5,257)	(15,693)	(17,364)
<b>Total costs and expenses</b>	<b>(65,544)</b>	<b>(57,927)</b>	<b>(182,498)</b>	<b>(175,986)</b>
<b>Operating income (loss)</b>	<b>1,019</b>	<b>(6,731)</b>	<b>(5,073)</b>	<b>(20,080)</b>
Interest expense, net	(5,072)	(3,693)	(14,063)	(10,242)
Gain (loss) on sale of assets	—	(59)	—	(59)
Other income (expense)	267	5,455	356	8,445
<b>Income (loss) before income tax expense and equity earnings of unconsolidated joint ventures</b>	<b>(3,786)</b>	<b>(5,028)</b>	<b>(18,780)</b>	<b>(21,936)</b>
Equity earnings of unconsolidated joint ventures	217	61	443	233
<b>Income (loss) before income taxes</b>	<b>(3,569)</b>	<b>(4,967)</b>	<b>(18,337)</b>	<b>(21,703)</b>
Income tax benefit (expense)	(896)	(332)	(313)	(1,492)
<b>Net income (loss)</b>	<b>\$ (4,465)</b>	<b>\$ (5,299)</b>	<b>\$ (18,650)</b>	<b>\$ (23,195)</b>
Less: net income (loss) attributable to noncontrolling interests	(65)	(122)	(361)	(238)
<b>Net income (loss) attributable to Reading International, Inc.</b>	<b>\$ (4,400)</b>	<b>\$ (5,177)</b>	<b>\$ (18,289)</b>	<b>\$ (22,967)</b>
<b>Basic earnings (loss) per share</b>	<b>\$ (0.20)</b>	<b>\$ (0.23)</b>	<b>\$ (0.82)</b>	<b>\$ (1.04)</b>
<b>Diluted earnings (loss) per share</b>	<b>\$ (0.20)</b>	<b>\$ (0.23)</b>	<b>\$ (0.82)</b>	<b>\$ (1.04)</b>
Weighted average number of shares outstanding—basic	22,273,423	22,043,823	22,208,757	22,011,755
Weighted average number of shares outstanding—diluted	22,273,423	22,043,823	22,208,757	22,011,755

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 September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net income (loss)	\$ (4,465)	\$ (5,299)	\$ (18,650)	\$ (23,195)
Foreign currency translation gain (loss)	(1,686)	(8,279)	(3,038)	(15,268)
Gain (loss) on cash flow hedges	(26)	60	(813)	1,253
Other	52	49	156	154
Comprehensive income (loss)	(6,125)	(13,469)	(22,345)	(37,056)
Less: net income (loss) attributable to noncontrolling interests	(65)	(122)	(361)	(228)
Less: comprehensive income (loss) attributable to noncontrolling interests	(3)	(3)	(5)	(1)
Comprehensive income (loss)	\$ (6,057)	\$ (13,344)	\$ (21,979)	\$ (36,827)

See accompanying Notes to the Unaudited Consolidated Financial Statements.

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

	Nine Months Ended September 30,	
	2023	2022
<b>Operating Activities</b>		
Net income (loss)	\$ (18,650)	\$ (23,195)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Equity earnings of unconsolidated joint ventures	(443)	(233)
Distributions of earnings from unconsolidated joint ventures	468	283
(Gain) loss recognized on foreign currency transactions	—	(5,952)
Loss provision on impairment of asset	—	1,549
(Gain) Loss on sale of assets	—	59
Amortization of operating leases	14,871	17,342
Amortization of finance leases	23	30
Change in operating lease liabilities	(15,998)	(17,560)
Purchase of derivative instruments	—	(86)
Change in net deferred tax assets	(98)	(370)
Depreciation and amortization	13,908	15,781
Other amortization	1,157	1,225
Stock based compensation expense	1,364	1,379
<i>Net changes in operating assets and liabilities:</i>		
Receivables	325	2,536
Prepaid and other assets	(483)	(1,769)
Payments for accrued pension	(513)	(513)
Accounts payable and accrued expenses	932	(2,333)
Film rent payable	(2,127)	(4,014)
Taxes payable	2,155	(8,131)
Deferred revenue and other liabilities	(3,257)	(2,143)
<b>Net cash provided by (used in) operating activities</b>	<b>(6,366)</b>	<b>(26,114)</b>
<b>Investing Activities</b>		
Purchases of and additions to operating and investment properties	(6,191)	(6,387)
Contributions to unconsolidated joint ventures	—	(32)
<b>Net cash provided by (used in) investing activities</b>	<b>(6,191)</b>	<b>(6,419)</b>
<b>Financing Activities</b>		
Repayment of borrowings	(6,862)	(7,535)
Repayment of finance lease principal	(25)	(32)
Proceeds from borrowings	3,839	—
Capitalized borrowing costs	(594)	(236)
(Cash paid) proceeds from the settlement of employee share transactions	(244)	(83)
Noncontrolling interest contributions	—	4
Noncontrolling interest distributions	—	(64)
<b>Net cash provided by (used in) financing activities</b>	<b>(3,886)</b>	<b>(7,946)</b>
<b>Effect of exchange rate on cash and restricted cash</b>	<b>(897)</b>	<b>(2,242)</b>
<b>Net increase (decrease) in cash and cash equivalents and restricted cash</b>	<b>(17,340)</b>	<b>(42,721)</b>
<b>Cash and cash equivalents and restricted cash at the beginning of the period</b>	<b>34,979</b>	<b>88,571</b>
<b>Cash and cash equivalents and restricted cash at the end of the period</b>	<b>\$ 17,639</b>	<b>\$ 45,850</b>
<b>Cash and cash equivalents and restricted cash consists of:</b>		
Cash and cash equivalents	\$ 11,925	\$ 39,628
Restricted cash	5,714	6,222
	<b>\$ 17,639</b>	<b>\$ 45,850</b>
<b>Supplemental Disclosures</b>		
Interest paid	\$ 13,826	\$ 9,082
Income taxes (refunded) paid	(697)	9,636
<b>Non-Cash Transactions</b>		
Additions to operating and investing properties through accrued expenses	2,557	2,961

See accompanying Notes to the Unaudited Consolidated Financial Statements.

READING INTERNATIONAL, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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 hold undeveloped land in urban and suburban centers in the United States and New Zealand.

The table below summarizes the results of operations for each of our business segments for the quarter and nine months ended September 30, 2023, and 2022, respectively. Operating expense includes costs associated with the day-to-day operations of the cinemas and the management of rental properties, including our live theatre assets.

<i>(Dollars in thousands)</i>	Quarter Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
<b>Revenue:</b>				
Cinema exhibition	\$ 62,688	\$ 48,358	\$ 165,731	\$ 147,476
Real estate	5,056	4,070	15,338	12,265
Inter-segment elimination	(1,181)	(1,232)	(3,644)	(3,833)
	<b>\$ 66,563</b>	<b>\$ 51,196</b>	<b>\$ 177,425</b>	<b>\$ 155,908</b>
<b>Segment operating income (loss):</b>				
Cinema exhibition	\$ 4,395	\$ (2,137)	\$ 4,256	\$ (5,902)
Real estate	920	(145)	3,212	(125)
	<b>\$ 5,315</b>	<b>\$ (2,282)</b>	<b>\$ 7,468</b>	<b>\$ (6,027)</b>

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

<i>(Dollars in thousands)</i>	Quarter Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
<b>Segment operating income (loss)</b>	\$ 5,315	\$ (2,282)	\$ 7,468	\$ (6,027)
Unallocated corporate expense				
Depreciation and amortization expense	(172)	(258)	(527)	(804)
General and administrative expense	(4,124)	(4,190)	(12,014)	(13,249)
Interest expense, net	(5,072)	(3,694)	(14,063)	(10,242)
Equity earnings of unconsolidated joint ventures	217	61	443	233
Gain (loss) on sale of assets	—	(59)	—	(59)
Other income (expense)	267	5,455	356	8,445
<b>Income (loss) before income tax expense</b>	<b>\$ (3,569)</b>	<b>\$ (4,967)</b>	<b>\$ (18,337)</b>	<b>\$ (21,703)</b>

## 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, 2022 ("2022 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 nine months ended September 30, 2023, are not necessarily indicative of the results that may be expected for the year ending December 31, 2023.

### 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, and (v) 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.

## Note 3 – Impact of COVID-19 Pandemic and the Writers and Actors Strikes on Operations and Liquidity

### Cinema Segment Ongoing Impacts

With respect to the COVID-19 pandemic, the World Health Organization has declared that the COVID-19 emergency has passed. However, the legacy of COVID-19 continues to negatively impact the profitability of our cinema operating segment. The following factors, which are largely beyond our control, continue to impact the profitability of our global cinema segment compared to pre-pandemic levels:

- (i) The number of movies released by the major Hollywood studios and other distributors, while increasing from pandemic levels, has not yet returned to pre-pandemic levels;
- (ii) The timing of certain anticipated cinema releases and the effectiveness of cinema marketing related to cinema releases have been adversely affected by the now settled writers' and actors' strikes (the "Hollywood Strikes");
- (iii) Inflationary pressures, ongoing supply chain issues and increased variable operating expenses continue to compress margins as we encounter consumer resistance to price increases;
- (iv) Labor costs continue to increase (due both to government mandates and labor shortages);
- (v) The Reserve banks in the U.S., Australia and New Zealand have increased interest rates causing our cost of borrowing to increase materially; and
- (vi) Increased fixed costs, such as third-party cinema rents, some of which are increasing due to long ago negotiated fixed rent increases, which are exacerbated on a cash flow basis now by our need to also pay certain rent deferrals accrued during the periods when our operations were closed or restricted due to the COVID-19 pandemic.

Notwithstanding the above, our global cinema segment operating income continues to grow when compared to pandemic periods. Movies leading the box office during this period included *Barbie*, *Oppenheimer*, *Mission: Impossible – Dead Reckoning Part One*, *Indiana Jones and the Dial of Destiny*, *Teenage Mutant Ninja Turtles: Mutant Mayhem* and *Sound of Freedom*. Despite the fact that our industry has not fully returned to pre-COVID-19 pandemic levels, our industry is recovering.

In light of the above factors, our Company continues its cost-reduction efforts in our cinema operating segment, including, but not limited to, restricting utilities and essential operating expenses to the minimum levels necessary, reducing employment costs by limiting hours of operation and/or shifts and increasing reliance on automation, and minimizing capital outlays. We continue to work with our landlords to manage our rent obligations. We have terminated cinema leases where their long-term profitability is in sufficient doubt.

Our Real Estate operating segment has been less impacted by the legacy impacts of the COVID-19 pandemic, with the exception of our assets associated with office space, such as 44 Union Square in New York City and 5995 Sepulveda in Culver City, California.



#### Going Concern

We continue to evaluate the going concern assertion required by ASC 205-40 *Going Concern* as it relates to our Company. The evaluation of the going concern assertion involves firstly considering whether it is probable that our Company has sufficient resources, as at the issue date of the financial statements, to meet its obligations as they fall due for twelve months following the issue date. Should it be probable that there are not sufficient resources, we must determine whether it is probable that our plans will mitigate the consequential going concern substantial doubt. Our evaluation is informed by current operating conditions (including the progressive improvement in both the cinema segment revenues and operating income due to the successful release of various movies during the period), liquidity positions, debt obligations, cash flow estimates, known capital and other expenditure requirements and commitments and our 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*. As of December 31, 2022, in our Form 10-K, we reported that our plans were probable of being implemented and thus they alleviated the substantial doubt about our Company's ability to continue as a going concern.

We have \$58.6 million of debt maturing in the twelve months from the issue of this Form 10-Q. As at September 30, 2023, we have unrestricted cash of \$11.9 million and negative working capital of \$85.7 million. To alleviate doubt that our Company will be able to generate sufficient cash flows for the coming twelve-months, these loans need to be refinanced, our revenues and net income need to continue to improve, cinema rents need to be renegotiated downward, and/or funds need to be raised through asset monetizations.

We believe that it is probable that our outstanding loans with current maturities will be extended on terms reasonably acceptable to us. The maturity date of our loan on the Cinemas 123 from Valley National Bank was extended from April 1, 2023, to July 3, 2023, then to October 3, 2023 to allow additional time to complete a refinance under a term sheet, and has now been extended to October 1, 2024, following the refinance on September 29, 2023. We extended our loan on our Australian assets from NAB facility to July 31, 2025. With respect to our U.S. based loan from Santander (\$8.0 million), we expect our lender to extend that loan for a reasonable period to allow for an appropriate refinance. With respect to our loan on our assets in New Zealand from Westpac (\$8.3 million), we have requested an extension for a reasonable period to allow for an appropriate refinance.

We have begun active processes to monetize certain assets as detailed in Note 6. Based on the results of our asset monetizations in 2021, we believe these processes will produce net proceeds sufficient to alleviate any substantial doubt about our Company's ability to continue as a going concern. As we monitor the cinema market conditions (such as improving box office and progression of the Hollywood Strike negotiations), we are also currently exploring the potential monetization of other real estate assets to further enhance our liquidity conditions for the long-term future of our Company.

As noted above, we are continuing to reduce our fixed costs of operation by renegotiating lease rents and closing non-performing cinemas upon the expiration of their current lease terms.

Notwithstanding some temporary release schedule impacts from the Hollywood Strikes, we believe that the global cinema industry will continue to recover in 2023 and into 2024 and 2025. This belief underpins our forecasts and cash flow projections. Our forecasts rely upon, among other things, the current industry movie release schedule, which demonstrates an increased number of movies from the major studios and other distributors and an improvement in the quality of the movie titles, and the public's demonstrable desire to attend movies in a theatrical environment. These factors are both out of management's control and are material, individually and in aggregate, to the realization of management's forecasts and expectations.

In conclusion, as of the date of issuance of these financial statements, based on our evaluation of ASC 205-40 *Going Concern* and the current conditions and events, considered in the aggregate, and our various plans for enhancing liquidity and the extent to which those plans are progressing, we conclude that our plans are probable of being implemented and that they alleviate the substantial doubt about our Company's ability to continue as a going concern.

#### **Impairment Considerations**

Our Company considers that the events and factors described above constitute impairment indicators under ASC 360 *Property, Plant and Equipment*. In 2022, when considered necessary, our Company performed quantitative recoverability tests of the carrying values of all its asset groups. These tests compare the carrying values of all asset groups to the estimated undiscounted future cash flows expected to result from the use of those asset groups. As a result of this testing, we recorded \$1.5 million of impairment charges against certain cinema asset groups in the second quarter of 2022. The charges related to cinemas whose performance had not improved commensurate with the wider group. No further impairment charges were recorded in the remainder of the year. No impairment charges were recorded in nine months of 2023. 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 its aftermath, with government policy related to work-place regulation, increasing interest rates, inflationary impacts and with ongoing theatrical release patterns and applicable film rent, and as a result, actual results may materially differ from management's estimates.

Our Company also considers that the events and factors described above continue to constitute impairment indicators under ASC 350 *Intangibles – Goodwill and Other*. Our Company performed a quantitative goodwill impairment test and determined that our goodwill was not impaired as of December 31, 2022. 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. No additional triggering events were identified in the first nine months of 2023, and therefore no goodwill impairment testing or charges were necessary. 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 its aftermath, with government policy related to work-place regulation, increasing interest rates, inflationary impacts and with ongoing theatrical release patterns and applicable film rent 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. However, in recent periods, we have looked to our overseas operations to cover an increasing portion of our domestic general and administrative costs. Our Australian and New Zealand assets and liabilities are translated from their functional currencies of Australian dollar ("AUS") and New Zealand dollar ("NZ\$"), respectively, to the U.S. dollar based on the exchange rate as of September 30, 2023. 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. 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 September 30, 2023	As of and for the nine months ended September 30, 2023	As of and for the twelve months ended December 31, 2022	As of and for the quarter ended September 30, 2022
<b>Spot Rate</b>				
Australian Dollar		0.6451	0.6805	0.6437
New Zealand Dollar		0.6013	0.6342	0.5642
<b>Average Rate</b>				
Australian Dollar	0.6551	0.6691	0.6946	0.6829
New Zealand Dollar	0.6053	0.6179	0.6357	0.6127

**Note 5 – Earnings Per Share**

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

(Dollars in thousands, except share data)	Quarter Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
<b>Numerator:</b>				
Net income (loss) attributable to Reading International, Inc.	\$ (4,400)	\$ (5,177)	\$ (18,289)	\$ (22,967)
<b>Denominator:</b>				
Weighted average number of common stock – basic	22,273,423	22,043,823	22,208,757	22,011,755
Weighted average dilutive impact of awards	—	—	—	—
Weighted average number of common stock – diluted	22,273,423	22,043,823	22,208,757	22,011,755
<b>Basic earnings (loss) per share</b>	\$ (0.20)	\$ (0.23)	\$ (0.82)	\$ (1.04)
<b>Diluted earnings (loss) per share</b>	\$ (0.20)	\$ (0.23)	\$ (0.82)	\$ (1.04)
Awards excluded from diluted earnings (loss) per share	205,122	911,732	205,122	911,732

Our weighted average number of common stock - basic increased, primarily as a result of the vesting of restricted stock units. We did not repurchase any shares of Class A Common Stock during the first nine months of 2023 and 2022.

