

**Item 8.01 Other Events.**

**Separation Agreement – William D. Ellis**

On February 18, 2016, William D. Ellis submitted his resignation as General Counsel and Corporate Secretary of the Company. On March 11, 2016, Reading entered into an agreement with Mr. William D. Ellis, pursuant to which Mr. Ellis will be available to advise the Company on matters on which he previously worked until December 31, 2016. Mr. Ellis' last day was March 11, 2016.

The foregoing description of the Separation Agreement is qualified in its entirety by reference to the provisions of the Separation Agreement filed as exhibit 10.3 to this Current Report on Form 8-K, which is incorporated herein by reference.

**Item 9.01 Financial Statements and Exhibits.**

**(d) Exhibits**

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| 10.1 | Amendment to 2010 Stock Incentive Plan approved March 10, 2016.  |
| 10.2 | Compensatory Arrangements for Certain Executive Officers and Management.   |
| 10.3 | Separation Agreement dated as of March 11, 2016, by and between William D. Ellis and Reading International, Inc. |
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## 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 hereunto duly authorized.

Reading International, Inc.

Date: March 15, 2016

/s/ Devasis Ghose

Name: Devasis Ghose

Title: Chief Financial Officer

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**READING INTERNATIONAL, INC.**  
**FIRST AMENDEMENT TO THE**  
**2010 STOCK INCENTIVE PLAN**

This First Amendment (the "Amendment") to the Reading International, Inc. 2010 Stock Incentive Plan (the "Plan"), is made and shall be effective as of this 10<sup>th</sup> day of March, 2016 (the "Effective Date").

**RECITALS**

WHEREAS, the stockholders of Reading International, Inc. (the "Company") approved the Plan on May 13, 2010 at the annual meeting of stockholders in accordance with the recommendation of the board of directors; and

WHEREAS, the Plan provides for awards of stock options, restricted stock, bonus stock, and stock appreciation rights to eligible employees, directors, and consultants;

WHEREAS, the Company believes that it would be in the best interests of the Company and its stockholders to permit awards of restricted stock units;

WHEREAS, NASDAQ rules do not require stockholders to approve an amendment to an equity incentive plan if the amendment relates to adding restricted stock units as long as the Plan provides for the award of restricted stock;

WHEREAS, the Plan provides for the award of restricted stock;

NOW, THEREFORE, in accordance with Section 12 of the Plan, the Plan is amended as follows as of the Effective Date:

**AMENDMENTS**

1. Section 2(y) the definition of "Rule 16b-3" is hereby renumbered as Section 2(z).
2. Section 2(z) the definition of "Securities Act" is hereby renumbered as Section 2(aa).
3. Section 2(aa) the definition of "Stock Award" is hereby renumbered as Section 2(bb).
4. Section 2(bb) the definition of "Service" is hereby renumbered as Section 2(cc).
5. Section 2(cc) the definition of "Stock Award Agreement" is hereby renumbered as Section 2(dd).
6. Section 2(dd) the definition of "Ten Percent Stockholder" is hereby renumbered as Section 2(ee).
7. Section 2(y) the definition of "Restricted Stock Units" is hereby added.

"Restricted Stock Units" means a Stock Award which may be earned in whole or in part upon the passage of time or the attainment of performance criteria established by the Board and which may be settled for Common Stock, other securities or cash or a combination of Common Stock, other securities or cash as established by the Board.

8. Section 2(bb) of the Plan is hereby deleted and replaced in its entirety by the following:  
" **Stock Award** " means any right granted under the Plan, including an Option, a stock bonus, a right to acquire restricted stock, a restricted stock unit and a stock appreciation right granted under the Plan, whether singly, in combination or in tandem, to a Participant by the Board pursuant to such terms, conditions, restrictions and/or limitations, if any, as the Board may establish.
9. Section 7(d) is hereby added to the Plan as follows:  
**Restricted Stock Units.** Each restricted stock unit agreement shall be in such form and shall contain such terms and conditions as the Board shall deem appropriate. The terms and conditions of the restricted stock unit agreements may change from time to time, and the terms and conditions of separate restricted stock unit agreements need not be identical, but each restricted stock unit agreement shall include (through inclusion or incorporation of provisions hereof by reference in the agreement or otherwise) the substance of each of the following provisions:
  - i. **Consideration** . A restricted stock unit may be awarded upon the passage of time, the attainment of performance criteria or the satisfaction or occurrence of such other events as established by the Board.
  - ii. **Vesting Generally** . At the time of the grant of a restricted stock unit, the Board may impose such restrictions or conditions to vesting, and/or the acceleration of the vesting, of such restricted stock unit as it, in its sole discretion, deems appropriate. Vesting provisions of individual restricted stock units may vary.
  - iii. **Termination of Service** . In the event that a Participant's Service terminates, any or all of the restricted stock units held by the Participant that have not vested as of the date of termination under the terms of the restricted stock unit agreement shall be forfeited to the Company in accordance with the restricted stock unit agreement, except as otherwise provided in the applicable restricted stock unit agreement.
  - iv. **Transferability** . A restricted stock unit shall be subject to similar transfer restrictions as awards of restricted stock, except that no shares are actually awarded to a Participant who is granted restricted stock units on the date of grant, and such Participant shall have no rights of a stockholder with respect to such restricted stock units until the restrictions set forth in the restricted stock unit agreement have lapsed. Restricted stock units may be transferred to any trust established by a Participant for the benefit of the Participant, his or her spouse, and/or any one or more lineal descendants.



- v. **Voting, Dividend & Other Right** . Holders of restricted stock units will not be entitled to vote or to receive the dividend equivalent rights in respect of the restricted stock units at the time of any payment of dividends to stockholders on Common Stock until they become owners of the Common Stock pursuant to their restricted stock unit agreement. If the applicable restricted stock unit agreement specifies that a Participant will be entitled to dividend equivalent rights, (i) the amount of any such dividend equivalent right shall equal the amount that would be payable to the Participant as a stockholder in respect of a number of shares equal to the number of vested restricted stock units then credited to the Participant, and (ii) any such dividend equivalent right shall be paid in accordance with the Company's payment practices as may be established from time to time and as of the date on which such dividend would have been payable in respect of outstanding shares of Common Stock (and in accordance with Section 409A of the Code with regard to awards subject thereto); provided that no dividend equivalents shall be currently paid on restricted share units that are not yet vested.
10. Except as modified hereby, the provisions of the Plan shall remain in full force and effect, and the Plan may be restated, as amended hereby, in its entirety.

## Compensatory Arrangements for Executive and Management Employees

### Background

The Executive Committee ("Executive Committee") of the Board of Directors (the "Board") of Reading International, Inc. ("Reading," "Registrant" or the "Company"), upon the recommendation of our Chief Executive Officer, requested the Compensation and Stock Options Committee (the "Compensation Committee") to evaluate the Company's compensation policy for executive officers and outside directors and to establish a plan that encompasses sound corporate practices consistent with the best interests of the Company. The Compensation Committee undertook to review, evaluate, revise and recommend the adoption of new compensation arrangements for executive and management officers and outside directors of the Company. In January 2016, the Compensation Committee retained the international compensation consulting firm of Willis Towers Watson as its advisor in this process and also relied on the Company's legal counsel, Greenberg Traurig, LLP.

### Executive Compensation

From late January to late February 2016, the Compensation Committee met five separate times with Willis Towers Watson, the Chief Executive Officer, and legal counsel. As part of its engagement Willis Towers Watson reviewed the Company's compensation paid to executive and management officers by position, in light of each person's duties and responsibilities. Willis Towers Watson then compared the top 12 executive and management positions at the Company to (i) executive compensation paid by a peer group and (ii) two surveys, the 2015 Towers Watson Data Services Top Management Survey Report and the 2015 Mercer MBD Executive Compensation Survey, in each case, identified by office position and duties performed by the officer. The peer group utilized by Willis Towers Watson included the following companies:

Arcadia Realty Trust  
Associated Estates Realty Corp.  
Carmike Cinemas Inc.  
Cedar Realty Trust Inc.  
Charter Hall Group  
Epr Properties  
Vicinity Centres  
IMAX Corporation

Inland Real Estate Corp.  
Kite Realty Group Trust  
Marcus Corporation.  
Pennsylvania Real Estate Investment Trust  
Ramco-Gershenson Properties Trust  
Urstadt Biddle Properties Inc.  
Village Roadshow Ltd.

Willis Towers Watson selected the above peer group because (i) the companies included US and Australian based companies reflecting the Company's geographic operations and (ii) the companies were comparable to the Company based on revenue.

The executive pay assessment prepared by Willis Towers Watson measured the executive and management compensation paid by the Company against compensation paid by peer group companies and the companies listed in the two surveys based on the 25<sup>th</sup>, 50<sup>th</sup> and 75<sup>th</sup> percentile of such peer group and surveyed companies. The 50<sup>th</sup> percentile was the median compensation

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paid by such peer group and surveyed companies to executives performing similar responsibilities and duties.

In its report to the Compensation Committee, Willis Towers Watson noted that for Company executive officers:

- Base salaries in the aggregate were generally in the competitive zone of the market (1% below the market 50<sup>th</sup> percentile), with certain notable exceptions on position by position review;
- Total cash compensation (base salary and cash bonus) in the aggregate was 26% below the 50<sup>th</sup> percentile; and
- Total compensation (base salary, cash bonus and long term incentive awards) in the aggregate was 40% below the 50<sup>th</sup> percentile.

The Compensation Committee, recommended, and the Board subsequently adopted, a compensation philosophy for the Company's management team members to:

- Attract and retain talented and dedicated management team members;
- Provide overall compensation that is competitive in its industry;
- Correlate annual cash incentives to the achievement of its business and financial objectives; and
- Provide management team members with appropriate long-term incentives aligned with stockholder value.

As part of the compensation philosophy the Company's compensation focus will be to (1) drive the Company's strategic plan on growth, (2) align officer and management performance with the interests of the Company's stockholders, and (3) encourage retention of officers and management team members.

In furtherance of the compensation policy and as a result of the extensive deliberations, including consideration of the Willis Towers Watson recommendations, the Compensation Committee adopted an executive and management officer compensation structure for 2016 consisting of:

- A base salary comparable with job description and industry standard.
- A short term incentive or cash bonus plan based on a combination of factors including individual performance against corporate goals as well as overall corporate and division performance. Target bonus to be denominated as a percent of base salary with specific goals weightings and pay-out ranges).
- A long term incentive or equity awards inline with job description, performance, and industry standards.

The Compensation Committee's intention is that the compensation structure approved for 2016 will remain in place indefinitely. However, it will review performance and results after the first year and thereafter and evaluate from time to time whether enhancements, changes or other compensation structures are in the Company's and its stockholders best interests.

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Reflecting the new approach, the Compensation Committee established (i) annual base salaries at levels that it believed (based heavily on the data provided by Willis Towers Watson) are generally competitive with executives in our peer group and in other comparable publicly-held companies as described in the executive pay assessment prepared by Willis Towers Watson, and (ii) short term incentives in the form of discretionary annual cash bonuses based on the achievement of identified goals and benchmarks. Long-term incentives in the form of employee stock options and restricted stock units will be used as a retention tool and as a means to further align an executive's long-term interests with those of the Company's stockholders, with the ultimate objective of affording our executives an appropriate incentive to help drive increases in stockholder value.

The Compensation Committee will evaluate both executive performance and compensation to maintain the Company's ability to attract and retain highly-qualified executives in key positions and to assure that compensation provided to executives remains competitive when compared to the compensation paid to similarly situated executives of companies with whom we compete for executive talent or that we consider comparable to our company.

### ***Role of Chief Executive Officer in Compensation Decisions***

In connection with the implementation of the new compensation structure, the Compensation Committee conducted the thorough review of executive compensation discussed above. The Compensation Committee engaged in extensive discussions with and considered with great weight the recommendations of the Chief Executive Officer as to compensation for executive and management team members other than for the Chief Executive Officer.

In connection with consideration of 2015 performance bonuses for members of management, the Chief Executive Officer prepared and submitted recommendations for each of the executive and management team members, other than her own. In considering these recommendations, the Compensation Committee had the benefit of its extensive deliberations as well as the data provided by Willis Towers Watson. In executive session, the Compensation Committee approved a 2015 performance bonus for the Chief Executive Officer. At the Compensation Committee's February 17, 2016 meeting, it approved recommendations to the Board for its February 18, 2016 meeting, at which time the Board approved the same. The Board approval covered certain officers including the five officers set forth below. In addition, our Chief Executive Officer discussed recommendations for other management team members but the Compensation Committee and Board agreed that such positions were within the scope of the Chief Executive Officer's authority and did not require the Compensation Committee or Board approval.

The Compensation Committee expects to perform an annual review of executive compensation, generally in the first quarter of the year following the year in review, with a presentation by the Chief Executive Officer regarding each element of the executive compensation arrangements. At the Compensation Committee's direction, the Chief Executive Officer prepared an executive compensation review for each executive officer (other than the Chief Executive Officer), as well as the full executive team, which included recommendations for:

- 2016 Base Salary
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- A proposed year-end short-term incentive in the form of a target cash bonus based on the achievement of certain objectives; and
- A long-term incentive in the form of stock options and restricted stock units for the year under review.

As part of the compensation review, the Chief Executive Officer may also recommend other changes to an executive's compensation arrangements such as a change in the executive's responsibilities or a change in title. The Compensation Committee will evaluate the Chief Executive Officer's recommendations and, in its discretion, may accept or reject the recommendations, subject to the terms of any written employment agreements.

The Compensation Committee met in executive session without our Chief Executive Officer to consider the Chief Executive Officer's compensation, including base salary, cash bonus and equity award, if any. Prior to such executive sessions, the Compensation Committee interviewed the Chief Executive Officer to obtain a better understanding of factors contributing to the Chief Executive Officer's compensation. With the exception of these executive sessions of the Compensation Committee, as a rule, our Chief Executive Officer participated in all deliberations of the Compensation Committee relating to executive compensation. However, the Compensation Committee will ask the Chief Executive Officer to be excused for certain deliberations with respect to the compensation recommended for Margaret Cotter, the sister of the Chief Executive Officer.

In conjunction with the year-end annual compensation review, or as soon as practicable after the year-end, our Chief Executive Officer will recommend to the Compensation Committee the Company objectives and other criteria to be utilized for purposes of determining cash bonuses for certain senior executive officers. The Compensation Committee, in its discretion, may revise the Chief Executive Officer's recommendations. At the end of the year, the Compensation Committee, in consultation with the Chief Executive Officer, will review each performance goal and determine the extent to which the officer achieved such goals. In establishing performance goals, the Compensation Committee expects to consider whether the goals could possibly result in an incentive for any executives to take unwarranted risks in our Company's business and intend to seek to avoid creating any such incentives.

#### ***Base Salaries***

The Compensation Committee reviewed the executive pay assessment prepared by Willis Towers Watson and other factors and engaged in extensive deliberation and then recommended the following 2016 base salaries (the 2015 base salaries are shown for comparison purposes) for the following officers; the Board approved the recommendations of the Compensation Committee on March 10, 2016: the President and Chief Executive Officer, Chief Financial Officer and the persons identified and Named Executive Officers in the Company's proxy statement dated November 10, 2015 other than our prior Chief Executive Officers James J. Cotter, Sr. and James J. Cotter, Jr:

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Name	Title	2016 Base Salary (4)	2015 Base Salary (4)
Ellen Cotter (1)	President and Chief Executive Officer	\$450,000	\$402,000
Devasis Ghose (2)	Chief Financial Officer	400,000	400,000
Andrzej Matyczynski (3)	EVP Global Operations	336,000	312,000
Robert F. Smerling	President, US Cinemas	375,000	350,000
Wayne Smith	Managing Director, ANZ	A\$370,000	A\$365,360

- (1) Ellen M. Cotter was appointed Interim President on June 12, 2015 and President and Chief Executive Officer on January 8, 2016.
- (2) Devasis Ghose was appointed Chief Financial Officer on May 11, 2015. Mr. Ghose is the only executive officer that is a party to an employment agreement.
- (3) Andrzej Matyczynski was the Company's Chief Financial Officer until May 11, 2015 and thereafter he acted as corporate advisor to the Company. He was appointed EVP-Global Operations on March 10, 2016.
- (4) All dollars are in US dollars except the salary for Wayne Smith is reported in Australian dollars.

#### ***Short Term Incentives***

The Short Term Incentives authorized by the Compensation Committee and the Board provides the Company's executive officers and other management team members, who are selected to participate, with an opportunity to earn an annual cash bonus based upon the achievement of certain Company financial goals, division goals and individual goals, established by the Company's Chief Executive Officer and approved by the Compensation Committee and the Board of Directors (in future years, under the Compensation Committee Charter approved by the Board on March 10, 2016, the Compensation Committee will have full authority to approve these matters). Specifically, a participant in the short term incentive plan will be advised of his or her annual potential target bonus expressed as a percentage of the participant's base salary and by dollar amount. The participant will be eligible for a short term incentive bonus once the participant achieves goals identified at the beginning of the year for a threshold target, the potential target or potential maximum target bonus opportunity. The bonus will vary depending upon the achievements made by the individual participants, the division and the corporation. Corporate goals will include levels of earnings before interest, depreciation, taxes and amortization ("non-GAAP Operating Income") and property development milestones. Division goals will include levels of division cash flow and division milestones and individual goals will

include specific unique performance goals specific to the individual's position in the Company. Each of the corporate, division and individual goals carries a different percentage weight in determining the officer's or other team member's bonus for the year.

For 2016, executive officers will have an annual bonus opportunity expressed and determined as a percent of their base salary. This approach also was a recommendation of the Willis Towers Watson report to the Compensation Committee and provided points of reference for our Compensation Committee to compare short-term incentive opportunities for our executive and management team to those in peer and competitor companies.

Ms. Ellen Cotter, President and Chief Executive Officer, has a potential target bonus opportunity of 95% of Base Salary, or \$427,500 at target. Of that potential target bonus opportunity, a threshold bonus of \$213,750 may be achieved based upon Ms. Cotter's achievement of her performance goals and the Company's achievement of corporate goals as discussed above, a potential maximum target of \$641,250 is based on achieving performance goals approved by the Chairman of the Compensation Committee. Ms. Cotter's aggregate annual bonus opportunity can range from \$0 to \$641,250. Mr. Devasis Ghose, Chief Financial Officer, has a potential target bonus opportunity of 50% of Base Salary, or \$200,000 at target, which is based on achievement of his performance goals and the Company's achievement of corporate goals, as discussed above. Mr. Ghose's aggregate annual bonus opportunity can range from \$0 to \$300,000 (the maximum potential target if additional performance goals are met by Mr. Ghose). Mr. Andrzej Matyczynski, EVP - Global Operations, has a target bonus opportunity of 50% of Base Salary, or \$168,000 at target, which is based on achievement of his performance goals, the Company's achievement of corporate goals and certain divisional goals. Mr. Matyczynski's aggregate annual bonus opportunity can range from \$0 to \$252,000 (the maximum potential target if additional performance goals are met by Mr. Matyczynski). Mr. Robert Smerling, President, US Cinemas, has a target bonus opportunity of 30% of base pay, or \$112,500 at target, which is based on achievement of his performance goals, the Company's achievement of corporate goals and certain divisional goals. Mr. Smerling's aggregate annual bonus opportunity can range from \$0 to \$168,750 (the maximum potential target if additional performance goals are met by Mr. Smerling). Mr. Wayne Smith, Managing Director, ANZ, has a target bonus opportunity of 40% of Base Salary, or A\$148,000 at target, which is based on achievement of his performance goals the Company's achievement of corporate goals and certain divisional goals approved by the Compensation Committee. Mr. Smith's aggregate annual bonus opportunity can range from A\$0 to A\$222,000 (the maximum potential target if additional performance goals are met by Mr. Smith). The positions of other management team members have target bonus opportunities ranging from 20% to 30% of Base Salary based on achievement of certain goals. The highest level of achievement, participants may be eligible to receive up to a maximum of 150% of his or her target bonus amount.

### ***Long-Term Incentives***

Long-Term incentives will utilize the equity-based plan under the Company's 2010 Incentive Stock Plan, as amended (the "2010 Plan"). For 2016, executive and management team participants will receive awards in the following forms: 50% time-based restricted stock units and 50% non-statutory stock options. The grants of restricted stock units and options will vest ratably over a four (4) year period with 1/4<sup>th</sup> vesting on each anniversary date of the grant date.

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On March 10, 2016 the following grants were made:

<b>Name</b>	<b>Title</b>	<b>Dollar Amount of Restricted Stock Units (1)</b>	<b>Dollar Amount of Non-Statutory Stock Options (1)</b>
Ellen Cotter	President and Chief Executive Officer	\$150,000	\$150,000
Devasis Ghose (2)	Chief Financial Officer	0	0
Andrzej Matyczynski	EVP Global Operations	37,500	37,500
Robert F. Smerling	President, US Cinemas	50,000	50,000
Wayne Smith	Managing Director, ANZ	27,000	27,000

(1) The number of shares of stock to be issued will be calculated using the Black Scholes pricing model as of the date of grant of the award.

(2) Mr. Devasis Ghose was awarded 100,000 non-statutory stock options vesting over a 4 year period on Mr. Ghose's commencement of employment on May 11, 2015.

All long-term incentive awards will be subject to other terms and conditions set forth in the 2010 Plan and award grant.



## Separation and Release Agreement

This Separation and Release Agreement (the “**Agreement**”) is entered into as of March 11, 2016, by and between William D. Ellis (“**Executive**” or “**you**”) and Reading International, Inc., a Nevada corporation (“**Reading**” or the “**Company**”).

### RECITALS:

WHEREAS, pursuant to that certain employment agreement dated October 20, 2014, as amended (the “**Employment Agreement**”), Executive was hired by the Company in the capacity of General Counsel for a three (3) year term to end on October 20, 2017 (the “**Employment Term**”);

Whereas, on or about February 18, 2016, Executive gave notice to the Company that he was resigning from his employment under the Employment Agreement with the Company;

Whereas, the Company is willing to accept Executive’s resignation, but desires to have the benefit of Executive’s continued assistance and cooperation on Company matters as needed after his resignation, as described below;

Whereas, Executive and the Company agree that Executive’s resignation will be effective March 11, 2016.

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

1. **Resignation**. Effective March 11, 2016 (the “**Resignation Date**”), you hereby resign as the Company’s General Counsel and Corporate Secretary and from any and all other positions that you hold as an officer, director, manager and/or employee of the Company and its various direct and indirect subsidiaries. Your status as a corporate officer, director, manager, employee or any fiduciary position with the Company and all affiliates will end on the Resignation Date.
2. **Compensation**. In exchange for your continued cooperation and assistance, the Release provided below, and for the performance by you of your other obligations under this Agreement the Company hereby waives any rights it might have against you with respect to your early termination of your obligations under the Employment Agreement, including but not limited to any claim for breach of the Employment Agreement, and agrees to the following compensation and benefit treatment:

#### 2.1 **Payments**.

- (a) *Base Salary; Accrued Obligations*. On March 11, 2016, you will receive payment for any accrued and unused vacation, your accrued but unpaid base salary through the Resignation Date, and reimbursement of unreimbursed business expenses for which substantiation has been submitted (or for which substantiation will be submitted, for charges on your corporate credit card already incurred but for which you do not

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receive a bill until after the Resignation Date) in accordance with the Company's policies and procedures (collectively, the "**Accrued Obligations**") . You acknowledge and agree that as of the date of this Agreement, you have no hours of accrued and unused vacation.

- (b) *Compensation.* So long as you are in material compliance with your obligations under this Agreement, you will be entitled to nineteen equal payments in the amount of \$10,790, each payable semi-monthly beginning on March 30, 2016 and continuing on each of the Company's regular pay day thereafter until December 31, 2016 (the "**Payments**"). The Payments will be subject to applicable required tax withholding (if any).

2.2 **Equity Awards .** So long as you continue satisfy in all material respects your obligations to the Company under this Agreement, twenty thousand (20,000) of the employee stock options granted to you pursuant to Section 4 of your Employment Agreement shall continue to vest on October 20, 2016. No further options shall vest under that grant. This provision shall be interpreted consistent with and supplementary to the stock option agreement.

2.3 **Benefits**

- (a) *COBRA .* You will be offered the opportunity to receive continuation coverage for yourself and your eligible dependents under the Company's medical and dental plans pursuant to the provisions of the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("**COBRA**") following the Resignation Date , provided you timely elect and pay for such coverage .
- (b) *Key Man Insurance .* The Company shall pay the premiums on your key man insurance policy through December 31, 2016.

2.4 **Other Compensation Matters .** Notwithstanding anything to the contrary contained in this Agreement (including the Release set forth in Section 6 hereof), you hereby acknowledge that, in connection with your resignation when you cease to be an employee of the Company, you will not be entitled to receive from the Company or an affiliate (i) any severance or other payments or benefits , except as provided for in this Section 2, or (ii) any retiree termination welfare benefits (other than health care continuation coverage that you may be entitled to elect pursuant to Section 4980B of the Code) .

3. **Nondisparagement .** You agree to refrain from making any false or misleading statements or comments about the Company and any of its respective affiliates, their officers, directors, personnel, or any of their products and services. You agree to refrain from making any disparaging remarks to any person (other than comments to your immediate family members or advisers that are made on a confidential basis and are not repeated or published by such persons) about the Company and any of its respective affiliates, their officers, directors, their respective personnel, and their respective products and services; except to the extent otherwise required by applicable law. The Company agrees to refrain from making any false, misleading, or disparaging statements about you to any person outside the Company (other than comments to advisers of the Company that are made on a confidential basis and are not repeated or published by such persons ) except to the extent otherwise required by applicable law. The Company has no obligation under Section 3 with respect to James J. Cotter, Jr.
4. **Cooperation .** In order to ensure a smooth transition from Executive's duties and responsibilities as the Company's General Counsel and Secretary, and taking into consideration Executive's schedule and other commitments, Executive agrees to provide reasonable assistance to and cooperation with Company following the Resignation Date in connection with any Company matters for which Executive had knowledge or responsibility while employed by Company. Further, if Company is involved in any legal action or investigation on or after Executive's Resignation Date relating to events which occurred during Executive's employment, Executive will cooperate with the Company to the fullest extent reasonably possible (taking into consideration Executive's schedule and other commitments) in the preparation, prosecution, or defense of the Company's case, including, but not limited to, required travel, appearances and testimony, the execution of affidavits or documents or providing information reasonably requested by the Company. As part of his cooperation and assistance pursuant to this Section 4, Executive agrees that he will take and/or promptly return phone calls and promptly respond to emails or other communications from the Company or its representatives, and will make himself available to meet with the Company or its representatives in person at its Los Angeles offices or other location in Los Angeles County upon reasonable request by the Company. Company will reimburse Executive for reasonable pre-approved out-of-pocket expenses incurred in providing such assistance and cooperation to the Company. Executive agrees that in providing such services, Executive will be serving as an attorney for the Company, and that any communications between the Company (or any of its counsel) and Executive shall be subject to the attorney-client and attorney work product privilege. Executive acknowledges that he has no right or authority to waive any attorney-client or attorney work product privilege belonging to the Company and/or any of its affiliates, and that he shall not provide any information in violation of such privileges. Executive further agrees that he shall not meet or otherwise communicate with any counter-party or any representative of any counter party to any litigation in which the Company (or any of its officers or directors) is a party, whether or not nominal, without the prior written consent of the Company.

5. **Public Comment** . Prior to issuing any press release or SEC filing (e.g. Form 8-K) regarding your resignation, the Company agrees to give Executive 24 hours , with the opportunity to review and comment on the written draft release or SEC filing, notice prior to the requisite filing date .
6. **Release.** You hereby acknowledge that the Company's obligations under Section 2 hereof are in excess of any payments or benefits to which you are entitled under law, contract or otherwise and are contingent upon your timely performance of your obligations under this Agreement in all material respects, and the release of claims set forth in this Section 6 (the "**Release**"). For purposes of this Section 6 , "**Release d Parties**" include the Company and its affiliated companies and their officers, directors, managers, stock holders, employees, agents, representatives, plans, trusts, administrators, fiduciaries, insurance companies, attorneys, successors, and assigns.
- 6.1 You, on behalf of yourself and your personal and legal representatives, heirs, executors, successors and assigns, hereby acknowledge full and complete satisfaction of, and fully and forever waive, release, and discharge the Release d Parties from any and all claims, causes of action, demands, liabilities, damages, obligations, and debts (collectively referenced as "**Claims**"), of every kind and nature, whether known or unknown, suspected or unsuspected, that you hold as of the date you sign this Agreement, or at any time previously held against any Release d Party , arising out of any matter whatsoever (with the exception of breach of this Agreement). This release specifically includes, but is not limited to, any and all Claims:
- (a) Arising out of or in any way related to your employment with or separation of employment from the Company, or any contract or agreement between you and the Company or the termination thereof ;
  - (b) Arising out of or in any way related to any treatment of Executive by any of the Release d Parties , which shall include, without limitation, any treatment or decisions with respect to hiring, placement, promotion, discipline, work hours, assignment of or change in duties or responsibilities, demotion, transfer, termination, compensation, performance review, or training; any statements or alleged statements by the Company or any of the Release d Parties regarding Executive, whether oral or in writing; any damages or injury that Executive may have suffered, including without limitation, emotional or physical injury, compensatory damages, or lost wages; or employment discrimination, which shall include, without limitation, any individual or class claims of discrimination on the basis of age, disability, sex, race, religion, national origin, citizenship status, marital status, sexual preference, or any other basis whatsoever.
  - (c) Arising under or based on the Equal Pay Act of 1963 (EPA); Title VII of the Civil Rights Act of 1964, as amended (Title VII); Section 1981 of the Civil Rights Act of 1866 (42 U.S.C. §1981); the Civil Rights Act of 1991

(42 U.S.C. §1981a); the Americans with Disabilities Act of 1990, as amended (ADA); the Family and Medical Leave Act of 1993, as amended (FMLA); the Genetic Information Nondiscrimination Act of 2008 (GINA); the National Labor Relations Act (NLRA); the Worker Adjustment and Retraining Notification Act of 1988 (WARN); the Uniform Services Employment and Reemployment Rights Act (USERRA); the Rehabilitation Act of 1973; the Occupational Safety and Health Act (OSHA); the Employee Retirement Income Security Act of 1974 (ERISA) (except claims for vested benefits, if any, to which you are legally entitled); the False Claims Act; Title VIII of the Corporate and Criminal Fraud and Accountability Act, as amended (18 U.S.C. §1514A) (Sarbanes-Oxley Act); the federal Whistleblower Protection Act and any state whistleblower protection statute(s); the California Fair Employment and Housing Act or any other federal, state or local law relating to employment or discrimination in employment or any other fair employment practices statute(s) of any state, in all cases arising out of or relating to your employment by Reading or investment in Reading or your services as an officer or employee of Reading or its subsidiaries, or otherwise relating to the termination of such employment or services.

- (d) Arising under or based on any other federal, state, county or local law, statute, ordinance, decision, order, policy or regulation prohibiting employment discrimination, providing for the payment of wages or benefits, or otherwise creating rights or claims for employees; any and all claims alleging breach of public policy, the implied covenant of good faith and fair dealing, or any express, implied, oral or written contract, handbook, manual, policy statement or employment practice, including, but not limited to, the Employment Agreement or Amendment thereto; constructive discharge; misrepresentation; defamation; libel; slander; interference with contractual relations; intentional or negligent infliction of emotional distress; invasion of privacy; assault; battery; fraud; negligence; harassment; retaliation; or wrongful discharge; and
- (e) Arising under or based on the Age Discrimination in Employment Act of 1967 (“ ADEA ”), as amended by the Older Workers Benefit Protection Act (“ OWBPA ”), and alleging a violation thereof by any Release d Party, at any time prior to the date you sign this Agreement.