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

Property associated with our operating activities as at September 30, 2023 and December 31, 2022, is summarized as follows:

(Dollars in thousands)	September 30,		December 31,	
	2023	2022	2023	2022
Land	\$ 59,479	\$ 67,392		
Building and improvements	202,302	213,226		
Leasehold improvements	59,067	64,230		
Fixtures and equipment	188,955	194,753		
Construction-in-progress	4,845	6,839		
Total cost	514,648	546,440		
Less: accumulated depreciation	(253,034)	(259,488)		
Operating property, net	\$ 261,614	\$ 286,952		

Depreciation expense for operating property was \$4.5 million and \$13.8 million for the quarter and nine months ended September 30, 2023, respectively, and \$4.9 million and \$15.5 million for the quarter and nine months ended September 30, 2022, respectively.

##### Investment and Development Property, net

Our investment and development property as of September 30, 2023 and December 31, 2022, is summarized below:

(Dollars in thousands)	September 30,		December 31,	
	2023	2022	2023	2022
Land	\$ 3,657	\$ 3,857		
Construction-in-progress (including capitalized interest)	4,679	4,935		
Investment and development property	\$ 8,336	\$ 8,792		

**Construction-in-Progress – Operating and Investment 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 nine months ended September 30, 2023, are shown below:

<i>(Dollars in thousands)</i>	Balance, December 31, 2022	Additions during the period	Completed during the period	Foreign currency translation	Balance, September 30, 2023
Courtenay Central development	6,380	—	—	(318)	6,062
Cinema developments and improvements	2,990	2,880	(3,542)	(61)	2,267
Other real estate projects	2,404	1,557	(2,744)	(22)	1,195
<b>Total</b>	<b>\$ 11,774</b>	<b>\$ 4,437</b>	<b>\$ (6,286)</b>	<b>\$ (401)</b>	<b>\$ 9,524</b>

**Disposal Groups Held for Sale**

Culver City, Los Angeles

In May 2023, we classified our Culver City administrative building, commonly known as 5995 Sepulveda Blvd., as held for sale. Our book value (as opposed to fair value) of the property is \$11.2 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 disposal group consists of land, a building and various leasehold improvements. We expect to complete the sale within 12 months. The property is currently encumbered with a \$8.5 million first mortgage which will become due on sale. It is not anticipated that any pre-payment penalty or make-whole payment will be payable in connection with such payoff.

2483 Trenton Avenue, Williamsport, Pennsylvania

In June 2023, we classified our approximately 26.6-acre property at 2483 Trenton Avenue, Williamsport, Pennsylvania, as held for sale at the lower of cost and fair value less costs to sell. The current book value (as opposed to fair value) of the property is \$460,000. The property is part of our historic railroad operations, consisting of land and an 18,000 square foot industrial building. No adjustments to the book value of the assets contained within this disposal group were required. We expect to complete the sale within 12 months. The property is unencumbered. We have retained CBRE as our exclusive agent for the marketing of this property.

Maitland Centre, New South Wales

In September 2023, we classified our freehold Maitland cinema as held for sale. Our book value (as opposed to fair value) of the property is \$706,000, 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 October 25, 2023, we completed the sale of this property at a sales price of AU\$2,800,000.

**Note 7 – 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 25 years, with certain leases having options to extend to up to a further 20 years. Lease payments for our cinema operating leases consist of fixed base rent, and for certain leases, variable lease payments consisting of contracted percentages of revenue, changes in the relevant CPI, and/or other contracted financial metrics.

The components of lease expense were as follows:

(Dollars in thousands)	Quarter Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
<b>Lease cost</b>				
Finance lease cost:				
Amortization of right-of-use assets	\$ 8	\$ 8	\$ 23	\$ 30
Interest on lease liabilities	—	1	1	2
Operating lease cost	8,076	8,160	24,287	24,475
Variable lease cost	722	181	1,377	270
<b>Total lease cost</b>	<b>\$ 8,806</b>	<b>\$ 8,350</b>	<b>\$ 25,688</b>	<b>\$ 24,777</b>

Supplemental cash flow information related to leases is as follows:

(Dollars in thousands)	Nine Months Ended September 30,	
	2023	2022
<b>Cash flows relating to lease cost</b>		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for finance leases	\$ 26	\$ 33
Operating cash flows for operating leases	24,944	26,034
Right-of-use assets obtained in exchange for new operating lease liabilities	1,578	6,720

Supplemental balance sheet information related to leases is as follows:

(Dollars in thousands)	September 30,	December 31,
	2023	2022
<b>Operating leases</b>		
Operating lease right-of-use assets	\$ 180,718	\$ 200,417
Operating lease liabilities - current portion	22,977	23,971
Operating lease liabilities - non-current portion	180,002	200,037
<b>Total operating lease liabilities</b>	<b>\$ 202,979</b>	<b>\$ 224,008</b>
<b>Finance leases</b>		
Property plant and equipment, gross	356	363
Accumulated depreciation	(353)	(338)
<b>Property plant and equipment, net</b>	<b>\$ 3</b>	<b>\$ 25</b>
Other current liabilities	3	28
<b>Total finance lease liabilities</b>	<b>\$ 3</b>	<b>\$ 28</b>
<b>Other information</b>		
Weighted-average remaining lease term - finance leases	0	1
Weighted-average remaining lease term - operating leases	11	11
Weighted-average discount rate - finance leases	5.21%	5.21%
Weighted-average discount rate - operating leases	4.56%	4.55%

The maturities of our leases were as follows:

(Dollars in thousands)	Operating leases	Finance leases
2023	\$ 8,149	\$ 3
2024	31,198	—
2025	29,159	—
2026	27,283	—
2027	24,977	—
Thereafter	139,619	—
<b>Total lease payments</b>	<b>\$ 260,385</b>	<b>\$ 3</b>
Less imputed interest	(57,406)	—
<b>Total</b>	<b>\$ 202,979</b>	<b>\$ 3</b>

**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.

Lease income relating to operating lease payments was as follows:

<i>(Dollars in thousands)</i>	Quarter Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
<b>Components of lease income</b>				
Lease payments	\$ 2,834	2,046	\$ 8,271	6,065
Variable lease payments	288	333	618	598
<b>Total lease income</b>	<b>\$ 3,122</b>	<b>\$ 2,379</b>	<b>\$ 8,889</b>	<b>\$ 6,663</b>

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

<i>(Dollars in thousands)</i>	September 30, 2023	December 31, 2022
<b>Building and improvements</b>		
Gross balance	\$ 132,000	\$ 136,749
Accumulated depreciation	(27,234)	(26,148)
<b>Net Book Value</b>	<b>\$ 104,766</b>	<b>\$ 110,601</b>

The Maturity of our leases were as follows:

<i>(Dollars in thousands)</i>	Operating leases
2023	\$ 2,345
2024	9,083
2025	8,696
2026	7,225
2027	6,541
Thereafter	28,045
<b>Total</b>	<b>\$ 61,935</b>

**Note 8 – Goodwill and Intangible Assets**

The table below summarizes goodwill by business segment as of September 30, 2023, and December 31, 2022.

<i>(Dollars in thousands)</i>	Cinema	Real Estate	Total
Balance at December 31, 2022	\$ 20,280	\$ 5,224	\$ 25,504
Foreign currency translation adjustment	(907)	—	(907)
<b>Balance at September 30, 2023</b>	<b>\$ 19,373</b>	<b>\$ 5,224</b>	<b>\$ 24,597</b>

Our Company is required to test goodwill and other intangible assets for impairment on an annual basis and, if current events or circumstances require them, on an interim basis. Our next annual evaluation of goodwill and other intangible assets is scheduled during the fourth quarter of 2023. 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 September 30, 2023, 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 September 30, 2023, and December 31, 2022, respectively.

<i>(Dollars in thousands)</i>	As of September 30, 2023			
	Beneficial Leases	Trade Name	Other Intangible Assets	Total
Gross carrying amount	\$ 11,237	\$ 9,058	\$ 4,829	\$ 25,124
Less: Accumulated amortization	(11,030)	(7,956)	(4,020)	(23,006)
Less: Impairments			(8)	(8)
<b>Net intangible assets other than goodwill</b>	<b>\$ 207</b>	<b>\$ 1,102</b>	<b>\$ 801</b>	<b>\$ 2,110</b>

<i>(Dollars in thousands)</i>	As of December 31, 2022			
	Beneficial Leases	Trade Name	Other Intangible Assets	Total
Gross carrying amount	\$ 12,216	\$ 9,058	\$ 4,915	\$ 26,189
Less: Accumulated amortization	(11,964)	(7,838)	(3,956)	(23,758)
Less: Impairments			(40)	(40)
<b>Net intangible assets other than goodwill</b>	<b>\$ 252</b>	<b>\$ 1,220</b>	<b>\$ 919</b>	<b>\$ 2,391</b>

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 nine months ended September 30, 2023

<i>(Dollars in thousands)</i>	Quarter Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Beneficial lease amortization	\$ 21	\$ 21	\$ 43	\$ 65
Other amortization	129	286	182	396
<b>Total intangible assets amortization</b>	<b>\$ 150</b>	<b>\$ 307</b>	<b>\$ 225</b>	<b>\$ 461</b>

#### Note 9 – 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 September 30, 2023, and December 31, 2022:

<i>(Dollars in thousands)</i>	Interest	September 30,	December 31,
		2023	2022
Rialto Cinemas	50.0%	\$ 860	\$ 920
Mt. Gravatt	33.3%	3,628	3,836
<b>Total investments</b>		<b>\$ 4,488</b>	<b>\$ 4,756</b>

For the quarter and nine months ended September 30, 2023 and 2022, the recognized share of equity earnings from our investments in unconsolidated joint ventures are as follows:

<i>(Dollars in thousands)</i>	Quarter Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Rialto Cinemas	\$ 25	\$ (15)	\$ (14)	\$ (68)
Mt. Gravatt	192	76	457	301
<b>Total equity earnings</b>	<b>\$ 217</b>	<b>\$ 61</b>	<b>\$ 443</b>	<b>\$ 233</b>

### Note 10 – Prepaid and Other Assets

Prepaid and other assets are summarized as follows:

<i>(Dollars in thousands)</i>	September 30, 2023	December 31, 2022
<b>Prepaid and other current assets</b>		
Prepaid expenses	\$ 2,349	\$ 1,859
Prepaid taxes	1,181	1,687
Income taxes receivable	415	—
Prepaid rent	19	—
Deposits	247	233
Interest receivable	16	8
Investments in marketable securities	16	17
<b>Total prepaid and other current assets</b>	<b>\$ 4,243</b>	<b>\$ 3,804</b>
<b>Other non-current assets</b>		
Other non-cinema and non-rental real estate assets	675	1,134
Investment in Reading International Trust I	838	838
Straight-line rent asset	7,196	8,302
Long-term deposits	8	10
<b>Total other non-current assets</b>	<b>\$ 8,717</b>	<b>\$ 10,284</b>

### Note 11 – Income Taxes

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 change in valuation allowance. Our effective tax rate was (1.7%) and (6.9%) for the nine months ended September 30, 2023 and 2022, respectively. The difference is primarily due to a decrease in reserve for unrecognized tax benefits in 2023. The forecasted effective tax rate is updated each quarter as new information becomes available.

### Note 12 – Borrowings

Our Company's borrowings at September 30, 2023 and December 31, 2022, net of deferred financing costs and including the impact of interest rate derivatives on effective interest rates, are summarized below:

<i>(Dollars in thousands)</i>	Maturity Date	As of September 30, 2023						
		Contractual Facility	Balance, Gross	Balance, Net <sup>(1)</sup>	Stated Interest Rate	Effective Interest Rate		
<b>Denominated in USD</b>								
Trust Preferred Securities (US)	April 30, 2027	\$ 27,913	\$ 27,913	\$ 27,117	9.63%	9.63%		
Bank of America Credit Facility (US)	September 4, 2024	22,375	22,375	22,260	11.00%	11.00%		
Cinemas 1, 2, 3 Term Loan (US)	October 1, 2024	21,061	21,061	20,805	8.31%	8.31%		
Minetta & Orpheum Theatres Loan (US) <sup>(2)</sup>	November 1, 2023	8,000	8,000	7,998	8.22%	6.00%		
U.S. Corporate Office Term Loan (US)	January 1, 2027	8,471	8,471	8,422	4.64% / 4.44%	4.61%		
Union Square Financing (US)	May 6, 2024	55,000	46,840	46,447	12.52%	12.52%		
Purchase Money Promissory Note (US)	September 18, 2024	776	776	776	5.00%	5.00%		
<b>Denominated in foreign currency ("FC")<sup>(3)</sup></b>								
NAB Corporate Term Loan (AU)	July 31, 2025	64,831	64,831	64,708	5.85%	5.85%		
Westpac Bank Corporate (NZ)	January 1, 2024	8,322	8,322	8,322	8.20%	8.20%		
		<b>\$ 216,749</b>	<b>\$ 208,566</b>	<b>\$ 206,855</b>				

(1) Net of deferred financing costs amounting to \$1.7 million.

(2) The interest rate derivative associated with the Minetta & Orpheum loan provides for an effective fixed rate of 6.00%.

(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 September 30, 2023.



As of December 31, 2022

(Dollars in thousands)	Maturity Date	Contractual Facility	Balance, Gross	Balance, Net <sup>(1)</sup>	Stated Interest Rate	Effective Interest Rate
Denominated in USD						
Trust Preferred Securities (US)	April 30, 2027	\$ 27,913	\$ 27,913	\$ 26,950	8.41%	8.41%
Bank of America Credit Facility (US) <sup>(5)</sup>	March 1, 2024	26,750	26,750	26,663	10.00%	10.00%
Cinemas 1, 2, 3 Term Loan (US) <sup>(5)</sup>	April 1, 2023	22,455	22,455	22,208	6.63%	6.63%
Minetta & Orpheum Theatres Loan (US) <sup>(2)</sup>	November 1, 2023	8,000	8,000	7,974	7.12%	5.15%
U.S. Corporate Office Term Loan (US)	January 1, 2027	8,674	8,674	8,613	4.64% / 4.44%	4.64%
Union Square Financing (US) <sup>(3)</sup>	May 6, 2024	55,000	43,000	42,484	11.25%	7.40%
Purchase Money Promissory Note (US)	September 18, 2024	1,333	1,333	1,333	5.00%	5.00%
Denominated in foreign currency ("FC") <sup>(4)</sup>						
NAB Corporate Term Loan (AU)	June 30, 2024	68,731	68,731	68,662	4.82%	4.82%
Westpac Bank Corporate (NZ)	January 1, 2024	8,777	8,777	8,777	6.95%	6.95%
<b>Total</b>		<b>\$ 227,633</b>	<b>\$ 215,633</b>	<b>\$ 213,664</b>		

- (1) Net of deferred financing costs amounting to \$2.0 million.  
(2) The interest rate derivative associated with the Minetta & Orpheum loan provided for an effective fixed rate of 5.15%.  
(3) The interest rate derivative associated with the Union Square loan provided for an effective fixed rate of 7.40%.  
(4) 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, 2022.  
(5) This financing facilities were extended after December 31, 2022.

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

Balance Sheet Caption (Dollars in thousands)	September 30, 2023	December 31, 2022
Debt - current portion	\$ 40,402	\$ 37,279
Debt - long-term portion	138,560	148,688
Subordinated debt - current portion	776	747
Subordinated debt - long-term portion	27,117	26,950
<b>Total borrowings</b>	<b>\$ 206,855</b>	<b>\$ 213,664</b>

#### Bank of America Credit Facility

Our Bank of America facility now matures on September 4, 2024, following a Q1 2023 loan modification, which, among other things, extended the maturity date from March 1, 2024. The current facility requires monthly repayments of \$725,000 commencing in May 2023, with a balloon payment upon maturity. Interest is charged at a fixed rate of 3.0% above the Bank of America Prime rate, which itself has a floor of 1.0%. Payment-in-kind interest of 0.5% accrues from January 1, 2024, but will be waived in the event of repayment of the entire debt prior to April 1, 2024.

#### 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. Our current loan with Bank Santander matured on November 1, 2023. Based on conversations with the Bank Santander, and while no assurances can be given, we understand that Bank Santander is preparing a proposal for a short term extension of that loan.

#### U.S. Corporate Office Term Loan

On December 13, 2016, we obtained a ten-year \$8.4 million mortgage loan on our Culver City building at a fixed annual interest rate of 4.64%. On June 26, 2017, we obtained a further \$1.5 million at a fixed annual interest rate of 4.44%.

#### Cinemas 1,2,3 Term Loan

Our Cinemas 1,2,3 Term Loan is held by Sutton Hill Properties LLC ("SHP"), a 75% owned subsidiary of RDI. On September 29, 2023, we extended the maturity of this loan from October 3, 2023, to October 1, 2024. The loan is with Valley National Bank, carries an interest rate of 3.50% above monthly SOFR, with a floor of 7.50%, and includes provisions for a prepaid interest reserve.

#### Union Square Financing

On May 7, 2021, we closed on a new three-year \$55.0 million loan facility with Emerald Creek Capital secured by our 44 Union Square property and certain limited guarantees. 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 has two 12-month options to extend, and may be repaid at any time, without the payment of any premium. As these options are within our control, we continue to keep the loan classified as long-term. The loan currently carries an interest rate of 12.52%.

**Purchase Money Promissory Note**

On September 18, 2019, we purchased for \$5.5 million 407,000 shares of our 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)**

Our Westpac Corporate Credit Facility for NZ\$13.8 million matures on January 1, 2024. The facility currently carries an interest rate and line of credit charge of 2.40% above the Bank Bill Bid Rate and 1.65% respectively. Westpac has waived the requirement to test certain covenants for each quarter since the third quarter of 2020, including the current quarter and the quarter ending December 31, 2023.

**Australian NAB Corporate Term Loan (AU)**

Our Revolving Corporate Markets Loan Facility with National Australia Bank ("NAB") matures on July 31, 2025. It currently consists of (i) a AU\$100.5 million Corporate Loan facility at 1.75% above BBSY, of which AU\$60.0 million is revolving and AU\$40.5 million is core and (ii) a Bank Guarantee Facility of AU\$5.0 million at a rate of 1.9% per annum. The last required AU\$500,000 in principal payment for core Corporate Loan Facility, before maturity, was paid in full on October 31, 2023.

**Note 13 – Other Liabilities**

Other liabilities are summarized as follows:

<i>(Dollars in thousands)</i>	September 30, 2023	December 31, 2022
<b>Current liabilities</b>		
Lease liability	\$ 5,900	\$ —
Accrued pension	684	684
Security deposit payable	53	68
Finance lease liabilities	3	28
Other	33	33
<b>Other current liabilities</b>	<b>\$ 6,673</b>	<b>\$ 813</b>
<b>Other liabilities</b>		
Lease make-good provision	5,860	6,131
Accrued pension	2,771	3,138
Deferred rent liability	1,537	2,484
Environmental reserve	1,656	1,656
Lease liability	—	5,900
Acquired leases	5	11
<b>Other non-current liabilities</b>	<b>\$ 11,829</b>	<b>\$ 19,320</b>

**Pension Liability – Supplemental Executive Retirement Plan**

Details of our Supplemental Executive Retirement Plan are disclosed in Note 13 – Pension and Other Liabilities in our 2022 Form 10-K.

Included in our current and non-current liabilities are accrued pension costs of \$3.5 million on September 30, 2023. The benefits of our pension plan are fully vested and therefore no service costs were recognized for the nine months ended September 30, 2023, and 2022. Our pension plan is unfunded.

During the quarter and nine months ended September 30, 2023, the interest cost was \$47,000 and \$146,000, respectively, and the actuarial loss was \$52,000 and \$155,000, respectively. During the quarter and nine months ended September 30, 2022, the interest cost was \$53,000 and \$165,000, respectively, and the actuarial loss was \$52,000 and \$155,000, respectively.

**Note 14 – 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, 2023	\$ (697)	\$ (18)	\$ (1,822)	\$ 580	\$ (1,957)
<b>Change related to derivatives</b>					
Total change in hedge fair value recorded in Other Comprehensive Income	—	—	—	(2)	(2)
Amounts reclassified from accumulated other comprehensive income	—	—	—	(811)	(811)
Net change related to derivatives	—	—	—	(813)	(813)
Net current-period other comprehensive income (loss)	(3,033)	1	155	(813)	(3,690)
<b>Balance at September 30, 2023</b>	<b>\$ (3,730)</b>	<b>\$ (17)</b>	<b>\$ (1,667)</b>	<b>\$ (233)</b>	<b>\$ (5,647)</b>

**Note 15 – 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.

**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.

**Note 16 – 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>	September 30, 2023	December 31, 2022
Australian Country Cinemas, Pty Ltd	\$ 82	\$ 26
Shadow View Land and Farming, LLC	(2)	(3)
Sutton Hill Properties, LLC	(23)	400
<b>Noncontrolling interests in consolidated subsidiaries</b>	<b>\$ 57</b>	<b>\$ 423</b>

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

<i>(Dollars in thousands)</i>	Quarter Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Australian Country Cinemas, Pty Ltd	\$ 25	\$ 15	\$ 60	\$ 76
Shadow View Land and Farming, LLC	1	(3)	1	(4)
Sutton Hill Properties, LLC	(91)	(134)	(422)	(300)
<b>Net income (loss) attributable to noncontrolling interests</b>	<b>\$ (65)</b>	<b>\$ (122)</b>	<b>\$ (361)</b>	<b>\$ (228)</b>

**Summary of Controlling and Noncontrolling Stockholders' Equity**

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

<i>(Dollars in thousands, except shares)</i>	Common Stock				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								
At January 1, 2023	20,412	\$ 235	1,681	\$ 17	\$ 153,784	\$ (48,816)	\$ (40,407)	\$ (1,957)	\$ 62,856	\$ 423	\$ 63,279
Net income (loss)	—	—	—	—	—	(11,111)	—	—	(11,111)	(213)	(11,324)
Other comprehensive income, net	—	—	—	—	—	—	—	(1,293)	(1,293)	(1)	(1,294)
Share-based compensation expense	—	—	—	—	443	—	—	—	443	—	443
Restricted Stock Units	89	—	—	—	(132)	—	—	—	(132)	—	(132)
At March 31, 2023	20,501	\$ 235	1,681	\$ 17	\$ 154,095	\$ (59,927)	\$ (40,407)	\$ (3,250)	\$ 50,763	\$ 209	\$ 50,972
Net income	—	—	—	—	—	(2,778)	—	—	(2,778)	(83)	(2,861)
Other comprehensive income, net	—	—	—	—	—	—	—	(740)	(740)	(1)	(741)
Share-based compensation expense	—	—	—	—	308	—	—	—	308	—	308
Restricted Stock Units	92	1	—	—	(113)	—	—	—	(112)	—	(112)
At June 30, 2023	20,593	\$ 236	1,681	\$ 17	\$ 154,280	\$ (62,705)	\$ (40,407)	\$ (3,990)	\$ 47,443	\$ 125	\$ 47,568
Net income	—	—	—	—	—	(4,400)	—	—	(4,400)	(65)	(4,465)
Other comprehensive income, net	—	—	—	—	—	—	—	(1,657)	(1,657)	(5)	(1,660)
Share-based compensation expense	—	—	—	—	614	—	—	—	614	—	614
Restricted Stock Units	10	—	—	—	—	—	—	—	—	—	—
At September 30, 2023	20,593	\$ 236	1,681	\$ 17	\$ 154,904	\$ (67,105)	\$ (40,407)	\$ (5,647)	\$ 41,998	\$ 57	\$ 42,055

(Dollars in thousands, except shares)	Common Stock				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							
At January 1, 2022	20,260	\$ 233	1,680	\$ 17	\$ 151,981	\$ (12,632)	\$ (40,407)	\$ 4,882	\$ 104,074	\$ 986	\$ 105,060
Net income (loss)	—	—	—	—	—	(15,354)	—	—	(15,354)	(99)	(15,453)
Other comprehensive income, net	—	—	—	—	—	—	—	3,524	3,524	1	3,525
Share-based compensation expense	—	—	—	—	415	—	—	—	415	—	415
Restricted Stock Units	52	1	—	—	(52)	—	—	—	(52)	(31)	(83)
Distributions to noncontrolling stockholders	—	—	—	—	—	—	—	—	(31)	(22)	(53)
At March 31, 2022	20,312	\$ 234	1,680	\$ 17	\$ 152,364	\$ (27,986)	\$ (40,407)	\$ 8,406	\$ 92,628	\$ 366	\$ 93,454
Net income	—	—	—	—	—	(2,436)	—	—	(2,436)	(7)	(2,443)
Other comprehensive income, net	—	—	—	—	—	—	—	(9,218)	(9,218)	1	(9,217)
Share-based compensation expense	—	—	—	—	466	—	—	—	466	—	466
Restricted Stock Units	49	—	—	—	(52)	—	—	—	(52)	(21)	(73)
Distributions to noncontrolling stockholders	—	—	—	—	—	—	—	—	—	(21)	(21)
At June 30, 2022	20,361	\$ 234	1,680	\$ 17	\$ 152,778	\$ (30,422)	\$ (40,407)	\$ (812)	\$ 81,388	\$ 339	\$ 82,227
Net income	—	—	—	—	—	(5,177)	—	—	(5,177)	(122)	(5,299)
Other comprehensive income, net	—	—	—	—	—	—	—	(8,167)	(8,167)	(5)	(8,170)
Share-based compensation expense	—	—	—	—	497	—	—	—	497	—	497
Distributions to noncontrolling stockholders	—	—	—	—	—	—	—	—	—	(21)	(21)
At September 30, 2022	20,361	\$ 234	1,680	\$ 17	\$ 153,275	\$ (35,599)	\$ (40,407)	\$ (8,979)	\$ 68,541	\$ 693	\$ 69,234

#### Note 17 – Stock-Based Compensation and Stock Repurchases

##### Employee and Director Stock Incentive 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 number of permitted authorized shares for issuance was 1,250,000 (the "2020 Authorized Amount"). Added to the 2020 Authorized Amount would be any awards outstanding under the 2010 Plan and 2020 Plan that were subsequently forfeited (for instance, through a then outstanding out of the money option) or if the related shares are repurchased, a corresponding number of shares would automatically become available for issuance under the 2020 Plan, thus resulting in a potential increase from the 2020 Authorized Amount available for issuance under 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. At September 30, 2023, there were 278,193 shares of Class A Common Stock available for issuance under the 2020 Plan, which includes shares from the 2010 Plan that become available for issuance due to the forfeiture of then outstanding out of the money stock options.

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. As discussed further below, a performance component has been added to certain of the RSUs granted to management. 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 nine months ended September 30, 2023.

For the quarters ended September 30, 2023, and 2022, we recorded a compensation expense of \$9,000 and \$53,000, respectively. For the nine months ended September 30, 2023, and 2022, we recorded a compensation expense of \$27,000 and \$159,000, respectively, with respect to our prior stock option grants. At September 30, 2023, the total unrecognized estimated compensation expense related to non-vested stock options was \$9,000, which we expect to recognize over a weighted average vesting period of 0.25 years. The intrinsic, unrealized value of all options outstanding vested and expected to vest, at September 30, 2023, was nil, as the closing price of our Class A Common Stock on that date was \$2.12.

The following table summarizes the number of options outstanding and exercisable as of September 30, 2023, and December 31, 2022:

	Outstanding Stock Options - Class A Shares			
	Number of Options Class A	Weighted Average Exercise Price Class A	Weighted Average Remaining Years of Contractual Life Class A	Aggregate Intrinsic Value Class A
<b>Balance - December 31, 2021</b>	517,344	\$ 15.42	1.66	\$ —
Granted	—	—	—	—
Exercised	—	—	—	—
Forfeited	(189,846)	14.63	—	—
<b>Balance - December 31, 2022</b>	327,498	\$ 15.87	1.24	\$ —
Granted	—	—	—	—
Exercised	—	—	—	—
Forfeited	(122,376)	—	—	—
<b>Balance - September 30, 2023</b>	205,122	\$ 15.92	0.45	\$ —

**Restricted Stock Units**

The following table summarizes the status of RSUs granted to date as of September 30, 2023:

Grant Date	Restricted Stock Units				Vested, September 30, 2023	Unvested, September 30, 2023	Forfeited, September 30, 2023
	RSU Grants (in units)		Total Grants				
	Directors	Management					
Opening balance	189,880	507,635	697,515	—	642,908	18,758	35,849
April 5, 2021	—	262,830	262,830	—	90,804	149,008	23,018
April 19, 2021	—	22,888	22,888	—	10,831	10,560	1,497
August 11, 2021	26,924	—	26,924	—	26,924	—	—
December 8, 2021	48,951	—	48,951	—	48,951	—	—
April 18, 2022	—	428,899	428,899	—	75,721	316,601	36,577
December 15, 2022	73,683	—	73,683	—	—	73,683	—
April 11, 2023	—	413,536	413,536	—	—	413,536	—
April 21, 2023	—	237,719	237,719	—	—	237,719	—
April 28, 2023	—	20,427	20,427	—	—	20,427	—
<b>Total</b>	<b>339,438</b>	<b>1,893,934</b>	<b>2,233,372</b>		<b>896,139</b>	<b>1,240,292</b>	<b>96,941</b>

Time vested RSU awards to management vest 25% on the anniversary of the grant date and the remainder 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. From 2021 onwards, RSUs have two structures, which include time vesting and performance vesting. The majority of RSUs vest 75% evenly over a period of four years, with the remaining 25% contingent upon the achievement of certain performance metrics, vesting in full on the third anniversary of the date of the grant. In the case of our Chief Executive Officer, RSUs vest 50% evenly over a period of four years with the remaining 50%, contingent upon the achievement of certain performance metrics, vesting in full on the third anniversary of the grant date. On April 11 and April 21, 2023, the Board of Directors determined that our Company was not in a position to pay cash bonuses that would otherwise have been earned by certain members of management under our Company's Incentive Compensation Plan for 2022, and authorized the issuance in lieu of such cash bonuses 85,139 RSUs, vesting on April 11, 2024 and 52,350 RSUs, vesting on April 21, 2024.

RSUs issued to non-employee directors vest on the first to occur of (i) 5:00 pm, Los Angeles, CA time on the last business day prior to the one-year anniversary of the Grant Date or (ii) the date on which the Recipient has served such Recipient's full term as a Director.

For the quarters ended September 30, 2023, and 2022, we recorded compensation expense of \$604,000 and \$444,000, respectively. For the nine months ended September 30, 2023, and 2022, we recorded compensation expense of \$1.3 million and \$1.2 million, respectively. The total unrecognized compensation expense related to the non-vested RSUs was \$4.1 million as of September 30, 2023, which we expect to recognize over a weighted average vesting period of 1.48 years.

**Stock Repurchase Program**

On March 10, 2020, our Board of Directors authorized a \$25.0 million increase to our 2017 stock repurchase program, bringing our total authorized repurchase amount remaining to \$26.0 million, and extended the program to March 2, 2024. Through September 30, 2023, we have repurchased 1,792,819 shares of Class A Common Stock at an average price of \$13.39 per share (excluding transaction costs). 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.

**Note 18 – Hedge Accounting**

As of September 30, 2023, our Company held interest rate derivatives in the total nominal amount of \$8.0 million. As of December 31, 2022, our Company held interest rate derivatives in the total notional amount of \$51.0 million.

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

(Dollars in thousands)	Asset Derivatives			
	September 30, 2023		December 31, 2022	
	Balance sheet location	Fair value	Balance sheet location	Fair value
Interest rate contracts	Derivative financial instruments - current portion	\$ 17	Derivative financial instruments - current portion	\$ 907
	Derivative financial instruments - non-current portion	—	Derivative financial instruments - non-current portion	—
<b>Total derivatives designated as hedging instruments</b>		<b>\$ 17</b>		<b>\$ 907</b>
<b>Total derivatives</b>		<b>\$ 17</b>		<b>\$ 907</b>

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 nine months ended September 30, 2023 and September 30, 2022, respectively, the derivative instruments affected Comprehensive Income as follows:

(Dollars in thousands)	Location of Loss Recognized in Income on Derivatives	Amount of Loss (Gain) Recognized in Income on Derivatives			
		Quarter Ended September 30		Nine Months Ended September 30	
		2023	2022	2023	2022
Interest rate contracts	Interest expense	\$ (26)	\$ (252)	\$ (812)	\$ (204)
<b>Total</b>		<b>\$ (26)</b>	<b>\$ (252)</b>	<b>\$ (812)</b>	<b>\$ (204)</b>

(Dollars in thousands)	Line Item	Loss (Gain) Recognized in OCI on Derivatives (Effective Portion)			
		Amount		Amount	
		Quarter Ended September 30		Nine Months Ended September 30	
		2023	2022	2023	2022
Interest rate contracts		\$ —	\$ (312)	\$ 2	\$ (1,457)
<b>Total</b>		<b>\$ —</b>	<b>\$ (312)</b>	<b>\$ 2</b>	<b>\$ (1,457)</b>

(Dollars in thousands)	Line Item	Loss (Gain) Reclassified from OCI into Income (Effective Portion)			
		Amount		Amount	
		Quarter Ended September 30		Nine Months Ended September 30	
		2023	2022	2023	2022
Interest expense		\$ (26)	\$ (252)	\$ (812)	\$ (204)
<b>Total</b>		<b>\$ (26)</b>	<b>\$ (252)</b>	<b>\$ (812)</b>	<b>\$ (204)</b>

The derivatives have 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 September 30, 2023, and December 31, 2022, we had derivative financial assets carried and measured at fair value on a recurring basis of \$17,000 and \$907,000, respectively. As of September 30, 2023, and December 31, 2022, we had no derivatives in a liability position.

The following tables summarize our financial liabilities that are carried at cost and measured at fair value on a non-recurring basis as of September 30, 2023, and December 31, 2022, by level within the fair value hierarchy.