- 6.2 You agree that, except as set forth in this Agreement, you are not entitled to any payment or benefits from any of the Release d Parties, including, but not limited to, any payments or benefits under any plan, program or agreement with any Release d Party, including, but not limited to, the Employment Agreement or Amendment thereto.
- 6.3 You agree that, this Agreement extinguishes all claims and charges that you could have raised against any of the Released Parties, whether known to you or not. You expressly waive all rights and benefits under Section 1542 of the California

Civil Code and any similar law of any state or territory of the United States. Section 1542 of the California Civil Code provides as follows:

**“A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.”**

- 6.4 You hereby represent that you know of no claim that you have that has not been released by this Section 6 . You further represent and warrant that you have not assigned or subrogated any of your rights, claims or causes of action, including any claims referenced in this Agreement, or authorized any other person or entity to assert such claim or claims on your behalf, and you agree to indemnify and hold the Company harmless against any assignment of said rights, claims and/or causes of action.
  - 6.5 Nothing contained in this Release will (i) release any claim that cannot be waived under applicable law, (ii) release your rights to any benefits under any employee welfare benefit plan of the Company, the 401(k) Plan or with respect to the right to elect health care continuation under COBRA, (iii) release any entitlement to or with respect to indemnification which you may have pursuant to agreement, the Company’s bylaws, any policy of insurance maintained by the Company or otherwise under law, or (iv) be construed to release your rights under this Agreement or be construed to prohibit or restrict you in any manner from bringing appropriate proceedings to enforce this Agreement. You acknowledge that your execution of this Agreement terminates any claims you previously held to any and all compensation and employee benefits, other than those specifically identified in this Agreement.
  - 6.6 By signing this Agreement, you represent that you have not commenced or joined in any claim, charge, action or proceeding whatsoever against any of the Release d Parties arising out of or relating to any of the matters set forth in this Section 6 . You further represent that you will not be entitled to any personal recovery in any action or proceeding that may be commenced on your behalf arising out of the matters released hereby.
7. **Release of ADEA Claims .** You expressly acknowledge and agree that this Agreement includes a release of all claims which you have or may have under the Age Discrimination in Employment Act, as amended (“ADEA”). The following terms and conditions apply to and are part of the release of ADEA claims under this Agreement:
- (a) You have been advised to consult with an attorney before signing this Agreement;
  - (b) You are not releasing any rights or claims under the ADEA that may arise after the date on which you execute this Agreement;

- (c) You have twenty-one (21) days from the date you are presented with this Agreement to decide whether or not to sign this Agreement, although you may choose to sign the Agreement at any time earlier;
  - (d) You have seven (7) days after signing this Agreement to revoke this Agreement (the “**Revocation Period**”), and this Agreement will not be effective until that Revocation Period has expired;
  - (e) To revoke this Agreement, you must deliver written notice of revocation by hand, overnight delivery, or confirmed facsimile signed by you and received by the Company to the attention of Ellen Cotter, President & CEO, no later than the seventh (7th) day of the Revocation Period. If no such revocation occurs, the General Release and this Agreement will become effective on the eighth (8th) day following your execution of this Agreement. You further acknowledge and agree that, in the event that you revoke this Agreement, it will have no force or effect ; and
  - (f) You hereby acknowledge and agree that you are knowingly and voluntarily releasing your rights and claims only in exchange for consideration (something of value) in addition to anything of value to which you are already entitled.
8. **Restrictive Covenants; Arbitration; Surviving Provisions .** You acknowledge and agree that Sections 8 (Non-Disclosure), 9 (Remedies), and 12 (Data), and 13 (Arbitration) of the Employment Agreement shall remain in effect after your resignation and termination of your employment, and are expressly incorporated herein. You further agree that any disputes related to this Agreement, or breach therefor, including the arbitrability of such dispute or controversy, shall be determined and settled by arbitration pursuant to the procedures set forth in Section 13 of the Employment Agreement. Further, the provisions of the Company policies that relate to trade secrets, confidential and proprietary information and non-solicitation of employees will survive the termination of your employment and are incorporated in this Section 8 by reference. Payments to you or on your behalf under Section 2.1(b), 2.2, and 2.3(b) will be conditioned on your continued compliance with the provisions of these provisions and the provisions of this Agreement . In the event of any violation by you of these provisions or the provisions of this Agreement , no further payments will be made under Section 2.1(b) or 2.3(b) and no vesting of any unvested equity awards will occur under Section 2.2, and your right to any unpaid payments under Section 2.1(b) and 2.3(b) and any unvested equity awards under Section 2.2 will be forfeited.
9. **General Provisions .**
- 9.1 **Severability**. It is the desire and intent of the parties that the provisions of this Agreement will be enforced to the fullest extent permissible. In the event that any one or more of the provisions of this Agreement will be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remainder of this Agreement will remain valid and enforceable and continue in full force and effect

to the fullest extent consistent with law. Moreover, if any one or more of the provisions contained in this Agreement is held to be excessively broad as to duration, scope, activity or subject, such provisions will be construed by limiting and reducing them so as to be enforceable to the maximum extent compatible with applicable law.

- 9.2 **No Admission**. By entering into this Agreement, the parties do not admit to, and expressly deny, any wrongdoing.
- 9.3 **Return of Property**. You agree to return to the Company, on or prior to the Resignation Date, all files, records, documents, reports, computers and other property of the Company in your possession or control, including, but not limited to, any documents or other materials containing confidential information, and you further agree that you will not keep, transfer or use any copies or excerpts of the foregoing items. Executive will be permitted to copy and remove any electronic files on the computer or cell phone that contain his personal information (but not any confidential information or proprietary Company information or data), including contact information. Executive understands and agrees that following his resignation, the Company shall have the right to access and review any files on his Company-provided computer, and to open and review any emails received at his Company email address.
- 9.4 **Notices**. Unless otherwise specified in this Agreement, any and all notices, requests, demands and other communications provided for by this Agreement will be in writing and will be effective when delivered in person, consigned to a reputable national or international courier service (including Federal Express), and addressed to you at your last known address on the books of the Company (which is 1995 Monte Vista Street, Pasadena, CA 91107) or, in the case of the Company, at the Company's principal place of business (which is 6100 Center Drive, Suite 900, Los Angeles, CA 90045), attention of the CEO of the Company, or to such other address as either party may specify by notice to the other actually received.
- 9.5 **Successors and Assigns**. This Agreement is personal to you and, without the prior written consent of the Company, will not be assignable by you otherwise than by will or the laws of descent and distribution. This Agreement will inure to the benefit of and be enforceable by your legal representatives. This Agreement will inure to the benefit of and be binding upon the Company and its successors and assigns.
- 9.6 **Governing Law; Captions; Amendment**. This Agreement will be governed by, and construed in accordance with, the laws of the State of California, without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and will have no force or effect. This Agreement may not be amended or modified except by a written agreement executed by the parties hereto or their respective successors and legal representatives.



- 9.7 **Code Section 409A Compliance.** The Company and you each hereby affirm that it is their mutual view that the provision of payments and benefits described or referenced herein are either exempt from or intended to be in compliance with the requirements of Section 409A of the Code and the Treasury regulations relating thereto (“**Section 409A**”) and that each party’s tax reporting will be completed in a manner consistent with such view. The Company and you each agree that upon the Resignation Date, you will experience a “separation from service” for purposes of Section 409A. Any payments that qualify for the “short-term deferral” exception or another exception under Section 409A will be paid under the applicable exception. For purposes of the limitations on nonqualified deferred compensation under Section 409A of the Code, each payment of compensation under this Agreement will be treated as a separate payment of compensation. Notwithstanding anything to the contrary in this Agreement, all reimbursements and in-kind benefits provided under this Agreement will be made or provided in accordance with the requirements of Section 409A of the Code, including, where applicable, the requirement that (x) the amount of expenses eligible for reimbursement, or in kind benefits provided, during a calendar year may not affect the expenses eligible for reimbursement, or in kind benefits to be provided, in any other calendar year; (y) the reimbursement of an eligible expense will be made no later than the last day of the calendar year following the year in which the expense is incurred; and (z) the right to reimbursement or in kind benefits is not subject to liquidation or exchange for another benefit. Neither the Company nor its affiliates will be liable in any manner for any federal, state or local income or excise taxes (including but not limited to any taxes under Sections 409A of the Code), or penalties or interest with respect thereto, as a result of the payment of any compensation or benefits hereunder or the inclusion of any such compensation or benefits or the value thereof in your income. You acknowledge and agree that the Company will not be responsible for any additional taxes or penalties resulting from the application of Section 409A.
- 9.8 **Withholding.** Notwithstanding any other provision of this Agreement, the Company may withhold from amounts payable under this Agreement all amounts that are required to be withheld, including, but not limited to, federal, state, local and foreign taxes to be withheld by applicable laws or regulations, but will only take such withholdings to the minimum extent permissible under applicable laws or regulations.
- 9.9 **Preparation of Agreement.** This Agreement will be interpreted in accordance with the plain meaning of its terms and not strictly for or against any of the parties hereto. Regardless of which party initially drafted this Agreement, it will not be construed against any one party, and will be construed and enforced as a mutually-prepared document.
- 9.10 **Entire Agreement.** This Agreement constitutes the entire agreement between you and the Company with respect to the subjects addressed herein, and together with the provisions that survive your resignation and termination of your employment as specified in this Agreement, this Agreement supersedes all prior agreements,

understandings and representations, written or oral, with respect to those subjects, including, but not limited to the, Employment Agreement and Amendment thereto . Without limiting the generality of the foregoing, you acknowledge that the Employment Agreement and Amendment thereto will be terminated upon the effectiveness of this Agreement, except as specified in this Agreement.

- 9.11 **Counterparts**. This Agreement may be executed in counterparts, each of which will be deemed an original, and which together will be deemed to be one and the same instrument.
- 9.12 **Waiver of Breach**. Any waiver of any breach of this Agreement shall not be construed to be a continuing waiver or consent to any subsequent breach on the part of you or of the Company.
10. **Consultation with Attorney; Voluntary Agreement.** You understand and agree that you have the right and have been given the opportunity to review this Agreement and, specifically, the Release set forth in Section 6 above, with an attorney of your choice. You also understand and agree that you are under no obligation to consent to the Release. You acknowledge that you have read this Agreement and the Release and understand their terms and that you enter into this Agreement freely, voluntarily, and without coercion.

**READ CAREFULLY BEFORE SIGNING**

**THIS SEPARATION AND RELEASE AGREEMENT INCLUDES A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS AND A WAIVER OF YOUR RIGHTS UNDER THE AGE DISCRIMINATION IN EMPLOYMENT ACT AS WELL AS OTHER FEDERAL, STATE AND LOCAL LAWS PROTECTING EMPLOYEE RIGHTS. IF YOU SIGN THIS AGREEMENT, YOU ARE WAIVING ALL OF YOUR RIGHTS TO ASSERT ANY CLAIMS UNDER THESE LAWS. PLEASE READ THIS AGREEMENT CAREFULLY AND SEEK THE ADVICE OF AN ATTORNEY REGARDING THE LEGAL EFFECT OF SIGNING THIS AGREEMENT.**

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year written opposite their signature .

***“ E xecutive ”***

Date: \_\_\_\_\_  
William D. Ellis , an individual

***“ Compan y ”***  
Reading International, Inc.

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Ellen M. Cotter, President and CEO

# EXHIBIT 5

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DISTRICT COURT  
CLARK COUNTY, NEVADA

JAMES J. COTTER, JR.,       )  
individually and               )  
derivatively on behalf of)  
Reading International,       )  
Inc.,                               )  
                                  ) Case No. A-15-719860-B  
Plaintiff,                        )  
                                  ) Coordinated with:  
vs.                                 )  
                                  ) Case No. P-14-082942-E  
MARGARET COTTER, et al.,     )  
                                  )  
Defendants.                        )  
and                                 )  
READING INTERNATIONAL,       )  
INC., a Nevada                 )  
corporation,                    )  
                                  )  
Nominal Defendant) )

VIDEOTAPED DEPOSITION OF DOUGLAS McEACHERN  
TAKEN ON MAY 6, 2016

REPORTED BY:  
PATRICIA L. HUBBARD, CSR #3400

1           Q.    Have you personally ever done any  
2   analysis to ascertain whether the profitability of  
3   the live theaters justifies the compensation that  
4   has been awarded over the past three years to  
5   Margaret Cotter?

6                   MR. SWANIS:  Objection.  Form.

7                   MR. SEARCY:  Objection.  Lacks  
8   foundation, assumes facts.

9                   THE WITNESS:  Yes and no.

10                  Margaret Cotter has just transitioned  
11   from being an outside contractor to an employee of  
12   the company.  And in connection with that her change  
13   in status was reviewed by the audit and conflicts  
14   committee of which I chair.

15                  We reviewed her management agreement  
16   that she succeeded to before she managed -- took  
17   over management.  Somebody else managed Liberty  
18   Theaters before Margaret took it over.

19                  Margaret's compensation is 90 percent  
20   based upon the cash flows of the live theater  
21   operation.

22                  Now, if we were to terminate that  
23   contract with Liberty Theaters, Margaret Cotter, she  
24   would be entitled to that same compensation in  
25   perpetuity until such time as the shows that were

1 playing in those theaters ended.

2 So her compensation is contractual, not  
3 based -- and based upon performance of the theaters,  
4 not based upon any discretion of the compensation  
5 committee.

6 BY MR. NATION:

7 Q. Okay. So, under the contract that  
8 pre-existed your coming onto the board --

9 A. Uh-huh.

10 Q. -- Margaret Cotter is entitled to  
11 receive 90 percent of the cash flows from the live  
12 theaters as her compensation?

13 MR. SWANIS: Objection. Form.

14 MR. SEARCY: Same objection.

15 BY MR. NATION:

16 Q. I'm trying to ask clarification of that.

17 A. It's not -- 90 percent of the  
18 compensation she receives is as a result of this  
19 formula calculation on the cash flow of the live  
20 theaters. I'm sorry I misspoke.

21 There's some modest amount of  
22 compensation, as I recall, attributable to a monthly  
23 payment that she gets, but the majority of the  
24 compensation comes out of this contract that's been  
25 filed with the S.E.C. and is a public record.

1 Chicago, there were three in New York. One of them  
2 in New York was located in the Union Square  
3 Building.

4 BY MR. NATION:

5 Q. Which theater is that?

6 A. I don't know the name of it. It was the  
7 Union Square Theater.

8 Q. Okay. And Margaret wanted to be in  
9 charge of developing the Union Square Theater is  
10 your understanding?

11 A. My understanding is that Margaret has  
12 been involved in the Union Square Building as -- the  
13 shows and the theater production activities and  
14 acting as our representative, and in addition on an  
15 uncompensated basis worked through the process of  
16 getting the Union Square Building through the  
17 Landmark Commission, which, by the way, was a  
18 12-year period for which she was paid no money to  
19 get it entitled and get the building expanded by  
20 some 25,000 square feet.

21 The mere ability to get that -- and  
22 these will be rough numbers -- created enormous  
23 value in that building by getting it entitled for  
24 redevelopment from the Landmark Commission and  
25 getting the -- I think we went from 45,000 square



1 feet to close to 70,000 square feet approval from  
2 that Landmark Commission.

3 And then the building and safety  
4 group -- somebody else just recently gave us  
5 permission to continue and go forward with our  
6 plans.

7 So the enormous amount of value that was  
8 created in that building was Margaret Cotter working  
9 with her father, as I understand it, and getting the  
10 entitlements.

11 MR. NATION: Could you please read me  
12 the question that started that.

13 (Whereupon the question was read  
14 as follows:

15 "Question: And Margaret wanted to  
16 be in charge of developing the  
17 Union Square Theater is your  
18 understanding?")

19 BY MR. NATION:

20 Q. All right. So, at the time that --  
21 picking up our narrative here, at the time that Jim  
22 Cotter came in as C.E.O. --

23 A. Junior?

24 Q. Jim Cotter, Jr., came in as C.E.O. --

25 A. Okay.

# **EXHIBIT 6**

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2

DISTRICT COURT

3

CLARK COUNTY, NEVADA

4

JAMES J. COTTER, JR., )  
individually and )  
derivatively on behalf of )  
Reading International, )  
Inc., )

7

Plaintiff, )

Case No. A-15-719860-B

8

vs. )

Coordinated with:

9

MARGARET COTTER, et al., )

Case No. P-14-082942-E

10

Defendants. )

11

and )

12

READING INTERNATIONAL, )  
INC., a Nevada )  
corporation, )

13

14

Nominal Defendant )

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16

VIDEOTAPED DEPOSITION OF MARGARET COTTER

17

TAKEN ON MAY 12, 2016

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VOLUME I

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REPORTED BY:

25

PATRICIA L. HUBBARD, CSR #3400

1 Q. What else does it encompass, if  
2 anything, beyond live theaters?

3 A. The development of the Union Square and  
4 the Cinema 1, 2, 3 currently.

5 Q. When you say "currently," is it  
6 anticipated that there will be development of other  
7 properties in New York?

8 A. Could be.

9 Q. That would be Orpheum, I guess, right?

10 A. The Orpheum and the Minetta Lane.

11 Q. Prior to the time you became executive  
12 vice president of real estate in New York at RDI in  
13 March of 2016 -- or in or about March of 2016, how  
14 was your compensation at Liberty Theatres calculated  
15 or determined?

16 A. I wouldn't be paid unless there was a  
17 show inside the theater.

18 So, I would receive, you know, a small  
19 amount of money every month if there was a booked  
20 show. And then I would receive 20 percent of the  
21 cash flow after a certain break-even at year-end.

22 So it was purely incentive based.

23 Q. The -- was the Union Square property a  
24 source in any way of income for you?

25 A. Yes.

# **EXHIBIT 7**

**Confidential – Filed Under Seal**

# **EXHIBIT 8**

**Confidential – Filed Under Seal**

# **EXHIBIT 9**

**Confidential – Filed Under Seal**

# **EXHIBIT 10**



1	DISTRICT COURT		
2	CLARK COUNTY, NEVADA		
3			
4	JAMES J. COTTER, JR.,	)	
	individually and	)	
5	derivatively on behalf of)		
	Reading International,	)	
6	Inc.,	)	
		)	Case No. A-15-719860-B
7	Plaintiff,	)	
		)	Coordinated with:
8	vs.	)	
		)	Case No. P-14-082942-E
9	MARGARET COTTER, et al.,	)	
		)	
10	Defendants.	)	
	and	)	
11		)	
	READING INTERNATIONAL,	)	
12	INC., a Nevada	)	
	corporation,	)	
13		)	
	Nominal Defendant)	)	
14		)	

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16 DEPOSITION OF: EDWARD KANE

17 TAKEN ON: MAY 2, 2016

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24 REPORTED BY:

25 PATRICIA L. HUBBARD, CSR #3400

1 Q. Then we'll go on.

2 Directing your attention, Mr. Kane, back  
3 to your prior testimony regarding your assessment of  
4 Margaret Cotter's abilities to handle real estate  
5 development matters, were you of the view on  
6 June 12, 2015 when Mr. Jim Cotter, Jr., was  
7 terminated as president and C.E.O. that Margaret  
8 Cotter was competent to be the senior executive in  
9 charge of real estate development activities for  
10 RDI?

11 A. Was I confident?

12 Q. Were you -- in June 12, 2015, when Jim  
13 Cotter, Jr., was terminated as president and C.E.O.,  
14 was it your view then that Margaret Cotter was  
15 competent to be the senior executive at RDI in  
16 charge of its real estate development activities in  
17 New York?

18 A. Yes.

19 Q. How long before June 12, 2015 did you  
20 come to that conclusion?

21 A. It evolved over period of time. I can't  
22 say when.

23 I do know that I was very impressed with  
24 what she had done with the Landmark Commission,  
25 making development of that property possible and

1 of the professional dynamic between Margaret Cotter  
2 on the one hand and Jim Cotter, Jr.?

3 MR. SEARCY: Objection. Vague.

4 THE WITNESS: I was reticent to get  
5 involved in that dispute. That's -- that's family.  
6 And I was reticent.

7 But I did tell him that he should --  
8 Margaret wanted to be an employee for purposes of  
9 healthcare. And so long as her contract would not  
10 change, I saw no reason why she shouldn't. And I  
11 told him that.

12 And he kept giving me, "Oh, I can't  
13 attend to it," kind of -- I think he sent me an  
14 email, "I'm busy, I'll tend to it later." It was an  
15 irritant.

16 And it's part of why I thought he was  
17 bringing litigation into the board room. There was  
18 no reason not to do it. In fact the company would  
19 benefit from doing it.

20 BY MR. KRUM:

21 Q. How so?

22 A. How so? Because Margaret Cotter had a  
23 contract. And if she was terminated, it's my  
24 understanding she would continue to get compensation  
25 from plays that were in her theaters, including

1 Stomp.

2 And when we made her employee she gave  
3 that up. But that was a lucrative result.

4 So I think the company benefited  
5 actually from making her an employee.

6 MR. KRUM: What's our next number?

7 THE REPORTER: 106 -- 105.

8 MR. KRUM: I'll ask the court reporter  
9 to mark as Exhibit 105 a two-page document bearing  
10 production number GA5234 and 35.

11 (Whereupon the document referred  
12 to was marked Plaintiffs'  
13 Exhibit 105 by the Certified  
14 Shorthand Reporter and is attached  
15 hereto.)

16 BY MR. KRUM:

17 Q. Mr. Kane, I'm going to ask you only  
18 about your March 1 email in the middle of the first  
19 page of Exhibit 105.

20 Tell me when you've reviewed that to  
21 your satisfaction.

22 A. Yes.

23 Q. Do you recognize Exhibit 105?

24 A. Yes.

25 Q. It includes a -- an email you sent on

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DISTRICT COURT

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CLARK COUNTY, NEVADA

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JAMES J. COTTER, JR., )  
individually and )  
derivatively on behalf of )  
Reading International, )  
Inc., )

8

Plaintiff,

Case No. A-15-719860-B

9

vs.

Coordinated with:

10

MARGARET COTTER, et al., )

Case No. P-14-082942-E

11

Defendants. )

12

and )

13

READING INTERNATIONAL, )  
INC., a Nevada )  
corporation, )

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Nominal Defendant )

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VIDEOTAPED DEPOSITION OF EDWARD KANE

18

TAKEN ON JUNE 9, 2016

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VOLUME 3

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Job No.: 315759

24

REPORTED BY:

25

PATRICIA L. HUBBARD, CSR #3400

1 Q. Directing your attention to the portion  
2 of your October 14 -- excuse me -- October 24, 2014  
3 email as part of Exhibit 291 that concerns  
4 compensation for Margaret --

5 A. Uh-huh.

6 Q. -- Margaret was not an employee of the  
7 company, correct?

8 A. Correct.

9 Q. So you were assuming that she was soon  
10 to be an employee of the company?

11 A. She had asked to be an employee of the  
12 company, yes.

13 Q. What peer group was used -- strike that.  
14 What peer group, if any, was used this  
15 year in determining Margaret Cotter's compensation  
16 package?

17 A. You mean this year 2016?

18 Q. Yes.

19 A. I or Ellen and I or Guy Adams and I -- I  
20 don't remember who -- went back to Towers Watson and  
21 said, "We're not happy." And I was not happy, I  
22 told them, with the peer group. There were  
23 companies in there whose -- theater companies,  
24 cinema companies whose income -- what we say gross  
25 receipts were ten times ours. And I wanted a peer

1 group that was reflective of Reading.

2 And so I asked them to do -- do one  
3 which reflects the company of Reading, and they came  
4 back with a totally different peer group whose  
5 revenues and net income was reflective of ours.

6 It's not easy to do, because we're in  
7 two lines of business, but they did come up with  
8 one.

9 And that's what we used for 2016.

10 Q. So, basically it's a different peer  
11 group than the peer group that historically had been  
12 used?

13 A. A different peer group than was used by  
14 Towers Watson previously and a different peer group  
15 than Pearl Meyer had recommended or authorized.

16 Q. Who was responsible for interfacing with  
17 those companies when they -- when each was asked to  
18 generate a study that included a peer group?

19 MR. SEARCY: Objection. Vague and  
20 compound.

21 THE WITNESS: I believe Jim Cotter, Sr.,  
22 dictated in large part the peer group that Towers  
23 Watson used previously and also certainly had input,  
24 if not dictated the peer group that Pearl Meyer came  
25 up with.

1 tenants in -- in the -- the Union Square property.  
2 And she had been working with her father for quite  
3 some time on real estate issues.

4 So I don't think it's fair to say she  
5 had no experience.

6 Q. Okay. So, would the compensation  
7 committee have recommended the same package for  
8 someone else who had the same experience as  
9 Margaret?

10 MR. SEARCY: Objection. Vague.

11 THE WITNESS: I don't know if I can  
12 answer that. I don't think -- we didn't think, that  
13 is, the people at the meeting -- didn't feel that  
14 her compensation was excessive. And it's certainly  
15 not more than she was making.

16 And she gave up quite a bit to become an  
17 employee, because she gave up any residual rights to  
18 any of the plays which she otherwise would have had  
19 even if she was terminated, compensation. So I  
20 think Margaret gave up more than she received.

21 BY MR. KRUM:

22 Q. What was the value of the residual  
23 rights that she gave up?

24 A. Well, it depends on how long these  
25 theaters would -- these plays that are in the



1 theaters would run.

2 But it would have been substantial. I  
3 can't give you the figure.

4 Q. Did the compensation committee undertake  
5 to ascertain the value or range of values or the  
6 residual values that Margaret gave up?

7 A. There was some discussion. I don't  
8 remember what we came up with about it.

9 Q. Was there a methodology employed or was  
10 somebody charged with coming up with something?

11 A. No. No. I think -- no, I don't  
12 remember that.

13 Q. When you say it was substantial, what  
14 does that mean?

15 A. That means she would get a return, for  
16 example, with Stomp. And her return over time would  
17 depend on how long the Stomp play was there.

18 Stomp continued to play in the Orpheum  
19 Theatre.

20 Q. The -- well, how many theaters continued  
21 to play at the time Margaret became an employee of  
22 the company?

23 A. Pardon me?

24 Q. How many theaters continued to post  
25 plays at the time Margaret joined the company?

# **EXHIBIT 11**

**Confidential – Filed Under Seal**

# **EXHIBIT 12**

Morningstar<sup>®</sup> Document Research<sup>SM</sup>

## **FORMDEF 14A**

**READING INTERNATIONAL INC - RDI**

**Filed: May 18, 2016 (period: May 18, 2016)**

Official notification to shareholders of matters to be brought to a vote (Proxy)

*The information contained herein may not be copied, adapted or distributed and is not warranted to be accurate, complete or timely. The user assumes all risks for any damages or losses arising from any use of this information, except to the extent such damages or losses cannot be limited or excluded by applicable law. Past financial performance is no guarantee of future results.*

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant ☒  
Filed by a party other than the Registrant ☐

Check the appropriate box:

- ☐ Preliminary Proxy Statement  
☐ Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))  
☒ Definitive Proxy Statement  
☐ Definitive Additional Materials  
☐ Soliciting Material under Sec. 240.14a-12

READING INTERNATIONAL, INC.  
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

☒ No fee required

☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11

- (1) Title of each class of securities to which transaction applies: \_\_\_\_\_  
(2) Aggregate number of securities to which transaction applies: \_\_\_\_\_  
(3) Per unit price or other underlying value of transaction computed pursuant to  
Exchange Act Rule 0-11 (set forth the amount on which the filing fee is  
calculated and state how it was determined): \_\_\_\_\_  
(4) Proposed maximum aggregate value of transaction: \_\_\_\_\_  
(5) Total fee paid: \_\_\_\_\_

☐ Fee paid previously with preliminary materials.

☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- (1) Amount Previously Paid: \_\_\_\_\_  
(2) Form, Schedule or Registration Statement No.: \_\_\_\_\_  
(3) Filing Party: \_\_\_\_\_  
(4) Date Filed: \_\_\_\_\_

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**READING INTERNATIONAL, INC.**

Source: READING INTERNATIONAL INC. DEF 149, May 18, 2016

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Prepared by iWorxinger® Document Research<sup>SM</sup>

6100 Center Drive, Suite 900  
Los Angeles, California 90045

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD ON Thursday, June 2, 2016**

**TO THE STOCKHOLDERS:**

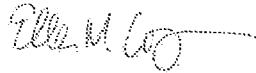
The 2016 Annual Meeting of Stockholders (the "Annual Meeting") of Reading International, Inc., a Nevada corporation, will be held at Courtyard by Marriott Los Angeles Westside, located at 6333 Bristol Parkway, Culver City, California 90230, on Thursday, June 2, 2016, at 11:00 a.m., Local Time, for the following purposes:

1. To elect nine Directors to serve until the Company's 2017 Annual Meeting of Stockholders and thereafter until their successors are duly elected and qualified; and
2. To transact such other business as may properly come before the Annual Meeting and any adjournment or postponement thereof.

A copy of our Annual Report on Form 10-K for the fiscal year ended December 31, 2015 is enclosed (the "Annual Report"). Only holders of record of our Class B Voting Common Stock at the close of business on April 22, 2016, are entitled to notice of and to vote at the Annual Meeting and any adjournment or postponement thereof.

Whether or not you plan on attending the Annual Meeting, we ask that you take the time to vote by following the Internet or telephone voting instructions provided on the proxy card or by completing and mailing the enclosed proxy card as promptly as possible. We have enclosed a self-addressed, postage-paid envelope for your convenience. If you later decide to attend the Annual Meeting, you may vote your shares even if you have already submitted a proxy card.

By Order of the Board of Directors,



Ellen M. Cotter  
*Chair of the Board*

May 19, 2016



READING INTERNATIONAL, INC.  
6100 Center Drive, Suite 900  
Los Angeles, California 90045

#### PROXY STATEMENT

Annual Meeting of Stockholders  
Thursday, June 2, 2016

#### INTRODUCTION

This Proxy Statement is furnished in connection with the solicitation by the Board of Directors of Reading International, Inc. (the "Company," "Reading," "we," "us," or "our") of proxies for use at our 2016 Annual Meeting of Stockholders (the "Annual Meeting") to be held on Thursday, June 2, 2016, at 11:00 a.m., local time, at Courtyard by Marriott Los Angeles Westside, located at 6333 Bristol Parkway, Culver City, California 90230, and at any adjournment or postponement thereof. This Proxy Statement and form of proxy are first being sent or given to stockholders on or about May 19, 2016.

At our Annual Meeting, you will be asked to (1) elect nine Directors to our Board of Directors (the "Board") to serve until the 2017 Annual Meeting of Stockholders, and (2) act on any other business that may properly come before the Annual Meeting or any adjournment or postponement of the Annual Meeting.

As of April 22, 2016, the record date for the Annual Meeting (the "Record Date"), there were 1,680,590 shares of our Class B Voting Common Stock ("Class B Stock") outstanding.

When proxies are properly executed and received, the shares represented thereby will be voted at the Annual Meeting in accordance with the directions noted thereon. If no direction is indicated, the shares will be voted: FOR each of the nine nominees named in this Proxy Statement for election to the Board under Proposal 1.

#### ABOUT THE ANNUAL MEETING AND VOTING

##### Why am I receiving these proxy materials?

This Proxy Statement is being sent to all of our stockholders of record as of the close of business on April 22, 2016, by Reading's Board to solicit the proxy of holders of our Class B Stock to be voted at Reading's 2016 Annual Meeting, which will be held on Thursday, June 2, 2016, at 11:00 a.m. local time, at Courtyard by Marriott Los Angeles Westside, located at 6333 Bristol Parkway, Culver City, California 90230.

##### What items of business will be voted on at the Annual Meeting?

There is one item of business scheduled to be voted on at the 2016 Annual Meeting:

- PROPOSAL 1: Election of nine Directors to the Board.

We will also consider any other business that may properly come before the Annual Meeting or any adjournments or postponements thereof, including approving any such adjournment, if necessary. Please note that at this time we are not aware of any such business.



**How does the Board of Directors recommend that I vote?**

Our Board recommends that you vote:

- On PROPOSAL 1: "FOR" the election of its nominees to the Board.

**What happens if additional matters are presented at the Annual Meeting?**

Other than the item of business described in this Proxy Statement, we are not aware of any other business to be acted upon at the Annual Meeting. If you grant a proxy, the persons named as proxies will have the discretion to vote your shares on any additional matters properly presented for a vote at the Annual Meeting.

**Am I eligible to vote?**

You may vote your shares of Class B Stock at the Annual Meeting if you were a holder of record of Class B Stock at the close of business on April 22, 2016. Your shares of Class B Stock are entitled to one vote per share. At that time, there were 1,680,590 shares of Class B Stock outstanding, and approximately 350 holders of record. Each share of Class B Stock is entitled to one vote on each matter properly brought before the Annual Meeting.

**What if I own Class A Nonvoting Common Stock?**

If you do not own any Class B Stock, then you have received this Proxy Statement only for your information. You and other holders of our Class A Nonvoting Common Stock ("Class A Stock") have no voting rights with respect to the matters to be voted on at the Annual Meeting.

**What should I do if I receive more than one copy of the proxy materials?**

You may receive more than one copy of this Proxy Statement and multiple proxy cards or voting instruction cards. For example, if you hold your shares in more than one brokerage account, you may receive a separate notice or a separate voting instruction card for each brokerage account in which you hold shares. If you are a stockholder of record and your shares are registered in more than one name, you may receive more than one copy of this Proxy Statement or more than one proxy card.

To vote all of your shares of Class B Stock by proxy card, you must either (i) complete, date, sign and return each proxy card and voting instruction card that you receive or (ii) vote over the Internet or by telephone the shares represented by each notice that you receive.

**What is the difference between holding shares as a stockholder of record and as a beneficial owner?**

Many stockholders of our Company hold their shares through a broker, bank or other nominee rather than directly in their own name. As summarized below, there are some differences in how stockholders of record and beneficial owners are treated.

**Stockholders of Record.** If your shares of Class B Stock are registered directly in your name with our Transfer Agent, you are considered the stockholder of record with respect to those shares and the proxy materials are being sent directly to you by Reading. As the stockholder of record of Class B Stock, you have the right to vote in person at the meeting. If you choose to do so, you can vote using the ballot provided at the Annual Meeting. Even if you plan to attend the Annual Meeting, we recommend that you vote your shares in advance as described below so that your vote will be counted if you decide later not to attend the Annual Meeting.

**Beneficial Owner.** If you hold your shares of Class B Stock through a broker, bank or other nominee rather than directly in your own name, you are considered the beneficial owner of shares held in street name and the proxy materials are being forwarded to you by your broker, bank or other nominee, who is considered the stockholder of record with respect to those shares. As the beneficial owner, you are also invited to attend the Annual Meeting. Because a beneficial owner is not the stockholder of record, you may not vote these shares in person at the Annual Meeting, unless you obtain a proxy from the broker, trustee or nominee that holds your shares, giving you the right to vote the shares at the meeting. You will need to contact your broker, trustee or nominee to obtain a proxy, and you will need to bring it to the Annual Meeting in order to vote in person.

## How do I vote?

Proxies are solicited to give all holders of our Class B Stock who are entitled to vote on the matters that come before the Annual Meeting the opportunity to vote their shares, whether or not they attend the Annual Meeting in person. If you are a holder of record of shares of our Class B Stock, you have the right to vote in person at the Annual Meeting. If you choose to do so, you can vote using the ballot provided at the Annual Meeting. Even if you plan to attend the Annual Meeting, we recommend that you vote your shares in advance as described below so that your vote will be counted if you decide later not to attend the Annual Meeting. You can vote by one of the following manners:

- By Internet — Holders of record of our Class B Stock may submit proxies over the Internet by following the instructions on the proxy card. Holders of our Class B Stock who are beneficial owners may vote by Internet by following the instructions on the voting instruction card sent to them by their bank, broker, trustee or nominee. Proxies submitted by the Internet must be received by 11:59 p.m., local time, on June 1, 2016 (the day before the Annual Meeting).
- By Telephone — Holders of record of our Class B Stock who live in the United States or Canada may submit proxies by telephone by calling the toll-free number on the proxy card and following the instructions. Holders of record of our Class B Stock will need to have the control number that appears on their proxy card available when voting. In addition, holders of our Class B Stock who are beneficial owners of shares living in the United States or Canada and who have received a voting instruction card by mail from their bank, broker, trustee or nominee may vote by phone by calling the number specified on the voting instruction card. Those stockholders should check the voting instruction card for telephone voting availability. Proxies submitted by telephone must be received by 11:59 p.m., local time, on June 1, 2016 (the day before the Annual Meeting).
- By Mail — Holders of record of our Class B Stock who have received a paper copy of a proxy card by mail may submit proxies by completing, signing and dating their proxy card and mailing it in the accompanying pre-addressed envelope. Holders of our Class B Stock who are beneficial owners who have received a voting instruction card from their bank, broker or nominee may return the voting instruction card by mail as set forth on the card. Proxies submitted by mail must be received by the Inspector of Elections before the polls are closed at the Annual Meeting.
- In Person — Holders of record of our Class B Stock may vote shares held in their name in person at the Annual Meeting. You also may be represented by another person at the Annual Meeting by executing a proxy designating that person. Shares of Class B Stock for which a stockholder is the beneficial owner, but not the stockholder of record, may be voted in person at the Annual Meeting only if such stockholder obtains a proxy from the bank, broker or nominee that holds the stockholder's shares, indicating that the stockholder was the beneficial owner as of the record date and the number of shares for which the stockholder was the beneficial owner on the record date.

Holders of our Class B Stock are encouraged to vote their proxies by Internet, telephone or by completing, signing, dating and returning a proxy card or voting instruction card, but not by more than one method. If you vote by more than one method, or vote multiple times using the same method, only the last-dated vote that is timely received by the Inspector of Elections will be counted, and each previous vote will be disregarded. If you vote in person at the Annual Meeting, you will revoke any prior proxy that you may have given. You will need to bring a valid form of identification (such as a driver's license or passport) to the Annual Meeting to vote shares held of record by you in person.

**What if my shares are held of record by an entity such as a corporation, limited liability company, general partnership, limited partnership or trust (an "Entity"), or in the name of more than one person, or I am voting in a representative or fiduciary capacity?**

**Shares held of record by an Entity.** In order to vote shares on behalf of an Entity, you need to provide evidence (such as a sealed resolution) of your authority to vote such shares, unless you are listed as a record holder of such shares.

**Shares held of record by a trust.** The trustee of a trust is entitled to vote the shares held by the trust, either by proxy or by attending and voting in person at the Annual Meeting. If you are voting as a trustee, and are not identified as a record owner of the shares, then you must provide suitable evidence of your status as a trustee of the record trust owner. If the record owner is a trust and there are multiple trustees, then if only one trustee votes, that trustee's vote applies to all of the shares held of record by the trust. If more than one trustee votes, the votes of the majority of the voting trustees apply to all of the shares held of record by the trust. If more than one trustee votes and the votes are split evenly on any particular Proposal, each trustee may vote proportionally the shares held of record by the trust.

**Shares held of record in the name of more than one person.** If only one individual votes, that individual's vote applies to all of the shares so held of record. If more than one person votes, the votes of the majority of the voting individuals apply to all of such shares. If more than one individual votes and the votes are split evenly on any particular Proposal, each individual may vote such shares proportionally.

**What is a broker non-vote?**

Applicable rules permit brokers to vote shares held in street name on routine matters. Shares that are not voted on non-routine matters, such as the election of Directors or any proposed amendment of our Articles or Bylaws, are called broker non-votes. Broker non-votes will have no effect on the vote for the election of Directors, but could affect the outcome of any matter requiring the approval of the holders of an absolute majority of the Class B Stock. We are not currently aware of any matter to be presented to the Annual Meeting that would require the approval of the holders of an absolute majority of the Class B Stock.

**What routine matters will be voted on at the annual meeting?**

None.

**What non-routine matters will be voted on at the annual meeting?**

The election of nine Directors to the Board is the only non-routine matter included among the Board's proposals on which brokers may not vote, unless they have received specific voting instructions from beneficial owners of our Class B Stock.

**How are abstentions and broker non-votes counted?**

Abstentions and broker non-votes are included in determining whether a quorum is present. In tabulating the voting results for the items to be voted on at the 2016 Annual Meeting, shares that constitute abstentions and broker non-votes are not considered entitled to vote and will not affect the outcome of any matter being voted on at the meeting, unless the matter requires the approval of the holders of a majority of the outstanding shares of Class B Stock.

**How can I change my vote after I submit a proxy?**

If you are a stockholder of record, there are three ways you can change your vote or revoke your proxy after you have submitted your proxy:

- First, you may send a written notice to Reading International, Inc., postage or other delivery charges pre-paid, 6100 Center Drive, Suite 900, Los Angeles, CA, 90045, c/o Annual Meeting Secretary, stating that you revoke your proxy. To be effective, the Inspector of Elections must receive your written notice prior to the closing of the polls at the Annual Meeting.
- Second, you may complete and submit a new proxy in one of the manners described above under the caption, "How do I vote?" Any earlier proxies will be revoked automatically.
- Third, you may attend the Annual Meeting and vote in person. Any earlier proxy will be revoked. However, attending the Annual Meeting without voting in person will not revoke your proxy.

**How will you solicit proxies and who will pay the costs?**

We will pay the costs of the solicitation of proxies. We may reimburse brokerage firms and other persons representing beneficial owners of shares for expenses incurred in forwarding the voting materials to their customers who are beneficial owners and obtaining their voting instructions. In addition to soliciting proxies by mail, our board members, officers and employees may solicit proxies on our behalf, without additional compensation, personally or by telephone.

**Is there a list of stockholders entitled to vote at the Annual Meeting?**

The names of stockholders of record entitled to vote at the Annual Meeting will be available at the Annual Meeting and for ten days prior to the Annual Meeting, at our corporate offices, 6100 Center Drive, Suite 900, Los Angeles, CA, 90045 between the hours of 9:00 a.m. and 5:00 p.m., local time, for any purpose relevant to the Annual Meeting. To arrange to view this list during the times specified above, please contact the Secretary of the Company.

**What constitutes a quorum?**

The presence in person or by proxy of the holders of record of a majority of our outstanding shares of Class B Stock entitled to vote will constitute a quorum at the Annual Meeting. Each share of our Class B Stock entitles the holder of record to one vote on all matters to come before the Annual Meeting.

**How are votes counted and who will certify the results?**

First Coast Results, Inc. will act as the independent Inspector of Elections and will count the votes, determine whether a quorum is present, evaluate the validity of proxies and ballots, and certify the results. A representative of First Coast Results, Inc. will be present at the Annual Meeting. The final voting results will be reported by us on a Current Report on Form 8-K to be filed with the SEC within four business days following the Annual Meeting.

**What is the vote required for a Proposal to pass?**

The nine nominees for election as Directors at the Annual Meeting who receive the highest number of "FOR" votes will be elected as Directors. This is called plurality voting. Unless you indicate otherwise, the persons named as your proxies will vote your shares FOR all the nominees for Directors named in Proposal 1. If your shares are held by a broker or other nominee and you would like to vote your shares for the election of Directors in Proposal 1, you must instruct the broker or nominee to vote "FOR" for each of the candidates for whom you would like to vote. If you give no instructions to your broker or nominee, then your shares will not be voted. If you instruct your broker or nominee to "WITHHOLD," then your vote will not be counted in determining the election.

Only votes "FOR" Proposal 1 at the Annual Meeting will be counted as votes cast and abstentions; votes withheld and broker non-votes will not be counted for voting purposes.

**Is my vote kept confidential?**

Proxies, ballots and voting tabulations identifying stockholders are kept confidential and will not be disclosed to third parties, except as may be necessary to meet legal requirements.

**How will the Annual Meeting be conducted?**

In accordance with our Bylaws, Ellen M. Cotter, as the Chair of the Board, will be the Presiding Officer of the Annual Meeting. Craig Tompkins has been designated by the Board to serve as Secretary for the Annual Meeting.

Ms. Cotter and other members of management will address attendees following the Annual Meeting. Stockholders desiring to pose questions to our management are encouraged to send their questions to us, care of the Annual Meeting Secretary, in advance of the Annual Meeting, so as to assist our management in preparing appropriate responses and to facilitate compliance with applicable securities laws.

The Presiding Officer has broad authority to conduct the Annual Meeting in an orderly and timely manner. This authority includes establishing rules for stockholders who wish to address the meeting or bring matters before the

Annual Meeting. The Presiding Officer may also exercise broad discretion in recognizing stockholders who wish to speak and in determining the extent of discussion on each item of business. In light of the need to conclude the Annual Meeting within a reasonable period of time, there can be no assurance that every stockholder who wishes to speak will be able to do so. The Presiding Officer has authority, in her discretion, to at any time recess or adjourn the Annual Meeting. Only stockholders are entitled to attend and address the Annual Meeting. Any questions or disputes as to who may or may not attend and address the Annual Meeting will be determined by the Presiding Officer.

Only such business as shall have been properly brought before the Annual Meeting shall be conducted. Pursuant to our governing documents and applicable Nevada law, in order to be properly brought before the Annual Meeting, such business must be brought by or at the direction of (1) the Chair, (2) our Board, or (3) holders of record of our Class B Stock. At the appropriate time, any stockholder who wishes to address the Annual Meeting should do so only upon being recognized by the Presiding Officer.

## CORPORATE GOVERNANCE

### Director Leadership Structure

Ellen M. Cotter is our current Chair, President and Chief Executive Officer. Ellen M. Cotter has been with our Company for more than 18 years, focusing principally on the cinema operations aspects of our business. During this time period, we have grown our Domestic Cinema Operations from 42 to 248 screens and our cinema revenues have grown from US \$15.5 million to US \$132.9 million. Historically, we have combined the roles of the Chair and the Chief Executive Officer, except for the period from August 2014 until June 12, 2015, when the roles of Chair and Chief Executive Officer were held by two executives of the Company following the resignation for health reasons of our founder, James J. Cotter, Sr. At the present time, we believe that the combined roles (i) allow for consistent leadership, (ii) continue the tradition of having a Chair and Chief Executive Officer, who is also a controlling stockholder of the Company, and also (iii) reflect our status as a “controlled company” under relevant NASDAQ Listing Rules

Margaret Cotter is our current Vice-Chair and she also serves as our Executive Vice President – Real Estate Management and Development - NYC. Margaret Cotter has been responsible for the operation of our live theaters for more than 17 years and has for more than the past five years been actively involved in the re-development of our New York properties. On March 10, 2016, our Board appointed Margaret Cotter as Executive Vice President-Real Estate Management and Development-NYC.

Ellen M. Cotter has a substantial stake in our business, owning directly 799,765 shares of Class A Stock and 50,000 shares of Class B Stock. Margaret Cotter likewise has a substantial stake in our business, owning directly 804,173 shares of Class A Stock and 35,100 shares of Class B Stock. Ellen M. Cotter and Margaret Cotter are the Co-Executors of their father’s (James J. Cotter, Sr.) estate (the “Cotter Estate”) and Co-Trustees of a trust (the “Cotter Trust”) established for the benefit of his heirs. Together, they have shared voting control over an aggregate of 1,208,988 shares or 71.9% of our Class B Stock. Ellen M. Cotter and Margaret Cotter have informed the Board that they intend to vote the shares beneficially held by them for each of the nine nominees named in this Proxy Statement for election to the Board under Proposal 1.

James Cotter, Jr. alleges that he has the right to vote the shares held by the Cotter Trust. The Company believes that, under applicable Nevada Law, where there are multiple trustees of a trust that is a record owner of voting shares of a Nevada corporation, and more than one trustee votes, the votes of the majority of the voting trustees apply to all of the shares held of record by the trust. If more than one trustee votes and the votes are split evenly on any particular proposal, each trustee may vote proportionally the shares held of record by the trust. Ellen M. Cotter and Margaret Cotter, who collectively constitute a majority of the Co-Trustees of the Cotter Trust, have informed the Board that they intend to vote the shares held by the Cotter Trust for each of the nine nominees named in this Proxy Statement for election to the Board under Proposal 1. Accordingly, the Company believes that Ellen M. Cotter and Margaret Cotter collectively have the power and authority to vote all of the shares of Class B Stock held of record by the Cotter Trust, which, when added to the other shares they report as being beneficially owned by them, will constitute 71.9% of the shares of Class B Stock entitled to vote for Directors at the Annual Meeting.

The Company has elected to take the “controlled company” exemption under applicable listing rules of The NASDAQ Capital Stock Market (the “NASDAQ Listing Rules”). Accordingly, the Company is exempted from the requirement to have an independent nominating committee and to have a board composed of at least a majority of

independent directors, as that term is defined in the NASDAQ Listing Rules ("Independent Directors"). We are nevertheless nominating a majority of Independent Directors for election to our Board. We currently have an Audit and Conflicts Committee (the "Audit Committee") and a Compensation and Stock Options Committee ("Compensation Committee") composed entirely of Independent Directors. We currently have a four member Executive Committee composed of our Chair and Vice-Chair and Messrs. Guy W. Adams and Edward L. Kane. Due to this structure, the concurrence of at least one non-management member of the Executive Committee is required in order for the Executive Committee to take action.

We believe that our Directors bring a broad range of leadership experience to our Company and regularly contribute to the thoughtful discussion involved in effectively overseeing the business and affairs of the Company. We believe that all Board members are well engaged in their responsibilities and that all Board members express their views and consider the opinions expressed by other Directors. A majority of our Board is independent under the NASDAQ Listing Rules and SEC rules, and William D. Gould serves as the Lead Independent Director among our Independent Directors ("Lead Independent Director"). In that capacity, Mr. Gould chairs meetings of the Independent Directors and acts as liaison between our Chair, President and Chief Executive Officer and our Independent Directors. Our Independent Directors are involved in the leadership structure of our Board by serving on our Audit Committee and the Compensation Committee, each of which has a separate independent Chair. Nominations to our Board for the Annual Meeting were made by our entire Board, consisting of a majority of Independent Directors.

Since our last Annual Meeting of Stockholders, we have (i) adopted a best practices Charter for our Compensation Committee, (ii) adopted a new best practices Charter for our Audit Committee, and (iii) completed, with the assistance of compensation consultants Willis Towers Watson and outside counsel Greenberg Traurig, LLP, a complete review of our compensation practices, in order to bring them into alignment with current best practices. Immediately prior to our last Annual Meeting we adopted a new supplemental policy restricting trading in our stock by our Directors and executive officers.

#### **Management Succession**

On August 7, 2014, James J. Cotter, Sr., our then controlling stockholder, Chair and Chief Executive Officer, resigned from all positions at our Company, and passed away on September 13, 2014. Upon his resignation, Ellen M. Cotter was appointed Chair, Margaret Cotter, her sister, was appointed Vice Chair and James Cotter, Jr., her brother, was appointed Chief Executive Officer, while continuing his position as President.

On June 12, 2015, the Board terminated the employment of James Cotter, Jr. as our President and Chief Executive Officer, and appointed Ellen M. Cotter to serve as the Company's interim President and Chief Executive Officer. The Board established an Executive Search Committee (the "Search Committee") initially composed of Ellen M. Cotter, Margaret Cotter, and Independent Directors William Gould and Douglas McEachem, and retained Korn Ferry to evaluate candidates for the Chief Executive Officer position. Ellen M. Cotter resigned from the Search Committee when she concluded that she was a serious candidate for the position. Korn Ferry screened over 200 candidates and ultimately presented six external candidates to the Search Committee. The Search Committee evaluated those external candidates and Ellen M. Cotter in meetings in December 2015 and January 2016, considering numerous factors, including, among others, the benefits of having a President and Chief Executive Officer who has the confidence of the existing senior management team, Ms. Cotter's prior performance as an executive of the Company and her performance as the interim President and Chief Executive Officer of the Company, the qualifications, experience and compensation demands of the external candidates, and the benefits and detriments of having a Chair, President and Chief Executive Officer who is also a controlling stockholder of the Company. The Search Committee recommended the appointment of Ellen M. Cotter as permanent President and Chief Executive Officer and the Board appointed her on January 8, 2016, with seven Directors voting yes, one Director (James Cotter, Jr.) voting no, and Ellen M. Cotter abstaining.

#### **Board's Role in Risk Oversight**

Our management is responsible for the day-to-day management of risks we face as a Company, while our Board, as a whole and through its committees, has responsibility for the oversight of risk management. In its risk oversight role, our Board has the responsibility to satisfy itself that the risk management processes designed and implemented by management are adequate and functioning as designed.

The Board plays an important role in risk oversight at Reading through direct decision-making authority with respect to significant matters, as well as through the oversight of management by the Board and its committees. In particular, the Board administers its risk oversight function through (1) the review and discussion of regular periodic reports by the Board and its committees on topics relating to the risks that the Company faces, (2) the required approval by the Board (or a committee of the Board) of significant transactions and other decisions, (3) the direct oversight of specific areas of the Company's business by the Audit Committee and the Compensation Committee, and (4) regular periodic reports from the auditors and other outside consultants regarding various areas of potential risk, including, among others, those relating to our internal control over financial reporting. The Board also relies on management to bring significant matters impacting the Company to the attention of the Board.

#### **"Controlled Company" Status**

Under section 5615(c)(1) of the NASDAQ Listing Rules, a "controlled company" is a company in which 50% of the voting power for the election of Directors is held by an individual, a group or another company. Together, Ellen M. Cotter and Margaret Cotter beneficially own 1,208,988 shares or 71.9% of our Class B Stock. Our Class A Stock does not have voting rights. Based on advice of counsel, our Board has determined that the Company is therefore a "controlled company" within the NASDAQ Listing Rules.

After reviewing the benefits and detriments of taking advantage of the exemptions to certain corporate governance rules available to a "controlled company" as set forth in the NASDAQ Listing Rules, our Board has determined to take advantage of those exemptions. In reliance on a "controlled company" exemption, the Company does not maintain a separate standing Nominating Committee. The Company nevertheless at this time maintains a full Board composed of a majority of Independent Directors and a fully independent Audit Committee, and has no present intention to vary from that structure. Our Board, consisting of a majority of Independent Directors, approved the nominees for our 2016 Annual Meeting. See "*Consideration and Selection of the Board's Director Nominees*," below. Each of the nominees, in each case the nominee abstaining from the vote, was approved by at least a majority of our Directors.

#### **Board Committees**

Our Board has a standing Executive Committee, Audit Committee, and Compensation Committee. The Tax Oversight Committee has been inactive since November 2, 2015 in anticipation that its functions would be moved to the Audit Committee under its new charter. That new charter was approved on May 5, 2016. These committees, other than the Tax Oversight Committee, are discussed in greater detail below.

**Executive Committee.** The Executive Committee operates pursuant to a Charter adopted by our Board. Our Executive Committee is currently composed of Ms. Ellen M. Cotter, Ms. Margaret Cotter and Messrs. Adams and Kane. Pursuant to its Charter, the Executive Committee is authorized, to the fullest extent permitted by Nevada law and our Bylaws, to take any and all actions that could have been taken by the full Board between meetings of the full Board. The Executive Committee held six meetings during 2015.

**Audit Committee.** The Audit Committee operates pursuant to a Charter adopted by our Board that is available on our website at <http://www.readingrdi.com/Committee-Charters>. The Audit Committee reviews, considers, negotiates and approves or disapproves related party transactions (see the discussion in the section entitled "*Certain Relationships and Related Party Transactions*" below). In addition, the Audit Committee is responsible for, among other things, (i) reviewing and discussing with management the Company's financial statements, earnings press releases and all internal controls reports, (ii) appointing, compensating and overseeing the work performed by the Company's independent auditors, and (iii) reviewing with the independent auditors the findings of their audits.

Our Board has determined that the Audit Committee is composed entirely of Independent Directors (as defined in section 5605(a)(2) of the NASDAQ Listing Rules), and that Mr. McEachem, the Chair of our Audit Committee, is qualified as an Audit Committee Financial Expert. Our Audit Committee is currently composed of Mr. McEachem, who serves as Chair, Mr. Kane and Mr. Wrotniak. Mr. Timothy Storey, who served on our Board through October 11, 2015, served on our Audit Committee through the same date. The Audit Committee held four meetings during 2015.

**Compensation Committee.** Our Board has established a standing Compensation Committee consisting of three of our non-employee Directors, and is currently composed of Mr. Kane, who serves as Chair, Dr. Coddington and Mr. McEachem. Mr. Storey served on our Compensation Committee through October 11, 2015 and Mr. Adams served

through May 14, 2016. As a Controlled Company, we are exempt from the NASDAQ Listing Rules regarding the determination of executive compensation solely by Independent Directors. Notwithstanding such exemption, we adopted a Compensation Committee charter on March 10, 2016 requiring our Compensation Committee members to meet the independence rules and regulations of the SEC and the NASDAQ Stock Market. As a part of the transition to this new compensation committee structure, the compensation for 2016 of the President, Chief Executive Officer, all Executive Vice Presidents, and all Managing Directors was reviewed and approved by the Board at that March 10, 2016 meeting.

The Compensation Committee charter is available on our website at <http://www.readingrdi.com/charter-of-our-compensation-stock-options-committee/>. The Compensation Committee evaluates and makes recommendations to the full Board regarding the compensation of our Chief Executive Officer. Under its new Charter, the Compensation Committee has delegated authority to establish the compensation for all executive officers other than the President and Chief Executive Officer; provided that compensation decisions related to members of the Cotter Family remain vested in the full Board. In addition, the Compensation Committee establishes the Company's general compensation philosophy and objectives (in consultation with management), approves and adopts on behalf of the Board incentive compensation and equity-based compensation plans, subject to stockholder approval as required, and performs other compensation related functions as delegated by our Board. The Compensation Committee held three meetings during 2015.

#### **Consideration and Selection of the Board's Director Nominees**

The Company has elected to take the "Controlled Company" exemption under applicable NASDAQ Listing Rules. Accordingly, the Company does not maintain a standing Nominating Committee. Our Board, consisting of a majority of Independent Directors, approved the Board nominees for our 2016 Annual Meeting.

Our Board does not have a formal policy with respect to the consideration of Director candidates recommended by our stockholders. No non-Director stockholder has, in more than the past ten years, made any formal proposal or recommendation to the Board as to potential nominees. Neither our governing documents nor applicable Nevada law place any restriction on the nomination of candidates for election to our Board directly by our stockholders. In light of the facts that (i) we are a Controlled Company under the NASDAQ Listing Rules and exempted from the requirements for an independent nominating process, and (ii) our governing documents and Nevada law place no limitation upon the direct nomination of Director candidates by our stockholders, our Board believes there is no need for a formal policy with respect to Director nominations.

Our Board will consider nominations from our stockholders, provided written notice is delivered to our Secretary at our principal executive offices not less than 120 days prior to the first anniversary of the date that this Proxy Statement is sent to stockholders, or such earlier date as may be reasonable in the event that our annual stockholders meeting is moved more than 30 days from the anniversary of the 2016 Annual Meeting. Such written notice must set forth the name, age, address, and principal occupation or employment of such nominee, the number of shares of our common stock that are beneficially owned by such nominee, and such other information required by the proxy rules of the SEC with respect to a nominee of our Board.

Our Directors have not adopted any formal criteria with respect to the qualifications required to be a Director or the particular skills that should be represented on our Board, other than the need to have at least one Director and member of our Audit Committee who qualifies as an "audit committee financial expert," and have not historically retained any third party to identify or evaluate or to assist in identifying or evaluating potential nominees. We have no policy of considering diversity in identifying Director nominees.

Our Board oversees risk by remaining well-informed through regular meetings with management and our Chair's personal involvement in our day-to-day business including any matters requiring specific risk management oversight. Our Chair, President and Chief Executive Officer chairs regular senior management meetings, which are typically held weekly, one addressing domestic issues and the other addressing overseas issues. The risk oversight function of our Board is enhanced by the fact that our Audit Committee is comprised entirely of Independent Directors.

We encourage, but do not require, our Board members to attend our Annual Meeting. All of our nine then-incumbent Directors attended last year's annual meeting.



Following a review of the experience and overall qualifications of the Director candidates, our Board resolved to nominate, each of the incumbent Directors named in Proposal 1 for election as Directors of the Company at our 2016 Annual Meeting.

The Board, in reaching the decision to nominate Mr. James Cotter, Jr. for re-election to the Board, took a number of factors into consideration. Without attempting to place any particular priority on any particular consideration, the Board considered Mr. Cotter Jr.'s pending litigation against certain of the other Directors; his pending arbitration proceedings with the Company related to his prior termination as the President and Chief Executive Officer of our Company; his litigation against the Company seeking reimbursement and future advancement of his legal fees and expenses incurred in such arbitration proceedings; the Board's June 2015 determination to terminate Mr. Cotter, Jr. as our Company's President and Chief Executive Officer; the potential that this personal action and legal proceedings have and will likely continue to cause dissension among Board members and impact the otherwise collegial nature of Board meetings; Mr. Cotter, Jr.'s longevity on the Board and his broad knowledge of our Company; Mr. Cotter, Jr.'s beneficial holdings of the Company's securities; the fact that, depending on the ultimate resolution of certain litigation as to the terms of the Cotter Trust, Mr. Cotter, Jr. could periodically or ultimately hold voting control over our Company, and the fact that Ellen M. Cotter and Margaret Cotter had notified the Board that, as the beneficial owners of over 70% of the voting power of our Company, they supported Mr. Cotter Jr.'s ongoing participation on the Board. After considering these factors, the Board nominated Mr. Cotter, Jr. to serve another term as a Director of the Company.

Each of the nominees received at least seven (7) Yes votes, with each such nominee abstaining as to his or her nomination. Director Cotter, Jr. abstained with respect to the nomination of each of the nominees other than Ellen M. Cotter and Margaret Cotter, and voted Yes for Ellen M. Cotter and Margaret Cotter. Director Adams voted No with respect to the nomination of James Cotter, Jr.

#### **Code of Ethics**

We have adopted a Code of Ethics designed to help our Directors and employees resolve ethical issues. Our Code of Ethics applies to all Directors and employees, including the Chief Executive Officer, the Chief Financial Officer, principal accounting officer, controller and persons performing similar functions. Our Code of Ethics is posted on our website at <http://www.readingrdi.com/Governance-Documents>.

The Board has established a means for employees to report a violation or suspected violation of the Code of Ethics anonymously. In addition, we have adopted a "Whistleblower Policy," which is posted on our website, at <http://www.readingrdi.com/Governance-Documents>, that establishes a process by which employees may anonymously disclose to the Audit Committee alleged fraud or violations of accounting, internal accounting controls or auditing matters.

#### **Review, Approval or Ratification of Transactions with Related Persons**

The Audit Committee adopted a written charter for approval of transactions between the Company and its Directors, Director nominees, executive officers, greater than five percent beneficial owners and their respective immediate family members, where the amount involved in the transaction exceeds or is expected to exceed \$120,000 in a single calendar year and the party to the transaction has or will have a direct or indirect interest. A copy of this charter is available at [www.readingrdi.com](http://www.readingrdi.com) under the "Investor Relations" caption. For additional information, see the section entitled "*Certain Relationships and Related Party Transactions*."

#### **Material Legal Proceedings**

On June 12, 2015, the Board terminated James Cotter, Jr. as the President and Chief Executive Officer of our Company. That same day, Mr. Cotter, Jr. filed a lawsuit, styled as both an individual and a derivative action, and titled "James Cotter, Jr., individually and derivatively on behalf of Reading International, Inc. vs. Margaret Cotter, et al." Case No.: A-15-719860-V, Dept. XI (the "Cotter Jr. Derivative Action" and the "Cotter, Jr. Complaint," respectively) against the Company and each of our other then sitting Directors (Ellen M. Cotter, Margaret Cotter, Guy Adams, William Gould, Edward Kane, Douglas McEachem, and Tim Storey, the "Original Defendant Directors") in the Eighth Judicial District Court of the State of Nevada for Clark County (the "Nevada District Court"). On October 22, 2015, Mr. Cotter, Jr., amended his complaint to drop his individual claims (the "Amended Cotter Jr. Derivative Complaint"). Accordingly, the Amended Cotter, Jr. Complaint presently purports to assert only purportedly derivative claims and to seek remedies

only on behalf of the Company. The lawsuit currently alleges, among other things, that the Original Defendant Directors breached their fiduciary duties to the Company by terminating Mr. Cotter, Jr. as President and Chief Executive Officer, continuing to make use of the Executive Committee that has been in place for more than the past ten years, making allegedly potentially misleading statements in its press releases and filings with the Securities and Exchange Commission ("SEC"), paying certain compensation to Ms. Ellen M. Cotter, and allowing the Cotter Estate to make use of Class A Common Stock to pay for the exercise of certain long outstanding stock options held of record by the Cotter Estate. He seeks reinstatement as President and Chief Executive Officer and alleges as damages fluctuations in the price for our Company's shares after the announcement of his termination as President and Chief Executive Officer and certain unspecified damages to our Company's reputation.