(Dollars in thousands)	Carrying Value <sup>(1)</sup>	Fair Value Measurement at September 30, 2023			Total
		Level 1	Level 2	Level 3	
Notes payable	\$ 179,900	\$ —	\$ —	\$ 177,329	\$ 177,329
Subordinated debt	28,689	—	—	26,035	26,035
	<b>\$ 208,589</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 203,364</b>	<b>\$ 203,364</b>

(Dollars in thousands)	Carrying Value <sup>(1)</sup>	Fair Value Measurement at December 31, 2022			Total
		Level 1	Level 2	Level 3	
Notes payable	\$ 196,387	\$ —	\$ —	\$ 172,230	\$ 172,230
Subordinated debt	29,246	—	—	25,025	25,025
	<b>\$ 215,633</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 197,255</b>	<b>\$ 197,255</b>

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

The 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 as of September 30, 2023, and December 31, 2022.

- **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 September 30, 2023, and December 31, 2022, 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 nine months ended September 30, 2023, and September 30, 2022.

#### Note 20 – Subsequent Events

On October 25, 2023, we closed on the sale of our property in Maitland, NSW in Australia for AU\$2.8 million. We simultaneously entered into a lease back to Reading Cinemas for a 2-year period.

On November 1, 2023, we closed our Reading Cinema in Rohnert Park, California.



## Item 2 – Management's Discussion and Analysis ("MD&A") of Financial Condition and Results of Operations

The MD&A should be read in conjunction with our consolidated financial statements and related notes in this Report.

### Business Overview & Updates

We continue to be optimistic about the current trajectory of our business and the cinema industry as a whole. Although we remain positive, we are currently, and have in recent years, been impacted by multiple factors. These factors are largely beyond our control, and continue to impact the profitability of our global cinema segment when compared to pre-pandemic levels:

- Cinema patronage levels that have not yet returned to the higher pre-pandemic levels;
- The number of movies released by the major Hollywood studios and other distributors, while increasing from pandemic levels, have not yet returned to their higher pre-pandemic levels;
- The duration of the exclusive theatrical release window is under continuing pressure from cable and streaming;
- Increased film rent expense, as distributors demand more and more rent for high profile movies;
- Inflationary pressures, ongoing supply chain issues and increased operating expenses arising post-pandemic continue to push up our variable costs while we encounter consumer resistance to higher ticket prices;
- Labor costs continue to increase (resulting from a combination of inflation and labor shortages);
- Increased fixed costs for third party cinema rents, some of which are increasing due to fixed rent escalations, which are exacerbated by having to also pay our COVID-19 related rent deferrals for the periods of time when our operations were closed or restricted and
- Reserve banks in the U.S., Australia and New Zealand have increased interest rates causing our cost of borrowing to increase materially.

In addition to the above factors impacting the income levels of our global cinema business, we are also monitoring the future potential impact of the Hollywood strikes on our global cinema business. On September 28, 2023, the Hollywood writers' strike officially ended followed by the actors' strike on November 8, 2023. While we are thrilled about the recent end of the Hollywood Strikes, we know that the duration of the strikes will likely impact our global cinema business in 2024 due to production delays and shifting theatrical release date. Nonetheless, the recent settlement gives us more confidence that 2023 will end on a positive note delivering a marked improvement over 2022.

Despite the above factors, we believe that with (i) the re-recognition by the major studios, and other distributors, including streamers such as Amazon and Apple, of the economic importance of the theatrical release of movies, (ii) the increasing quantity and quality of films being released to the cinemas compared to pandemic levels and (iii) the expansion of certain movie audiences (such as audiences for concert films and faith based films), that the long term prospects for our industry are positive. Still, it is generally recognized that there are currently too many cinemas in the U.S., and we are reviewing and culling our poor performers where possible. Fortunately, most of our cinemas are in good markets which are not, in our view, over-screened and we believe that oversupply is less of an issue in post-pandemic Australia and New Zealand. We have confidence that in the next few years, we will return to being able to again use our cinema cash flow to support our real estate development activities. We continue to receive and review proposals for new or available existing cinemas.

We are continuing to address the challenges of the post-COVID world. For instance, we are (i) increasing and improving our automated and self-service options at the cinema level to reduce labor costs, (ii) continuing to focus on our food and beverage offerings and now have liquor licenses in every U.S. cinema, and (iii) continuing to expand our alternative content program with the intention of attracting a broader and more diversified range of patrons. Despite COVID-19 legacy issues, the global cinema industry experienced a robust performance during the third quarter of 2023 which was ignited by the double feature of record-breaking films, *Barbie* and *Oppenheimer*.

We are also continuing to reduce our fixed costs of operation by closing non-performing cinemas upon the expiration of their current lease terms. In addition, in light of potential impacts to the movie release schedule in the next few years due to the Hollywood Strikes, we are in the process of seeking occupancy relief from existing cinema landlords. Over the first ten months of 2023, we have elected not to extend three underperforming US cinema leases.

While we are closing down non-performing theatres in the over-screened U.S., we are continuing to build and expand our circuit in Australia in New Zealand. In 2023, we have opened two new cinemas, representing 13 screens in Australia. We also have two more cinemas, representing an additional 11 screens that are in the pipeline: one in Queensland Australia and one in New Zealand.

We also believe that, as our guests return to the cinema, we will see enhanced operating results from the expansion of our F&B menus and our continued improvement on the quality and diversity of our F&B offer. In the U.S., 100% of our cinemas are licensed for the sale of liquor, beer and wine.

Moreover, the remainder of the year features a unique and compelling film slate that is expected to continue driving audiences to the big screens. After a wildly successful record-breaking concert tour, the *Taylor Swift: The Eras Tour* movie was released on October 13<sup>th</sup>, 2023 to excited movie-goers and continued to break records for the theaters. The "Swifties" came out in full force for opening weekend, making the movie the highest grossing concert film of all time in North America, grossing almost \$93 million domestically in its opening weekend, and thus far has already earned over \$241 million globally.

#### **Recent Box Office Improvements**

The third quarter of 2023 witnessed a significant boost in box office performance due to the highly anticipated release of *Barbie* and *Oppenheimer* on July 21, 2023. This double feature drove audiences across the globe to the big screens to experience the cultural phenomenon referred to as "Barbenheimer", resulting in a strong quarterly box office that outperformed that of Q3 2022. As of date of this report, *Barbie* has generated over \$1.4 billion in worldwide grosses, making it 2023's highest grossing global movie and the highest grossing opening weekend for a non-franchise film ever. Similarly, *Oppenheimer* has generated over \$948 million in worldwide grosses and as of the date of this report, it is the third highest grossing film of 2023.

The simultaneous release of these two highly acclaimed films generated a surge of excitement among moviegoers that benefited the cinema industry and the summer film line up immensely. *Sound of Freedom*, which was considered this summer's unlikely box office hit, has generated over \$244 million in worldwide grosses, as of today, making it one of the most successful independent films of all time. After a 5-year franchise hiatus, *Mission: Impossible – Dead Reckoning* has grossed over \$567 million worldwide. Finishing off the summer season, *Teenage Mutant Ninja Turtles: Mutant Mayhem* has become the first non-Disney, non-Universal, and non-Marvel superhero animated movie to make over \$118 million domestically. As of the date of this report, it has grossed over \$180 million worldwide.

The success of these films continues to support our confidence in the long-term viability of the global cinema business and reinforces the industry's resilience in the face of ongoing challenges such as labor shortages, supply chain constraints, and rising costs. The continued enthusiasm of patrons for the movie-going experience, along with the increased availability of compelling and unique film content, has been the driving force behind this success. We are confident that we will continue to build on this box office momentum as we head into the final quarter of the year with another exciting film line-up. Audiences can look forward to the release of *Hunger Games: The Ballad of Songbirds and Snakes*, *Napoleon*, *Wish*, *Migration*, *Wonka*, *The Color Purple*, and *Aquaman and the Lost Kingdom*.

#### **Real Estate Developments**

In the United States, during the first quarter of 2022, we leased to Petco Animal Supplies Stores, Inc. ("Petco"), the cellar, ground floor, and second floor of our 44 Union Square property, representing approximately 42 percent of the leasable area of that building. Petco is in possession of the space and began paying cash rent in December 2022. Petco's 44 Union Square flagship store opened on June 1, 2023.

Our real estate team continues to work to secure one or more tenants for the remaining space at 44 Union Square. We believe that the pandemic's impact on the office leasing market in New York City and the slow pace of the "return to office" effort in New York City have adversely impacted leasing opportunities and will continue to adversely impact our efforts to locate an office tenant for the space at 44 Union Square. As a result, we are currently exploring non-office and alternative uses for the remainder of the building. Should we obtain a tenant, we already have mortgage financing in place for this project to cover leasing and tenant improvement costs.

As of September 30, 2023, all of our tenants were currently open for business at our Australian and New Zealand properties (with the exception of two new tenants in Australia completing new fit outs). Most of the rentable retail portions of our Courtenay Central location in New Zealand continue to be closed due to seismic concerns, however one tenant remains open and trading. Furthermore, there is also one tenant trading on our Wakefield property. Our open land areas in Wellington are generating parking revenues.

#### **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 as of September 30, 2023.
- Real estate, including real estate development and the rental of retail, commercial, and live theatre assets.

We believe these two business segments complement and support one another. Prior to COVID-19, we used cash flows generated by our cinema operations to fund the front-end cash demands of our real estate development business. As a result of COVID-19, we relied more upon income from our real estate assets, and tapped into the imbedded value in those assets, to support our Company through the COVID-19 crisis. As COVID-19 impacts decrease, quality film product improves, and patrons return to our cinemas, we believe we will once again be able to rely on the cash flows generated by our cinema portfolio.

Despite the fact that our global cinema segment is improving at an income level, in light of our upcoming liquidity needs due to debt maturities, we have identified certain real estate assets to monetize to support our liquidity needs and will be exploring the monetization of other properties to the extent our liquidity needs require. We are steadfast in our belief that our two-pronged, diversified international business strategy will keep carrying our Company through these difficult times as we continue to navigate the uncertainty and challenges posed by the recent macroeconomic obstacles.

#### **Key Performance Indicators**

##### **Food and Beverage Spend Per Patron**

A key performance indicator utilized by management in our cinema segment is Food and Beverage ("F&B") Spend Per Patron ("SPP"), which is calculated based on our total Food & Beverage Revenues on a post-tax basis divided by our attendance during a specific period.

One of our strategic priorities has been to continue upgrading the food and beverage menu at several of our global cinemas. As of September 30, 2023, we have a total of 39 theater locations with elevated food and beverage menus (i.e. menus that are beyond traditional popcorn, soda, and candy). We use F&B SPP as a measure of our food and beverage operational performance as compared to that of our competitors. Although the profitability of our food and beverage operations is influenced by numerous factors, including labor and cost of goods, F&B SPP serves as an indicator of our ability to achieve consistent strong top-line performance. In addition, F&B SPP highlights our ability to optimize revenue by effectively promoting and selling supplementary products to our customers during each visit. Moreover, this metric assists in evaluating how well we can differentiate our F&B offerings from our competitors. Management in turn uses F&B SPP to adjust food and beverage pricing strategies at our individual theaters, measure the effectiveness of promotional marketing initiatives, optimize menu offerings, and to ensure price barriers are not created for our attendance.

##### **Average Ticket Price Per Patron**

An additional key performance indicator utilized by management in our cinema segment is Average Ticket Price ("ATP") Per Patron, which is calculated based on our total Box Office Revenues on a post-tax basis divided by our attendance during a specific period. ATP serves to measure our operational cinema performance when compared to that of our competitors. ATP is a useful metric for evaluating our ability to achieve a strong top line performance as we recover from the COVID-19 pandemic. In addition, ATP gauges the effectiveness of our cinemas' pricing strategies and our ability to draw back audiences to our theaters. Management uses ATP to adjust and inform ticket pricing schemes for our individual theaters, measure the effectiveness of our content programming, and ensure that price barriers are not created for core guests.

#### **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 by Angelika, and for our one unconsolidated joint venture theatre, Event Cinemas brands.
- in New Zealand, under the Reading Cinemas and our two unconsolidated joint venture theatres, Rialto Cinemas brands.

Shown in the following table are the number of locations and screens in our cinema circuit in each country, by state/territory/region, our cinema brands, and our interest in the underlying assets as of September 30, 2023.

Country	State / Territory / Region	Location Count <sup>(3)</sup>	Screen Count	Interest in Asset Underlying the Cinema		Operating Brands
				Leased	Owned	
United States	Hawaii	6	74	6		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
	<b>U.S. Total</b>	<b>21</b>	<b>214</b>	<b>20</b>	<b>1</b>	
Australia	Victoria	3	62	3		Reading Cinemas
	New South Wales	6	44	5	1	Reading Cinemas
	Queensland	7	64	4	3	Reading Cinemas, Angelika Film Center, Event Cinemas <sup>(1)</sup>
	Western Australia	4	27	3	1	Reading Cinemas
	South Australia	2	15	2		Reading Cinemas
	Tasmania	2	14	2		Reading Cinemas, State Cinema by Angelika
		<b>Australia Total</b>	<b>30</b>	<b>226</b>	<b>25</b>	<b>5</b>
New Zealand	Wellington	2	15	1	1	Reading Cinemas
	Otago	3	15	2	1	Reading Cinemas, Rialto Cinemas <sup>(2)</sup>
	Auckland	2	15	2		Reading Cinemas, Rialto Cinemas <sup>(2)</sup>
	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
	<b>New Zealand Total</b>	<b>11</b>	<b>67</b>	<b>7</b>	<b>4</b>	
<b>GRAND TOTAL</b>		<b>62</b>	<b>507</b>	<b>52</b>	<b>10</b>	

(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.

(3) Our total location counts as of September 30, 2023, reflects all operating cinemas, including (i) the Angelika Film Center at South City Square in Australia, which opened on August 24, 2023, (ii) the Reading Cinemas at Busselton in Australia, which opened on September 22, 2023, (iii) the Reading Cinemas at Courtenay Central in New Zealand, which remains closed while we address certain seismic issues and (iv) two underperforming Consolidated Theatres in Hawaii were closed, as of July 9, 2023 and July 31, 2023 respectively.

Our cinema revenues consist primarily of cinema ticket sales, F&B sales, screen advertising, gift card purchases, cinema 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 (i) film rent expense, (ii) operating costs, such as employment costs and utilities, and (iii) occupancy costs. Cinema revenues and certain expenses fluctuate with the availability of quality first run films and the number 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 refer to Part I, Item 1 – Our Business of our 2022 Form 10-K. We now present a discussion of recent material developments.

#### Cinema Additions and Pipeline

The latest additions to our cinema portfolio as of September 30, 2023, were as follows:

- Armadale, Western Australia, Australia: On January 13, 2023, we took over an existing six-screen cinema in Armadale, Australia, a suburb of Perth in Western Australia.
- South City Square, Brisbane, Australia: On August 24, 2023, we launched our first-ever Angelika Film Center outside of the United States at South City Square in Woolloongabba, Brisbane. The location currently operates as an eight-screen complex, featuring elevated food and beverage offerings (including alcoholic beverages) and recliner seating.
- Busselton, Western Australia, Australia: On September 22, 2023, we opened a five-screen complex in the newly expanded Busselton Central Shopping Centre precinct of Busselton, Western Australia. The state-of-the-art complex features a TITAN LUXE screen, elevated food and beverage offerings, and recliner seating.

Our Board has authorized management to proceed with the negotiation of leases for two new state-of-the-art cinemas, one of which is Noosa in Queensland, Australia and the other in New Zealand.

## Cinema Upgrades

As of September 30, 2023, the upgrades to our cinema circuits' film exhibition technology and amenities over the years are as summarized in the following table:

	Location Count	Screen Count
<b>Screen Format</b>		
Digital (all cinemas in our cinema circuit)	62	507
IMAX	1	1
TITAN XC and LUXE	27	33
<b>Dine-in Service</b>		
Gold Lounge (AU/NZ) <sup>(1)</sup>	11	29
Premium (AU/NZ) <sup>(2)</sup>	17	45
Spotlight (U.S.) <sup>(3)</sup>	1	6
<b>Upgraded Food &amp; Beverage menu (U.S.)<sup>(4)</sup></b>	18	n/a
<b>Premium Seating (features recliner seating)</b>	33	198
<b>Liquor Licenses<sup>(5)</sup></b>	48	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 cinema 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 cinema auditorium. As of today, we have liquor licenses in 100% of the cinemas operating in the U.S. In Australia, we have five liquor licenses pending, and in New Zealand we have two liquor licenses pending.

## Recent Enhancements

### United States

- Renovation Work:** As of September 30, 2023, we have converted 110 of our 214 U.S. auditoriums to luxury recliner seating. We have an agreement in place with our landlord at the Dallas Angelika for a complete remodel of that cinema, which we anticipate will be completed in Q1 of 2024.