In a derivative action, the stockholder plaintiff seeks damages or other relief for the benefit of the Company, and not for the stockholder plaintiff's individual benefit. Accordingly, the Company is, at least in theory, only a nominal defendant in such a derivative action. However, as a practical matter, because Mr. Cotter, Jr. is also seeking, among other things, an order that our Board's determination to terminate Mr. Cotter Jr. was ineffective and that he should be reinstated as the President and Chief Executive Officer of the Company and also that our Board's Executive Committee be disbanded (an injunctive remedy that, if granted, would be binding on the Company), and as he asserts potentially misleading statements in certain press releases and filings with the SEC, the Company is incurring significant cost and expense defending the decision to terminate Mr. Cotter, Jr. as President and Chief Executive Officer, its Board committee structure, and the adequacy of those press releases and filings. Also, the Company continues to incur costs promulgating and responding to discovery demands and satisfying indemnity obligations to the Original Defendant Directors.

Our Directors and Officers Insurance liability insurer is providing insurance coverage, subject to a \$500,000 deductible (which has now been exhausted) and its standard reservation of rights, with respect to the defense of the Original Director Defendants. Our new Directors, Dr. Judy Coddington and Mr. Michael Wrotniak, are not named in the Cotter Jr. Derivative Action as they were not Directors at the time of the breaches of fiduciary duty alleged by Mr. Cotter, Jr.

Pursuant to the terms of Mr. Cotter Jr.'s employment agreement with the Company, disputes relating to his employment are to be arbitrated. Accordingly, on July 14, 2015, the Company filed an arbitration demand with the American Arbitration Association against Mr. Cotter, Jr. The demand seeks declaratory relief, among other things, that Mr. Cotter, Jr.'s employment and employment agreement with the Company have been validly terminated and that the Board validly removed him from his positions as President and Chief Executive Officer of the Company and positions with the Company's subsidiaries.

Mr. Cotter, Jr. has filed a counter-complaint in the arbitration, asserting claims for breach of his employment contract, declaratory relief, and contractual indemnification. Mr. Cotter, Jr.'s counsel has advised that Mr. Cotter is seeking a variety of damages, including consequential damages, and that such claimed damages total no less than \$1,000,000. On April 19, 2016, Mr. Cotter, Jr. filed an action in the District Court, Clark County, Nevada seeking to recover his costs of defending the Arbitration, plus compensatory damages and interest at the maximum legal rate. The Company intends to vigorously defend these claims.

On August 6, 2015, the Company received notice that a Motion to Intervene in the Cotter Jr. Derivative Action and that a proposed derivative complaint had been filed in the Nevada District Court captioned T2 Partners Management, LP, a Delaware limited partnership, doing business as Kase Capital Management; T2 Accredited Fund, LP, a Delaware limited partnership, doing business as Kase Fund; T2 Qualified Fund, LP, a Delaware limited partnership, doing business as Kase Qualified Fund; Tison Offshore Fund, Ltd, a Cayman Islands exempted company; T2 Partners Management I, LLC, a Delaware limited liability company, doing business as Kase Management; T2 Partners Management Group, LLC, a Delaware limited liability company, doing business as Kase Group; JMG Capital Management, LLC, a Delaware limited liability company; and Pacific Capital Management, LLC, a Delaware limited liability company, derivatively on behalf of Reading International, Inc. vs. Margaret Cotter, Ellen M. Cotter, Guy Adams, Edward Kane, Douglas McEachern, Timothy Storey, William Gould and Does 1 through 100, inclusive, as defendants, and, Reading International, Inc., a Nevada corporation, as Nominal Defendant (the "T2 Derivative Action"). On August 11, 2015, the Court granted the motion of T2 Partners Management, LP et. al. (the "T2 Plaintiffs"), allowing these plaintiffs to file their complaint (the "T2 Derivative Complaint").

On September 9, 2015, certain of the Original Defendant Directors filed a Motion to Dismiss the T2 Derivative Complaint. The Company joined this Motion to Dismiss on September 14, 2015. The hearing on this Motion to Dismiss was vacated as the T2 Plaintiffs voluntarily withdrew the T2 Derivative Complaint, with the parties agreeing that T2 Plaintiffs would have leave to amend the Complaint. On February 12, 2016, the T2 Plaintiffs filed an amended T2 Derivative Complaint (the "Amended T2 Derivative Complaint").

The T2 Plaintiffs allege in their Amended T2 Derivative Complaint various violations of fiduciary duty, abuse of control, gross mismanagement and corporate waste by the Amended T2 Complaint Director Defendants (as such term is defined below). More specifically the Amended T2 Derivative Complaint seeks certain monetary damages, as well as equitable injunctive relief, attorney fees and costs of suit. Once again, the Company has been named as a nominal defendant. However, because the Amended T2 Derivative Complaint also seeks the reinstatement of Mr. Cotter, Jr., as our President and CEO, it is being defended by the Company. In addition, the Company continues to incur costs promulgating and responding to discovery demands and satisfying indemnity obligations to the Amended T2 Complaint Director Defendants. The defendants in the Amended T2 Complaint are the same as named in the Cotter Jr. Derivative Action as well as our two new Directors, Dr. Judy Coddington and Michael Wrotniak, and Company legal counsel, Craig Tompkins. Mr. Storey was not named as a defendant in the Amended T2 Complaint. The cost of the defense of Directors Coddington and Wrotniak is likewise being covered by our Directors and Officers Liability Insurance carrier with the same reservations of right as in the Cotter Jr. Derivative Action, but without any separate deductible. The coverage under our Directors and Officers Liability Insurance of the cost of the defense of Mr. Tompkins is being reviewed by the insurer and is currently being covered by the Company under its indemnity agreement with him. The Directors named in the T2 Derivative Complaint are referred to herein as the "Amended T2 Complaint Director Defendants" and the Directors named in the Amended Cotter, Jr. Derivative Complaint are referred to herein as the Amended Cotter Jr. Complaint Director Defendants.

The Amended T2 Derivative Complaint has deleted its request for an order disbanding our Executive Committee and an order "collapsing the Class A and B stock structure into a single class of voting stock." The Amended T2 Complaint has added a request for an order setting aside the election results from the 2015 Annual Meeting of Stockholders, based on an allegation that Ellen M. Cotter and Margaret Cotter were not entitled to vote the shares of Class B Common Stock held by the Cotter Estate and the Cotter Trust. The Company and the other defendants contest the allegations of the T2 Plaintiffs. The Company followed applicable Nevada law in recognizing that Ellen M. Cotter and Margaret Cotter had the legal right and power to vote the shares of Class B Common Stock held of record by the Cotter Estate and the Cotter Trust, and the independent Inspector of Elections has certified the results of that election. Furthermore, even if the election results were to be overturned or voided, this would have no impact on the current composition of our Board, as all of the nominees were standing for re-election and accordingly retain their directorships until their replacements are elected. The Company will vigorously contest any assertions by the T2 Plaintiffs challenging the voting at the 2015 Annual Meeting of Stockholders and believes that the court will rule for the Company should this issue ever reach the court. The case is currently set for trial in November, 2016.

On May 2, 2016, the T2 Plaintiffs filed a petition on order shortening time seeking a preliminary injunction (1) enjoining the Inspector of Elections from counting any proxies purporting to vote either the 327,808 Class B shares represented by stock certificate B0005 (held of record by the Cotter Estate) or the 696,080 Class B shares represented by stock certificate RDIB 0028 (held of record by the Cotter Trust) at the upcoming June 2, 2016 Annual Meeting, and (2) enjoining Ellen M. Cotter, Margaret Cotter and James Cotter, Jr. from voting the above referenced shares at the 2016 Annual Meeting. The Company believes that the above referenced shares are currently held of record by the Cotter Estate and the Cotter Trust, and that such shares can be voted by the Co-Executors of the Cotter Estate and the Trustees of the Cotter Trust, as applicable.

The Company believes that the claims set forth in the Amended Cotter Jr. Derivative Complaint and the Amended T2 Derivative Complaint are entirely without merit and seek equitable remedies for which no relief can be given. The Company intends to defend vigorously against our Directors and Officers and against any attempt to reinstate Mr. Cotter, Jr. as President and Chief Executive Officer or to effect any changes in the rights of our Company's stockholders. Mr. Storey has been dismissed by stipulation as a defendant in the James Cotter Jr. Derivative Action.

On May 13, 2016, Directors Adams, Coddington, Ellen M. Cotter, Margaret Cotter, Kane, McEachern and Wrotniak filed a motion in the T2 Derivative Action to disqualify the T2 Plaintiffs on the grounds that at least one of the T2 Plaintiffs had engaged in trading in our Company's Class A Common Stock after production by the Company and the

# PROPOSAL 1: Election of Directors

## Nominees for Election

Nine Directors are to be elected at our Annual Meeting to serve until the annual meeting of stockholders to be held in 2017 or until their successors are duly elected and qualified. Unless otherwise instructed, the proxy holders will vote the proxies received by us "FOR" the election of the nominees below, all of whom currently serve as Directors. The nine nominees for election to the Board who receive the greatest number of votes cast for the election of Directors by the shares present and entitled to vote will be elected Directors. If any nominee becomes unavailable for any reason, it is intended that the proxies will be voted for a substitute nominee designated by the Board. The nominees named have consented to serve if elected.

The names of the nominees for Director, together with certain information regarding them, are as follows:

Name	Age	Position
Ellen M. Cotter.....	50	Chair of the Board and Chief Executive Officer and President <sup>(1)</sup>
Guy W. Adams.....	65	Director <sup>(1)</sup>
Judy Coddling.....	71	Director <sup>(2)</sup>
James Cotter, Jr. ....	46	Director <sup>(3)</sup>
Margaret Cotter.....	48	Vice Chair of the Board and Executive Vice President-Real Estate Management and Development-NYC (1)
William D. Gould.....	77	Director <sup>(4)</sup>
Edward L. Kane.....	78	Director <sup>(1)(2)(3)(5)</sup>
Douglas J. McEachern.....	64	Director <sup>(2)(5)</sup>
Michael Wrotniak.....	49	Director <sup>(5)</sup>

- (1) Member of the Executive Committee.
- (2) Member of the Compensation and Stock Options Committee.
- (3) Member of the Tax Oversight Committee. This committee has been inactive since November 2, 2015, in anticipation that its functions would move to the Audit Committee under its new charter. That new charter was approved on May 5, 2016.
- (4) Lead Independent Director.
- (5) Member of the Audit and Conflicts Committee.

**Ellen M. Cotter.** Ellen M. Cotter has been a member of our Board since March 13, 2013, and currently serves as a member of our Executive Committee. Ms. Cotter was appointed Chair of our Board on August 7, 2014 and served as our interim President and Chief Executive Officer from June 12, 2015 until January 8, 2016, when she was appointed our permanent President and Chief Executive Officer. She joined the Company in March 1998. Ms. Cotter is a graduate of Smith College and holds a Juris Doctor from Georgetown Law School. Prior to joining the Company, Ms. Cotter spent four years in private practice as a corporate attorney with the law firm of White & Case in New York City. Ms. Cotter is the sister of Margaret Cotter and James Cotter, Jr. For more than the past ten years, Ms. Cotter served as the Chief Operating Officer ("COO") of our domestic cinema operations, in which capacity she had, among other things, responsibility for the acquisition and development, marketing and operation of our cinemas in the United States. Prior to her appointment as COO of Domestic Cinemas, she spent a year in Australia and New Zealand, working to develop our cinema and real estate assets in those countries. Ms. Cotter is the Co-Executor of the Cotter Estate, which is the record owner of 427,808 shares of our Class B Stock (representing 25.5% of such Class B Stock). Ms. Cotter is also a Co-Trustee of the Cotter Trust, which is the record owner of 696,080 shares of Class B Stock (representing an additional 41.4% of such Class B Stock).

Ms. Cotter brings to our Board her 18 years of experience working in our Company's cinema operations in the United States, Australia and New Zealand. She has also served as the Chief Executive Officer of Reading's subsidiary,

Consolidated Entertainment, LLC, which operates substantially all of our cinemas in Hawaii and California. In addition, with her direct ownership of 799,765 shares of Class A Stock and 50,000 shares of Class B Stock, and her positions as Co-Executor of the Cotter Estate and Co-Trustee of the Cotter Trust, Ms. Cotter is a significant stakeholder in our Company. In recognition of her contributions to the independent film industry, Ms. Cotter was awarded the first Gotham Appreciation Award at the 2015 Gotham Independent Film Awards. She was also inducted that same year into the ShowEast Hall of Fame.

**Guy W. Adams.** Guy W. Adams has been a Director of the Company since January 14, 2014, currently serves as the chair of our Executive Committee, and until May 14, 2016, served as a member of our Compensation Committee. For more than the past ten years, he has been a Managing Member of GWA Capital Partners, LLC, a registered investment adviser managing GWA Investments, LLC, a fund investing in various publicly traded securities. Over the past fifteen years, Mr. Adams has served as an independent director on the boards of directors of Lone Star Steakhouse & Saloon, Mercer International, Exar Corporation and Vitesse Semiconductor. At these companies, he has held a variety of board positions, including lead director, audit committee chair, and compensation committee chair. He has spoken on corporate governance topics before such groups as the Council of Institutional Investors, the USC Corporate Governance Summit and the University of Delaware Distinguished Speakers Program. Mr. Adams provides investment advice to private clients and currently invests his own capital in public and private equity transactions. He has served as an advisor to James J. Cotter, Sr. and continues to provide professional advisory services to various enterprises now owned by either the Cotter Estate or the Cotter Trust. Mr. Adams received his Bachelor of Science degree in Petroleum Engineering from Louisiana State University and his Masters of Business Administration from Harvard Graduate School of Business Administration.

Mr. Adams brings many years of experience serving as an independent director on public company boards, and in investing and providing financial advice with respect to investments in public companies.

**Dr. Judy Coddling.** Dr. Judy Coddling has been a Director of our Company since October 5, 2015, and currently serves as a member of our Compensation Committee. Dr. Coddling is a globally respected education leader. From October 2010 until October 2015 she served as the Managing Director of "The System of Courses," a division of Pearson, PLC (NYSE: PSO), the largest education company in the world that provides education products and services to institutions, governments, and direct to individual learners. Prior to that time, Dr. Coddling served as the Chief Executive Officer and President of America's Choice, Inc., which she founded in 1998, and which was acquired by Pearson in 2010. America's Choice, Inc. was a leading education company offering comprehensive, proven solutions to the complex problems educators face in the era of accountability. Dr. Coddling has a Doctorate in Education from University of Massachusetts at Amherst, and completed postdoctoral work and served as a teaching associate in Education at Harvard University where she taught graduate level courses focused on moral leadership. Dr. Coddling has served on various boards, including the Board of Trustees of Curtis School, Los Angeles, CA (2011 to present) and the Board of Trustees of Educational Development Center, Inc. (BDC) since 2012. Through family entities, Dr. Coddling has been and continues to be involved in the real estate business, through the ownership of hotels, shopping centers and buildings in Florida and the exploration of mineral, oil and gas rights in Maryland and Kentucky.

Dr. Coddling brings to our Board her experience as an entrepreneur, as an author, advisor and researcher in the areas of leadership training and decision-making as well as her experience in the real estate business.

**James Cotter, Jr.** James Cotter, Jr. has been a Director of our Company since March 21, 2002, and served as a member of our Tax Oversight Committee. The Tax Oversight Committee has been inactive since November 2, 2015, in anticipation that its functions would be moved to the Audit Committee under its new charter. That new charter was adopted on May 5, 2016. Mr. Cotter, Jr. served as our Vice Chair from June 2007 until August 7, 2014. Mr. Cotter, Jr. served as our President from June 1, 2013 through June 12, 2015, and as our Chief Executive Officer from August 7, 2014 through June 12, 2015. He is currently the lead director of Cecelia Packing Corporation (a Cotter family-owned citrus grower, packer and marketer) and served as the Chief Executive Officer of that company from July 2004 until 2013. Mr. Cotter, Jr. served as a Director of Cecelia Packing Corporation from February 1996 to September 1997, and as a Director of Gish Biomedical from September 1999 to March 2002. He was an attorney in the law firm of Winston & Strawn (and its predecessor), specializing in corporate law, from September 1997 to May 2004. Mr. Cotter, Jr. is the brother of Margaret Cotter and Ellen M. Cotter. Mr. Cotter, Jr. has advised the Company that he is a Co-Trustee of the Cotter Trust, which is the record owner of 696,080 shares of Class B Stock (representing 41.4% of such Class B Stock). The Company understands that Mr. Cotter's status as a trustee of the Cotter Trust is disputed by his sisters, Ellen M. Cotter and Margaret Cotter.

James Cotter, Jr. brings to our Board his experience as a business professional and corporate attorney, as well as his many years of experience in, and knowledge of, the Company's business and affairs. In addition, with his direct ownership of 770,186 shares of our Company's Class A Common Stock and his position as Co-Trustee of the Cotter Trust, Mr. Cotter, Jr. is a significant stakeholder in our Company. Further, depending on the outcome of ongoing Trust Litigation, in the future Mr. Cotter, Jr. may be a controlling stockholder in the Company.

Margaret Cotter Margaret Cotter has been a Director of our Company since September 27, 2002, and on August 7, 2014 was appointed Vice Chair of our Board and currently serves as a member of our Executive Committee. On March 10, 2016, our Board appointed Ms. Cotter as Executive Vice President-Real Estate Management and Development-NYC. In this position, Ms. Cotter is responsible for the management of our live theater properties and operations, including oversight of the re-development of our Union Square and Cinemas 1, 2, 3 properties. Ms. Cotter is the owner and President of OBI, LLC ("OBI"), which, from 2002 until her appointment as Executive Vice President-Real Estate Management and Development-NYC, managed our live-theater operations under a management agreement. Pursuant to the OBI management agreement, Ms. Cotter also served as the President of Liberty Theaters, LLC, the subsidiary through which we own our live theaters. The OBI management agreement was terminated with Ms. Cotter's appointment as Executive Vice President-Real Estate Management and Development-NYC. Ms. Cotter is also a theatrical producer who has produced shows in Chicago and New York and is a board member of the League of Off-Broadway Theaters and Producers. Ms. Cotter, a former Assistant District Attorney for King's County in Brooklyn, New York, graduated from Georgetown University and Georgetown University Law Center. She is the sister of Ellen M. Cotter and James Cotter, Jr. Ms. Margaret Cotter is a Co-Executor of the Cotter Estate, which is the record owner of 427,808 shares of our Class B Stock (representing 25.5% of such Class B Stock). Ms. Margaret Cotter is also a Co-Trustee of the Cotter Trust, which is the record owner of 696,080 shares of Class B Voting Common Stock (representing an additional 41.4% of such Class B Stock).

Ms. Cotter brings to the Board her experience as a live theater producer, theater operator and an active member of the New York theater community, which gives her insight into live theater business trends that affect our business in this sector. Operating and overseeing these properties for over 17 years, Ms. Cotter contributes to the strategic direction for our developments. In addition, with her direct ownership of 804,173 shares of Class A Stock and 35,100 shares of Class B Stock and her positions as Co-Executor of the Cotter Estate and Co-Trustee of the Cotter Trust, Ms. Cotter is a significant stakeholder in our Company.

William D. Gould William D. Gould has been a Director of our Company since October 15, 2004, and currently serves as our Lead Independent Director. Mr. Gould has been a member of the law firm of TroyGould PC since 1986. Previously, he was a partner of the law firm of O'Melveny & Myers. We have from time to time retained TroyGould PC for legal advice. Total fees payable to Mr. Gould's law firm for calendar year 2015 were \$61,000.84.

Mr. Gould is an author and lecturer on the subjects of corporate governance and mergers and acquisitions. Mr. Gould brings to our Board more than fifty years of experience as a corporate lawyer and advisor focusing on corporate governance, mergers and acquisitions.

Edward L. Kane Edward L. Kane has been a Director of our Company since October 15, 2004. Mr. Kane was also a Director of our Company from 1985 to 1998, and served as President from 1987 to 1988. Mr. Kane currently serves as the chair of our Compensation Committee, and served as chair of our Tax Oversight Committee. That committee has been inactive since November 2, 2015, in anticipation that its functions would be moved to the Audit Committee under its new charter. The new charter for the Audit Committee was approved on May 5, 2016. He also serves as a member of our Executive Committee and our Audit Committee. Mr. Kane practiced as a tax attorney for many years in San Diego, California. Since 1996, Mr. Kane has acted as a consultant and advisor to the health care industry, serving as the President and sole shareholder of High Avenue Consulting, a healthcare consulting firm, and as the head of its successor proprietorship. During the 1990s, Mr. Kane also served as the Chair and Chief Executive Officer of ASMG Outpatient Surgical Centers in southern California, and he served as a director of BDI Investment Corp., which was a regulated investment company based in San Diego. For over a decade, he was the Chair of Kane Miller Books, an award-winning publisher of children's books. At various times during the past three decades, Mr. Kane has been Adjunct Professor of Law at two of San Diego's law schools, most recently in 2008 and 2009 at Thomas Jefferson School of Law, and prior thereto at California Western School of Law.

In addition to his varied business experience, Mr. Kane brings to our Board his many years as a tax attorney and law professor. Mr. Kane also brings his experience as a past President of Craig Corporation and of Reading Company,

two of our corporate predecessors, as well as his experience as a former member of the boards of directors of several publicly held corporations.

**Douglas J. McEachern.** Douglas J. McEachern has been a Director of our Company since May 17, 2012 and chair of our Audit Committee since August 1, 2012 and serves as a member of our Compensation Committee since May 14, 2016. He has served as a member of the board and of the audit and compensation committee for Willdan Group, a NASDAQ listed engineering company, since 2009. From June 2011 until October 2015, Mr. McEachern was a director of Community Bank in Pasadena, California and a member of its audit committee. Mr. McEachern served as the chair of the board of Community Bank from October 2013 until October 2015. He also is a member of the finance committee of the Methodist Hospital of Arcadia. From September 2009 to December 2015, Mr. McEachern served as an instructor of auditing and accountancy at Claremont McKenna College. Mr. McEachern was an audit partner from July 1985 to May 2009 with the audit firm of Deloitte and Touche, LLP, with client concentrations in financial institutions and real estate. Mr. McEachern was also a Professional Accounting Fellow with the Federal Home Loan Bank board in Washington DC, from June 1983 to July 1985. From June 1976 to June 1983, Mr. McEachern was a staff member and subsequently a manager with the audit firm of Touche Ross & Co. (predecessor to Deloitte & Touche, LLP). Mr. McEachern received a B.S. in Business Administration in 1974 from the University of California, Berkeley, and an M.B.A. in 1976 from the University of Southern California.

Mr. McEachern brings to our Board his more than 38 years' experience meeting the accounting and auditing needs of financial institutions and real estate clients, including our Company. Mr. McEachern also brings his experience reporting as an independent auditor to the boards of directors of a variety of public reporting companies and as a board member himself for various companies and not-for-profit organizations.

**Michael Wrotniak.** Michael Wrotniak has been a Director of our Company since October 12, 2015, and has served as a member of our Audit Committee since October 25, 2015. Since 2009, Mr. Wrotniak has been the Chief Executive Officer of Aminco Resources, LLC ("Aminco"), a privately held international commodities trading firm. Mr. Wrotniak joined Aminco in 1991 and is credited with expanding Aminco's activities in Europe and Asia. By establishing a joint venture with a Swiss engineering company, as well as creating partnerships with Asia-based businesses, Mr. Wrotniak successfully diversified Aminco's product portfolio. Mr. Wrotniak became a partner of Aminco in 2002. Mr. Wrotniak has been for more than the past six years, a trustee of St. Joseph's Church in Bronxville, New York, and is a member of the Board of Advisors of the Little Sisters of the Poor at their nursing home in the Bronx, New York since approximately 2004. Mr. Wrotniak graduated from Georgetown University in 1989 with a B.S. in Business Administration (cum laude).

Mr. Wrotniak is a specialist in foreign trade, and brings to our Board his considerable experience in international business, including foreign exchange risk mitigation.

Please see footnote 12 of the Beneficial Ownership of Securities table for information regarding the election of Ellen M. Cotter, Margaret Cotter and James Cotter, Jr. to the Board.

#### **Attendance at Board and Committee Meetings**

During the year ended December 31, 2015, our Board met 13 times. The Audit Committee held four meetings, the Compensation Committee held three meetings, and the Tax Oversight Committee held one meeting. Each Director attended at least 75% of these Board meetings and at least 75% of the meetings of all committees on which he or she served.

#### **Indemnity Agreements**

We currently have indemnity agreements in place with each of our current Directors and senior officers, as well as certain of the Directors and senior officers of our subsidiaries. Under these agreements, we have agreed, subject to certain exceptions, to indemnify each of these individuals against all expenses, liabilities and losses incurred in connection with any threatened, pending or contemplated action, suit or proceeding, whether civil or criminal, administrative or investigative, to which such individual is a party or is threatened to be made a party, in any manner, based upon, arising from, relating to or by reason of the fact that such individual is, was, shall be or has been a Director, officer, employee, agent or fiduciary of the Company.

## Compensation of Directors

During 2015, we paid our non-employee Directors \$50,000 per year. We paid the Chair of our Audit Committee an additional \$7,000 per year, the Chair of our Compensation Committee an additional \$5,000 per year, the Chair of our Tax Oversight Committee an additional \$18,000 per year and the Lead Independent Director an additional \$5,000 per year.

In 2015, we also paid an additional one-time fee of \$25,000 to each of Messrs. Adams, Gould, McEachern and Kane, and an additional one-time fee of \$75,000 to Mr. Storey. These fees were awarded in each case in recognition of their service on our Board and Committees.

In March 2016, the Board approved additional special compensation to be paid for extraordinary services to the Company and devotion of time in providing such services, as follows:

Guy W. Adams:	\$50,000
Edward L. Kane:	\$10,000
Douglas J. McEachern:	\$10,000

Some portion of such additional special compensation was for services rendered during 2015.

Upon joining our Board, new Directors historically received immediately vested five-year stock options to purchase 20,000 shares of our Class A Stock at an exercise price equal to the market price of the stock at the date of grant. However, this process was discontinued in 2015, and Directors Coddington and Wrotniak did not receive such grants. In January, 2015 and January, 2016, each of our then non-employee Directors received an annual grant of stock options to purchase 2,000 shares of our Class A Stock. The options awarded have a term of five years, an exercise price equal to the market price of Class A Stock on the grant date and were fully vested immediately upon grant. As discussed below, our outside director compensation was changed for the remainder of 2016 and the years thereafter. See "2016 and Future Director Compensation," below.

### Director Compensation Table

The following table sets forth information concerning the compensation to persons who served as our non-employee Directors during 2015 for their services as Directors.

Name	Fees Earned or Paid in Cash (\$)	Option Awards \$(1)	All Other Compensation (\$)	Total (\$)
Judy Coddington	11,957	0	0	11,957
Margaret Cotter (2)	35,000	7,656	0	42,656
Guy W. Adams	75,000	7,656	0	82,656
William D. Gould	80,000	7,656	0	87,656
Edward L. Kane	98,000	7,656	0	105,656
Douglas J. McEachern	82,000	7,656	0	89,656
Tim Storey (3)	112,500	7,656	21,136 (4)	140,292
Michael Wrotniak	11,005	0	0	11,005

- (1) Fair value of the award computed in accordance with FASB ASC Topic 718.
- (2) Until March 10, 2016, in addition to her Director's fees, Ms. Margaret Cotter received a combination of fixed and incentive management fees under the OBI management agreement described under the caption "Certain Transactions and Related Party Transactions - OBI Management Agreement," below.
- (3) Mr. Storey served on our Board and Compensation Committee through October 11, 2015.
- (4) Represents fees paid to Mr. Storey as the sole independent Director of our Company's wholly owned New Zealand subsidiary.



## 2016 and Future Director Compensation

As discussed below in "Compensation Discussion and Analysis," the Executive Committee of our Board, upon the recommendation of our Chief Executive Officer, requested the Compensation Committee to evaluate the Company's compensation policy for outside directors and to establish a plan that encompasses sound corporate practices consistent with the best interests of the Company. Our Compensation Committee undertook to review, evaluate, revise and recommend the adoption of new compensation arrangements for executive and management officers and outside directors of the Company. In January 2016, the Compensation Committee retained the international compensation consulting firm of Willis Towers Watson as its advisor in this process and also relied on our legal counsel, Greenberg Traurig, LLP.

The process followed by our Compensation Committee was similar to that in scope and approach used by the Compensation Committee in considering executive compensation. Willis Towers Watson reviewed and presented to the Compensation Committee the competitiveness of the Company's outside director compensation. The Company's outside director compensation was compared to the compensation paid by the 15 peer companies (identified "Compensation Discussion and Analysis"). Willis Towers Watson's key findings were:

- Our annual Board retainer was slightly above the 50th percentile while the total cash compensation paid to outside Directors was close to the 25th percentile.
- Due to our minimal annual Director equity grants, total direct compensation to our outside Directors was the lowest among the peer group.
- We should consider increasing our committee cash compensation and annual Director equity grants to be in line with peer practices.

The foregoing observations and recommendations were studied, questioned and thoroughly discussed by our Compensation Committee, Willis Towers Watson and legal counsel over the course of our Compensation Committee meetings. Among other things, our Compensation Committee discussed and considered the recommendations made by Willis Towers Watson regarding Director retainer fees and equity awards for Directors. Following discussion, our Compensation Committee recommended and our Board authorized that:

- The Board retainer currently paid to outside Directors will not be changed.
- The committee chair retainers will be increased to \$20,000 for our Audit Committee and our Executive Committee and \$15,000 for our Compensation Committee.
- The committee member fees will be \$7,500 for our Audit and Executive Committees and \$5,000 for our Compensation Committee.
- The Lead Independent Director fee will be increased to \$10,000.
- The annual equity award value to Directors will be \$60,000 as a fixed dollar value based on the closing price on the date of the grant and, that the equity award be restricted stock units and that such restricted stock units have a twelve month vesting period.
- Our Board also approved additional special compensation to be paid to certain directors for extraordinary services provided to us and devotion of time in providing such services as follows:
  - Guy W. Adams, \$50,000
  - Edward L. Kane, \$10,000
  - Douglas J. McEachern, \$10,000

Our Board compensation was made effective for the year 2016 and equity grants were made on March 10, 2016 based upon the closing of the Company's Class A Common Stock on such date.

### Vote Required

The nine nominees receiving the greatest number of votes cast at the Annual Meeting will be elected to the Board.

The Board has nominated each of the nominees discussed above to hold office until the 2017 Annual Meeting of Stockholders and thereafter until his or her respective successor has been duly elected and qualified. In the event that

any nominee shall be unable or unwilling to serve as a Director, the Board shall reserve discretionary authority to vote for a substitute or substitutes. The Board has no reason to believe that any nominee will be unable or to serve and all nominees named have consented to serve if elected.

#### **Recommendation of the Board**

#### **THE BOARD RECOMMENDS A VOTE "FOR" EACH OF THE DIRECTOR NOMINEES.**

Ellen M. Cotter and Margaret Cotter, who together have shared voting control over an aggregate of 1,208,988 shares, or 71.9%, of our Class B Stock, have informed the Board that they intend to vote the shares beneficially held by them in favor of the nine nominees named in this Proxy Statement for election to the Board under Proposal 1. Of the shares of Class B Stock beneficially held by them, 696,080 shares are held of record by the Cotter Trust. James Cotter, Jr. alleges he has the right to vote the shares held by the Cotter Trust. The Company believes that, under applicable Nevada Law, where there are multiple trustees of a trust that is a record owner of voting shares of a Nevada corporation, and more than one trustee votes, the votes of the majority of the voting trustees apply to all of the shares held of record by the trust. If more than one trustee votes and the votes are split evenly on any particular proposal, each trustee may vote proportionally the shares held of record by the trust. Ellen M. Cotter and Margaret Cotter, who collectively constitute a majority of the Co-Trustees of the Cotter Trust, have informed the Board that they intend to vote the shares held by the Cotter Trust for the nine nominees named in this Proxy Statement for election to the Board under Proposal 1. Accordingly, the Company believes that Ellen M. Cotter and Margaret Cotter collectively have the power and authority to vote all of the shares of Class B Stock held of record by the Cotter Trust.

#### **REPORT OF THE AUDIT COMMITTEE**

The following is the report of the Audit Committee of our Board with respect to our audited financial statements for the fiscal year ended December 31, 2015.

The information contained in this report shall not be deemed to be "soliciting material" or "filed" with the SEC or subject to the liabilities of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), except to the extent that we specifically incorporate it by reference into a document filed under the Securities Act of 1933, as amended, or the Exchange Act.

The purpose of the Audit Committee is to assist the Board in its general oversight of our financial reporting, internal controls and audit functions. The Audit Committee operates under a written Charter adopted by our Board. The Charter is reviewed periodically and subject to change, as appropriate. The Audit Committee Charter describes in greater detail the full responsibilities of the Audit Committee.

In this context, the Audit Committee has reviewed and discussed the Company's audited financial statements with management and Grant Thornton LLP, our independent auditors. Management is responsible for: the preparation, presentation and integrity of our financial statements; accounting and financial reporting principles; establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)); establishing and maintaining internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f)); evaluating the effectiveness of disclosure controls and procedures; evaluating the effectiveness of internal control over financial reporting; and evaluating any change in internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, internal control over financial reporting. Grant Thornton LLP is responsible for performing an independent audit of the consolidated financial statements and expressing an opinion on the conformity of those financial statements with accounting principles generally accepted in the United States of America, as well as an opinion on (i) management's assessment of the effectiveness of internal control over financial reporting and (ii) the effectiveness of internal control over financial reporting.

The Audit Committee has discussed with Grant Thornton LLP the matters required to be discussed by Auditing Standard No. 16, "Communications with Audit Committees" and PCAOB Auditing Standard No. 5, "An Audit of Internal Control Over Financial Reporting that is Integrated with Audit of Financial Statements." In addition, Grant Thornton LLP has provided the Audit Committee with the written disclosures and the letter required by the Independence Standards Board Standard No. 1, as amended, "Independence Discussions with Audit Committees," and the Audit Committee has discussed with Grant Thornton LLP their firm's independence.

Based on their review of the consolidated financial statements and discussions with and representations from management and Grant Thornton LLP referred to above, the Audit Committee recommended to our Board that the audited financial statements be included in our Annual Report on Form 10-K for fiscal year 2015 for filing with the SEC.

It is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and in accordance with accounting principles generally accepted in the United States. That is the responsibility of management and the Company's independent registered public accounting firm. In giving its recommendation to the Board, the Audit Committee relied on (1) management's representation that such financial statements have been prepared with integrity and objectivity and in conformity with accounting principles generally accepted in the United States and (2) the report of the Company's independent registered public accounting firm with respect to such financial statements.

Respectfully submitted by the Audit Committee.

Douglas J. McEachern, Chair  
Edward L. Kane  
Michael Wrotniak

#### BENEFICIAL OWNERSHIP OF SECURITIES

Except as described below, the following table sets forth the shares of Class A Stock and Class B Stock beneficially owned on April 22, 2016 by:

- each of our incumbent Directors and Director nominees;
- each of our incumbent executive officers and named executive officers set forth in the Summary Compensation Table of this Proxy Statement;
- each person known to us to be the beneficial owner of more than 5% of our Class B Stock; and
- all of our incumbent Directors and incumbent executive officers as a group.

Except as noted, and except pursuant to applicable community property laws, we believe that each beneficial owner has sole voting power and sole investment power with respect to the shares shown. An asterisk (\*) denotes beneficial ownership of less than 1%.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership (1)			
	Class A Stock		Class B Stock	
	Number of Shares	Percentage of Stock	Number of Shares	Percentage of Stock
<b>Directors and Named Executive Officers</b>				
Ellen M. Cotter (2)(12)	3,146,965	14.5	1,173,888	69.8
James Cotter, Jr. (12)(13)	3,084,976	14.2	696,080	41.4
Margaret Cotter (3)(12)	3,335,012	15.4	1,158,988	66.9
Guy W. Adams (8)	2,000	*	—	—
Judy Coddling (9)	2,000	*	—	—
William D. Gould (4)	56,340	*	—	—
Edward L. Kane (5)	21,500	*	100	*
Andrzej J. Matczynski (16)	50,880	*	—	—
Douglas J. McEachern (6)	39,300	*	—	—
Michael Wrotniak (10)	2,000	—	—	—
Robert F. Smerling (7)	43,750	*	—	—
Wayne Smith (11)	3,000	*	—	—
William Ellis (17)	20,000	*	—	—
Dev Ghose (18)	25,000	*	—	—
<b>5% or Greater Stockholders</b>				
James J. Cotter Living Trust (12)	1,897,649	8.8	696,080	41.4
Estate of James J. Cotter, Sr. (Deceased) (12)	326,800	1.5	427,808	25.5

Mark Cuban (14) 5424 Deloache Avenue Dallas, Texas 75220	72,164	*	207,913	12.4
PICO Holdings, Inc. and PICO Deferred Holdings, LLC (15) 875 Prospect Street, Suite 301 La Jolla, California 92037	—	—	117,500	7.0
James J. Cotter Foundation	102,751	*		
Cotter 2005 Grandchildren's Trust	289,390	1.3		
All Directors and executive officers as a group (14 persons)	5,032,094	23.2	1,209,088	71.9

- (1) Percentage ownership is determined based on 21,654,302 shares of Class A Stock and 1,680,590 shares of Class B Stock outstanding on April 22, 2016. Beneficial ownership has been determined in accordance with SEC rules. Shares subject to options that are currently exercisable, or exercisable within 60 days following the date as of which this information is provided, and not subject to repurchase as of that date, which are indicated by footnote, are deemed to be beneficially owned by the person holding the options and are deemed to be outstanding in computing the percentage ownership of that person, but not in computing the percentage ownership of any other person.
- (2) The Class A Stock shown includes 20,000 shares subject to stock options as well as 799,765 shares held directly. The Class A Stock shown also includes 102,751 shares held by the James J. Cotter Foundation (the "Cotter Foundation"). Ellen M. Cotter is Co-Trustee of the Cotter Foundation and, as such, is deemed to beneficially own such shares. Ms. Cotter disclaims beneficial ownership of such shares except to the extent of her pecuniary interest, if any, in such shares. The Class A Stock shown also includes 297,070 shares that are part of the Estate of James J. Cotter, Deceased (the "Cotter Estate") that is being administered in the State of Nevada and 29,730 shares from the Cotter Profit Sharing Plan. On December 22, 2014, the District Court of Clark County, Nevada, appointed Ellen M. Cotter and Margaret Cotter as co-executors of the Cotter Estate. As such, Ellen M. Cotter would be deemed to beneficially own such shares. The shares of Class A Stock shown also include 1,897,649 shares held by the James J. Cotter Living Trust (the "Cotter Trust"). See footnote (12) to this table for information regarding beneficial ownership of the shares held by the Cotter Trust. As Co-Trustees of the Cotter Trust, the three Cotter family members would be deemed to beneficially own such shares depending upon the outcome of the matters described in footnote (12). Together Margaret Cotter and Ellen M. Cotter beneficially own 1,208,988 shares of Class B Stock.
- (3) The Class A Stock shown includes 17,000 shares subject to stock options as well as 804,173 shares held directly. The Class A Stock shown also includes 289,390 shares held by the Cotter 2005 Grandchildren's Trust and 29,730 shares from the Cotter Profit Sharing Plan. Margaret Cotter is Co-Trustee of the Cotter 2005 Grandchildren's Trust and, as such, is deemed to beneficially own such shares. Ms. Cotter disclaims beneficial ownership of such shares except to the extent of her pecuniary interest, if any, in such shares. The Class A Stock shown includes 297,070 shares of Class A Stock that are part of the Cotter Estate. As Co-Executor of the Cotter Estate, Ms. Cotter would be deemed to beneficially own such shares. The shares of Class A Stock shown also include 1,897,649 shares held by the Cotter Trust. See footnotes (12) for information regarding beneficial ownership of the shares held by the Cotter Trust. As Co-Trustees of the Cotter Trust, the three Cotter family members would be deemed to beneficially own such shares depending upon the outcome of the matters described in footnote (12). Together Margaret Cotter and Ellen M. Cotter beneficially own 1,208,988 shares of Class B Stock.
- (4) The Class A Stock shown includes 19,000 shares subject to stock options.
- (5) The Class A Stock shown includes 4,000 shares subject to stock options.
- (6) The Class A Stock shown includes 29,000 shares subject to stock options.
- (7) The Class A Stock shown consists of 43,750 shares subject to stock options.
- (8) The Class A Stock shown consists of 2,000 shares subject to stock options.

- (9) The Class A Stock shown consists of 2,000 shares subject to stock options.
- (10) The Class A Stock shown consists of 2,000 shares subject to stock options.
- (11) The Class A Stock shown consists of 3,000 restricted stock grants.
- (12) On June 5, 2013, the Declaration of Trust establishing the Cotter Trust was amended and restated (the "2013 Restatement") to provide that, upon the death of James J. Cotter, Sr., the Trust's shares of Class B Stock were to be held in a separate trust, to be known as the "Reading Voting Trust," for the benefit of the grandchildren of Mr. Cotter, Sr. Mr. Cotter, Sr. passed away on September 13, 2014. The 2013 Restatement also names Margaret Cotter the sole trustee of the Reading Voting Trust and names James Cotter, Jr. as the first alternate trustee in the event that Ms. Cotter is unable or unwilling to act as trustee. The trustees of the Cotter Trust, as of the 2013 Restatement, were Ellen M. Cotter and Margaret Cotter. On June 19, 2014, Mr. Cotter, Sr. signed a 2014 Partial Amendment to Declaration of Trust (the "2014 Amendment") that names Margaret Cotter and James Cotter, Jr. as the co-trustees of the Reading Voting Trust and provides that, in the event they are unable to agree upon an important trust decision, they shall rotate the trusteeship between them annually on each January 1st. It further directs the trustees of the Reading Voting Trust to, among other things, vote the Class B Stock held by the Reading Voting Trust in favor of the appointment of Ellen M. Cotter, Margaret Cotter and James Cotter, Jr. to our Board and to take all actions to rotate the chairmanship of our Board among the three of them. The 2014 Amendment states that James Cotter, Jr., Ellen M. Cotter and Margaret Cotter are Co-Trustees of the Cotter Trust. On February 5, 2015, Ellen M. Cotter and Margaret Cotter filed a Petition in the Superior Court of the State of California, County of Los Angeles, captioned In re James J. Cotter Living Trust dated August 1, 2000 (Case No. BP159755). The Petition, among other things, seeks relief that could determine the validity of the 2014 Amendment and who between Margaret Cotter and James Cotter Jr. will have authority as trustee or co-trustees of the Reading Voting Trust to vote the shares of Class B Stock shown (in whole or in part) and the scope and extent of such authority. Mr. Cotter, Jr. has filed an opposition to the Petition. The 696,080 shares of Class B Stock shown in the table as being beneficially owned by the Cotter Trust are reflected on the Company's stock register as being held by the Cotter Trust and not by the Reading Voting Trust. The information in the table reflects direct ownership of the 696,080 shares of Class B Stock by the Cotter Trust in accordance with the Company's stock register and beneficial ownership of such shares as being held by each of the three potential Co-Trustees, Mr. Cotter, Jr., Ellen M. Cotter and Margaret Cotter, who, unless a court determines otherwise, are deemed to share voting and investment power of the shares held by the Cotter Trust.
- (13) The Class A Stock shown includes 25,000 shares subject to stock options as well as 770,186 shares held directly. The Class A Stock shown also includes 289,390 shares held by the Cotter 2005 Grandchildren's Trust and 102,751 held by the Cotter Foundation. Mr. Cotter, Jr. is Co-Trustee of the Cotter 2005 Grandchildren's Trust and of the Cotter Foundation and, as such, is deemed to beneficially own such shares. Mr. Cotter, Jr. disclaims beneficial ownership of such shares except to the extent of his pecuniary interest, if any, in such shares. The Class A Stock shown also includes 1,897,649 shares held by the Cotter Trust, which became irrevocable upon Mr. Cotter, Sr.'s death on September 13, 2014. See footnote (12) above for information regarding beneficial ownership of the shares held by the Cotter Trust. As Co-Trustees of the Cotter Trust, the three Cotter family members would be deemed to beneficially own such shares depending upon the outcome of the matters described in footnote (12). The Class A Stock shown includes 770,186 shares pledged as security for a margin loan.
- (14) Based on Mr. Cuban's Form 5 filed with the SEC on February 19, 2016 and Schedule 13D/A filed on February 22, 2016.
- (15) Based on the PICO Holdings, Inc. and PICO Deferred Holdings, LLC Schedule 13G filed with the SEC on January 14, 2009.
- (16) The Class A Stock shown includes 25,000 shares subject to stock options.
- (17) The Class A Stock shown includes 8,815 shares subject to stock options.
- (18) The Class A Stock shown includes 25,000 shares subject to stock options.

#### Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our executive officers and Directors, and persons who own more than 10% of our common stock, to file reports regarding ownership of, and transactions in, our securities with the SEC and to provide us with copies of those filings. Based solely on our review of the copies received by us and on the written representations of certain reporting persons, we believe that the following Forms 3 and 4 for transactions that occurred in

2015 were not filed or filed later than is required under Section 16(a) of the Securities Exchange Act of 1934:

<u>Filer</u>	<u>Form</u>	<u>Transaction Date</u>	<u>Date of Filing</u>
Andrzej J. Matyczynski	4	December 31, 2015	Not filed <sup>(1)</sup>
Andrzej J. Matyczynski	4	December 31, 2014	Not filed <sup>(2)</sup>
Andrzej J. Matyczynski	4	December 31, 2013	Not filed <sup>(3)</sup>
Mark Cuban	4	November 11, 2015	Not filed <sup>(4)</sup>
Estate of James J. Cotter	4	December 31, 2014	October 9, 2015
James J. Cotter Living Trust	3	September 13, 2014	October 9, 2015
Ellen M. Cotter	4	April 16, 2015	October 9, 2015
Margaret Cotter	4	April 8, 2015	October 9, 2015
William Gould	4	April 6, 2015	October 8, 2015
James Cotter Jr. <sup>(5)</sup>	4	March 10, 2016	March 15, 2016
James Cotter Jr.	4	November 25, 2015	December 1, 2015
James Cotter Jr.	4	August 17, 2015	August 24, 2015
James Cotter Jr.	4	July 16, 2015	July 31, 2015
James Cotter Jr.	4	June 30, 2015 <sup>(6)</sup>	July 16, 2015
James Cotter Jr.	4	June 4, 2016 <sup>(7)</sup>	July 16, 2015
Wayne Smith	4	July 16, 2015	July 31, 2015

- (1) This transaction was reported on Form 5 on April 22, 2016, which is later than required under Section 16(a) of the Securities Exchange Act of 1934.
- (2) This transaction was reported on Form 5 on March 17, 2015, which is later than required under Section 16(a) of the Securities Exchange Act of 1934.
- (3) This transaction was reported on Form 5 on March 12, 2014, which is later than required under Section 16(a) of the Securities Exchange Act of 1934.
- (4) This transaction was reported on Form 5 on February 19, 2016, which is later than required under Section 16(a) of the Securities Exchange Act of 1934.
- (5) An additional Form 4 for Mr. Cotter Jr. was reported with a typographical error in the transaction date. The transaction date was reported as December 1, 2012, but should have been reported as December 1, 2015. This Form 4 was timely filed on December 3, 2015.
- (6) Pursuant to Form 4/A filed August 24, 2015, the earliest transaction date was changed from July 1, 2015 to June 30, 2015.
- (7) Pursuant to Form 4/A filed November 17, 2015, the earliest transaction date was changed from July 1, 2015 to June 4, 2015.

In addition to the above, the following Forms 5 for transactions that occurred in 2013, 2014 and 2015 were filed later than is required under Section 16(a) of the Securities Exchange Act of 1934.

<u>Filer</u>	<u>Form</u>	<u>Transaction Date</u>	<u>Date of Filing</u>
Andrzej J. Matyczynski	5	December 31, 2015	April 22, 2016
Andrzej J. Matyczynski	5	December 31, 2014	March 17, 2015
Andrzej J. Matyczynski	5	December 31, 2013	March 12, 2014
Mark Cuban	5	November 11, 2015	February 19, 2016

Insofar as we are aware, all required filings have now been made.

## EXECUTIVE OFFICERS

The following table sets forth information regarding our executive officers, other than Ellen M. Cotter and Margaret Cotter, whose information is set forth above under "Proposal 1: Election of Directors – Nominees for Election."

Name	Age	Title
Dev Ghose	62	Executive Vice President, Chief Financial Officer, Treasurer and Corporate Secretary
Robert F. Smerling	81	President - Domestic Cinemas
Wayne D. Smith	58	Managing Director – Australia and New Zealand
Andrzej J. Matyczynski	63	Executive Vice President - Global Operations

**Devasis ("Dev") Ghose.** Dev Ghose was appointed Chief Financial Officer and Treasurer on May 11, 2015, Executive Vice President on March 10, 2016 and Corporate Secretary on April 28, 2016. Over the past 25 years, Mr. Ghose served as Executive Vice President and Chief Financial Officer and in a number of senior finance roles with three NYSE-listed companies: Skilled Healthcare Group (a health services company, now part of Genesis HealthCare) from 2008 to 2013, Shurgard Storage Centers, Inc. (an international company focused on the acquisition, development and operation of self-storage centers in the US and Europe; now part of Public Storage) from 2004 to 2006, and HCP, Inc., (which invests primarily in real estate serving the healthcare industry) from 1986 to 2003, and as Managing Director-International for Green Street Advisors (an independent research and trading firm concentrating on publicly traded real estate corporate securities in the US & Europe) from 2006 to 2007. Prior thereto, Mr. Ghose worked for 10 years for PricewaterhouseCoopers in the U.S. from 1975 to 1985, and KPMG in the UK. He qualified as a Certified Public Accountant in the U.S. and a Chartered Accountant in the U.K., and holds an Honors Degree in Physics from the University of Delhi, India and an Executive M.B.A. from the University of California, Los Angeles.

**Robert F. Smerling.** Robert F. Smerling has served as President of our domestic cinema operations since 1994. Mr. Smerling has been in the cinema industry for 58 years and, immediately before joining our Company, served as the President of Loews Theatres Management Corporation.

**Wayne D. Smith.** Wayne D. Smith joined our Company in April 2004 as our Managing Director - Australia and New Zealand, after 23 years with Hoyts Cinemas. During his time with Hoyts, he was a key driver, as Head of Property, in growing that company's Australian and New Zealand operations via an AUD\$250 million expansion to more than 50 sites and 400 screens. While at Hoyts, his career included heading up the group's car parking company, cinema operations, representing Hoyts as a director on various joint venture interests, and coordinating many asset acquisitions and disposals the company made.

**Andrzej J. Matyczynski.** On March 10, 2016, Mr. Matyczynski was appointed as our Executive Vice President—Global Operations. From May 11, 2015 until March 10, 2016, Andrzej J. Matyczynski acted as the Strategic Corporate Advisor to the Company. Mr. Matyczynski served as our Chief Financial Officer and Treasurer from November 1999 until May 11, 2015 and as Corporate Secretary from May 10, 2011 to October 20, 2014. Prior to joining our Company, he spent 20 years in various senior roles throughout the world at Beckman Coulter Inc., a U.S. based multi-national. Mr. Matyczynski earned a Master's Degree in Business Administration from the University of Southern California.

## EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

#### Role and Authority of the Compensation Committee

Our Board has established a standing Compensation Committee consisting of three of our non-employee Directors. As a Controlled Company, we are exempt from the NASDAQ Listing Rules regarding the determination of executive compensation solely by independent directors. Notwithstanding such exemption, we adopted a Compensation Committee charter on March 10, 2016 requiring our Compensation Committee members to meet the independence rules

and regulations of the SEC and the NASDAQ Stock Market.

Prior to the adoption of our Compensation Committee Charter on March 10, 2016, it was our practice that the Compensation Committee would recommend to the full Board the compensation of our Chief Executive Officer and of the other Cotter family members who serve as officers of our Company. Our Board, with the Cotter family Directors abstaining, typically accepted without modification the compensation recommendations of the Compensation Committee, but reserved the right to modify the recommendations or take other compensation actions of its own. Prior to his resignation as our Chief Executive Officer, Mr. James J. Cotter, Sr. was delegated responsibility by our Board for determining the compensation of our executive officers other than himself and his family members. The Board exercised oversight of Mr. Cotter, Sr.'s executive compensation decisions as a part of his performance as our former Chief Executive Officer.

Earlier this year, our Board adopted a number of actions intended to bring certain of our governance practices into line with best practices, including substantial steps in the area of Executive Compensation, which are discussed below under "2016 and Future Compensation Structure." First, this discussion will address our executive compensation for 2015.

#### 2015 EXECUTIVE COMPENSATION

The individuals named in the Summary Compensation Table, below, are referred to as the "named executive officers."

##### *Chief Executive Officer Compensation*

As a matter of general practice prior to 2016, the Compensation Committee recommended to our Board the annual compensation of our Chief Executive Officer, based primarily upon the Compensation Committee's annual review of peer group practices and the advice of an independent third-party compensation consultant engaged annually to assist the Compensation Committee. The Compensation Committee had established three components of our Chief Executive Officer's compensation—a base cash salary, a discretionary annual cash bonus, and a fixed stock grant. The objective of each element was to reasonably reward our Chief Executive Officer for his or her performance and leadership.

The Compensation Committee engaged executive compensation consultants Towers Watson (now known as Willis Towers Watson) in 2012 to analyze our Chief Executive Officer's total direct compensation compared to a peer group of companies. In preparing that analysis, Willis Towers Watson, in consultation with our management, including James J. Cotter, Sr., identified a peer group of companies in the real estate and cinema exhibition industries, our two business segments, based on market value, industry, and business description.

Prior to the work commenced in early 2016, Willis Towers Watson had most recently updated its analysis of our Chief Executive Officer's compensation in 2014, when Mr. Cotter, Sr. held that position. The Willis Towers Watson analysis focused on the competitiveness of Mr. Cotter, Sr.'s annual base salary, total cash compensation and total direct compensation (i.e., total cash compensation plus expected value of long-term compensation) relative to a peer group of 17 United States and Australian companies and published compensation survey data, and to our Company's compensation philosophy, which was to target Mr. Cotter, Sr.'s total direct compensation to the 66th percentile of the peer group. The peer group consisted of the following 17 companies:

Acadia Realty Trust	Inland Real Estate Corp.
Amalgamated Holdings Ltd.	Kite Realty Group Trust
Associated Estates Realty Corp.	LTC Properties Inc.
Carmike Cinemas Inc.	Ramco-Gershenson Properties Trust
Cedar Shopping Centers Inc.	Regal Entertainment Group
Cinemark Holdings Inc.	The Marcus Corporation
Entertainment Properties Trust	Urstadt Biddle Properties Inc.
Glimcher Realty Trust	Village Roadshow Ltd.
IMAX Corporation	

Following his appointment on August 7, 2014 as our Chief Executive Officer and until his termination from that position on June 12, 2015, James Cotter, Jr. continued to receive the same base salary of \$335,000 that he had previously



been receiving in his capacity as our President. Mr. Cotter, Jr. was not awarded a discretionary cash bonus for 2014 or 2015.

On June 12, 2015, our Board appointed Ellen M. Cotter as our interim President and Chief Executive Officer. No new compensatory arrangements were entered into with Ms. Cotter in connection with her appointment as interim President and Chief Executive Officer, and she continued to receive the same base salary of \$402,000 that she received at the time of her appointment.

In early 2016, the Compensation Committee, with the assistance of Willis Towers Watson and Ms. Cotter, adopted new procedures regarding officer compensation. As a part thereof, unlike prior years, the Compensation Committee evaluated the performance of our Chief Executive Officer and our named executive officers and determined their 2015 cash bonus awards. Having had the benefit of further analysis of the Company's executive compensation and revisions of the Company's compensation philosophy, the Compensation Committee approved a \$250,000 bonus for Ellen M. Cotter for her 2015 performance as interim President and Chief Executive Officer.

#### *Total Direct Compensation*

In 2015, we and our Compensation Committee had no policy regarding the amount of salary and cash bonus paid to our Chief Executive Officer or other named executive officers in proportion to their total direct compensation.

#### *Compensation of Other Named Executive Officers*

Until the reassessment of compensation practices in early 2016, the compensation of the Cotter family members as executive officers of our Company was determined by the Compensation Committee based on the same compensation philosophy used to determine Mr. Cotter, Sr.'s compensation prior to his retirement. The Cotter family members' respective compensation packages each consisted of a base cash salary, discretionary cash bonus and, on occasion, discretionary grants of stock options.

Historically, our Chief Executive Officer determined the base salaries of our executive officers other than himself and members of his family. Our Chief Executive Officer considered the following guidelines in setting the type and amount of executive compensation:

1. Executive compensation should primarily be used to:
  - attract and retain talented executives;
  - reward executives appropriately for their individual efforts and job performance; and
  - afford executives appropriate incentives to achieve the short-term and long-term business objectives established by management and our Board.
2. In support of the foregoing, the total compensation paid to our named executive officers should be:
  - fair, both to our Company and to the named executive officers;
  - reasonable in nature and amount; and
  - competitive with market compensation rates.

Personal and Company performances were just two factors historically considered in establishing base salaries. We had no pre-established policy or target for allocating total executive compensation between base and discretionary or incentive compensation, or between cash and stock-based incentive compensation. Historically, including in 2015, a majority of total compensation to our named executive officers has been in the form of annual base salaries and discretionary cash bonuses, although stock bonuses have been granted from time to time under special circumstances.

These elements of our executive compensation are discussed further below.

**Salary:** Annual base salary was intended to compensate named executive officers for services rendered during the fiscal year in the ordinary course of performing their job responsibilities. Factors considered in setting the base salaries prior to 2015 included (i) the negotiated terms of each executive's employment agreement or the original terms of employment, (ii) the individual's position and level of responsibility with our Company, (iii) periodic review of the

executive's compensation, both individually and relative to our other named executive officers, and (iv) a subjective evaluation of individual job performance of the executive.

**Cash Bonus:** Historically, we had awarded annual cash bonuses to supplement the base salaries of our named executive officers, and our Board delegated to our former Chief Executive Officer, Mr. Cotter, Sr., the authority to determine in his discretion the annual cash bonuses, if any, to be paid to our executive officers other than the Cotter family executives.

In early 2016, following the reassessment of the Company's compensation structure discussed below, the Compensation Committee, meeting in executive session, approved a 2015 performance bonus for the Chief Executive Officer as well as our other named executive officers.

**Stock Bonus:** Equity incentive bonuses were available for award to align our executives' long-term compensation to appreciation in stockholder value over time. Historically, awards have not been granted on any fixed schedule, but instead were granted from time to time to new hires and for the recognition and retention of executives.

If awarded, it has generally been our policy to value stock options and restricted stock at the closing price of our common stock as reported on the NASDAQ Stock Market on the date the award was approved or on the date of hire, if the stock is granted as a recruitment incentive. When stock was granted as bonus compensation for a particular transaction, the award may have been based on the market price on a date calculated from the closing date of the relevant transaction. Stock options granted to our employees generally have a five year term and vest over four years in equal installments upon the annual anniversaries of the date of the grant, subject to continued employment upon each vesting date. Awards may also have been subject to vesting and limitations on voting or other rights.

As discussed below, our Board substantially changed these practices for 2016 and future years.

Other than James Cotter, Jr.'s role as Chief Executive Officer and thereafter, Ms. Ellen M. Cotter's role as Chief Executive Officer, none of our executive officers played a role in determining the compensation of our named executive officers during 2015.

#### **2015 Base Salaries and Bonuses**

We have historically established base salaries and target discretionary cash bonuses for our named executive officers through negotiations with the individual named executive officer, generally at the time the named executive officer commenced employment with us, subject to additional increases from time to time based on performance and tenure, with the intent of providing annual cash compensation at a level sufficient to attract and retain talented and experienced individuals.

Our Compensation Committee recommended and our Board approved the following base salaries for Mr. Cotter, Jr. and Ellen M. Cotter for 2015:

Name	2014 Base Salary (\$)	2015 Base Salary (\$)
Ellen M. Cotter <sup>(1)</sup>	335,000	402,000
James Cotter, Jr. <sup>(2)</sup>	335,000	335,000 <sup>(2)</sup>

- (1) Ellen M. Cotter was appointed Interim President and Chief Executive Officer on June 12, 2015 and President and Chief Executive Officer on January 8, 2016.
- (2) James Cotter, Jr. served as President from June 1, 2013 through June 12, 2015, and Chief Executive Officer from August 7, 2014 through June 12, 2015. Mr. Cotter, Jr. had an annual base salary of \$335,000 for 2015. When his employment ended, Mr. Cotter, Jr. earned a prorated base salary of \$195,417 for 2015, which includes his severance payment paid through the end of July 2015.

With the exception of Mr. Ghose, who was appointed Chief Financial Officer on May 11, 2015, Mr. Matyczynski, whose base salary was \$324,000 in 2015, and Mr. Smith, whose base salary was \$274,897, the base salaries of our other named executive officers generally remained at the levels established for 2014, as shown in the following table:

Name	2014 Base Salary (\$)	2015 Base Salary (\$)
Dev Ghose <sup>(1)</sup>	—	400,000 <sup>(3)</sup>
Andrzej J. Matyczynski <sup>(2)</sup>	309,000	324,000
William Ellis <sup>(4)</sup>	350,000 <sup>(5)</sup>	350,000
Robert F. Smerling	350,000	350,000
Wayne Smith	324,295 <sup>(6)</sup>	274,897 <sup>(4)</sup>

- (1) Dev Ghose was appointed Chief Financial Officer and Treasurer on May 11, 2015. For 2015, Mr. Ghose earned a prorated base salary of \$257,692.
- (2) Andrzej J. Matyczynski, our former Chief Financial Officer, Treasurer and Corporate Secretary, has a written agreement with our Company that provides certain severance and deferred compensation benefits. Mr. Matyczynski resigned as Corporate Secretary on October 20, 2014 and as our Chief Financial Officer and Treasurer effective May 11, 2015, however he continued as an employee to assist in the transition of our new Chief Financial Officer, and was appointed Executive Vice President-- Global Operations on March 10, 2016. Under Mr. Matyczynski's employment contract, upon his retirement and provided there has been no termination for cause, he will become entitled under his agreement to a lump-sum severance payment of \$50,000, subject to certain offsets, and to the payment of his vested benefit under his deferred compensation plan discussed below in this section.
- (3) William Ellis submitted his resignation on February 18, 2016, effective March 11, 2016. For 2014, Mr. Ellis earned a prorated base salary of \$71,795.
- (4) Mr. Smith's salary was paid in Australian Dollars in the amounts of AUD\$359,250 in 2014 (shown in the table in U.S. Dollars using exchange rate 0.9027), and AUD\$365,360 in 2015 (shown in the table in U.S. Dollars using exchange rate 0.7524).

Prior to 2016, all named executive officers were eligible to receive a discretionary annual cash bonus. Cash bonuses are typically prorated to reflect a partial year of service.

In connection with consideration of 2015 performance bonuses for members of management, the Chief Executive Officer prepared and submitted recommendations for each of the executive and management team members, other than herself. In considering these recommendations, the Compensation Committee had the benefit of its extensive deliberations as well as the data provided by Willis Towers Watson. In executive session, the Compensation Committee considered and approved a 2015 performance bonus for the Chief Executive Officer. The proposed bonus amounts were reviewed and approved by the Board in February 2016. The Board approval covered the named executive officers set forth below, as well as select other officers and executives.

The following are the 2015 Performance Bonuses approved pursuant to the above process:

Name	2015 Performance Bonus (\$)
Ellen M. Cotter	250,000
Dev Ghose	75,000
Andrzej J. Matyczynski	0
William Ellis	0 <sup>(1)</sup>
James Cotter, Jr.	0
Robert F. Smerling	75,000
Wayne Smith	71,478 <sup>(2)</sup>

- (1) Pursuant to his employment agreement, in 2015 Mr. Ellis received a guaranteed bonus of \$60,000, and as such, it was not subject to the process above. Mr. Ellis submitted his resignation on February 18, 2016.
- (2) Mr. Smith's bonus was paid in Australian Dollars in the amount of AUD\$95,000 (shown in the table in U.S. Dollars using exchange rate 0.7524).