### Australia and New Zealand

- Rouse Hill renovation:** Reading Cinema Rouse Hill will undergo a lease obligated refurbishment focusing on the foyer, concessions and the addition of another all reclining Premium auditorium. The introduction of the hot food offer and streamlining operations to ensure minimal staffing requirement productivity. The Preliminary drawings have been completed and will develop into a construction set for project/lessor approval, building consents and tender. Siteworks are expected to be completed late Q1 2024.
- Angelika Film Centre, South City Square:** Australia's first Angelika Film Centre opened on August 24, 2023 in the Woollongabba (Queensland) South City Square development. The complex offers eight screens, all reclining seating, and exceptional hot food and liquor offerings. The fit-out project was completed within the allocated budget and time frame.
- Other Cinema Upgrades:** In addition, during the three-year period 2021 to 2023, we also improved Sunbury and State Cinema in Australia, as well as some non-lease driven renovations at Rouse Hill in New South Wales, Australia.

During 2023, we will continue to focus on the enhancement of our proprietary online ticketing and Food & Beverage capabilities, together with improving and expanding our social media platforms and 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.

#### Cinema Closures

Our cinema in Wellington, New Zealand remains closed due to seismic concerns pending the redevelopment of that ETC. On May 7, 2023, The Hutt Pop-Up in New Zealand was permanently closed due to the expiration of our lease. We chose not to continue the cinema as it was only brought online as a "pop up" to address a temporary opening in the market. As of the date of this report, we have also closed and terminated our lease agreements at two underperforming Consolidated Theatre locations in Hawaii (Koko Marina Center and Queen Kaahumanu Center) and, as of November 1, 2023, a Reading Cinemas in California (Rohnert Park). One cinema was on a month-to-month arrangement and the other two were at the end of their respective terms. The decision to terminate these three venues was based on our belief that none of these locations could be operated profitably in the current environment on any meaningful rent paying basis at the rents being demanded by their respective landlords. Both of the Hawaii locations are currently closed and without replacement tenants. The California location is still in de-fit status.

#### Real Estate Overview

Through our various subsidiaries, we engage in the real estate business through the development, ownership, rental or licensing to third parties of retail, commercial, and live theatre assets. 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. In addition to owning the fee interests in 10 of our cinemas (as presented in the table under *Cinema Exhibition Overview*), as of September 30, 2023, we:

- own our 44 Union Square property in Manhattan comprised of retail and office space which is currently in the lease-up phase. The cellar, ground floor, and second floor of the building are now fully leased to Petco, which is in occupancy of its premises on a full rent paying basis.
- own and operate 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;
- own and operate our administrative office building in Culver City, California, which is currently being held for sale;
- own and operate our administrative office building in South Melbourne, Australia;
- own and operate the fee interests in two developed commercial properties in Manhattan improved with live theatres comprised of a single stage in each location;
- own a 75% managing member interest in a limited liability company which in turn owns the fee interest in and improvements constituting our Cinemas 1,2,3 located in Manhattan;
- own an approximately 26.6-acre property in Williamsport, Pennsylvania, currently leased to Transco Railway Products, Inc and currently being held for sale;
- own approximately 201-acres principally in Pennsylvania from our legacy railroad business, including the Reading Viaduct in downtown Philadelphia; and
- have exercised our option to purchase the improvements and ground lease comprising our cinema, Village East by Angelika cinema, and headquarters building at 189 Second Avenue in Manhattan, such sale scheduled to close in July 2024.

For a breakdown of our real estate assets, made current by our discussion below, please refer to *Part I, Item 1 – Our Business* of our 2022 Form 10-K. We now present a discussion of recent material developments.

#### Value-creating Opportunities

The implementation of most of our Company's real estate development plans remained delayed due to the effects of the COVID-19 pandemic on the global cinema industry and the need to conserve capital and fund our cinema operation. However, we intend to continue to emphasize the prudent development of our real estate assets as we emerge from the pandemic.

#### United States:

- 44 Union Square Redevelopment (New York, N.Y.) – On January 27, 2022, we entered a long-term lease with Petco for the cellar, ground floor, and second floor of the building, representing 42% of the leasable area. Petco is in occupancy of its premises on a full rent cash paying basis and opened to the public on June 1, 2023. CBRE is currently engaged as our exclusive broker for the remaining space. While the space was originally designed for office uses, given the dramatic presence of the property on Union Square, the rebound in foot traffic being enjoyed by Union Square and our building's great branding potential, we are considering, a range of uses beyond traditional office tenants, including short term and special purpose uses. While we cannot guarantee the successful leasing of the remaining space, our leasing team continues to actively pursue potential tenants.

- Minetta Lane Theatre (New York, N.Y.) – Prior to COVID-19, our theatre was used by Audible, to present plays featuring a limited cast of one or two characters and special live performance engagements on the Audible streaming service. Due to COVID-19, no shows were presented between March 2020 and October 8, 2021, the date on which public performances resumed, and during this period we provided certain abatements. Audible has resumed full operations at the theatre and extended its license arrangement with us through March 15, 2024. Audible has informed us that they would like to extend another two years with one year option. The parties will be working on an extension agreement in the near future. No assurances can be given that we will be able to enter into such a contract extension on terms acceptable to the Company.
- Orpheum Theatre (New York, N.Y.) – Prior to COVID-19, our theatre was the home to STOMP. Due to COVID-19, no shows were presented between April 2020 and June 2021. Thereafter, performances were intermittent. During this period, we provided certain abatements. STOMP ultimately closed (after 30 years at our theatre) on January 8, 2023. Under our termination agreement with the producers of STOMP, we have certain rights to provide the New York City venue for any future production of that show. Following STOMP's historic run at the Orpheum, a new show, *The Empire Strips Back*, ran for approximately three months and Comedian Rachel Bloom will host a short term run for *Death, Let Me Do My Show* from December 7, 2023, to January 6, 2024. We are also in discussions with other potential shows to license the Orpheum Theatre.
- Cinemas 1,2,3 (New York, N.Y.) – Currently operated as the Cinemas 123, we have historically treated this property as an asset held for long term development. However, in light of a variety of factors, such as market conditions in Manhattan for real estate assets, cost of capital and demands on our liquidity, we have begun to explore alternatives for this property. These alternatives may include, again by way of example, the bringing in of a capital partner, the entering into a long-term ground lease (which could serve as the basis for medium to long term finance), and/or the sale (in whole or in part) of our interest in the property.
- The Philadelphia Viaduct and Adjacent Properties (Philadelphia, Pennsylvania) – This continues to be an area of focus for us in 2023. We have, in recent periods, begun the process of demolishing obsolete structures on the Viaduct or on our properties adjacent to the Viaduct. The city is currently considering an ordinance which would allow it to acquire, in whole or in part, our interest in the Viaduct, and we are in discussions with community leaders about ways in which we can work together to bring enhanced value to our holdings.

**Australia:**

- Newmarket Village ETC. (Brisbane, Australia) – We continue to work on the expansion and upgrade of our Newmarket Village ETC. Our site includes a 23,250 square foot parcel adjacent to the center, improved with an office building. Over the next few years, we will be evaluating development options for this space. As of the date of this report, the combined center and office building is 99% leased.
- Cannon Park Center ETC. (Queensland, Australia) – We own two adjoining properties in Townsville, Queensland, Australia, (Cannon Park City Center and Cannon Park Discount Center) comprising approximately 9.4-acres which we operate as our Cannon Park Center ETC. The total gross leasable area of the two properties is 133,000 square feet. Our multiplex cinema is the anchor tenant. These properties are currently 94% leased.
- The Belmont Common. (Belmont, Perth, Australia) – The total gross leasable area of the Belmont Common is 60,117 square feet. Our multiplex cinema is the anchor tenant with six third-party tenants and our Reading Cinemas, the site is currently 100% leased.

**New Zealand:**

- Courtenay Central Redevelopment (Wellington) – Our Wellington property is comprised of three parcels representing approximately 161,082 square feet of land in the entertainment core of Wellington, we anticipate that this redevelopment opportunity will be a principal focus over the next few years. We remain optimistic about the development potential for our Courtenay Central property, in light of, among other things, (i) the successful June 3, 2023 opening of Takina Wellington Convention and Exhibition Center (wcec.co.nz), this capital city's first premium conference and exhibition space that already has over a hundred conferences and events booked and internationally acclaimed exhibits scheduled, (ii) the loosening of certain height and density restrictions, and (iii) the lack of comparable building sites.

For a complete list of our principal properties, see *Part I, Item 2 – Properties* under the heading "*Investment and Development Property.*"

**Corporate Matters**

Refer to Part I – Financial Information, Item 1 – Notes to Consolidated Financial Statements-- Note 17 – Stock-Based Compensation and Stock Repurchases for details regarding our stock repurchase program and Board, Executive and Employee stock-based remuneration programs.



**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 nine months ended September 30, 2023, and September 30, 2022, respectively:

(Dollars in thousands)	Quarter Ended		% Change Fav/ (Unfav)	Nine Months Ended		% Change Fav/ (Unfav)
	September 30, 2023	September 30, 2022		September 30, 2023	September 30, 2022	
<b>SEGMENT RESULTS</b>						
<b>Revenue</b>						
Cinema exhibition	\$ 62,688	48,258	30 %	\$ 165,731	\$ 147,476	12 %
Real estate	5,056	4,070	24 %	15,338	12,265	25 %
Inter-segment elimination	(1,181)	(1,232)	4 %	(3,644)	(3,833)	5 %
Total revenue	66,563	51,196	30 %	177,425	155,908	14 %
<b>Operating expense</b>						
Cinema exhibition	(54,459)	(46,540)	(17) %	(149,941)	(138,412)	(8) %
Real estate	(2,281)	(2,352)	3 %	(6,900)	(6,715)	2 %
Inter-segment elimination	1,181	1,232	(4) %	3,644	3,833	(5) %
Total operating expense	(55,559)	(47,660)	(17) %	(152,897)	(141,294)	(8) %
<b>Depreciation and amortization</b>						
Cinema exhibition	(2,784)	(3,161)	12 %	(8,551)	(10,057)	15 %
Real estate	(1,624)	(1,591)	(2) %	(4,830)	(4,920)	2 %
Total depreciation and amortization	(4,408)	(4,752)	7 %	(13,381)	(14,977)	11 %
<b>General and administrative expense</b>						
Cinema exhibition	(1,050)	(794)	(32) %	(2,983)	(3,360)	11 %
Real estate	(231)	(272)	15 %	(696)	(755)	8 %
Total general and administrative expense	(1,281)	(1,066)	(20) %	(3,679)	(4,115)	11 %
<b>Impairment expense</b>						
Cinema exhibition	—	—	- %	—	(1,549)	(>100) %
Total impairment expense	—	—	- %	—	(1,549)	(>100) %
<b>Segment operating income</b>						
Cinema exhibition	4,395	(2,137)	>100 %	4,256	(5,902)	>100 %
Real estate	920	(145)	>100 %	3,212	(125)	>100 %
Total segment operating income (loss)	\$ 5,315	\$ (2,282)	>100 %	\$ 7,468	\$ (6,027)	>100 %
<b>NON-SEGMENT RESULTS</b>						
Depreciation and amortization expense	(172)	(258)	33 %	(527)	(804)	34 %
General and administrative expense	(4,124)	(4,190)	2 %	(12,014)	(13,249)	9 %
Interest expense, net	(5,072)	(3,694)	(37) %	(14,063)	(10,242)	(37) %
Equity earnings of unconsolidated joint ventures	217	61	>100 %	443	233	90 %
Gain (loss) on sale of assets	—	(59)	(>100) %	—	(59)	100 %
Other income (expense)	267	5,435	(95) %	356	8,445	(98) %
Income before income taxes	(3,569)	(4,967)	28 %	(18,337)	(21,703)	16 %
Income tax benefit (expense)	(896)	(332)	(>100) %	(313)	(1,492)	79 %
<b>Net income (loss)</b>	(4,465)	(5,299)	16 %	(18,650)	(23,195)	20 %
Less: net income (loss) attributable to noncontrolling interests	(65)	(122)	47 %	(228)	(298)	(58) %
<b>Net income (loss) attributable to Reading International, Inc.</b>	\$ (4,400)	\$ (5,177)	15 %	\$ (18,289)	\$ (22,967)	20 %
<b>Basic earnings (loss) per share</b>	\$ (0.20)	\$ (0.23)	13 %	\$ (0.82)	\$ (1.04)	21 %

**Consolidated and Non-Segment Results:**

**Third Quarter and Nine Months Net Results**

**Revenue**

Revenue for the quarter ended September 30, 2023, increased by \$15.4 million, to \$66.6 million, compared to the same period in the prior year, primarily due to (i) increased revenues as a result of a stronger film slate and (ii) rent income from our 44 Union Square property.

Revenue for the nine months ended September 30, 2023, increased by \$21.5 million, to \$177.4 million, when compared to the same period in the prior year. This increase was attributable to better cinema performances across our worldwide circuit as a result of a stronger film slate and, since November 2022 rent income from our 44 Union Square property.

**Segment Operating Income/(Loss)**

Our total segment operating income for the quarter ended September 30, 2023, increased by \$7.6 million, from a loss of \$2.3 million to an income of \$5.3 million, primarily due to (i) improved operating income from our worldwide circuit and (ii) rent received from our tenant at our 44 Union Square property that did not occur in the third quarter of 2022.

Our total segment operating income for the nine months ended September 30, 2023 was \$7.5 million, which increased by \$13.5 million from a loss of \$6.0 million, primarily due to (i) improved cinema performance from a stronger film slate, which resulted in more patrons returning to the theaters, (ii) rent received from our tenant at our 44 Union Square property that did not occur in the third quarter of 2022, (iii) impairment expense of \$1.5 million that was incurred in the same period in 2022 that was not incurred in 2023 and (iv) a decrease in depreciation and amortization due to delay in Capex spending.

During the third quarter of 2023, both the Australia and New Zealand dollars devalued against the U.S. dollar. The average Australia dollar exchange rate against the U.S. dollar for the third quarter of 2023 decreased 4.1% compared to the same period in 2022. The average New Zealand dollar exchange rate against the U.S. dollar for the third quarter of 2023 decreased 1.2% compared to the same period in 2022. The devaluation of the Australia and New Zealand currencies negatively impacts segment operating income and positively impacts segment operating loss in U.S. dollar terms.

**Net Income/(Loss)**

Our net loss attributable to Reading International, Inc. for the quarter ended September 30, 2023, decreased by \$0.8 million, from a loss of \$5.2 million to a loss of \$4.4 million, when compared to the same period in the prior year, due to improved segment revenues, decreased depreciation and amortization expense, partially offset by increased interest expense, decreased other income and increased tax expense.

For the nine months ended September 30, 2023, net loss attributable to Reading International, Inc. decreased by \$4.7 million, from a loss of \$23.0 million to a loss of \$18.3 million, compared to the same period in the prior year primarily due to better segment results, decreased G&A expenses, decreased depreciation and amortization expense, no impairment in 2023, and decreased tax expenses, partially offset by increased interest expense and a decrease in other income.

**Income Tax Expense**

Income tax expense for the quarter ended September 30, 2023, increased by \$0.6 million compared to the equivalent prior-year period. The change between 2023 and 2022 is primarily related to the increase in reserve for valuation allowance in 2023.

Income tax expense for the nine months ended September 30, 2023, decreased by \$1.2 million compared to the equivalent prior-year period. The change between 2023 and 2022 is primarily related to the decrease in reserve for unrecognized tax benefits in 2023.