In the past, we have offered stock options and stock awards to our employees, including named executive

officers, as the long-term incentive component of our compensation program. We sometimes granted equity awards to new hires upon their commencing employment with us and from time to time thereafter. Our stock options allow employees to purchase shares of our common stock at a price per share equal to the fair market value of our common stock on the date of grant and may or may not be intended to qualify as "incentive stock options" for U.S. federal income tax purposes. Generally, the stock options we granted to our employees vest over four years in equal installments upon the annual anniversaries of the date of grant, subject to their continued employment with us on each vesting date.

#### Employment Agreements

James Cotter, Jr. On June 12, 2015, the Board terminated the employment of James Cotter, Jr. as our President and Chief Executive Officer. Under Mr. Cotter, Jr.'s employment agreement with the Company, he is entitled to the compensation and benefits he was receiving at the time of a termination without cause for a period of twelve months from notice of termination. At the time of termination, Mr. Cotter Jr.'s annual salary was \$335,000, and the Company paid Mr. Cotter Jr. severance payments in the amount of \$43,750. A dispute has arisen between the Company and Mr. Cotter as to whether the Company is required to continue to make these payments, which dispute is currently subject to arbitration. Mr. Cotter's employment agreement also provided for the grant of options to purchase 100,000 shares of Class A Stock at an exercise price of \$6.31 per share. Mr. Cotter, Jr. has previously exercised options to purchase 50,000 of such shares. Mr. Cotter, Jr. has asserted that the options to exercise the remainder of the 50,000 options survived the termination of his employment. The Company's position is that all unvested options expired upon the termination of Mr. Cotter, Jr.'s employment. This matter is currently under review by the Compensation Committee.

Dev Ghose. On April 20, 2015, we entered into an employment agreement with Mr. Dev Ghose, pursuant to which he agreed to serve as our Chief Financial Officer for a one-year term commencing on May 11, 2015. The employment agreement provides that Mr. Ghose is to receive an annual base salary of \$400,000, with an annual target bonus of \$200,000, and employee benefits in line with those received by our other senior executives. Mr. Ghose was also granted stock options to purchase 100,000 shares of Class A Stock at an exercise price equal to the closing price of our Class A Stock on the date of grant and which will vest in equal annual increments over a four-year period, subject to his remaining in our continuous employ through each annual vesting date.

Under his employment agreement, we may terminate Mr. Ghose's employment with or without cause (as defined) at any time. If we terminate his employment without cause or fail to renew his employment agreement upon expiration without cause, Mr. Ghose will be entitled to receive severance in an amount equal to the salary and benefits he was receiving for a period of 12 months following such termination or non-renewal. If the termination is in connection with a "change of control" (as defined), Mr. Ghose would be entitled to severance in an amount equal to the compensation he would have received for a period two years from such termination.

William D. Ellis. On October 20, 2014, we entered into an employment agreement with Mr. William D. Ellis, which was amended in September 2015, pursuant to which he agreed to serve as our General Counsel for a term of three years. The employment agreement provided that Mr. Ellis was to receive an annual base salary of \$350,000, with an annual guaranteed bonus of at least \$60,000. In addition, Mr. Ellis was granted stock options to purchase 60,000 shares of Class A Stock at an exercise price equal to the closing price of our Class A Stock on the date of grant and which will vest in equal annual increments over a three-year period, subject to his remaining in our continuous employ through each annual vesting date.

On February 18, 2016, Mr. Ellis submitted his resignation as our General Counsel and Corporate Secretary. On March 11, 2016, we entered into an agreement with Mr. Ellis, pursuant to which, in consideration of the payment to Mr. Ellis of \$205,010 (to be paid in 19 equal semi-monthly installments of \$10,790) and the vesting of options to acquire 20,000 shares of our Class A Common Stock on October 15, 2016, Mr. Ellis has agreed to be available to advise us on matters on which he previously worked until December 31, 2016. Mr. Ellis' last day of employment was March 11, 2016.

Andrzej J. Matyczynski. Mr. Matyczynski, our former Chief Financial Officer, Treasurer and Corporate Secretary, has a written agreement with our Company that provides for a lump-sum severance payment of \$50,000, provided there has been no termination for cause and subject to certain offsets, and to the payment of his vested benefit under his deferred compensation plan discussed below in the section entitled "Other Elements of Compensation." Mr. Matyczynski resigned as our Corporate Secretary on October 20, 2014 and as our Chief Financial Officer and

Treasurer effective May 11, 2015, but continued as an employee in order to assist in the transition of our new Chief Financial Officer. He was appointed EVP-Global Operations in March 2016.

## 2016 AND FUTURE COMPENSATION STRUCTURE

### **Background**

In early 2016, our Compensation Committee conducted a thorough evaluation of our compensation policy for executive officers and outside directors to establish a plan that encompasses best corporate practices consistent with our best interests. Our Compensation Committee undertook to review, evaluate, revise and recommend the adoption of new compensation arrangements for our executive and management officers and outside directors. In January 2016, our Compensation Committee retained the international compensation consulting firm of Willis Towers Watson as its advisor in this process and also relied on the advice of our legal counsel, Greenberg Traurig, LLP.

### **Compensation Committee Charter**

On February 29, 2016, our Board adopted the Charter of the Compensation Committee, or the Compensation Committee Charter. In keeping with our intent to implement best practices, the Compensation Committee Charter delegated the following responsibilities to our Compensation Committee:

- in consultation with our senior management, to establish our compensation philosophy and objectives;
- to review and approve all compensation, including salary, bonus, incentive and equity compensation, for our Chief Executive Officer and our executive officers, provided that our Chief Executive Officer may not be present during voting or deliberations on his or her compensation;
- to approve all employment agreements, severance arrangements, change in control provisions and agreements and any special or supplemental benefits applicable to our Chief Executive Officer and other executive officers;
- to approve and adopt, on behalf of our Board, incentive compensation and equity-based compensation plans, or, in the case of plans requiring stockholder approval, to review and recommend such plan to the stockholders;
- to review and discuss with our management and our counsel and auditors, the disclosures made in Compensation Discussion and Analysis and advise our Board whether, in the view of the Committee, the Compensation Discussion and Analysis is, in form and substance, satisfactory for inclusion in our annual report on Form 10-K and proxy statement for the annual meeting of stockholders;
- to prepare an annual compensation committee report for inclusion in our proxy statement for the annual meeting of stockholders in accordance with the applicable rules of the SEC;
- to periodically review and reassess the adequacy of this charter and recommend any proposed changes to the Board for approval;
- to administer our equity-based compensation plans, including the grant of stock options and other equity awards under such plans, the exercise of any discretion accorded to the administrator of all such plans and the interpretation of the provisions of such plans and the terms of any awards made under the plans; and
- to consider the results of the most recent stockholder advisory vote on executive compensation required by Section 14A of the Securities Exchange Act of 1934 when determining compensation policies and making decisions on executive compensation.

Under the Compensation Committee Charter, "executive officer" is defined to mean the chief executive officer, president, chief financial officer, chief operating officer, general counsel, principal accounting officer, any executive vice president of the Company and any Managing Director of Reading Entertainment Australia Pty Ltd and/or Reading New Zealand, Ltd.; provided that any compensation determinations pertaining to Ellen M. Cotter and Margaret Cotter will be subject to review and approval by our Board.

As noted above, the Compensation Committee Charter was adopted as part of our Board's implementation of additional corporate best practices measures. The Compensation Committee Charter will apply for the remainder of 2016 and the future, subject to further amendments and modifications by our Board. The Compensation Committee's charter is available on our website at <http://www.readingrdi.com/Committee-Charters>.

The Compensation Committee reviews compensation policies and practices affecting employees in addition to

those applicable to executive officers. The Compensation Committee has determined that it is not reasonably likely that our compensation policies and practices for its employees would have a material adverse effect on our Company.

#### ***Executive Compensation***

In early 2016, our Compensation Committee met with Willis Towers Watson, our Chief Executive Officer, and our legal counsel, to review the Company's compensation levels, programs and practices. As part of its engagement, Willis Towers Watson reviewed our compensation paid to executive and management officers by position, in light of each person's duties and responsibilities. Willis Towers Watson then compared our top executive and management positions to (i) executive compensation paid by a peer group, and (ii) two surveys, the 2015 Willis Towers Watson Data Services Top Management Survey Report and the 2015 Mercer MBD Executive Compensation Survey, in each case, identified by office position and duties performed by the officer. The peer group utilized by Willis Towers Watson included the following 15 companies:

Arcadia Realty Trust  
Associated Estates Realty Corp.  
Carmike Cinemas Inc.  
Cedar Realty Trust Inc.  
Charter Hall Group  
EPR Properties  
Vicinity Centres  
IMAX Corporation

Inland Real Estate Corp.  
Kite Realty Group Trust  
Marcus Corporation  
Pennsylvania Real Estate Investment Trust  
Ramco-Gershenson Properties Trust  
Urstadt Biddle Properties Inc.  
Village Roadshow Ltd.

Willis Towers Watson selected the above peer group noting that the companies selected (i) included 12 United States based companies and three Australian based companies to reflect our geographic operations, and (ii) were comparable to us based on the key financial criteria of being between 1/3<sup>rd</sup> and three times our revenue.

The executive pay assessment prepared by Willis Towers Watson measured our executive and management compensation against compensation paid by peer group companies and the companies listed in the two surveys based on the 25th, 50th and 75th percentile of such peer group and surveyed companies. The 50th percentile was the median compensation paid by such peer group and surveyed companies to executives performing similar responsibilities and duties.

The Willis Towers Watson assessment compared the base salary, the short term incentive (cash bonus) and long term incentive (equity awards) of the peer and surveyed companies to the base salary, short term incentive and long term incentive provided to our executives. The assessment concluded that, except in a few positions, we were generally competitive in base salary, however, we were not competitive when short-term incentives and long term incentives were included in the total compensation paid to our executives and management.

As a result of the foregoing factors, Willis Towers Watson recommended that we:

- Implement a formal annual incentive opportunity for all executives; and
- Implement a regular annual grant program for long-term incentives.

Our Compensation Committee recommended, and our Board subsequently adopted, a compensation philosophy for our management team members to:

- Attract and retain talented and dedicated management team members;
- Provide overall compensation that is competitive in its industry;
- Correlate annual cash incentives to the achievement of its business and financial objectives; and
- Provide management team members with appropriate long-term incentives aligned with stockholder value.

As part of the compensation philosophy, our compensation focus will be to (1) drive our strategic plan on growth, (2) align officer and management performance with the interests of our stockholders, and (3) encourage retention of our officers and management team members.

In furtherance of the compensation policy and as a result of the extensive deliberations, including consideration of the Willis Towers Watson recommendations, our Compensation Committee adopted an executive and management officer compensation structure for 2016 consisting of:

- A base salary comparable with job description and industry standard;
- A short-term incentive plan based on a combination of factors including overall corporate and division performance as well as individual performance with a target bonus opportunity to be denominated as a percent of base salary with specific goals weightings and pay-out ranges; and
- A long-term incentive or equity awards in line with job description, performance, and industry standards.

Our Compensation Committee's intention is that the compensation structure approved for 2016 will remain in place indefinitely. However, it will review performance and results after the first year and thereafter and evaluate from time to time whether enhancements, changes or other compensation structures are in our and our stockholders best interests.

Reflecting the new approach, our Compensation Committee established (i) 2016 annual base salaries at levels that it believed (based heavily on the data provided by Willis Towers Watson) are generally competitive with executives in our peer group and in other comparable publicly-held companies as described in the executive pay assessment prepared by Willis Towers Watson, (ii) short term incentives in the form of discretionary annual cash bonuses based on the achievement of identified goals and benchmarks, and (iii) long-term incentives in the form of employee stock options and restricted stock units will be used as a retention tool and as a means to further align an executive's long-term interests with those of our stockholders, with the ultimate objective of affording our executives an appropriate incentive to help drive increases in stockholder value.

Our Compensation Committee will evaluate both executive performance and compensation to maintain our ability to attract and retain highly-qualified executives in key positions and to assure that compensation provided to executives remains competitive when compared to the compensation paid to similarly situated executives of companies with whom we compete for executive talent or that we consider comparable to our Company.

#### ***Role of Chief Executive Officer in Compensation Decisions***

In connection with the implementation of the new compensation structure, our Compensation Committee conducted the thorough review of executive compensation discussed above. Our Compensation Committee engaged in extensive discussions with, and considered with great weight the recommendations of, the Chief Executive Officer as to compensation for executive and management team members other than for the Chief Executive Officer.

Our Compensation Committee expects to perform an annual review of executive compensation, generally in the first quarter of the year following the year in review, with a presentation by the Chief Executive Officer regarding each element of the executive compensation arrangements. At our Compensation Committee's direction, our Chief Executive Officer prepared an executive compensation review for each executive officer (other than the Chief Executive Officer), as well as the full executive team, which included recommendations for:

- 2016 Base Salary
- A proposed year-end short-term incentive in the form of a target cash bonus based on the achievement of certain objectives; and
- A long-term incentive in the form of stock options and restricted stock units for the year under review.

As part of the compensation review, our Chief Executive Officer may also recommend other changes to an executive's compensation arrangements such as a change in the executive's responsibilities. Our Compensation Committee will evaluate the Chief Executive Officer's recommendations and, in its discretion, may accept or reject the recommendations, subject to the terms of any written employment agreements.

Our Compensation Committee met in executive session without our Chief Executive Officer to consider the Chief Executive Officer's compensation, including base salary, cash bonus and equity award, if any. Prior to such executive sessions, our Compensation Committee interviewed our Chief Executive Officer to obtain a better understanding of factors contributing to the Chief Executive Officer's compensation. With the exception of these

executive sessions of our Compensation Committee, as a rule, our Chief Executive Officer participated in all deliberations of the Compensation Committee relating to executive compensation. However, our Compensation Committee also asked our Chief Executive Officer to be excused for certain deliberations with respect to the compensation recommended for Margaret Cotter, the sister of our Chief Executive Officer.

In conjunction with the year-end annual compensation review, or as soon as practicable after the year-end, our Chief Executive Officer will recommend to our Compensation Committee our objectives and other criteria to be utilized for purposes of determining cash bonuses for certain senior executive officers. Our Compensation Committee, in its discretion, may revise the Chief Executive Officer's recommendations. At the end of the year, our Compensation Committee, in consultation with our Chief Executive Officer, will review each performance goal and determine the extent to which the officer achieved such goals. In establishing performance goals, our Compensation Committee expects to consider whether the goals could possibly result in an incentive for any executives to take unwarranted risks in our Company's business and intend to seek to avoid creating any such incentives.

#### **Base Salaries**

Our Compensation Committee reviewed the executive pay assessment prepared by Willis Towers Watson and other factors and engaged in extensive deliberation and then recommended the following 2016 base salaries (the 2015 base salaries are shown for comparison purposes) for the following officers. Our Board approved the recommendations of our Compensation Committee on March 10, 2016 for the President and Chief Executive Officer, Chief Financial Officer and our named executive officers, other than William D. Ellis and our prior Chief Executive Officers James J. Cotter, Sr. and James Cotter, Jr.

<b>Name</b>	<b>Title</b>	<b>2015 Base Salary</b>	<b>2016 Base Salary</b>
Ellen Cotter <sup>(1)</sup>	President and Chief Executive Officer	\$402,000	\$450,000
Dev Ghose <sup>(2)</sup>	EVP, Chief Financial Officer, Treasurer and Corporate Secretary	400,000	400,000
Andrzej J. Matyczynski <sup>(3)</sup>	EVP-Global Operations	324,000	336,000
Robert F. Smerling	President, US Cinemas	350,000	375,000
Wayne Smith <sup>(4)</sup>	Managing Director, Australia and New Zealand	274,897 <sup>(4)</sup>	282,491 <sup>(4)</sup>

- (1) Ellen M. Cotter was appointed Interim President and Chief Executive Officer on June 12, 2015 and President and Chief Executive Officer on January 8, 2016.
- (2) Dev Ghose was appointed Chief Financial Officer and Treasurer on May 11, 2015. For 2015, Mr. Ghose earned a prorated base salary of \$257,692.
- (3) Andrzej J. Matyczynski was the Company's Chief Financial Officer and Treasurer until May 11, 2015 and thereafter he acted as Strategic Corporate Advisor to the Company. He was appointed EVP-Global Operations on March 10, 2016.
- (4) Mr. Smith was paid in Australian dollars in the amount of AUD\$365,360 (shown in U.S. Dollars in the table above, using the conversion rate of 0.7524). In 2016, Mr. Smith will be paid in Australian dollars in the amount of AUD\$370,000 (shown above in U.S. Dollars using the exchange rate of 0.76349).

#### **Short Term Incentives**

The Short Term Incentives authorized by our Compensation Committee and our Board provides our executive officers and other management team members, who are selected to participate, with an opportunity to earn an annual cash bonus based upon the achievement of certain company financial goals, division goals and individual goals, established by our Chief Executive Officer and approved by our Compensation Committee and our Board (in future



years, under the Compensation Committee Charter approved by our Board on March 10, 2016, our Compensation Committee will have full authority to approve these matters). Specifically, a participant in the short-term incentive plan will be advised of his or her annual potential target bonus expressed as a percentage of the participant's base salary and by dollar amount. The participant will be eligible for a short-term incentive bonus once the participant achieves goals identified at the beginning of the year for a threshold target, the potential target or potential maximum target bonus opportunity. The bonus will vary depending upon the achievements made by the individual participants, the division and the corporation. Corporate goals for 2016 will include levels of earnings before interest, depreciation, taxes and amortization ("non-GAAP Operating Income") and property development milestones. Division goals for 2016 will include levels of division cash flow and division milestones and individual goals will include specific unique performance goals specific to the individual's position with us. Each of the corporate, division and individual goals carries a different percentage weight in determining the officer's or other team member's bonus for the year.

Ms. Ellen M. Cotter, our President and Chief Executive Officer, has a potential target bonus opportunity of 95% of Base Salary, or \$427,500 at target based on Ms. Cotter's achievement of her performance goals and over achievement of corporate goals discussed above. Of that potential target bonus opportunity, a threshold bonus of \$213,750 may be achieved based upon Ms. Cotter's achievement of certain performance goals and our achievement of certain corporate goals, and a potential maximum target of \$641,250 is based on achieving additional performance goals. Ms. Cotter's aggregate annual bonus opportunity can range from \$0 to \$641,250. Mr. Dev Ghose, our EVP, Chief Financial Officer, Treasurer and Corporate Secretary, has a potential target bonus opportunity of 50% of Base Salary, or \$200,000 at target, which is based on achievement of his performance goals and our achievement of corporate goals, as discussed above. Mr. Ghose's aggregate annual bonus opportunity can range from \$0 to \$300,000 (the maximum potential target if additional performance goals are met by Mr. Ghose). Mr. Andrzej J. Matyczynski, our EVP - Global Operations, has a target bonus opportunity of 50% of Base Salary, or \$168,000 at target, which is based on achievement of his performance goals, our achievement of corporate goals and certain divisional goals. Mr. Matyczynski's aggregate annual bonus opportunity can range from \$0 to \$252,000 (the maximum potential target if additional performance goals are met by Mr. Matyczynski). Mr. Robert Smerling, President, US Cinemas, has a target bonus opportunity of 30% of base pay, or \$112,500 at target, which is based on achievement of his performance goals, our achievement of corporate goals and certain divisional goals. Mr. Smerling's aggregate annual bonus opportunity can range from \$0 to \$168,750 (the maximum potential target if additional performance goals are met by Mr. Smerling). Mr. Wayne Smith, Managing Director, Australia and New Zealand, has a target bonus opportunity of 40% of Base Salary, or A\$148,000 at target, which is based on achievement of his performance goals, our achievement of corporate goals and certain divisional goals. Mr. Smith's aggregate annual bonus opportunity can range from A\$0 to A\$222,000 (the maximum potential target if additional performance goals are met by Mr. Smith). The positions of other management team members have target bonus opportunities ranging from 20% to 30% of Base Salary based on achievement certain goals. The highest level of achievement, participants may be eligible to receive up to a maximum of 150% of his or her target bonus amount.

#### Long-Term Incentives

Long-Term incentives will utilize the equity-based plan under our 2010 Incentive Stock Plan, as amended (the "2010 Plan"). For 2016, executive and management team participants will receive awards in the following forms: 50% time-based restricted stock units and 50% non-statutory stock options. The grants of restricted stock units and options will vest ratably over a four (4) year period with 1/4th vesting on each anniversary date of the grant date.

On March 10, 2016, the following grants were made:

Name	Title	Dollar Amount of Restricted Stock Units	Dollar Amount of Non-Statutory Stock Options <sup>(1)</sup>
Ellen M. Cotter	President and Chief Executive Officer	\$150,000	\$150,000
Dev Ghose <sup>(2)</sup>	EVP, Chief Financial Officer, Treasurer and Corporate Secretary	0	0
Andrzej J. Matyczynski	EVP Global Operations	37,500	37,500

Robert F. Smerling	President, US Cinemas	50,000	50,000
Wayne Smith	Managing Director, Australia and New Zealand	27,000 <sup>(3)</sup>	27,000 <sup>(3)</sup>

- (1) The number of shares of stock to be issued will be calculated using the Black Scholes pricing model as of the date of grant of the award.
- (2) Mr. Dev Ghose was awarded 100,000 non-statutory stock options vesting over a 4-year period on commencing on Mr. Ghose's first day of employment or May 11, 2015.
- (3) Although Mr. Smith was paid 50% of \$75,000 in Australian Dollars, the amount shown above is quoted in U.S. Dollars.

All long-term incentive awards will be subject to other terms and conditions set forth in the 2010 Plan and award grant.

#### ***Other Elements of Compensation***

##### ***Retirement Plans***

We maintain a 401(k) retirement savings plan that allows eligible employees to defer a portion of their compensation, within limits prescribed by the Internal Revenue Code, on a pre-tax basis through contributions to the plan. Our named executive officers other than Mr. Smith, who is a non-resident of the U.S., are eligible to participate in the 401(k) plan on the same terms as other full-time employees generally. Currently, we match contributions made by participants in the 401(k) plan up to a specified percentage, and these matching contributions are fully vested as of the date on which the contribution is made. We believe that providing a vehicle for tax-deferred retirement savings through our 401(k) plan, and making fully vested matching contributions, adds to the overall desirability of our executive compensation package and further incentivizes our employees, including our named executive officers, in accordance with our compensation policies.

##### ***Other Retirement Plans***

During 2012, Mr. Matyczynski was granted an unfunded, nonqualified deferred compensation plan ("DCP") that was partially vested and was to vest further so long as he remained in our continuous employ. The DCP allowed Mr. Matyczynski to defer part of the cash portion of his compensation, subject to annual limits set forth in the DCP. The funds held pursuant to the DCP are not segregated and do not accrue interest or other earnings. If Mr. Matyczynski were to be terminated for cause, then the total vested amount would be reduced to zero. The incremental amount vested each year was made subject to review and approval by our Board. Please see the "Nonqualified Deferred Compensation" table for additional information. In addition, Mr. Matyczynski is entitled to a lump-sum severance payment of \$50,000, provided there has been no termination for cause and subject to certain offsets, upon his retirement.

Upon the termination of Mr. Matyczynski's employment, he will also be entitled under the DCP agreement to payment of the vested benefits under his DCP in annual installments following the later of (a) 30 days following Mr. Matyczynski's 65th birthday or (b) six months after his separation from service for reasons other than his death or termination for cause. The DCP was to vest over seven years and with full vesting to occur in 2019 at \$1,000,000 in deferred compensation. However, in connection with his changed employment to EVP - Global Operations, the Company and Mr. Matyczynski agreed that the Company would cease making contributions to the DCP on April 15, 2016 and that the final contributions by the Company to the DCP would be \$150,000 for 2015, and \$21,875 for 2016, satisfying the Company's total contribution obligations under the DCP at an amount of \$621,875.

The DCP is an unfunded contractual obligation of the Company. DCP benefits are paid from the general assets of the Company. However, the Company reserves the right to establish a grantor trust from which DCP benefits may be paid.

In March 2016, the Compensation Committee approved a one-time retirement benefit for Robert Smerling, President, Cinema Operations, due to his significant long term service to the Company. The retirement benefit an amount equal to the average of the two highest total cash compensation (base salary plus cash bonus) years paid to Mr. Smerling in the then most recently completed five year period.

We currently maintain no other retirement plan for our named executive officers.

#### *Key Person Insurance*

We maintain life insurance on certain individuals who we believe to be key to our management. In 2015, these individuals included James Cotter, Jr. (through September 13, 2015), Ellen M. Cotter, Margaret Cotter, William Ellis, Dev Ghose, Andrzej Matyczynski, Robert Smerling, Craig Tompkins and Wayne Smith. If such individual ceases to be our employee, Director or independent contractor, as the case may be, she or he is permitted, by assuming responsibility for all future premium payments, to replace our Company as the beneficiary under such policy. These policies allow each such individual to purchase up to an equal amount of insurance for such individual's own benefit. In the case of our employees, the premium for both the insurance as to which we are the beneficiary and the insurance as to which our employee is the beneficiary, is paid by us. In the case of named executive officers, the premium paid by us for the benefit of such individual is reflected in the Compensation Table in the column captioned "All Other Compensation."

#### *Employee Benefits and Perquisites*

Our named executive officers are eligible to participate in our health and welfare plans to the same extent as all full-time employees generally. We do not generally provide our named executive officers with perquisites or other personal benefits. Historically, many of our other named executive officers also received an automobile allowance. The table below shows car allowances granted to certain officers under their employment agreements or arrangements. From time to time, we may provide other perquisites to one or more of our other named executive officers.

<b>Officer</b>	<b>Annual Allowance (\$)</b>
Dev Ghose	12,000
William Ellis <sup>(1)</sup>	15,000
Andrzej J. Matyczynski	12,000
Ellen M. Cotter	13,800
James Cotter, Jr. <sup>(1)</sup>	15,000
Robert F. Smerling	18,000

(1) Mr. Ellis and Mr. Cotter, Jr. are no longer employees of the Company.

#### *Tax and Accounting Considerations*

##### *Deductibility of Executive Compensation*

Subject to an exception for "performance-based compensation," Section 162(m) of the Internal Revenue Code generally prohibits publicly held corporations from deducting for federal income tax purposes annual compensation paid to any senior executive officer to the extent that such annual compensation exceeds \$1.0 million. Our Compensation Committee and our Board consider the limits on deductibility under Section 162(m) in establishing executive compensation, but retain the discretion to authorize the payment of compensation that exceeds the limit on deductibility under this Section.

##### *Nonqualified Deferred Compensation*

We believe we are operating, where applicable, in compliance with the tax rules applicable to nonqualified deferred compensation arrangements.

##### *Say on Pay*

At our Annual Meeting of Stockholders held on May 15, 2014, we held an advisory vote on executive compensation. Our stockholders voted in favor of our Company's executive compensation. The Compensation

Committee reviewed the results of the advisory vote on executive compensation in 2014 and did not make any changes to our compensation based on the results of the vote. We expect that our next advisory vote of our stockholders on executive compensation will be at our 2017 Annual Meeting of Stockholders.

#### **Compensation Committee Interlocks and Insider Participation**

Our Compensation Committee is currently composed of Mr. Kane, who serves as Chair, Dr. Coddling, and Mr. McEachern. Mr. Storey, who served on our Board until October 11, 2015, served on our Compensation Committee until that date. Mr. Adams served until May 14, 2016, and was succeeded by Mr. McEachern. None of the members of the Compensation Committee was an officer or employee of the Company at any time during 2015. None of our executive officers serves as a member of the board of directors or compensation committee of any entity that has or had one or more executive officers serving as a member of our Board or Compensation Committee.

#### **REPORT OF THE COMPENSATION COMMITTEE**

The Compensation Committee has reviewed and discussed with management the "Compensation Discussion and Analysis" required by Item 401(b) of Regulation S-K and, based on such review and discussions, has recommended to our Board that the foregoing "Compensation Discussion and Analysis" be included in this Proxy Statement.

Respectfully submitted,

Edward L. Kane, Chair  
Guy W. Adams  
Judy Coddling

#### **Executive Compensation**

This section discusses the material components of the compensation program for our executive officers named in the 2015 Summary Compensation Table below. In 2015, our named executive officers and their positions were as follows:

- Ellen M. Cotter, Chair of the Board, President and Chief Executive Officer, interim President and Chief Executive Officer, Chief Operating Officer – Domestic Cinemas and Chief Executive Officer of Consolidated Entertainment, LLC.
- Dev Ghose, Chief Financial Officer and Treasurer.
- William D. Ellis, General Counsel and Corporate Secretary
- Robert F. Smerling, President – Domestic Cinema Operations.
- Wayne Smith, Managing Director – Australia and New Zealand.
- James Cotter, Jr., former Vice Chair, President and Chief Executive Officer.
- Andrzej J. Matyczynski, former Chief Financial Officer, Treasurer and Corporate Secretary.

#### **Summary Compensation Table**

The following table shows the compensation paid or accrued during the last three fiscal years ended December 31, 2015 to (i) Mr. James Cotter, Jr., who served as our principal executive officer until June 12, 2015, (ii) Ellen M. Cotter, who served as our interim principal executive officer from June 12, 2015 through December 31, 2015, (iii) Mr. Andrzej J. Matyczynski, who served as our Chief Financial Officer and Treasurer until May 11, 2015, and (iv) Mr. Dev Ghose, who served as our Chief Financial Officer starting May 11, 2015, and (v) the other three most highly compensated persons who served as executive officers in 2015. The following executives are herein referred to as our "named executive officers."

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.

**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; and
- (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, 1.90% per annum.

**Base Rate** means, in relation to a Pricing Period:

- (a) the rate (expressed as a percentage yield per annum to maturity) 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
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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 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.

**Burwood Property** means:

(a) the land and improvements known as 78 Middleborough Road, Old Burwood Road, Burwood, Victoria; and

(b) all present or future agreements, documents or rights relating to the ownership, occupation, use, sale, transfer or disposal of all or any part of the land and improvements described in paragraph (a).

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**Business Day** means a day which is not a Saturday, Sunday or bank or public holiday in Melbourne.

**Cash Cover Rate** means the rate (expressed as a rate per centum per annum) determined by the Bank (in good faith) to be the interest rate which it would pay on deposits at call for an amount similar to the amount at which the relevant deposit is made.

**Calculation Date** means 31 March, 30 June, 30 September and 31 December in each year.

**Calculation Period** means each period of twelve months ending on a Calculation Date.

**Change of Control** means there is a change (from that prevailing at the date of this document) in the persons who control any of the following in respect of a Transaction Party:

- (a) more than 50% of the votes eligible to be cast in the election of directors or any similar matter; or
- (b) the right to appoint or remove directors (or members of a governing body having functions similar to a board of directors) representing more than 50% of the votes exercisable by the directors (or persons having 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.

**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.

**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.

**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 Burwood Property;
- (b) the present or future interest of Reading Cinemas Pty Ltd in the joint venture with Champion Pictures Pty Ltd relating to the Elsternwick cinema business or the assets the subject of the joint venture or the relevant joint venture agreement;
- (c) 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
- (d) 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

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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.

**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 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) 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
  - (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.
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**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
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and unreleased by the Bank; or

- (c) that now or in the future may become owing (actually or contingently) by a Transaction Party to the Bank under or in relation to any of the Transaction Documents, for any reason, whether such money is payable;
- (d) by a Transaction Party alone or jointly or severally with any other person;
- (e) by a Transaction Party in its own right or in any capacity;
- (f) to the Bank in its own right or in any capacity; and
- (g) by a Transaction Party as liquidated or unliquidated damages caused or contributed to by any breach by the Transaction Party of any obligation owed by the Transaction Party (or any other Transaction Party) to the Bank under or in relation to any of the Transaction Documents,

and if any Transaction Document or any obligation of a Transaction Party to the Bank under or in relation to any of the Transaction Documents is void, voidable or otherwise unenforceable by the Bank in accordance with its terms, it includes all money which would have been within this definition if that Transaction Document or obligation was not void, voidable or otherwise unenforceable.

**Guarantor** means the Original Guarantors and each person that becomes a guarantor under clause 16. If there are more than one, Guarantor means each of them individually and every two or more of them jointly.

**Guarantor Accession Deed** means a deed substantially in the form of schedule 8.

**Half** means each six month period ending on 30 June and 31 December in each year.

**Hedging Transaction** means a contract, agreement or arrangement (other than in respect of the price of electricity, gas, oil, foreign exchange or any other non-interest rate derivative contract) which is a futures contract or an interest rate hedge, swap, option, swaption, forward rate agreement or any other contract, agreement or arrangement similar to or having in respect of its subject matter a similar effect to any of the preceding.

**Indemnity Amount** means, in relation to a Bank Guarantee, the amount or, as the case may be, the aggregate of the amounts payable by the Borrower in relation to a Bank Guarantee in accordance with clause 5.3.

**Insolvency** means:

- (a) in relation to a corporation, its winding up or dissolution or its administration, provisional liquidation or any administration having a similar effect;
- (b) in relation to an individual, his or her bankruptcy; and
- (c) in relation to a person, any arrangement (including a scheme of arrangement or deed of company arrangement), composition or

compromise with, or assignment for the benefit of, all or any class of that person's creditors or members or a moratorium involving any of them  
**Insolvency Event** means any of the following:

- (a) a person is or states that the person is unable to pay from the person's own money all the person's debts as and when they become due and payable;
- (b) a person is taken or must be presumed to be insolvent or unable to pay the person's debts under any applicable legislation;
- (c) an order is made for the winding up or dissolution or an effective resolution is passed for the winding up or dissolution of a corporation;
- (d) an administrator, provisional liquidator, liquidator or person having a similar or analogous function under the laws of any relevant jurisdiction is appointed in relation to a corporation or an effective resolution is passed to appoint any such person and the action is not stayed, withdrawn or dismissed within 10 Business Days;
- (e) a controller is appointed in relation to any property of a corporation;
- (f) a corporation is deregistered under the Corporations Act or notice of its proposed deregistration is given to the corporation;
- (g) a distress, attachment or execution is levied or becomes enforceable against any property of a person;
- (h) a person enters into or takes any action to enter into an arrangement (including a scheme of arrangement or deed of Borrower arrangement), composition or compromise with, or assignment for the benefit of, all or any class of the person's creditors or members or a moratorium involving any of them;
- (i) a petition for the making of a sequestration order against the estate of a person is presented and the petition is not stayed, withdrawn or dismissed within seven days or a person presents a petition against himself or herself;
- (j) a person presents a declaration of intention under section 54A of the *Bankruptcy Act 1966*; or
- (k) anything analogous to or of a similar effect to anything described above under the law of any relevant jurisdiction occurs in relation to a person.

**Insurance** means insurance which a Transaction Party is obliged to take out or maintain under a Transaction Document.

**Interest Rate** means, in relation to a Pricing Period for an Advance until it becomes due and owing, an interest rate equal to the aggregate of the Base Rate for that Pricing Period and the Margin.

**Interim Compliance Certificate** means a certificate in substantially the form set out in schedule 10.

**Land** means any land owned or occupied by a Transaction Party that forms

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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) Total Gross Debt outstanding on that date; to
- (b) Adjusted EBITDA in respect of the 12 month period ending on that date. For the purposes of calculating Leverage Ratio on any date occurring before the first anniversary of Financial Close, Leverage Ratio will be based on a pro forma EBITDA for the 12 month period to that date.

**Loan to Value Ratio** at any date means the ratio (expressed as a percentage) of:

- (a) the aggregate of the Total Gross Debt outstanding on that date and any Outstanding Accommodation in relation a Current Bank Guarantee as at that date; to
- (b) the market value of the Freehold Properties and Leasehold Properties included in the Secured Property as noted in the most recent Valuation provided to the Bank pursuant to this document and accepted by the Bank.

**Management Fees** means management and consulting fees payable to Reading International Inc each Financial Year.

**Margin** means 0.95% per annum.

**Material Adverse Effect** means a material adverse effect on:

- (a) the business, operation, property, condition (financial or otherwise) of a Transaction Party or the Reading Entertainment Australia Group taken as a whole;
- (b) the ability of a Transaction Party to perform its obligations under the Transaction Documents; or
- (c) the validity or enforceability of the whole or any material part of any Transaction Document or any rights or remedies of the Bank under the Transaction Documents.

**Matured** means, in relation to a Bank Guarantee, that the Beneficiary has made a claim and is not entitled to claim any more under the relevant Bank Guarantee.

**Month** means a calendar month.

**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 4.50% per annum.
- Parent Subordination Agreement** means the document entitled 'subordination deed' dated on or about the date of this document between the Borrower, Reading International Cinemas LLC and the Bank.
- Permitted Disposal** means a disposal:
- (a) of assets between the Transaction Parties;
  - (b) of the land and improvements known as 70 Station Road, Indooroopilly Queensland and described in certificate of title 11485156, subject to Reading Properties Indooroopilly Pty Ltd seeking a release of the Bank's Security over that property and compliance with clause 5.4(b);
  - (c) of the Burwood Property;
  - (d) of Reading Cinemas Pty Ltd's interest as lessee in the Elsternwick cinema business, to Champion Pictures Pty Ltd;
  - (e) of trading stock or cash made in the ordinary course of business;
  - (f) of plant and equipment in exchange for other assets comparable or superior as to type, value and quality;
  - (g) of obsolete or redundant assets;
  - (h) arising as a result of a Permitted Encumbrance or a Distribution or payment permitted by clause 9.5(f), clause 9.5(j) or clause 5.4(b)(ii);
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- (i) of assets that are the subject of a floating charge (or its equivalent) under a Collateral Security, provided the disposal is made in the ordinary course of business; or
- (j) 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 \$500,000.

**Permitted Distributions** means a distribution of any proceeds of the sale of:

- (a) 40 Hall Street, Moonee Ponds, Victoria; or
- (b) 78 Middleborough Road, Old Burwood Road, Burwood, Victoria, applied towards:
- (c) first, the repayment of parent loans to the Borrower from Reading International Inc (including accrued Management Fees, interest, capitalised interest or principal); and
- (d) after the repayment of all parent loans under paragraph (c), dividends paid to shareholders of the Borrower, provided the Leverage Ratio is less than 3.0 times at the time of the payment.

**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;
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- (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:
  - (iii) 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
  - (iv) 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; and
- (j) an Encumbrance over the Burwood Property granted by a Transaction Party in connection with the sale of the Burwood Property and the development of the Burwood Property by the purchaser (or an affiliate of the purchaser), provided that the recourse of the holder of that Encumbrance is limited to the Burwood Property and the proceeds of enforcement of the Encumbrance.

**Permitted Financial Accommodation means:**

- (a) financial accommodation granted by a Transaction Party to another Transaction Party;
- (b) any trade credit extended by a Transaction Party to its customers on normal commercial terms and in the ordinary course of business; or
- (c) 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 existing at the date of this document; and
- (j) Financial Indebtedness not permitted by the preceding paragraphs and the outstanding principal amount of which does not exceed \$500,000 in aggregate for the Transaction Parties at any time.

PPS Act means the *Personal Property Securities Act 2009 (Cth)*.

PPS property means all property (other than Excluded Property) over which the Borrower or a Security Provider is legally capable under the PPS Act of granting a security interest.

Potential Event of Default means any thing which, with the giving of notice, lapse of time or determination of materiality, will constitute an Event of Default.

Pricing Period means, in relation to an Advance under the Corporate Markets Loan Facility, the period having the duration selected in accordance with clause 6.1 and beginning on the Funding Date in relation to the Advance.

Quarter means each three month period ending on 31 March, 30 June, 30 September and 31 December in each year.

Reading Entertainment Australia Group means, at any time, the Borrower and any subsidiary of the Borrower and Reading Entertainment Australia Group Member means any one of them.

Release Date means the Business Day following the later of:

- (a) the latest of the Expiry Dates of all Current Bank Guarantees; and
- (b) the date on which the Bank is satisfied in its reasonable opinion that it has been paid all amounts which are then or may in the future become due and payable to the Bank under any of the Transaction Documents and that there is no prospect that any amounts which the Bank has received in relation to any of the Transaction Documents will subsequently be made void or be required to be repaid in whole or in part.

Relevant Jurisdiction means Victoria.

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.

**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. **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
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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.

**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 listed in paragraph 6 of schedule 5 upon it being executed by the relevant parties;
- (h) any agreement relating to the priority of any Security which is a Collateral Security;
- (i) any document which the Borrower and the Bank agree is a Transaction Document for the purposes of this document; and
- (j) 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.

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**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
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- 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.

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### **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.

#### **3.3 Not used**

### **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
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- 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
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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 5pm (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) on or about the third anniversary of the date of this document;

(ii) at any time if the Bank reasonably believes that an Event of Default subsists;

(iii) 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

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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; 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.
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- (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(a) and (b) 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
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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 (other than in respect of a disposal contemplated by clause 5.4(b) ), at the Borrower's election, in permanent reduction of the unused portion of one or more of the Facility Limits.
- (b) If the land and improvements known as 70 Station Road, Indooroopilly Queensland and described in certificate of title 11485156 are sold:
  - (i) unless the Bank otherwise agrees in writing, the Borrower must apply or ensure is applied an amount equal to 50% of the proceeds arising from that sale net of reasonable transaction costs and Taxes in prepayment of the Outstanding Accommodation and/or in permanent reduction of the unused portion of the Facility Limit for the Corporate Markets Loan Facility; and
  - (ii) subject to the prior written consent of the Bank (such consent not to be unreasonably withheld), a Transaction Party may make a Distribution or other payment to Reading International Inc (or any subsidiary or affiliate of Reading International Inc that is outside of the Reading Entertainment Australia Group) of an amount equal to 50% of the proceeds arising from that sale net of reasonable transaction costs and Taxes.
- (c) For the avoidance of doubt the requirements to prepay under clause 5.4(b) will to the extent of the prepayment permanently reduce the Facility Limit of the relevant Facility or Facilities.

**5.5 Repayment**

Subject to clause 10.2 and clause 10.3 , each Borrower must:

- (a) repay the Outstanding Accommodation in respect of each Facility on the Termination Date in respect of that Facility; and
  - (b) 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.
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**5.6 Not used**

**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
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- (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.

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## **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;
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- (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** ,
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- 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
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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
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- 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;
- (b) **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, which will:
  - (i) accrue from day to day from the date of this document up to and including the Termination Date;
  - (ii) be payable monthly in arrears, on the first Business Day of each Month;
  - (iii) be calculated on the actual number of days elapsed and on the basis of a 365 day year;
- (c) **Reset Fee** : on the first Business Day of each Pricing Period (other than the first Pricing Period) a non-refundable fee of \$150.00;
- (d) **Not used**
- (e) **Bank Guarantee service fee** : on and from the first services fee charge

date following 30 June 2014, a non-refundable fee in respect of each Bank Guarantee of 50% of the applicable Bank Guarantee Margin calculated on the Face Value of the Bank Guarantee, payable on a pro- rata basis half yearly in arrears, with the first payment due six months after the relevant Funding Date of the Bank Guarantee, and subsequent payments due every six months thereafter until the Bank Guarantee Matures or Expires or is cancelled. This fee will be calculated on the actual number of days elapsed and on the basis of a 365 day year; and

- (f) **Bank Guarantee issuance fee:** a non-refundable fee in respect of each Bank Guarantee of 50% of the applicable Bank Guarantee Margin calculated on the Face Value of the Bank Guarantee (or \$125 whichever is greater), payable on the relevant Funding Date of the Bank Guarantee.

## 9.2 Records

The Borrower must ensure that each Transaction Party:

- (a) prepares and keeps books, accounts and other records in accordance with the law and Accounting Standards; and
- (b) on demand, makes the same available for inspection and copying by the Bank.

## 9.3 Financial Statements and other financial information

The Borrower must give to the Bank:

- (a) **annual Financial Statements:** as soon as practicable, and in any event within 120 days after the end of each Financial Year the consolidated audited Financial Statements of the Reading Entertainment Australia Group for that Financial Year;
  - (b) **Quarterly Financial Statements:** as soon as practicable, and in any event within 45 days after the end of each Quarter (other than the Quarter ending 31 December) the consolidated unaudited Financial Statements of the Reading Entertainment Australia Group for that Quarter (showing both actual and budget figures);
  - (c) **group structure diagram :** within 120 days after the end of each Financial Year, a group structure diagram in relation to Reading International Inc. and the Reading Entertainment Australia Group which lists all the then Group Members and which contains such other information in relation to the legal relationship between Reading International Inc. and the Reading Entertainment Australia Group Members as the Bank reasonably requires;
  - (d) **budget :** as soon as practicable, and in any event before 31 March for each Financial Year, a consolidated budget for the Reading Entertainment Australia Group for the current Financial Year showing the budgeted profit and loss, balance sheet and cash flow for the Reading Entertainment Australia Group and such other matters customarily dealt with in such budgets;
  - (e) **deregistration :** not used : and
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- (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 9.7, 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 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 within 30 days of the end of every 36 month period from the date of this document, 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) not used;
- (g) **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
- (h) **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.

**9.5 Other financial undertakings**

Each Transaction Party must ensure that:

- (a) **negative pledge:** no Encumbrances exist on its property (including the Secured Property and the land and improvements known as 78 Middleborough Road, Old Burwood Road, Burwood Victoria), 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:
    - (i) Permitted Distributions;
    - (ii) to another Transaction Party; or
    - (iii) with the Bank's prior written consent (such consent not to be unreasonably withheld),  
and provided that:
      - (iv) no Event of Default subsists; and
      - (v) such Distribution will not cause an Event of Default;
  - (g) **Taxes:** must
    - (i) promptly pay when they become due for payment (or reimburse the Bank on demand for) all Taxes payable by it from time to time other than Taxes being contested in good faith where it has made adequate provisioning;
    - (ii) not transfer any Tax losses to any person other than to the Borrower in connection with the preparation of consolidated annual Financial Statements or in connection with the Reading Entertainment Australia Group's tax consolidation arrangements; and
    - (iii) not become a member of a consolidated group for the purposes of Part 3-90 of the *Income Tax Assessment Act 1936* and the *Income Tax Act 1997* including any amendments thereto (including any amendments made by the *New Business Tax (Consolidation Act (No. 1)) 2002* and the *New Business Tax System (Consolidation, Value Shifting, Damages and other Measures) Act 2002*) other than in accordance with a Tax Sharing Agreement or otherwise on terms approved by the Bank;
  - (h) **Guarantor accession:** if at any time:
    - (i) there is a new wholly-owned member of the Reading Entertainment Australia Group that earns any revenue, holds an asset or is otherwise not dormant; or
    - (ii) a wholly-owned member of the Reading Entertainment Australia
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Group (as at the date of this document that is not a Guarantor) generates any revenue, acquires an asset or ceases to be dormant, promptly, and in any event within 45 days, it procures the execution of:

- (iii) a Guarantor Accession Deed; and
  - (iv) an all assets fixed and floating charge in favour of the Bank, in such form as the Bank requires,
- by such of those wholly-owned subsidiaries as are required to rectify that situation and provides to the Bank any documents or evidence in relation to any such acceding entity as the Bank may reasonably consider necessary in respect to the entering into, validity and enforceability of the accession documents;
- (j) **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
    - (ii) the Bank is given the first right of refusal in relation to the funding of the project;
  - (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**: the aggregate Management Fees paid by the Transaction Parties in a Financial Year does not exceed the amount set out in the 'Amount' column corresponding to that Financial Year set out in the following table (without the Bank's prior written consent):

Financial Year Ending	Amount
31 December 2015	\$5,250,000
31 December 2016	\$5,512,500
31 December 2017	\$5,788,125
31 December 2018	\$6,077,531
31 December 2019	\$6,381,408

No Management Fees may be paid while an Event of Default subsists;

- (l) **Burwood property**:

- (i) no Encumbrances exist on the land and improvements known as 78 Middleborough Road, Old Burwood Road, Burwood Victoria (except Permitted Encumbrances); and
- (ii) it does not, without the prior written consent of the Bank, incur any Financial Indebtedness in respect of (or secured by) the land and improvements known as 78 Middleborough Road, Old Burwood Road, Burwood Victoria (except Permitted Financial Indebtedness);
- (m) **Preservation and protection of Security:** it does everything necessary or reasonably required by the Bank to:
  - (i) keep the Secured Property in good repair and in good working order;
  - (ii) promptly pay when they become due for payment (or reimburse the Bank on demand for) all Taxes payable in respect of the Secured Property;
  - (iii) preserve and protect the value of the Secured Property as a whole; and
  - (iv) protect and enforce its title and the Bank's title as mortgagee to the Secured Property.

**9.6 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.

**9.7 Financial ratios**

- (a) The Borrower must ensure that:
    - (i) **Fixed Charges Cover Ratio** : at each Calculation Date, the Fixed Charges Cover Ratio for the Calculation Period ending on that date is not less than 1.70 times.
    - (ii) **Leverage Ratio**: at each Calculation Date, the Leverage Ratio for the Calculation Period ending on that date is less than or equal to
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3.25 times.

- (iii) **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%.
- (b) A financial ratio or amount to be determined under clause 9.7(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.

#### 9.8 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;
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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 9.8(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 9.8(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 9.8(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 9.8(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
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- (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.

**9.9 No default**

The Borrower must ensure that an Event of Default does not occur.

**9.10 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;
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- (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.

**9.11 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).

**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):

- (e) **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;
- (b) **other non-compliance:** 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 five 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
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- 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) **Management Fees :** the aggregate Management Fees paid by the Transaction Parties in a Financial Year exceed the amount specified for that Financial Year under clause 9.5(k) (without the Bank's prior written consent); or
  - (r) **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
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- (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
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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 Owed; 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)(i)(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.

### 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.
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**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;
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- (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
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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
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(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.

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**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:

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- (e) 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
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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.
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## 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.
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## 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,
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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;
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- (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'.
- (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
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- (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
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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; and
  - (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.
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**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.
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**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.
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**19.3 Particulars for delivery of notices**

- (a) The particulars for delivery of notices are initially:

**Transaction Parties:**

As set out in schedule 1. Bank:

Address: Level 28, 500 Bourke Street, Melbourne, Victoria 300

Fax: 1300 889 390

Attention: Andrew Tham

- (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.

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## READING INTERNATIONAL, INC. - LIST OF SUBSIDIARIES

## Subsidiary (Jurisdiction of Incorporation)

A.C.N. 143 633 096 Pty Ltd (Australia)  
 AHGP, Inc. (Delaware)  
 AHP, Inc. (Delaware)  
 Angelika Film Centers, LLC (Delaware)  
 Angelika Film Center Mossie, LLC (Nevada)  
 Angelika Film Center Union Market, LLC (Nevada)  
 Angelika Film Centers (Dallas), Inc. (Texas)  
 Angelika Film Centers (Plano) LP (Nevada)  
 Angelika Plano Beverage LLC (Texas)  
 Angelika Plano Holdings, LLC (Nevada)  
 Australia Country Cinemas Pty Ltd (Australia)  
 Australian Equipment Supply Pty Ltd (Australia)  
 Bayou Cinemas LP (Delaware)  
 Bogart Holdings Ltd (New Zealand)  
 Burwood Developments Pty Ltd (Australia)  
 Carmel Theatres, LLC (Nevada)  
 Citadel Agriculture, Inc. (California)  
 Citadel Cinemas, Inc. (Nevada)  
 Citadel Realty, Inc. (Nevada)  
 City Cinemas, LLC (Nevada)  
 Consolidated Amusement Holdings, LLC (Nevada)  
 Consolidated Cinema Services, LLC (Nevada)  
 Consolidated Cinemas Kapelei, LLC (Nevada)  
 Consolidated Entertainment, LLC (Nevada)  
 Countessy Car Park Ltd (New Zealand)  
 Craig Corporation (Nevada)  
 Danielle Enterprises Limited (New Zealand)  
 Dimension Specialty, Inc. (Delaware)  
 Epping Cinemas Pty Ltd (Australia)  
 Gaslamp Theatres, LLC (Nevada)  
 Hops Street Hospitality, LLC (Delaware)  
 Hotel Newmarket Pty Ltd (Australia)  
 Kalamunda Cinemas, LLC (Nevada)  
 Kahala Cinema Company LLC (Nevada)  
 KMA Cinemas, LLC (Nevada)  
 Liberty Live, LLC (Nevada)  
 Liberty Theatres, LLC (Nevada)  
 Liberty Theatres Properties LLC (Nevada)  
 Liberty Theatricals, LLC (Nevada)  
 Mianxia Live, LLC (Nevada)  
 MovieLand Cinemas (NZ) Ltd (New Zealand)  
 NZ Equipment Supply Limited (New Zealand)  
 Newmarket Properties R3 Pty Ltd (Australia)  
 Newmarket Properties No. 2 Pty Ltd (Australia)  
 Newmarket Properties Pty Ltd (Australia)  
 Orpheum Live, LLC (Nevada)  
 Queensdown Land Holdings Ltd (New Zealand)  
 RCFA LLC (Pennsylvania)

RDI Employee Investment Fund LLC (California)  
Reading Airhouse Limited (New Zealand)  
Reading Auburn Pty Ltd (Australia)  
Reading Australia Leasing (E&R) Pty Ltd (Australia)  
Reading Belmont Pty Ltd (Australia)  
Reading Cazaon Park Pty Ltd (Australia)  
Reading Capital Corporation (Delaware)  
Reading Center Development Corporation (Pennsylvania)  
Reading Chadestown Pty Ltd (Australia)  
Reading Cinemas Courtenay Central Ltd (New Zealand)  
Reading Cinemas Management Pty Ltd (Australia)  
Reading Cinemas NJ, Inc. (Delaware)  
Reading Cinemas of Puerto Rico, Inc. (Puerto Rico)  
Reading Cinemas Pty Ltd (Australia)  
Reading Cinemas Puerto Rico LLC (Nevada)  
Reading Cinemas USA LLC (Nevada)  
Reading Colac Pty Ltd (Australia)  
Reading Consolidated Holdings (Hawaii), Inc. (Hawaii)  
Reading Consolidated Holdings, Inc. (Nevada)  
Reading Courtenay Central Limited (New Zealand)  
Reading Dandenong Pty Ltd (Australia)  
Reading Dunsdin Limited (New Zealand)  
Reading Elizabeth Pty Ltd (Australia)  
Reading Entertainment Australia Pty Ltd (Australia)  
Reading Exhibition Pty Ltd (Australia)  
Reading Foundation, LTD (Nevada)  
Reading Holdings, Inc. (Nevada)  
Reading International Cinemas LLC (Delaware)  
Reading International Services Company (California)  
Reading Licenses Pty Ltd (Australia)  
Reading Mailand Pty Ltd (Australia)  
Reading Mahlan, LLC (Nevada)  
Reading Management NZ Limited (New Zealand)  
Reading Melton Pty Ltd (Australia)  
Reading Moore Foods Pty Ltd (Australia)  
Reading Murieta Theater, LLC (Nevada)  
Reading New Lynn Limited (New Zealand)  
Reading New Zealand Ltd (New Zealand)  
Reading Pacific LLC (Nevada)  
Reading Properties Indooxopilly Pty Ltd (Australia)  
Reading Properties Lake Taupo Ltd (New Zealand)  
Reading Properties LLC (Nevada)  
Reading Properties Mumukau Ltd (New Zealand)  
Reading Properties New Zealand Ltd (New Zealand)  
Reading Properties Pty Ltd (Australia)  
Reading Properties Twingo Pty Ltd (Australia)  
Reading Property Holdings Pty Ltd (Australia)  
Reading Quackenstown Ltd (New Zealand)  
Reading Restaurants NZ Limited (New Zealand)  
Reading Rouse Hill Pty Ltd (Australia)  
Reading Royal George, LLC (Delaware)  
Reading Sunbury Pty Ltd (Australia)  
Reading Theater, Inc. (Delaware)  
Reading Wellington Properties Ltd (New Zealand)  
Rhodes Peninsula Cinema Pty Ltd (Australia)  
Rialto Brands Ltd (New Zealand)

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Rialto Cinemas Ltd (New Zealand)  
Rialto Distribution Ltd (New Zealand)  
Rialto Entertainment Ltd (New Zealand)  
Ranwood Investments Ltd (New Zealand)  
RREC LLC (Pennsylvania)  
Rydal Equipment Co. (Pennsylvania)  
S Note Liquidation Company, LLC (Nevada)  
Sails Apartments Management Ltd (New Zealand)  
Shadow View Land and Farming, LLC (Nevada)  
Sutton Hill Properties, LLC (Nevada)  
The Port Reading Railroad Company (New Jersey)  
The Theatre At Legacy L.P. (Texas)  
Tobacco Holdings Ltd (New Zealand)  
Trans-Pacific Finance Fund I, LLC (Delaware)  
Trenton-Princeton Traction Company (New Jersey)  
Twin Cities Cinemas, Inc. (Delaware)  
US Agricultural Investors, LLC (Delaware)  
US Development, LLC (Nevada)  
US International Property Finance Pty Ltd (Australia)  
Washington and Franklin Railway Company (Pennsylvania)  
Westlakes Cinema Pty Ltd (Australia)  
Wilmington and Northern Railroad Company (Pennsylvania)

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**Consent of Independent Registered Public Accounting Firm**

We have issued our reports dated April 29, 2016, with respect to the consolidated financial statements, schedule and internal control over financial reporting included in the Annual Report of Reading International, Inc. on Form 10-K for the year ended December 31, 2015. We hereby consent to the incorporation by reference of said reports in the Registration Statements of Reading International, Inc. on Forms S-8 (File No. 333-112059, effective January 21, 2004, File No. 333-167101, effective May 26, 2010) and on Form S-3 (File No. 333-162581, effective October 20, 2009).

/s/ GRANT THORNTON LLP  
Los Angeles, California  
April 29, 2016

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

I, Ellen M. Cotter, certify that:

- 1) I have reviewed this Form 10-K 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 (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's Board of Directors (or persons performing the equivalent 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.

/s/ Ellen M. Cotter

Ellen M. Cotter

President and Chief Executive Officer

(Principal Executive Officer)

April 29, 2016

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

I, Devasis Ghose, certify that:

- 1) I have reviewed this Form 10-K 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(c) and 15d-15(c)) 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 changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's Board of Directors (or persons performing the equivalent 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.

/s/ Devasis Ghose

Devasis Ghose

Chief Financial Officer and Treasurer

(Principal Financial Officer)

April 29, 2015

CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002  
(18 U.S.C. SECTION 1350)

In connection with the accompanying Annual Report of Reading International, Inc. (the "Company") on Form 10-K for the fiscal year ended December 31, 2015 (the "Report"), I, Ellen M. Cotter, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Ellen M. Cotter

Ellen M. Cotter

President and Chief Executive Officer

(Principal Executive Officer)

April 29, 2016

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CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002  
(18 U.S.C. SECTION 1350)

In connection with the accompanying Annual Report of Reading International, Inc. (the "Company") on Form 10-K for the fiscal year ended December 31, 2015 (the "Report"), I, Devasis Ghose, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Devasis Ghose

Devasis Ghose

Chief Financial Officer

(Principal Financial Officer)

April 29, 2016

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# **EXHIBIT 2**

**Confidential – Filed Under Seal**

# **EXHIBIT 3**

**Confidential – Filed Under Seal**

# **EXHIBIT 4**



UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 8-K

CURRENT REPORT  
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): March 10, 2016

Reading International, Inc.  
(Exact name of registrant as specified in its charter)

<u>Nevada</u>	<u>1-8625</u>	<u>95-3885184</u>
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

<u>6100 Center Drive, Suite 900, Los Angeles, California</u>	<u>90045</u>
(Address of principal executive offices)	(Zip Code)

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

Not applicable.  
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
- .....

**Item 1.01 Entry into a Material Definitive Agreement.**

**New Compensatory Arrangements for Executive and Management Employees**

See Item 5.02 below with respect to certain new compensation arrangements for executive and management employees and outside directors of Reading International, Inc. ("Reading," "Registrant" or the "Company").

**Amendment to 2010 Stock Incentive Plan**

On March 10, 2016, Reading's Board of Directors approved an amendment to the 2010 Stock Incentive Plan to permit the award of restricted stock units.

The foregoing description of the amendment to the 2010 Stock Incentive Plan is qualified in its entirety by reference to the provisions of the amendment to the 2010 Stock Incentive Plan as exhibit 10.1 to this Current Report on Form 8-K, which is incorporated herein by reference.

**Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers**

**Item 5.02 (c)**

**Andrzej Matyczynski**

On March 10, 2016, the Company's Board of Directors (the "Board") appointed Andrzej Matyczynski, 63, as Executive Vice President—Global Operations.

From May 11, 2015 until March 10, 2016, Andrzej Matyczynski has acted as corporate advisor to the Company. Mr. Matyczynski served as our Chief Financial Officer and Treasurer from November 1999 until May 11, 2015 and Corporate Secretary from May 10, 2011 to October 20, 2014. Prior to joining our Company, he spent 20 years in various senior roles throughout the world at Beckman Coulter Inc., a U.S. based multi-national. Mr. Matyczynski earned a Master's Degree in Business Administration from the University of Southern California.

See Item 5.02(e) below with respect to the compensation arrangements for Mr. Matyczynski.

**Margaret Cotter**

On March 10, 2016, the Board appointed Margaret Cotter, 48, as Executive Vice President-Real Estate Management and Development-NYC.

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Margaret Cotter has been a Director of the Company since September 27, 2002, and on August 7, 2014 was appointed Vice Chairperson of our Board. Ms. Cotter is the owner and President of OBI, LLC ("OBI"), which has, since 2002, managed our live-theater operations. Pursuant to the OBI management arrangement, Ms. Cotter also served as the President of Liberty Theaters, LLC, the subsidiary through which we own our live theaters. Operating and overseeing these properties for over 16 years, Ms. Cotter contributes to the strategic direction for our developments. Until her appointment on March 10, 2016, while she received management fees through OBI, Ms. Cotter received no compensation for her duties as President of Liberty Theaters, LLC, other than the right to participate in our Company's medical insurance program. Ms. Cotter, through OBI and Liberty Theaters, LLC, managed the real estate which houses each of our four live theaters in Manhattan and Chicago. Based in New York, Ms. Cotter secures leases, manages tenancies, oversees maintenance and regulatory compliance of these properties and heads up the re-development process with respect to these properties and our Cinemas 1, 2 & 3 property. Ms. Cotter is also a theatrical producer who has produced shows in Chicago and New York and a board member of the League of Off-Broadway Theaters and Producers. Ms. Cotter, a former Assistant District Attorney for King's County in Brooklyn, New York, graduated from Georgetown University and Georgetown University Law Center. She is the sister of Ellen M. Cotter, a director and our President and Chief Executive Officer, and James J. Cotter, Jr., a director. Ms. Margaret Cotter is a Co-Executor of her father's estate, which is the record owner of 427,808 shares of our Class B Voting Stock (representing 25.5% of such Class B voting Stock). Ms. Margaret Cotter is also a Co-Trustee of the James J. Cotter, Sr. Trust, which is the record owner of 696,080 shares of Class B Voting Common Stock (representing an additional 44.0% of such Class B Stock). In addition, with her direct ownership of 804,173 shares of Class A Stock and 35,100 shares of Class B Stock and her positions as Co-Executor of her father's estate and Co-Trustee of the James J. Cotter, Sr. Trust, Ms. Cotter is a significant stockholder in our Company.

In connection with her appointment and employment as Executive Vice President of the Company, the Company's Audit and Conflicts Committee authorized the mutual termination of the Theater Management Agreement dated January 1, 2002, between the Company's subsidiary, Liberty Theaters, Inc. (predecessor to Liberty Theaters, LLC) and OBI, LLC, an entity wholly-owned by Ms. Cotter, (the "Theater Management Agreement"). The termination agreement is currently being negotiated by OBI, LLC and Liberty Theaters, LLC and finalized, will be filed on Form 8-K. While Ms. Cotter is the President of Liberty Theaters, LLC, Liberty Theaters, LLC is being separately represented in these negotiations and the final termination agreement will be subject to the review and approval of our Audit and Conflicts Committee.