**Business Segment Results**

**Cinema Exhibition**

The following table details our cinema exhibition segment operating results for the quarter and nine months ended September 30, 2023, and September 30, 2022, respectively:

	Quarter Ended			Nine Months Ended			Fav/(Unfav)						
	September 30, 2023	September 30, 2022	% of Revenue	September 30, 2023	September 30, 2022	% of Revenue	Quarter Ended	Nine Months Ended					
<b>REVENUE</b>													
<b>United States</b>	Admissions revenue	\$ 19,495	31%	\$ 13,588	28%	\$ 50,250	30%	\$ 39,815	27%	43	%	26	%
	Food & beverage revenue	11,953	19%	8,671	18%	31,108	19%	25,436	17%	35	%	22	%
	Advertising and other revenue	3,074	5%	2,417	5%	8,700	5%	7,281	5%	27	%	19	%
	<b>\$ 34,522</b>	<b>55%</b>	<b>\$ 24,676</b>	<b>51%</b>	<b>\$ 90,058</b>	<b>54%</b>	<b>\$ 72,532</b>	<b>49%</b>	<b>39</b>	<b>24</b>	<b>%</b>	<b>24</b>	<b>%</b>
<b>Australia</b>	Admissions revenue	\$ 14,918	24%	\$ 12,404	26%	\$ 39,428	24%	\$ 30,125	27%	20	%	1	%
	Food & beverage revenue	7,856	13%	6,486	13%	21,016	13%	21,007	14%	21	%	-	%
	Advertising and other revenue	1,412	2%	1,124	2%	3,894	2%	3,655	2%	36	%	6	%
	<b>\$ 24,186</b>	<b>39%</b>	<b>\$ 20,014</b>	<b>41%</b>	<b>\$ 64,338</b>	<b>39%</b>	<b>\$ 63,797</b>	<b>43%</b>	<b>21</b>	<b>%</b>	<b>1</b>	<b>%</b>	
<b>New Zealand</b>	Admissions revenue	\$ 2,668	4%	\$ 2,287	5%	\$ 6,989	4%	\$ 6,919	5%	17	%	1	%
	Food & beverage revenue	1,383	2%	1,191	2%	3,774	2%	3,546	2%	16	%	4	%
	Advertising and other revenue	219	0%	192	0%	572	0%	582	0%	14	%	(2)	%
	<b>\$ 4,270</b>	<b>7%</b>	<b>\$ 3,670</b>	<b>8%</b>	<b>\$ 11,335</b>	<b>7%</b>	<b>\$ 11,147</b>	<b>8%</b>	<b>16</b>	<b>%</b>	<b>2</b>	<b>%</b>	
<b>Total revenue</b>	<b>\$ 62,688</b>	<b>100%</b>	<b>\$ 48,360</b>	<b>100%</b>	<b>\$ 165,731</b>	<b>100%</b>	<b>\$ 147,476</b>	<b>100%</b>	<b>30</b>	<b>%</b>	<b>12</b>	<b>%</b>	
<b>OPERATING EXPENSE</b>													
<b>United States</b>	Film rent and advertising cost	\$ (10,876)	17%	\$ (7,602)	16%	\$ (27,563)	17%	\$ (22,430)	15%	(43)	%	(23)	%
	Food & beverage cost	(2,500)	4%	(2,952)	6%	(8,030)	5%	(6,552)	4%	(24)	%	(25)	%
	Occupancy expense	(6,265)	10%	(6,117)	13%	(18,768)	11%	(18,447)	13%	(2)	%	(2)	%
	Other operating expense	(11,722)	19%	(10,468)	22%	(32,633)	20%	(30,453)	19%	123	%	(14)	%
	<b>\$ (31,771)</b>	<b>51%</b>	<b>\$ (26,560)</b>	<b>55%</b>	<b>\$ (86,883)</b>	<b>52%</b>	<b>\$ (75,832)</b>	<b>51%</b>	<b>(20)</b>	<b>%</b>	<b>(15)</b>	<b>%</b>	
<b>Australia</b>	Film rent and advertising cost	\$ (6,582)	10%	\$ (5,642)	12%	\$ (17,652)	11%	\$ (17,827)	12%	(17)	%	1	%
	Food & beverage cost	(1,670)	3%	(1,397)	3%	(4,407)	3%	(4,252)	3%	(8)	%	(4)	%
	Occupancy expense	(4,276)	7%	(4,215)	9%	(13,046)	8%	(13,265)	9%	(1)	%	2	%
	Other operating expense	(6,576)	10%	(5,525)	12%	(18,104)	11%	(17,344)	12%	(17)	%	(4)	%
	<b>\$ (19,104)</b>	<b>30%</b>	<b>\$ (16,769)</b>	<b>35%</b>	<b>\$ (53,211)</b>	<b>32%</b>	<b>\$ (52,688)</b>	<b>36%</b>	<b>(14)</b>	<b>%</b>	<b>(1)</b>	<b>%</b>	
<b>New Zealand</b>	Film rent and advertising cost	\$ (1,190)	2%	\$ (1,013)	2%	\$ (3,164)	2%	\$ (3,086)	2%	(17)	%	(3)	%
	Food & beverage cost	(275)	0%	(228)	0%	(731)	0%	(690)	0%	(20)	%	(5)	%
	Occupancy expense	(792)	1%	(768)	2%	(2,357)	1%	(2,385)	2%	(3)	%	1	%
	Other operating expense	(1,330)	2%	(1,033)	2%	(3,595)	2%	(3,726)	3%	(11)	%	3	%
	<b>\$ (3,585)</b>	<b>6%</b>	<b>\$ (3,212)</b>	<b>7%</b>	<b>\$ (9,847)</b>	<b>6%</b>	<b>\$ (9,892)</b>	<b>7%</b>	<b>(12)</b>	<b>%</b>	<b>-</b>	<b>%</b>	
<b>Total operating expense</b>	<b>\$ (54,460)</b>	<b>87%</b>	<b>\$ (46,541)</b>	<b>96%</b>	<b>\$ (149,941)</b>	<b>90%</b>	<b>\$ (138,412)</b>	<b>94%</b>	<b>(17)</b>	<b>%</b>	<b>(8)</b>	<b>%</b>	
<b>DEPRECIATION, AMORTIZATION, IMPAIRMENT AND GENERAL AND ADMINISTRATIVE EXPENSE</b>													
<b>United States</b>	Depreciation and amortization	\$ (1,458)	2%	\$ (1,696)	4%	\$ (4,518)	3%	\$ (5,373)	4%	14	%	16	%
	Impairment of long-lived assets	-	0%	-	0%	(1,549)	0%	(1,549)	1%	(>100)	%	(>100)	%
	General and administrative expense	(672)	1%	(408)	1%	(1,839)	1%	(2,121)	1%	(63)	%	15	%
	<b>\$ (2,130)</b>	<b>3%</b>	<b>\$ (2,104)</b>	<b>4%</b>	<b>\$ (6,357)</b>	<b>4%</b>	<b>\$ (9,043)</b>	<b>6%</b>	<b>(1)</b>	<b>%</b>	<b>30</b>	<b>%</b>	
<b>Australia</b>	Depreciation and amortization	\$ (1,192)	2%	\$ (1,281)	3%	\$ (3,611)	2%	\$ (4,034)	3%	-	%	10	%
	Impairment expense	-	0%	-	0%	-	0%	-	0%	-	%	-	%
	General and administrative expense	(377)	1%	(397)	1%	(1,144)	1%	(1,229)	1%	3	%	6	%
	<b>\$ (1,569)</b>	<b>3%</b>	<b>\$ (1,668)</b>	<b>3%</b>	<b>\$ (4,755)</b>	<b>3%</b>	<b>\$ (5,273)</b>	<b>4%</b>	<b>6</b>	<b>%</b>	<b>10</b>	<b>%</b>	
<b>New Zealand</b>	Depreciation and amortization	\$ (134)	0%	\$ (184)	0%	\$ (422)	0%	\$ (650)	0%	27	%	35	%
	Impairment expense	-	0%	-	0%	-	0%	-	0%	-	%	-	%
	General and administrative expense	-	0%	-	0%	-	0%	-	0%	-	%	-	%
	<b>\$ (134)</b>	<b>0%</b>	<b>\$ (184)</b>	<b>0%</b>	<b>\$ (422)</b>	<b>0%</b>	<b>\$ (650)</b>	<b>0%</b>	<b>27</b>	<b>%</b>	<b>35</b>	<b>%</b>	
<b>Total depreciation, amortization, general and administrative expense</b>	<b>\$ (3,833)</b>	<b>6%</b>	<b>\$ (3,956)</b>	<b>8%</b>	<b>\$ (11,534)</b>	<b>7%</b>	<b>\$ (14,966)</b>	<b>10%</b>	<b>3</b>	<b>%</b>	<b>23</b>	<b>%</b>	
<b>OPERATING INCOME (LOSS) - CINEMA</b>													
<b>United States</b>		\$ 331	1%	\$ (3,988)	(8)%	\$ (3,182)	(2)%	\$ (12,343)	(9)%	>100	%	74	%
<b>Australia</b>		\$ 3,913	6%	\$ 1,577	3%	\$ 8,772	5%	\$ 5,336	4%	>100	%	9	%
<b>New Zealand</b>		\$ 551	1%	\$ 274	1%	\$ 1,066	1%	\$ 605	0%	>100	%	76	%
<b>Total Cinema operating income (loss)</b>	<b>\$ 4,395</b>	<b>7%</b>	<b>\$ (2,137)</b>	<b>(4)%</b>	<b>\$ 4,256</b>	<b>3%</b>	<b>\$ (5,902)</b>	<b>(4)%</b>	<b>&gt;100</b>	<b>%</b>	<b>&gt;100</b>	<b>%</b>	

**Third Quarter and Nine Months Results**

**Revenue**

For the quarter ended September 30, 2023, cinema revenue increased by \$14.3 million, to \$62.7 million compared to the same period in the prior year. Our worldwide cinema revenue increased by 30%; geographically, U.S., AU and NZ cinema revenue increased by 39%, 21% and 16% respectively.

For the nine months ended September 30, 2023, cinema revenue increased by \$18.3 million, to \$165.7 million compared to the same period in the prior year.

The increase in revenues for the quarter and nine months ending September 30, 2023 was primarily driven by increased attendance, increased food and beverage sales and advertising and other revenue as a result of a stronger film slate.

**Cinema Segment Operating Income(Loss)**

Cinema segment operating income for the quarter ended September 30, 2023, increased by \$6.5 million, from a loss of \$2.1 million to an income of \$4.4 million when compared to the same period in the prior year, primarily due to a stronger film slate.

Cinema segment operating income for the nine months ended September 30, 2023, increased by \$10.2 million, from a loss of \$5.9 million to an income of \$4.3 million when compared to the same period in the prior year primarily due to (i) improved cinema performance as a result of stronger movie slate and more patrons returning to the theaters, (ii) impairment expense that was incurred in 2022 that was not incurred in 2023 and (iii) a decrease in depreciation and amortization due to delay in Capex spending.

**Operating expense**

Operating expenses for the quarter ended September 30, 2023, increased by \$7.9 million, to \$54.5 million, compared to the same quarter in the prior year. Operating expenses for the nine months ended September 30, 2023, increased by \$11.5 million, to \$149.9 million, compared to the same time period in the prior year. These increases were due to increased film rent expense, increased food and beverage costs and other operating expenses as result of a better segment performance.

**Depreciation, amortization, impairment, general and administrative expense**

Depreciation, amortization, impairment, and general and administrative expenses for the quarter ended September 30, 2023, decreased by \$0.1 million, to \$3.8 million, compared to the same quarter in the prior year. Depreciation, amortization, impairment and general and administrative expense for the nine months ended September 30, 2023, decreased by \$3.4 million, to \$11.5 million, compared to the same period in the prior year. These decreases were due to (i) impairment expense that was incurred in 2022 that did not reoccur in 2023, and (ii) a decrease in depreciation and amortization due to a delay in Capex spending.

## Real Estate

The following table details our real estate segment operating results for the quarter and nine months ended September 30, 2023 and September 30, 2022, respectively:

(Dollars in thousands)	Quarter Ended				Nine Months Ended				% Change	
	September 30, 2023	% of Revenue	September 30, 2022	% of Revenue	September 30, 2023	% of Revenue	September 30, 2022	% of Revenue	Quarter Ended	Nine Months Ended
<b>REVENUE</b>										
United States	\$ 465	9%	\$ 384	9%	\$ 1,370	9%	\$ 1,343	11%	21%	2%
Property rental income	1,149	23%	143	4%	3,832	24%	445	4%	>100%	>100%
Australia	1,614	32%	527	13%	5,002	33%	1,788	15%	>100%	>100%
Property rental income	3,063	61%	3,154	77%	9,181	60%	9,336	79%	(3)%	(2)%
New Zealand	380	8%	390	10%	1,145	7%	1,141	9%	(3)%	-%
Property rental income										
<b>Total revenue</b>	<b>\$ 5,057</b>	<b>100%</b>	<b>\$ 4,071</b>	<b>100%</b>	<b>\$ 15,338</b>	<b>100%</b>	<b>\$ 12,265</b>	<b>100%</b>	<b>24%</b>	<b>25%</b>
<b>OPERATING EXPENSE</b>										
United States	\$ (122)	2%	\$ (160)	4%	\$ (476)	3%	\$ (531)	4%	24%	10%
Live theatre cost	(466)	9%	(330)	8%	(1,132)	7%	(894)	7%	(41)%	(27)%
Property cost	(260)	5%	(242)	6%	(742)	5%	(750)	6%	(5)%	1%
Occupancy expense	(448)	9%	(730)	18%	(2,351)	15%	(2,179)	18%	(16)%	(8)%
Australia	(548)	11%	(580)	14%	(1,653)	11%	(1,596)	13%	7%	(4)%
Property cost	(505)	10%	(500)	12%	(1,471)	10%	(1,541)	13%	(1)%	(4)%
Occupancy expense	(1,053)	21%	(1,088)	27%	(3,130)	20%	(3,137)	26%	3%	-%
New Zealand	(213)	5%	(420)	10%	(816)	5%	(1,085)	9%	32%	25%
Property cost	(108)	2%	(116)	3%	(309)	2%	(318)	3%	7%	3%
Occupancy expense	(81)	2%	(158)	4%	(207)	1%	(253)	2%	6%	1%
<b>Total operating expense</b>	<b>\$ (2,282)</b>	<b>45%</b>	<b>\$ (2,354)</b>	<b>58%</b>	<b>\$ (6,600)</b>	<b>43%</b>	<b>\$ (6,715)</b>	<b>55%</b>	<b>3%</b>	<b>2%</b>
<b>DEPRECIATION, AMORTIZATION, GENERAL AND ADMINISTRATIVE EXPENSE</b>										
United States	\$ (824)	16%	\$ (745)	18%	\$ (2,358)	15%	\$ (2,243)	18%	(11)%	(5)%
Depreciation and amortization	(171)	3%	(211)	5%	(507)	3%	(843)	7%	19%	21%
General and administrative expense	(653)	13%	(534)	13%	(1,851)	12%	(1,400)	11%	(24)%	(1)%
Australia	(617)	12%	(655)	16%	(1,900)	12%	(2,042)	17%	6%	7%
Depreciation and amortization	(62)	1%	(69)	2%	(189)	1%	(112)	1%	-%	(60)%
General and administrative expense	(555)	11%	(586)	14%	(1,711)	11%	(1,930)	16%	1%	1%
New Zealand	(677)	13%	(715)	18%	(2,089)	14%	(2,154)	18%	5%	3%
Depreciation and amortization	(163)	3%	(191)	5%	(572)	4%	(635)	5%	4%	10%
General and administrative expense	(514)	10%	(524)	13%	(1,517)	10%	(1,519)	13%	-%	-%
<b>Total depreciation, amortization, general and administrative expense</b>	<b>\$ (1,883)</b>	<b>37%</b>	<b>\$ (1,921)</b>	<b>47%</b>	<b>\$ (5,372)</b>	<b>35%</b>	<b>\$ (5,373)</b>	<b>44%</b>	<b>-%</b>	<b>10%</b>
<b>OPERATING INCOME (LOSS) - REAL ESTATE</b>										
United States	\$ (220)	5%	\$ (159)	4%	\$ (214)	1%	\$ (3,273)	27%	80%	93%
Australia	1,333	26%	1,351	33%	3,972	26%	4,045	33%	(1)%	(2)%
New Zealand	(184)	4%	(337)	8%	(546)	4%	(897)	7%	45%	39%
<b>Total real estate operating income (loss)</b>	<b>\$ 929</b>	<b>18%</b>	<b>\$ 1,455</b>	<b>36%</b>	<b>\$ 3,212</b>	<b>21%</b>	<b>\$ 1,253</b>	<b>(1)%</b>	<b>&gt;100%</b>	<b>&gt;100%</b>

### Third Quarter and Nine Months Results

#### Revenue

Real estate revenue for the quarter ended September 30, 2023, increased by approximately \$1.0 million to \$5.1 million, compared to the same period in the prior year. This increase was due to the recognition of rental income from our tenant at our 44 Union Square property, which did not occur in the same period of the prior year and increased live theatre rental income.

For the nine months ended September 30, 2023, real estate revenue increased by \$3.1 million, to \$15.3 million, compared to the same period in the prior year. This increase was driven by the rental income from our 44 Union Square property tenant that did not occur in the same period in the prior year.

#### Real Estate Segment Income(Loss)

Real estate segment operating income for the quarter ended September 30, 2023, increased by \$1.1 million, to \$0.9 million, compared to a slight loss of \$0.1 million the same period in the prior year. This change was attributable to rent recognized in the current quarter 2023 from our tenant at our 44 Union Square property, that did not occur in the same period of the prior year.

For the nine months ended September 30, 2023, real estate segment operating income increased by \$3.3 million, to \$3.2 million, compared to a slight loss of \$0.1 million in same period in the prior year. This increase was driven by the rental income from our 44 Union Square property tenant that did not occur in the same prior year period.

## LIQUIDITY AND CAPITAL RESOURCES

### Our Financing Strategy

Prior to the COVID-19 pandemic, we 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 provided us with availability under our loan facilities for future use and thereby, reduced interest charges. On a periodic basis, we reviewed the maturities of our borrowing arrangements and negotiated renewals and extensions where necessary.

However, disruptions to our cinema cash flow caused by the COVID-19 pandemic, government efforts to address the pandemic, and the resulting aftermath of the pandemic and those efforts have made it necessary for us to defer capital expenditures and to rely on borrowings and the proceeds of asset monetizations to cover our costs of operations, pay interest and pay down debt. We have since March 31, 2020 paid down our institutional debt by \$54.4 million.

Our bank loans with Bank of America, NAB, and Westpac require that our Company comply with certain covenants. Furthermore, our Company's use of loan funds from NAB and Westpac is limited due to limitations on the expatriation of funds from Australia and New Zealand to the United States. We believe that our lenders understand that the current situation, relating to the COVID-19 pandemic, 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.

As our Company enjoys the recovery in the global cinema business, we are still facing macroeconomic headwinds such as increased interest rates, inflation, supply chain issues and increased film rent, labor and operating costs, many of which are beyond our control. While we have been successful in negotiating extensions of \$108.3 million in debt scheduled to mature in 2023, we have debt of \$41.5 million coming due in the next 12 months.

If our Company is unable to generate sufficient cash flow in the upcoming months, we will be required to adopt one or more alternatives, such as reducing, delaying or eliminating planned capital expenditures, monetizing additional assets, restructuring our debt and/or our lease obligations or finding additional sources of liquidity (such as additional borrowings). We have listed as assets held for sale two U.S. properties with a combined book value (the lower of cost or market, as opposed to fair market value) of \$11.7 million. These assets were selected since, based on recent appraisals, we believe that they would free up material amounts of cash and that it is unlikely that they would materially increase in value over the next three to five years without significant capital investment.

For more information about our borrowings, please refer to *Part I – Financial Information, Item 1 – Notes to Consolidated Financial Statements – Note 12 – Borrowings*. For more information about our efforts to manage our liquidity issues, see *Part I – Financial Information, Item 1 – Notes to Consolidated Financial Statements – Note 3 – Impact of COVID-19 Pandemic, Artists Strike and Liquidity*.

The changes in cash and cash equivalents for the nine months ended September 30, 2023, and September 30, 2022, respectively, are discussed as follows:

(Dollars in thousands)	Nine Months Ended		% Change
	2023	September 30, 2022	
Net cash provided by (used in) operating activities	\$ (6,366)	\$ (26,114)	76 %
Net cash provided by (used in) investing activities	(6,191)	(6,419)	4 %
Net cash provided by (used in) financing activities	(3,886)	(7,946)	51 %
Effect of exchange rate on cash and restricted cash	(897)	(2,242)	60 %
Increase (decrease) in cash and cash equivalents and restricted cash	\$ (17,340)	\$ (42,721)	59 %

**Operating activities**

Cash used in operating activities for the nine months ended September 30, 2023, decreased by \$19.7 million, to \$6.4 million. This was driven by an improved cinema operating performance compared to the prior year period, receipt of rental income from our tenant, at our 44 Union Square property, which did not occur in the same period of prior year, and increase in operating liabilities primarily in taxes payable and account payable and accrued expenses.

**Investing activities**

Cash used in investing activities during the nine months ended September 30, 2023, which was \$6.2 million, stayed relatively flat compared to the same period of prior year of \$6.4 million.

**Financing activities**

Cash used in financing activities for the nine months ended September 30, 2023, decreased by \$4.1 million, to \$3.9 million due to a borrowing on an existing facility.

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 third quarter ended September 30, 2023, and preceding four years:

(\$ in thousands)	As of and for the 9-Months Ended		Year Ended December 31			
	September 30, 2023	2022	2021	2020	2019	
<b>Total Resources (cash and borrowings)</b>						
Cash and cash equivalents (unrestricted)	\$ 11,925	\$ 29,947	\$ 83,251	\$ 26,826	\$ 12,135	
Unused borrowing facility	8,160	12,000	12,000	15,490	73,920	
Restricted for capital projects	—	—	—	9,377	13,952	
Unrestricted capacity	—	—	—	6,113	59,968	
Total resources at period end	20,085	41,947	95,251	42,316	86,055	
Total unrestricted resources at period end	11,925	29,947	83,251	32,939	72,103	
<b>Debt-to-Equity Ratio</b>						
Total contractual liability	\$ 216,749	\$ 227,633	\$ 248,948	\$ 300,449	\$ 283,138	
Total debt (gross of deferred financing costs)	208,589	215,633	236,348	284,959	209,218	
Current	41,178	38,026	12,060	42,299	37,380	
Non-current	167,411	177,607	224,888	242,660	171,838	
Finance lease liabilities	3	28	209	—	—	
Total book equity	42,055	63,279	105,060	81,173	139,616	
Debt-to-equity ratio	4.96	3.41	2.26	3.51	1.50	
<b>Changes in Working Capital</b>						
Working capital (deficit) <sup>(1)</sup>	\$ (85,664)	\$ (74,152)	\$ (6,673)	\$ (64,140)	\$ (84,138)	
Current ratio	0.33	0.39	0.94	0.47	0.24	
<b>Capital Expenditures (including acquisitions)</b>	\$ 6,191	\$ 9,780	\$ 14,428	\$ 16,759	\$ 47,722	

(1) 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.

As of September 30, 2023, we had \$11.9 million in unrestricted cash and cash equivalents compared to \$29.9 million on December 31, 2022. On September 30, 2023, our total outstanding borrowings were \$208.6 million compared to \$215.6 million on December 31, 2022.

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.

## 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 September 30, 2023:

<i>(Dollars in thousands)</i>	2023	2024	2025	2026	2027	Thereafter	Total
Debt <sup>(1)</sup>	\$ 10,625	\$ 96,651	\$ 64,810	\$ 314	\$ 7,500	\$ —	\$ 179,900
Operating leases, including imputed interest	8,149	31,198	29,159	27,283	24,977	139,619	260,385
Finance leases, including imputed interest	3	—	—	—	—	—	3
Subordinated debt <sup>(1)</sup>	190	586	—	—	27,913	—	28,689
Pension liability	171	684	684	684	684	548	3,455
Estimated interest on debt <sup>(2)</sup>	4,539	12,297	5,640	3,019	1,362	—	26,856
Village East purchase option <sup>(3)</sup>	—	5,900	—	—	—	—	5,900
Total	\$ 23,677	\$ 147,316	\$ 100,293	\$ 31,300	\$ 62,436	\$ 140,167	\$ 505,186

(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, which on November 4, 2022, we modified to settle on or before July 1, 2024.

### 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.

Please refer to *Part I, Item 3 – Legal Proceedings* in our 2022 Form 10-K for more information. There have been no material changes to our litigation since our 2022 Form 10-K, except as set forth in *Notes to Consolidated Financial Statements – Note 15 – Commitments and Contingencies* included herein in *Part I – Financial Information, Item 1 – Financial Statements* on this Quarterly Report on Form 10-Q. This note sets out our litigation accounting policies.

### 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 third quarter and nine months ended September 30, 2023.

(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 third quarter and nine months ended September 30, 2023.



#### CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Our statements in this quarterly report, including the documents incorporated herein by reference, contain a variety of forward-looking statements as defined by the 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 closures and reopening of our cinemas and theatres, including our expectations regarding renovations and addition of cinemas; our expectations regarding the long-term impacts of the COVID-19 pandemic on customers' desires for social interaction our expected operating results, including the long-term impact of the COVID-19 pandemic and our ultimate return to pre-pandemic type results; our expectations regarding the recovery and future of the cinema exhibition industry, including the strength of movies anticipated for release in the future; our expectations regarding the effects of the Hollywood Strikes on the cinema industry and the recovery of the industry during the coming years; our expectations regarding the timing of completing the sale of certain assets; our expectations regarding people returning to our theatres and continuing to use discretionary funds on entertainment outside of the home; our expectations regarding our ability to extend the contract with Audible on terms acceptable to us; 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 and ability to lease space on acceptable terms; our expectations regarding the effects of our enhanced F&B offerings on our operating results; our expectations regarding credit facility covenant compliance and our ability to continue to obtain necessary covenant waivers and loan extensions on terms acceptable to us; 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:
  - reduced consumer demand due to recessionary pressures;
  - the adverse continuing impact of the COVID-19 pandemic, and other contagious diseases and the adverse effects on our anticipated cinema operations should there be further closings or restrictions mandated as a result of other pandemics or diseases;
  - the adverse continuing effects of the COVID-19 pandemic or other contagious diseases on our Company's results from operations, liquidity, cash flows, financial condition, and access to credit markets;
  - the adverse continuing impact of the COVID-19 pandemic or other contagious diseases 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 due to a change in consumer behavior in favor of alternative forms or mediums of entertainment;
  - reduction in operating margins (or negative operating margins) due to the implementation of 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 or other contagious diseases while at one of our facilities;
  - unwillingness of employees to report to work due to the adverse effects of contagious diseases or to otherwise conduct work under any revised work environment protocols;
  - competition from cinema operators who have successfully used debtor laws or government grants to reduce their debt and/or rent exposure;
  - 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 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 cinemas" 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 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 abatement, deferral and repayment terms with our landlords (which may include lenders who have foreclosed on the collateral held by our prior landlords);
- disruptions during cinema improvements;
- in the U.S., the impact of the termination and phase-out 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;
- labor shortages and increased labor costs related to such shortages and to increasingly costly labor laws and regulations applicable to part time non-exempt workers. Disruptions in film supply and film marketing due to the Hollywood Strikes; and
- competition from a newly restructured Regal, which may have lower occupancy costs than we do.
- with respect to our real estate development and operation activities:
  - the increased costs of wages, supplies, services and other development expenses from inflation;
  - the impact on tenants from recessionary pressures;
  - the impact of the COVID-19 pandemic or other contagious diseases 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 or other contagious diseases on real estate valuations in major urban centers, such as New York;
  - uncertainty as to governmental responses to COVID-19 or other contagious diseases;
  - 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, including, but not limited to increased cost of borrowing and tightened lender credit policies;
- 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, 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.
- 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 2023 and beyond, and the impact of increasing interest rates;
  - 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 experienced during the COVID-19 pandemic;
- our ability to reallocate funds among jurisdictions to meet short-term liquidity needs;
- 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 and other increased regulatory requirements;
- 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;
- 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 cinema and ETC closures;
- our ability to generate significant cash flow from operations if our cinemas 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;
- inflationary pressures on labor and supplies, and supply chain disruptions;
- changes in applicable accounting policies and practices;
- 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;
- the impact of the conflict events occurring in Eastern Europe and the threats of potential conflicts in the Asia-Pacific region; and
- the impact of the conflict events occurring in Israel and the threats of potential conflicts in the Middle East.

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, and the extent to which consumers in our markets have the economic wherewithal to spend money on beyond-the-home entertainment. Refer to *Item 1A - Risk Factors*, as well as the risk factors set forth in any other filings made under the Securities Act of 1934, as amended, including any of our Quarterly Reports on Form 10-Q, for more information.

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

Forward-looking statements made by us in this quarter report are based only on information currently available to us and are current only as of the date of this Quarterly Report on Form 10-Q for the period ended September 30, 2023. 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**

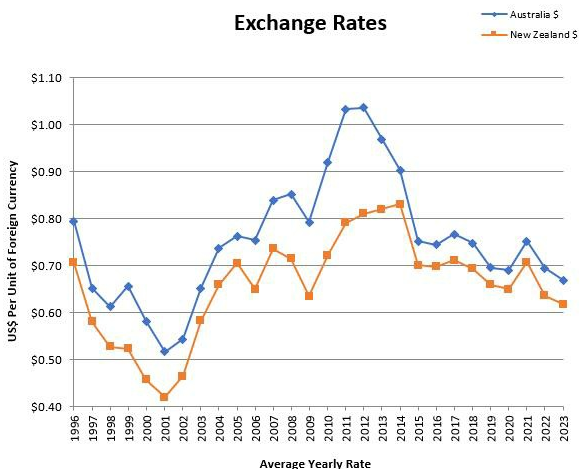
The SEC requires that registrants include information about potential effects of changes in currency exchange and interest rates in their filings. Several alternatives, all with some limitations, have been offered. We base the following discussion on a sensitivity analysis that models the effects of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

**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 paid material intercompany dividends and have repaid intercompany debt, using these 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.

Our Company transacts business in Australia and New Zealand and is subject to risks associated with fluctuating foreign currency exchange rates. During the third quarter of 2023, the average Australian dollar and New Zealand dollar weakened against the U.S. dollar by 4.1% and 1.2%, respectively, compared to the same period prior year.

At September 30, 2023, approximately 35.4% and 8.5% of our assets were invested in assets denominated in Australian dollars (Reading Entertainment Australia) and New Zealand dollars (Reading New Zealand), respectively, including approximately \$6.4 million in cash and cash equivalents. At December 31, 2022, approximately 34.1% and 8.4% of our assets were invested in assets denominated in Australian dollars (Reading Entertainment Australia) and New Zealand dollars (Reading New Zealand), respectively, including approximately (\$14.6) 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 and the current holding of U.S. dollars by certain Australian and New Zealand subsidiaries 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 \$1.7 million and \$3.0 million for the quarter and nine months ended September 30, 2023, respectively. 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.

We record unrealized foreign currency translation gains or losses that could materially affect our financial position. As of September 30, 2023, and December 31, 2022, the balance of cumulative foreign currency translation adjustments were approximately a (\$3.7) million loss and (\$0.7) million loss, respectively.

#### **Interest Rate Risk**

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.

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.

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 an approximate \$396,000 increase or decrease in our quarterly interest expense.

For further discussion on market risks, please refer to *Part I, Item 1A – Risk Factors* included on our 2022 Form 10-K.

**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 September 30, 2023, 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 third quarter ended September 30, 2023, 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 *Notes to Consolidated Financial Statements-- Note 15 – Commitments and Contingencies* included herein in *Part I – Financial Information, 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 2022 Form 10-K.

**Item 1A – Risk Factors**

There have been no material changes to the risk factors we previously disclosed in Item 1A of our 2022 Form 10-K other than the potential impact of the Hollywood Strikes on the cinema industry and our business.

We encourage investors to review the risks and uncertainties relating to our business disclosed under the heading Risk Factors or otherwise in the 2022 Form 10-K, as well as those contained in Part I – Forward-Looking Statements thereof, as revised or supplemented by our Quarterly Reports filed with the SEC since the filing of the 2022 Form 10-K.

**Item 2 – 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**

During the quarter ended September 30, 2023, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement" (in each case, as defined in Item 408 of Regulation S-K).

**Item 6 – Exhibits**

10.1*	<a href="#">Amendment Deed dated August 13, 2023, by and between Reading Entertainment Australia Pty Ltd, as borrower, and National Australia Bank Limited, as bank.</a>
31.1*	<a href="#">Certification of the Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
31.2*	<a href="#">Certification of the Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
32**	<a href="#">Certifications Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
101	The following material from our Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2023, 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



**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: November 14, 2023

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

Date: November 14, 2023

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

National Australia Bank Limited  
Reading Entertainment Australia Pty Ltd  
Each Guarantor

# Amendment Deed

Corporate Markets Loan & Bank Guarantee Facility Agreement

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**Date**

## Parties

**National Australia Bank Limited** ABN 12 004 044 937 of Level 17, 395 Bourke Street, Melbourne, Victoria 3000 (**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 (**Corporate 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:

<b>Amended Facility Agreement</b>	The Facility Agreement as amended in accordance with this deed.
<b>Effective Date</b>	The date on which each of the conditions precedent set out in <b>clause 3</b> have been satisfied (subject to <b>clause 3.2(d)</b> ).
<b>Facility Agreement</b>	The Facility Agreement between the Bank, the Borrower, the Corporate Guarantors, dated 24 June 2011, as amended from time to time.

### 2 Consideration

The Borrower and each Corporate Guarantor have 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) a fully executed original copy of this deed, duly executed by the Borrower and each Corporate Guarantor;
  - (ii) a non-refundable amendment fee of \$150,000;
  - (iii) anything which the Bank has reasonably requested that the Borrower or a Corporate Guarantor provide to it in relation to any Transaction Document;
- (b) the representations and warranties set out in clauses 8.1 and 8.2 of the Amended Facility Agreement are correct and not misleading on the date that the Borrower and each Corporate Guarantor execute this deed;
- (c) no Event of Default or Potential Event of Default subsists; and
- (d) the Effective Date is no later than 15 August 2023, or such later date agreed by the Bank.

#### 3.2 Satisfaction of conditions precedent

- (a) The Borrower and each Corporate 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 or a Corporate 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 Representations and warranties

### 5.1 General

The Borrower and the Corporate Guarantors 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.

### 5.2 Survival of representations and warranties

The representations and warranties in **clause 5.1** survive the execution of this deed and the amendment of the Facility Agreement.

## 6 Acknowledgments

The Borrower and each Corporate Guarantor:

- (a) agree to the amendment of the Facility Agreement effected by this deed;
- (b) agree that this deed is a Transaction Document for the purposes of the Amended Facility Agreement;
- (c) acknowledge that the Bank has agreed to execute this deed at the request of the Borrower and the Corporate Guarantors and that, except as expressly set forth herein, this is without prejudice to any other current or future right the Bank may have against the Borrower or a Corporate Guarantor, or any other Security Provider or under or in connection with any Transaction Document; and
- (d) agree that each Collateral Security to which it is a party extends to and secures its obligations to the Bank under the Amended Facility Agreement.

## **7 General**

### **7.1 Amendment**

This deed may only be varied or replaced by a deed executed by all of the parties to this deed.

### **7.2 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.

### **7.3 Counterparts**

This deed may consist of a number of counterparts and, if so, the counterparts taken together constitute one deed.

### **7.4 Deed**

This document is a deed. Factors which might suggest otherwise are to be disregarded.

### **7.5 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.

### **7.6 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.

### **7.7 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.

### **7.8 Governing law and jurisdiction**

- (a) This deed 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.

**7.9 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.



## Schedule

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.
Reading Cinemas Asset Management 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.
Newmarket Properties Pty Ltd ACN 105 386 409	In its own capacity.	Same as for Borrower.

Guarantors		
Name	Capacity	Address
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 Armadale 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.
Reading Melton Pty Ltd ACN 109 074 517	In its own capacity.	Same as for Borrower.

## Guarantors

Name	Capacity	Address
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 Noosa 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.
Reading Busseilton 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 Cinemas Auburn 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 ) )  
Australia Country Cinemas Pty Ltd ) )  
ACN 076 276 349 ) )  
Reading Cinemas Asset Management ) )  
Pty Ltd ACN 122 571 420 ) )  
Burwood Developments Pty Ltd ) )  
ACN 105 384 905 ) )  
Epping Cinemas Pty Ltd ) )  
ACN 073 997 172 ) )  
Hotel Newmarket Pty Ltd ) )  
ACN 094 367 969 ) )  
Newmarket Properties Pty Ltd ) )  
ACN 105 386 409 ) )  
Newmarket Properties No. 2 Pty Ltd ) )  
ACN 109 038 806 ) )  
Newmarket Properties #3 Pty Ltd ) )  
ACN 126 697 505 ) )  
Reading Armadale Pty Ltd ) )  
ACN 107 939 211 ) )  
Reading Belmont Pty Ltd ) )  
ACN 126 697 498 ) )  
Reading Bundaberg 2012 Pty Ltd ) )  
ACN 122 406 320 ) )  
Reading Charlestown Pty Ltd ) )  
ACN 123 938 483 ) )  
Reading Cinemas Pty Ltd ) )  
ACN 073 808 643 ) )  
Reading Cinemas Management Pty Ltd ) )  
ACN 122 406 311 ) )  
State Cinema Hobart Pty Ltd ) )  
ACN 108 861 061 ) )  
Reading Dandenong Pty Ltd ) )  
ACN 129 018 739 ) )  
Reading Elizabeth Pty Ltd ) )  
ACN 114 582 099 ) )  
Reading Exhibition Pty Ltd ) )  
ACN 103 529 782 ) )  
Reading Licences Pty Ltd ) )  
ACN 089 544 605 ) )  
Reading Maitland Pty Ltd ) ) ACN 126 697 461Reading Melton Pty ) )  
ACN 109 074 517 ) )  
Reading Properties Pty Ltd ) )

ACN 071 195 429 )  
**Reading Properties Indooroopilly Pty Ltd** ACN 121 284 884 )  
**Reading Noosa Pty Ltd** )  
ACN 128 819 483 )  
**Reading Property Holdings Pty Ltd** )  
ACN 126 289 772 )  
**Reading Rouse Hill Pty Ltd** )  
ACN 123 245 885 )  
**Reading Sunbury Pty Limited** )  
ACN 109 074 571 )  
**Rhodes Peninsula Cinema Pty Limited** )  
ACN 120 827 812 )  
**Westlakes Cinema Pty Ltd** )  
ACN 108 531 308 )  
**Reading Busselton Pty Ltd** )  
ACN 143 633 096 )  
**Reading Cannon Park Pty Ltd** )  
ACN 609 837 569 )  
**Angelika Anywhere Pty Ltd** )  
ACN 642 993 593 )  
**Reading Jindalee Pty Ltd** )  
ACN 629 483 914 )  
**Reading Devonport Pty Ltd** )  
ACN 629 484 126 )  
**Reading Altona Pty Ltd** )  
ACN 634 384 311 )  
**Reading South City Square Pty Ltd** )  
ACN 616 892 936 )  
**Reading Traralgon Pty Ltd** )  
ACN 618 457 202 )  
**Reading Burwood Pty Ltd** )  
ACN 619 050 396 )  
**Reading Cinemas Auburn Pty Ltd** )  
ACN 633 008 401 )  
**Reading Auburn Pty Ltd** )  
ACN 126 697 470 )  
)

.....  
Ellen Marie Cotter Director

.....  
Wayne Douglas Smith Director

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

.....  
Attorney

.....  
Name of Witness (print)

.....  
Name of Attorney (print)

## Annexure

### Amended Facility Agreement

567 Collins Street, Melbourne VIC 3000, Australia  
GPO Box 9925, Melbourne VIC 3001, Australia  
Tel +61 3 9672 3000  
Fax +61 3 9672 3010  
[www.corrs.com.au](http://www.corrs.com.au)

**CORRS  
CHAMBERS  
WESTGARTH**

Sydney  
Melbourne  
Brisbane  
Perth  
Port Moresby

Annexure A – Amended Facility Agreement

National Australia Bank Limited

Reading Entertainment Australia Group

# Corporate Markets Loan & Bank Guarantee Facility Ag



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Date

## Parties

National Australia Bank Limited ABN 12 004 044 937 of ~~Pier 3 Level 4, Level 17, 395~~ 800 Bourke Street, ~~Melbourne Docklands~~, Victoria 3008-3000 (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 include any Management Fees paid in cash to Reading International Inc and 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
- (c) non-operating income or losses (except any interest income);
- (d) share of profit or loss in connection with a joint venture with a person who is not a Reading Entertainment Australia Group Member or associate;
  - payable by third parties to the extent ~~(b)~~(e) accrued Management Fees, and
  - ~~(e)(f)~~ 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.~~

[August 2023 Amendment Date](#) has the meaning given to the term 'Effective Date' in the August 2023 Amendment Deed.

[August 2023 Amendment Deed](#) means the Amendment Deed dated on or about August 2023 between the Borrower, each Guarantor and the Bank, under which this document is amended.

**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** means all cash on hand, short term deposits and cash equivalents. **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 ~~at any date the ratio of:~~

~~(a) at any date (other than 31 March 2021, 30 June 2021 and 30 September 2021), the ratio of:~~

~~(b)(a) the aggregate amount of:~~

- ~~(i) Adjusted EBITDA in respect of the 12 month period ending on that date; and~~
  - ~~(ii) Total Lease Payments in respect of the 12 month period ending on that date,~~
- ~~to~~

~~(c)(b) the aggregate amount of:~~

- ~~(i) 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~~
- ~~(ii) Total Lease Payments in respect of the 12 month period ending on that date;~~

~~(b) 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;
- ~~(d) 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) 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 [\(or funds or commitments provided by another Reading Entertainment Australia Group Member\)](#) 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 [as at any date the ratio of:](#)



- (a) as at any date (other than 31 December 2021, 31 March 2022 and 30 June 2022), the ratio of:
- (b)(a) Total Gross Debt outstanding on that date; to
- (c)(b) Adjusted EBITDA in respect of the 12 month period ending on that date; (c) 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;
- (f) 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.

Letter of Waiver means the letter entitled 'Letter of Waiver: Leverage Ratio and Financial Charges Cover Ratio for the Calculation Periods ending 31 December 2022, 31 March 2023, 30 June 2023 and 31 September 2023' issued by the Bank to the Borrower dated 1 August 2023.

**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 or any of its affiliates (other than any affiliate who is a Reading Entertainment Australia Group Member) 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 before and until the Relevant Date; and

~~(a)~~(b) 1.50% per annum for each Pricing Period which commences on and from the Relevant Date.

(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(c)~~) 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.

**Maitland Property** means the land and improvements comprising 9/1A Ken Tubman Drive, Maitland, NSW 2320 being the whole of Lot 1 in SP41681.

**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.

**Minimum Liquidity** means all unrestricted Cash of the Borrower, determined on a consolidated basis, as detailed in the Borrower's management accounts.

**Month** means a calendar month.

**Net Sale Proceeds** means in relation to the sale of the ~~Maitland Property~~ ~~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 ~~Maitland Property~~ ~~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~~deed of subordination' ~~dated on or about the date of this document to be entered into between by~~ the Borrower, ~~Reading International Cinemas LLC~~the Parent 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;
  - (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 ~~Maitland 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 by a Transaction Party only in form of dividend provided that no Event of Default, Potential Event of Default or Review Event subsists or will occur from making such Distribution; or~~
  - (b) ~~The Net Sale Proceeds; or~~
    - ~~(A) at any time on or prior to the Relevant Date;~~
    - ~~(ii) 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;~~
    - ~~(iii) 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;~~
    - ~~(f) 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; of surplus cash in relation to Financial Year ending on 31 December 2022 subject to a minimum cash balance of \$5,000,000 remaining in the Borrower's account as at the end of that Financial Year; or~~
  - ~~(m)(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 ~~and/or Reading New Zealand Ltd~~, up to ~~\$13,400,000~~ ~~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;
- ~~(c)~~ ~~(d)~~ additional financial accommodation up to a maximum aggregate amount not exceeding \$1,700,000; or
- ~~(d)~~ ~~(e)~~ 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:

- (k) the latest of the Expiry Dates of all Current Bank Guarantees; and
- (l) 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 Annual Compliance Certificate in accordance with **clause 9.5(b)** for the Financial Year ending on 31 December 2023, 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(e)**.

**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:~~

~~\$20,000,000, being the prepayment amount made by the Borrower in accordance to **clause 5.4(b)**; and  
\$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.
- (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 31 October 2021;
  - (ii) \$500,000 on 30 April 2022;
  - (iii) \$500,000 on 31 October 2022;
  - (iv) \$500,000 on 30 April 2023; and (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 [the August 2023 Amendment Date, a non-refundable fee of 1.90% per annum](#) ~~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~~ 0.95% 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) **Parent Subordination Agreement:** as soon as practicable, and in any event by no later than 30 November 2023 (or such later date as agreed by the Bank in writing in its absolute discretion).

- (i) [a fully executed original copy of the Parent Subordination Agreement, duly executed by the Borrower and the Parent; and](#)
  - (ii) [a legal opinion from the Borrower's US counsel, addressed to the Lender, in relation to the due execution of the Parent Subordination Agreement by the Parent,](#)
- [each in a form and substance which is acceptable to the Lender in its absolute discretion.](#)

~~(e)~~(f) **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;
- (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 of 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 Group 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)~~ (i) at any time on or prior to the Relevant Date, with the Bank's prior written consent; and

~~(iv)~~ (ii) at any time after the Relevant Date, if no Event of Default subsists and provided that the aggregate amount of Management Fees paid per Financial Year does not exceed \$5,000,000.

- (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
- (m) 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:

(f) **Fixed Charges Cover Ratio:**

- (A) ~~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)(A) only, "Calculation Period" shall be the period of nine (9) months ending on that date);~~
- (B) ~~at 31 March 2022, the Fixed Charges Cover Ratio for the Calculation Period ending on the relevant 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 three (3) months ending on the relevant date);~~
- (C) ~~at 30 June 2022, the Fixed Charges Cover Ratio for the Calculation Period ending on the relevant date is not less than 1.50 times (provided that, for the purposes of this clause 9.8(a)(i)(C) only, "Calculation Period" shall be the period of three (3) months ending on the relevant date); and~~
- (D) ~~at 30 September 2022, the Fixed Charges Cover Ratio for the Calculation Period ending on the relevant date is not less than 1.50 times (provided that, for the purposes of this clause 9.8(a)(i)(D) only, "Calculation Period" shall be the period of three (3) months ending on the relevant date);~~
- (E) ~~at 31 December 2022, the Fixed Charges Cover Ratio for the Calculation Period ending on the relevant date is not less than 2.00 times (provided that, for the purposes of this clause 9.8(a)(i)(E) only, "Calculation Period" shall be the period of three (3) months ending on the relevant date);~~
- (F) ~~at 31 March 2023, the Fixed Charges Cover Ratio for Calculation Period ending on that date is not less than 2 times;~~
- (A) at 30 June 2023, the Fixed Charges Cover Ratio for Calculation Period ending on that date is not less than 2 times ~~the Bank agreed to waive its right to test the Fixed Charges Cover Ratio on that Calculation Date for that Calculation Period, in accordance with the Letter of Waiver;~~
- (B) at 30 September 2023, the Fixed Charges Cover Ratio for Calculation Period ending on that date is not less than 2 times ~~the Bank agreed to waive its right to test the Fixed Charges Cover Ratio on that Calculation Date for that Calculation Period, in accordance with the Letter of Waiver; and~~
- (C) at each other Calculation Date commencing 31 December 2023, the Fixed Charges Cover Ratio for the Calculation Period ending on that Calculation Date is not less than 1.75 times.

- (G) ~~at each other Calculation Date (other than 30 June 2020, 30 September 2020 and 31 December 2020 (without prejudice to the Borrower's obligations under clause 9.5(b) and 9.5(e) 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)(A) ~~at 30 June 2022, the Bank agreed to waive its right to test the Leverage Ratio on that Calculation Date for that Calculation Period, in accordance with the Letter of Waiver;~~ 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
- (B) ~~at 30 September 2023, the Bank agreed to waive its right to test the Leverage Ratio on that Calculation Date for that Calculation Period, in accordance with the Letter of Waiver;~~ the Leverage Ratio for the Calculation Period ending on that date is less than or equal to 3.25 times;
- (C) ~~at 31 December 2023, the Leverage Ratio for the Calculation Period ending on that date is less than or equal to 4 times;~~
- (D) ~~at 31 March 2024, the Leverage Ratio for the Calculation Period ending on that date is less than or equal to 3.75 times;~~
- (E)(E) ~~at each other Calculation Date commencing 30 June 2024, the Leverage Ratio for the Calculation Period ending on that Calculation Date is less than or equal to 3.25 times (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(e) 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 ~~55%~~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%. and  
~~(v)~~(v) **Minimum Liquidity:** the Borrower's Minimum Liquidity is at least \$5,000,000 at all times.
- (b) 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 (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.
- (c) 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 this 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~~Level 17, 395 Bourke Street, Melbourne, Victoria 3000

Attention: 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
<a href="#">Reading Cinemas Asset Management Pty Ltd</a> <del><a href="#">Australian Equipment Supply Pty Ltd</a></del>	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

Name	ACN	Particulars for delivery of notices
<a href="#">Reading Armadale Pty Ltd</a> <del>Reading Australia Leasing (E&amp;R) Pty Ltd</del>	107 939 211	Same as for Borrower
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
<a href="#">Reading Noosa Pty Ltd</a> <del>Reading Properties Taringa</del> 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

Name	ACN	Particulars for delivery of notices
Rhodes Peninsula Cinema Pty Ltd	120 827 812	Same as for Borrower
Westlakes Cinema Pty Ltd	108 531 308	Same as for Borrower
<a href="#">Reading Busseton Pty Ltd</a> <del>A.C.N. 143 633 096 Pty Ltd</del>	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
<a href="#">Reading Cinemas Auburn Pty Ltd</a> <del>Reading Alphington Pty Ltd</del>	633 008 401	Same as for Borrower

## Facilities

Facility Name	Granted pursuant to	Facility Limit	Purpose	Termination Date
Corporate Markets Loan Facility	Clause 4.1(a)(i)	<del>\$122,500,000</del> \$100,500,000 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.	<del>31 July 2025</del> 31 July 2025 <del>December 2023</del>
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.	<del>31 July 2025</del> 31 July 2025 <del>December 2023</del>

## 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 78 Middleborough Road, Old Burwood Road, Burwood Victoria
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 N
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 Cinemas 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 Cinemas of title volume 2189 folio 801.
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

Item	Description	Grantor	Secured Party	Details
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 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
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 in certificate of
10	Guarantee and indemnity	Transaction Parties	The Bank	Set out in <b>clause 16</b> .
11	Mortgage of lease	Reading Cinemas Pty Ltd	The Bank	The leasehold land improvements known as Reading Cinema Warrn Ponds, Corner Pioneer Road and Princes Highway, V 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 and Mt Gravatt
13	Deed of subordination	Borrower Reading International Cinemas LLC	The Bank	Deed of subordination between the Borrower, Reading International Cinemas LLC and the Bank.

Item	Description	Grantor	Secured Party	Details
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.



Not used

Not used

## Verification Certificate

To: National Australia Bank Limited Level 28~~17~~, 500-395 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 Transaction Party for the purposes of the Transaction Documents.]

- *[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:

## Funding Notice

To: National Australia Bank Limited Level 28~~17~~, 500-395 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 417, 800-395 Bourke Street, Docklands Melbourne, Victoria 3008-3000 (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 Agreement as a Transaction Party and Guarantor.

**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  
This is an Annual Compliance Certificate given for the purpose of **clause 9.4(b)** of the Facility Agreement.
- 2 We confirm that:
  - (a) Fixed Charges Cover Ratio for the Financial Year ending *[date]* was [ ].
  - (b) Leverage Ratio for the Financial Year ending *[date]* was [ ].
  - (c) 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 [ ]. ~~(e)~~ the Borrower's Minimum Liquidity at *[insert date]* is \$[TBC]
- 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 being contested*]; and
  - (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, Outstanding Details	Commen
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 the registrant's board of directors (or persons performing the equivalent functions):
  - 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  
November 14, 2023

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**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 functions):
  - 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  
November 14, 2023

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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 September 30, 2023 (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: November 14, 2023

/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

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