The Compensation Committee and the Audit and Conflicts Committee each approved additional consulting fee compensation to Margaret Cotter totaling \$200,000 for services rendered by her to the Company in recent years outside of the scope of the Theater Management Agreement, including, but not limited to: (i) predevelopment work on the Company's Union Square and Cinemas 1, 2 & 3 properties, (ii) management of the New York properties, and (iii) management of Union Square tenant matters. The Compensation Committee also noted, when considering this additional consulting fee, that OBI, LLC had agreed to include as a part of its termination agreement with the Company certain waivers and releases including the termination of any rights it might have to receive compensation with respect to any show continuing at any of our theaters after the date of such termination.

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The Theater Management Agreement generally provided for the payment of a combination of fixed and incentive fees for the management of our four live theaters. Historically, these fees have equated to approximately 21% of the net cash flow generated by these properties. We currently estimate that fees to be paid to OBI for 2015 will be approximately \$390,000. We paid \$397,000 and \$401,000 in fees with respect to 2014, and 2013, respectively. We also reimbursed OBI for certain travel expenses.

As Executive Vice-President Real Estate Management and Development - NYC, Ms. Cotter will continue to be responsible for the management of our live theater assets and business, will continue her role heading up the pre-redevelopment of our New York Properties and will become our senior executive responsible for the actual redevelopment of our New York properties.

Ms. Cotter's compensation as Executive Vice-President was set as part of the extensive executive compensation process described in Item 5.02(e) below. For 2016, Ms. Cotter's base salary will be \$350,000, she will have a short term incentive target bonus opportunity of \$105,000 (30% of her base salary), and she was granted a long term incentive of a stock option for 19,921 shares of Class A common stock and 4,184 restricted stock units under the Company's 2010 Stock Incentive Plan, as amended, which long term incentives vest over a four year period.

#### **Item 5.02(e)**

#### **Compensation Arrangements**

##### **Background**

The Executive Committee ("Executive Committee") of the Board of Directors (the "Board"), upon the recommendation of our Chief Executive Officer, requested the Compensation Committee to evaluate the Company's compensation policy for executive officers and outside directors and to establish a plan that encompasses sound corporate practices consistent with the best interests of the Company. The Compensation Committee undertook to review, evaluate, revise and recommend the adoption of new compensation arrangements for executive and management officers and outside directors of the Company. In January 2016, the Compensation Committee retained the international compensation consulting firm of Willis Towers Watson as its advisor in this process and also relied on the Company's legal counsel, Greenberg Traurig, LLP.

Going forward, the Board of Directors has adopted a formal charter for our Compensation Committee a copy of which has been posted on our website, [www.ReadingRDI.com](http://www.ReadingRDI.com).

##### **Executive Compensation**

From late January to late February 2016, the Compensation Committee met five separate times with Willis Towers Watson, the Chief Executive Officer, and legal counsel. Except for the first meeting, each meeting exceeded three hours and was fully focused on the assessments

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discussed above. As part of its engagement Willis Towers Watson reviewed the Company's compensation paid to executive and management officers by position, in light of each person's duties and responsibilities. Willis Towers Watson then compared the top executive and management positions at the Company to (i) executive compensation paid by a peer group and (ii) two surveys, the 2015 Towers Watson Data Services Top Management Survey Report and the 2015 Mercer MBD Executive Compensation Survey, in each case, identified by office position and duties performed by the officer. The peer group utilized by Willis Towers Watson included the following companies:

Arcadia Realty Trust  
Associated Estates Realty Corp.  
Carmike Cinemas Inc.  
Cedar Realty Trust Inc.  
Charter Hall Group  
EPR Properties  
Vicinity Centres  
IMAX Corporation

Inland Real Estate Corp.  
Kite Realty Group Trust  
Marcus Corporation  
Pennsylvania Real Estate Investment Trust  
Ramco-Gershenson Properties Trust  
Urstadt Biddle Properties Inc.  
Village Roadshow Ltd.

Willis Towers Watson selected the above peer group because (i) the companies included US and Australian based companies reflecting the Company's geographic operations and (ii) the companies were comparable to the Company based on revenue.

The executive pay assessment prepared by Willis Towers Watson measured the executive and management compensation paid by the Company against compensation paid by peer group companies and the companies listed in the two surveys based on the 25<sup>th</sup>, 50<sup>th</sup> and 75<sup>th</sup> percentile of such peer group and surveyed companies. The 50<sup>th</sup> percentile was the median compensation paid by such peer group and surveyed companies to executives performing similar responsibilities and duties.

In its report to the Compensation Committee, Willis Towers Watson noted that for Company executive officers:

- Base salaries in the aggregate were generally in the competitive zone of the market (1% below the market 50<sup>th</sup> percentile), with certain notable exceptions on position by position review;
- Total cash compensation (base salary and cash bonus) in the aggregate was 26% below the 50<sup>th</sup> percentile; and
- Total compensation (base salary, cash bonus and long term incentive awards) in the aggregate was 40% below the 50<sup>th</sup> percentile.

The Willis Towers Watson assessment compared the base salary, the short term incentive (cash bonus) and long term incentive (equity awards) of the peer and surveyed companies to the base salary, short term incentive and long term incentive provided to executives by the Company. The assessment concluded that except in a few positions, the Company was generally competitive in base salary, however, the Company was not competitive when short term incentives and long term incentives were included in the total compensation paid to the Company

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executives and management. The base salary paid by the Company to the following officers was below the 25<sup>th</sup> percentile: President and CEO. The total compensation (base salary, short term incentive and long term incentive) paid by the Company to the following officers was below the 25<sup>th</sup> percentile: President and CEO, EVP Global Operations, and Chief Legal Officer. The only officer at or above the 50<sup>th</sup> percentile for total compensation was the Company's Chief Financial Officer and Treasurer who had joined the Company in May 2015 and which was the product of a negotiated arms-length employment agreement.

As a result of the foregoing factors Willis Towers Watson recommended that the Company:

- In determining salary increases, the Company should consider the executive's current competitive position, performance, role, and retention risk.
- Implement a formal annual incentive opportunity for all executives.
- Implement a regular annual grant program for long-term incentives.

The foregoing observations and recommendations were studied, questioned and thoroughly discussed by the Compensation Committee, Willis Towers Watson and legal counsel over each of the four in-person meetings (the first of the five meetings mentioned above was conducted by telephone and was focused on engagement of advisors). Among other things, the Compensation Committee discussed and considered the recommendations made by Willis Towers Watson regarding the establishment of a compensation program with the long term objective to target the compensation program with the market 50<sup>th</sup> percentile of our peer companies, however, for 2016, to target our compensation program to the 25<sup>th</sup> percentile of our peer companies. In each case, however, the Compensation Committee's final decision or recommendation, as the case may be, as to total compensation to an individual would be based on the individual's actual performance and specific circumstances and to adjust base salary, short term incentive, and long term incentive accordingly.

The Compensation Committee recommended, and the Board subsequently adopted, a compensation philosophy for the Company's management team members to:

- Attract and retain talented and dedicated management team members;
- Provide overall compensation that is competitive in its industry;
- Correlate annual cash incentives to the achievement of its business and financial objectives;
- and
- Provide management team members with appropriate long-term incentives aligned with stockholder value.

As part of the compensation philosophy the Company's compensation focus will be to (1) drive the Company's strategic plan on growth, (2) align officer and management performance with the interests of the Company's stockholders, and (3) encourage retention of officers and management team members.

In furtherance of the compensation policy and as a result of the extensive deliberations, including consideration of the Willis Towers Watson recommendations, the Compensation Committee adopted an executive and management officer compensation structure for 2016 consisting of:

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- A base salary comparable with job description and industry standard.
- A short term incentive or cash bonus plan based on a combination of factors including individual performance against corporate goals as well as overall corporate and division performance. Target bonus to be denominated as a percent of base salary with specific goals weightings and pay-out ranges).
- A long term incentive or equity awards inline with job description, performance, and industry standards.

The Compensation Committee's intention is that the compensation structure approved for 2016 will remain in place indefinitely. However, it will review performance and results after the first year and thereafter and evaluate from time to time whether enhancements, changes or other compensation structures are in the Company's and its stockholders best interests.

Reflecting the new approach, the Compensation Committee established (i) annual base salaries at levels that it believed (based heavily on the data provided by Willis Towers Watson) are generally competitive with executives in our peer group and in other comparable publicly-held companies as described in the executive pay assessment prepared by Willis Towers Watson, and (ii) short term incentives in the form of discretionary annual cash bonuses based on the achievement of identified goals and benchmarks. Long-term incentives in the form of employee stock options and restricted stock units will be used as a retention tool and as a means to further align an executive's long-term interests with those of the Company's stockholders, with the ultimate objective of affording our executives an appropriate incentive to help drive increases in stockholder value.

The Compensation Committee will evaluate both executive performance and compensation to maintain the Company's ability to attract and retain highly-qualified executives in key positions and to assure that compensation provided to executives remains competitive when compared to the compensation paid to similarly situated executives of companies with whom we compete for executive talent or that we consider comparable to our company.

#### ***Role of Chief Executive Officer in Compensation Decisions***

In connection with the implementation of the new compensation structure, the Compensation Committee conducted the thorough review of executive compensation discussed above. The Compensation Committee engaged in extensive discussions with and considered with great weight the recommendations of the Chief Executive Officer as to compensation for executive and management team members other than for the Chief Executive Officer.

In connection with consideration of 2015 performance bonuses for members of management, the Chief Executive Officer prepared and submitted recommendations for each of the executive and management team members, other than her own. In considering these recommendations, the Compensation Committee had the benefit of its extensive deliberations as well as the data provided by Willis Towers Watson. In executive session, the Compensation Committee approved a 2015 performance bonus for the Chief Executive Officer. At the Compensation Committee's February 17, 2016 meeting, it approved recommendations to the Board for its February 18, 2016 meeting, at which time the Board approved the same. The Board

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approval covered certain officers including the five officers set forth below. In addition, our Chief Executive Officer discussed recommendations for other management team members but the Compensation Committee and Board agreed that such positions were within the scope of the Chief Executive Officer's authority and did not require the Compensation Committee or Board approval.

The Compensation Committee expects to perform an annual review of executive compensation, generally in the first quarter of the year following the year in review, with a presentation by the Chief Executive Officer regarding each element of the executive compensation arrangements. At the Compensation Committee's direction, the Chief Executive Officer prepared an executive compensation review for each executive officer (other than the Chief Executive Officer), as well as the full executive team, which included recommendations for:

- 2016 Base Salary
- A proposed year-end short-term incentive in the form of a target cash bonus based on the achievement of certain objectives; and
- A long-term incentive in the form of stock options and restricted stock units for the year under review.

As part of the compensation review, the Chief Executive Officer may also recommend other changes to an executive's compensation arrangements such as a change in the executive's responsibilities. The Compensation Committee will evaluate the Chief Executive Officer's recommendations and, in its discretion, may accept or reject the recommendations, subject to the terms of any written employment agreements.

The Compensation Committee met in executive session without our Chief Executive Officer to consider the Chief Executive Officer's compensation, including base salary, cash bonus and equity award, if any. Prior to such executive sessions, the Compensation Committee interviewed the Chief Executive Officer to obtain a better understanding of factors contributing to the Chief Executive Officer's compensation. With the exception of these executive sessions of the Compensation Committee, as a rule, our Chief Executive Officer participated in all deliberations of the Compensation Committee relating to executive compensation. However, the Compensation Committee also asked our Chief Executive Officer to be excused for certain deliberations with respect to the compensation recommended for Margaret Cotter, the sister of the Chief Executive Officer.

In conjunction with the year-end annual compensation review, or as soon as practicable after the year-end, our Chief Executive Officer will recommend to the Compensation Committee the Company objectives and other criteria to be utilized for purposes of determining cash bonuses for certain senior executive officers. The Compensation Committee, in its discretion, may revise the Chief Executive Officer's recommendations. At the end of the year, the Compensation Committee, in consultation with the Chief Executive Officer, will review each performance goal and determine the extent to which the officer achieved such goals. In establishing performance goals, the Compensation Committee expects to consider whether the goals could possibly result in an incentive for any executives to take unwarranted risks in our Company's business and intend to seek to avoid creating any such incentives.

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### ***Base Salaries***

The Compensation Committee reviewed the executive pay assessment prepared by Willis Towers Watson and other factors and engaged in extensive deliberation and then recommended the following 2016 base salaries (the 2015 base salaries are shown for comparison purposes) for the following officers; the Board approved the recommendations of the Compensation Committee on March 10, 2016: the President and Chief Executive Officer, Chief Financial Officer and the persons identified and Named Executive Officers in the Company's proxy statement dated November 10, 2015 other than our prior Chief Executive Officers James J. Cotter, Sr. and James J. Cotter, Jr:

<b>Name</b>	<b>Title</b>	<b>2016 Base Salary(4)</b>	<b>2015 Base Salary(4)</b>
Ellen Cotter (1)	President and Chief Executive Officer	\$450,000	\$402,000
Devasis Ghose (2)	Chief Financial Officer	400,000	400,000
Andrzej Matyczynski (3)	EVP Global Operations	336,000	312,000
Robert F. Smerling	President, US Cinemas	375,000	350,000
Wayne Smith	Managing Director, ANZ	A\$370,000	A\$365,360

(1) Ellen M. Cotter was appointed Interim President and Chief Executive Officer on June 12, 2015 and President and Chief Executive Officer on January 8, 2016.

(2) Devasis Ghose was appointed Chief Financial Officer on May 11, 2015. Mr. Ghose is the only executive officer that is a party to an employment agreement.

(3) Andrzej Matyczynski was the Company's Chief Financial Officer until May 11, 2015 and thereafter he acted as corporate advisor to the Company. He was appointed EVP-Global Operations on March 10, 2016.

(4) All dollars are US dollars except the salary for Wayne Smith is reported in Australian dollars

### ***Short Term Incentives***

The Short Term Incentives authorized by the Compensation Committee and the Board provides the Company's executive officers and other management team members, who are selected to participate, with an opportunity to earn an annual cash bonus based upon the achievement of certain Company financial goals, division goals and individual goals, established by the Company's Chief Executive Officer and approved by the Compensation Committee and the Board of Directors (in future years, under the Compensation Committee Charter approved by the Board on March 10, 2016, the Compensation Committee will have full authority to approve

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these matters). Specifically, a participant in the short term incentive plan will be advised of his or her annual potential target bonus expressed as a percentage of the participant's base salary and by dollar amount. The participant will be eligible for a short term incentive bonus once the participant achieves goals identified at the beginning of the year for a threshold target, the potential target or potential maximum target bonus opportunity. The bonus will vary depending upon the achievements made by the individual participants, the division and the corporation. Corporate goals will include levels of earnings before interest, depreciation, taxes and amortization ("non-GAAP Operating Income") and property development milestones. Division goals will include levels of division cash flow and division milestones and individual goals will include specific unique performance goals specific to the individual's position in the Company. Each of the corporate, division and individual goals carries a different percentage weight in determining the officer's or other team member's bonus for the year.

For 2016, executive officers will have an annual bonus opportunity expressed and determined as a percent of their base salary. This approach also was a recommendation of the Willis Towers Watson report to the Compensation Committee and provided points of reference for our Compensation Committee to compare short-term incentive opportunities for our executive and management team to those in peer and competitor companies.

Ms. Ellen Cotter, President and Chief Executive Officer, has a potential target bonus opportunity of 95% of Base Salary, or \$427,500 at target. Of that potential target bonus opportunity, a threshold bonus of \$213,750 may be achieved based upon Ms. Cotter's achievement of her performance goals and the Company's achievement of corporate goals as discussed above, a potential maximum target of \$641,250 is based on achieving performance goals approved by the Chairman of the Compensation Committee. Ms. Cotter's aggregate annual bonus opportunity can range from \$0 to \$641,250. Mr. Devasis Ghose, Chief Financial Officer, has a potential target bonus opportunity of 50% of Base Salary, or \$200,000 at target, which is based on achievement of his performance goals and the Company's achievement of corporate goals, as discussed above. Mr. Ghose's aggregate annual bonus opportunity can range from \$0 to \$300,000 (the maximum potential target if additional performance goals are met by Mr. Ghose). Mr. Andrzej Matyczynski, EVP - Global Operations, has a target bonus opportunity of 50% of Base Salary, or \$168,000 at target, which is based on achievement of his performance goals, the Company's achievement of corporate goals and certain divisional goals. Mr. Matyczynski's aggregate annual bonus opportunity can range from \$0 to \$252,000 (the maximum potential target if additional performance goals are met by Mr. Matyczynski). Mr. Robert Smerling, President, US Cinemas, has a target bonus opportunity of 30% of base pay, or \$112,500 at target, which is based on achievement of his performance goals, the Company's achievement of corporate goals and certain divisional goals. Mr. Smerling's aggregate annual bonus opportunity can range from \$0 to \$168,750 (the maximum potential target if additional performance goals are met by Mr. Smerling). Mr. Wayne Smith, Managing Director, ANZ, has a target bonus opportunity of 40% of Base Salary, or A\$148,000 at target, which is based on achievement of his performance goals, the Company's achievement of corporate goals and certain divisional goals. Mr. Smith's aggregate annual bonus opportunity can range from A\$0 to A\$222,000 (the maximum potential target if additional performance goals are met by Mr. Smith). The positions of other management team members have target bonus opportunities ranging from 20% to 30% of Base Salary based on achievement certain goals. The highest level of achievement,

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participants may be eligible to receive up to a maximum of 150% of his or her target bonus amount.

### ***Long-Term Incentives***

Long-Term incentives will utilize the equity-based plan under the Company's 2010 Incentive Stock Plan, as amended (the "2010 Plan"). For 2016, executive and management team participants will receive awards in the following forms: 50% time-based restricted stock units and 50% non-statutory stock options. The grants of restricted stock units and options will vest ratably over a four (4) year period with 1/4 <sup>th</sup> vesting on each anniversary date of the grant date.

On March 10, 2016 the following grants were made:

<b>Name</b>	<b>Title</b>	<b>Dollar Amount of Restricted Stock Units (1)</b>	<b>Dollar Amount of Non-Statutory Stock Options (1)</b>
Ellen Cotter	President and Chief Executive Officer	\$150,000	\$150,000
Devasis Ghose (2)	Chief Financial Officer	0	0
Andrzej Matyczynski	EVP Global Operations	37,500	37,500
Robert F. Smerling	President, US Cinemas	50,000	50,000
Wayne Smith	Managing Director, ANZ	27,000	27,000

(1) The number of shares of stock to be issued will be calculated using the Black Scholes pricing model as of the date of grant of the award.

(2) Mr. Devasis Ghose was awarded 100,000 non-statutory stock options vesting over a 4 year period on Mr. Ghose's commencement of employment on May 11, 2015.

All long-term incentive awards will be subject to other terms and conditions set forth in the 2010 Plan and award grant.

### **Director Compensation**

The Compensation Committee also undertook a review of outside director compensation. The process followed was similar to that in scope and approach used by the Compensation Committee in considering executive compensation as described above. The meetings of the Compensation Committee evaluating executive compensation in most cases also considered

outside director compensation, although a substantial majority of those meetings were focused on executive compensation considerations.

Willis Towers Watson reviewed and presented to the Compensation Committee the competitiveness of the Company's outside director compensation. The Company's outside director compensation was compared to the compensation paid by the 15 peer companies (identified above in the Executive Compensation discussion). Willis Towers Watson's key findings were:

- The Company's annual board retainer was slightly above the 50<sup>th</sup> percentile while the total cash compensation paid to outside directors was close to the 25<sup>th</sup> percentile.
- Due to minimal annual director equity grants at the Company, total direct compensation to the Company's outside directors was the lowest among the peer group.
- The Company should consider increasing its committee cash compensation and annual director equity grants to be in line with peer practices.

The foregoing observations and recommendations were studied, questioned and thoroughly discussed by the Compensation Committee, Willis Towers Watson and legal counsel at three of the four in-person meetings (the first of the five meetings mentioned above was conducted by telephone and was focused on engagement of advisors). Among other things, the Compensation Committee discussed and considered the recommendations made by Willis Towers Watson regarding director retainer fees and equity awards for directors. Following discussion the Committee recommended to the Board that:

- The Board retainer currently paid to outside directors not be changed
- The committee chair retainers be increased to \$20,000 for the Audit Committee and the Executive Committee and \$15,000 for the Compensation Committee.
- The committee member fees be increased to \$7,500 for the Audit and Executive Committees and to \$5,000 for the Compensation Committee.
- The Lead Director fee be increased to \$10,000.
- The annual equity award value to directors be \$60,000 as a fixed dollar value (using Black-Scholes), that the equity award be restricted stock units and that such restricted stock units have a twelve month vesting period.
- The Board approved additional special compensation to be paid to certain directors for extraordinary services provided to the Company and devotion of time in providing such services as follows:
  - Guy W. Adams, \$50,000
  - Edward L. Kane, \$10,000
  - Douglas J. McEachern, \$10,000

The recommendations of the Compensation Committee with respect to outside director compensation were presented and approved by the Board on May 10, 2016. Board compensation was made effective for the year 2016 and equity grants were made on March 10, 2016 based upon the closing of the Company's Class A Common Stock on such date.

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IN THE SUPREME COURT OF NEVADA

JAMES J. COTTER, JR., derivatively  
on behalf of Reading International,  
Inc.,

Petitioner,

v.

THE EIGHTH JUDICIAL DISTRICT  
COURT OF THE STATE OF  
NEVADA, IN AND FOR THE  
COUNTY OF CLARK, AND THE  
HONORABLE ELIZABETH  
GONZALEZ, DISTRICT JUDGE,  
DEPT. 11,

Respondents,

and

DOUGLAS MCEACHERN,  
EDWARD KANE, JUDY CODDING,  
WILLIAM GOULD, AND  
MICHAEL WROTONIAK,

Real Parties in Interest.

Electronically Filed  
Jan 02 2018 03:17 p.m.  
Elizabeth A. Brown  
Clerk of Supreme Court

CASE NO.:

District Court Case No. A-15-719860-B

**PETITIONER'S APPENDIX TO  
PETITION FOR WRIT OF  
MANDAMUS**

**VOLUME XI (PA2500-2750)**

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**PETITIONER'S APPENDIX IN SUPPORT OF PETITION FOR WRIT OF  
PROHIBITION OR ALTERNATIVELY, MANDAMUS**

**CHRONOLOGICAL INDEX**

<b>Date</b>	<b>Description</b>	<b>Vol. #</b>	<b>Page Nos.</b>
2015-10-22	First Amended Verified Complaint	I	PA1-50
2016-03-14	Answer to First Amended Complaint (filed by Ellen Cotter, Margaret Cotter, Douglas McEachern, Guy Adams, and Edward Kane)	I	PA51-72
2016-03-29	Reading International, Inc's Answer to James J. Cotter, Jr.'s First Amended Complaint	I	PA73-94
2016-04-05	Judy Coddington and Michael Wrotniak's Answer to First Amended Complaint	I	PA95-118
2016-09-02	Second Amended Verified Complaint	I	PA119-175
2016-09-23	Defendant William Gould's Motion for Summary Judgment	I, II, III, IV	PA176-1000
2016-09-23	Individual Defendants' Motion for Summary Judgment (No. 1) Re: Plaintiff's Termination and Reinstatement Claims	V, VI, VII	PA1001-1673
2016-09-23	Individual Defendants' Motion for Summary Judgment (No. 2) Re: The Issue of Director Independence	VIII	PA1674-1946
2016-09-23	Individual Defendants' Motion for Summary Judgment (No. 3) On Plaintiff's Claims Related to the Purported Unsolicited Offer	VIII, IX	PA1947-2040
2016-09-23	Individual Defendants' Motion for Partial Summary Judgment (No. 4) On Plaintiff's Claims Related to the Executive Committee	IX	PA2041-2146

**PETITIONER'S APPENDIX IN SUPPORT OF PETITION FOR WRIT OF  
PROHIBITION OR ALTERNATIVELY, MANDAMUS**

<b>Date</b>	<b>Description</b>	<b>Vol. #</b>	<b>Page Nos.</b>
2016-09-23	Individual Defendants' Motion for Partial Summary Judgment (No. 5) On Plaintiff's Claims Related to the Appointment of Ellen Cotter as CEO	IX, X	PA2147-2317
2016-09-23	Individual Defendants' Motion for Partial Summary Judgment (No. 6) Re Plaintiff's Claims Related to the Estate's Option Exercise, the Appointment of Margaret Cotter, the Compensation Packages of Ellen Cotter and Margaret Cotter, and the Additional Compensation to Margaret Cotter and Guy Adams	X, XI, XII	PA2318-2793
2016-10-13	Plaintiff James Cotter Jr.'s Opp'n to Defendant Gould's Motion for Summary Judgment	XII	PA2794-2830
2016-10-13	Plaintiff James J. Cotter, Jr.'s Opposition to Individual Defendants' Motion for Partial Summary Judgment (No. 1) Re Plaintiff's Termination and Reinstatement Claims	XII	PA2831-2862
2016-10-13	Plaintiff James J. Cotter, Jr.'s Opposition to Individual Defendants' Motion for Partial Summary Judgment (No. 2) Re: the Issue of Director Independence	XII	PA2863-2890
2016-10-27	Transcript from Hearing on Motions, October 27, 2016	XII, XIII	PA2891-3045
2016-12-20	Reading International, Inc.'s Answer to Plaintiff's Second Amended Complaint	XIII	PA3046-3071

**PETITIONER'S APPENDIX IN SUPPORT OF PETITION FOR WRIT OF  
PROHIBITION OR ALTERNATIVELY, MANDAMUS**

<b>Date</b>	<b>Description</b>	<b>Vol. #</b>	<b>Page Nos.</b>
2016-12-21	Order Regarding Defendants' Motion for Partial Summary Judgment Nos. 1-6 and Motion in Limine to Exclude Expert Testimony	XIII	PA3072-3075
2016-12-22	Notice of Entry of Order (on Motions for Summary Judgment Nos. 1-6)	XIII	PA3076-3082
2016-10-26	1st Amended Order Setting Civil Jury Trial, Pre-Trial Conference, and Calendar Call	XIII	PA3083-3087
2017-11-09	Defendants Margaret Cotter, Ellen Cotter, Guy Adams, Edward Kane, Douglas McEachern, William Gould, Judy Coddling, Michael Wrotniak's Supplement to Motion for Partial Summary Judgment Nos. 1, 2, 3, 5 and 6	XIII	PA3088-3138  (FILED UNDER SEAL)
2017-11-20	Transcript of Hearing on Motion for Evidentiary Hearing re James Cotter, Jr. Motion to Seal Exhibits 2, 3, and 5 and to James Cotter's Motion In Limine No. 1	XIII	PA3139-3158
2017-11-28	Defendants Margaret Cotter, Ellen Cotter, Guy Adams, Edward Kane, Douglas McEachern, William Gould, Judy Coddling, Michael Wrotniak's Answer To Plaintiff's Second Amended Complaint	XIII	PA3159-3188
2017-12-01	Request For Hearing On Defendant William Gould's Previously Filed Motion For Summary Judgment	XIII	PA3189-3204
2017-12-01	Supplemental Opposition to Motion for Summary Judgment Nos. 1 and 2 and Gould Motion for Summary Judgment	XIII	PA3205-3218



**PETITIONER'S APPENDIX IN SUPPORT OF PETITION FOR WRIT OF  
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<b>Date</b>	<b>Description</b>	<b>Vol. #</b>	<b>Page Nos.</b>
2017-12-04	Defendant William Gould's Supplemental Reply In Support of Motion for Summary Judgment	XIII	PA3219-3235
2017-12-08	Joint Pre-Trial Memorandum	XIV	PA3236-3267
2017-12-11	Transcript from Hearing on [Motions for Summary Judgment], Motions In Limine and Pre-Trial Conference, December 11, 2017	XIV	PA3268-3342
2017-12-19	Motion for Reconsideration or Clarification of Ruling on Motions for Summary Judgments Nos. 1, 2 and 3 and Gould's Summary Judgment Motion and Application for Order Shortening Time	XIV	PA3343-3459
2017-12-26	The Individual Defendants' Opposition To Plaintiff's Motion For Reconsideration Or Clarification Of Ruling On Motions For Summary Judgment Nos. 1, 2, and 3	XIV, XV	PA3460-3531
2017-12-27	Opposition to Plaintiff's Motion for Reconsideration of Ruling on Gould's Motion for Summary Judgment	XV	PA3532-3536
2017-12-27	Declaration of Shoshana E. Bannett in Support of Opposition to Plaintiff's Motion for Reconsideration of Ruling on Gould's Motion for Summary Judgment	XV	PA3537-3614
2017-12-28	Order Regarding Defendants' Motions for Partial summary Judgment and Plaintiff's and Defendants' Motions in Limine	XV	PA3615-3621
2017-12-28	Motion [to] Stay and Application for Order Shortening Time	XV	PA3622-3630

**PETITIONER'S APPENDIX IN SUPPORT OF PETITION FOR WRIT OF  
PROHIBITION OR ALTERNATIVELY, MANDAMUS**

<b>Date</b>	<b>Description</b>	<b>Vol. #</b>	<b>Page Nos.</b>
2017-12-28	Transcript of Hearing on Motion for Reconsideration and for Stay	XV	PA3631-3655
2017-12-28	Court Exhibit 1-Reading Int'l, Inc. Board of Directors Meeting Agenda	XV	PA3656 (ACCEPTED UNDER SEAL)
2017-12-29	Notice of Entry of Order Regarding Defendants' Motions for Partial summary Judgment and Plaintiff's and Defendants' Motions in Limine	XV	PA3657-3667
2017-12-29	Mot. for Rule 54(b) Certification and Application for Order Shortening Time	XV	PA3668-3685

**PETITIONER'S APPENDIX IN SUPPORT OF PETITION FOR WRIT OF  
PROHIBITION OR ALTERNATIVELY, MANDAMUS**

**ALPHABETICAL INDEX**

<b>Date</b>	<b>Description</b>	<b>Vol. #</b>	<b>Page Nos.</b>
2016-10-26	1st Amended Order Setting Civil Jury Trial, Pre-Trial Conference, and Calendar Call	XIII	PA3083-3087
2016-03-14	Answer to First Amended Complaint (filed by Ellen Cotter, Margaret Cotter, Douglas McEachern, Guy Adams, and Edward Kane)	I	PA51-72
2017-12-28	Court Exhibit 1-Reading Int'l, Inc. Board of Directors Meeting Agenda	XV	PA3656 (ACCEPTED UNDER SEAL)
2017-12-27	Declaration of Shoshana E. Bannett in Support of Opposition to Plaintiff's Motion for Reconsideration of Ruling on Gould's Motion for Summary Judgment	XV	PA3537-3614
2016-09-23	Defendant William Gould's Motion for Summary Judgment	I, II, III, IV	PA176-1000
2017-12-04	Defendant William Gould's Supplemental Reply In Support of Motion for Summary Judgment	XIII	PA3219-3235
2017-11-09	Defendants Margaret Cotter, Ellen Cotter, Guy Adams, Edward Kane, Douglas McEachern, William Gould, Judy Coddington, Michael Wrotniak's Supplement to Motion for Partial Summary Judgment Nos. 1, 2, 3, 5 and 6	XIII	PA3088-3138 (FILED UNDER SEAL)

**PETITIONER'S APPENDIX IN SUPPORT OF PETITION FOR WRIT OF  
PROHIBITION OR ALTERNATIVELY, MANDAMUS**

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2016-09-23	Individual Defendants' Motion for Partial Summary Judgment (No. 6) Re Plaintiff's Claims Related to the Estate's Option Exercise, the Appointment of Margaret Cotter, the Compensation Packages of Ellen Cotter and Margaret Cotter, and the Additional Compensation to Margaret Cotter and Guy Adams	X, XI, XII	PA2318–2793
2016-09-23	Individual Defendants' Motion for Summary Judgment (No. 1) Re: Plaintiff's Termination and Reinstatement Claims	V, VI, VII	PA1001–1673
2016-09-23	Individual Defendants' Motion for Summary Judgment (No. 2) Re: The Issue of Director Independence	VIII	PA1674–1946

**PETITIONER'S APPENDIX IN SUPPORT OF PETITION FOR WRIT OF  
PROHIBITION OR ALTERNATIVELY, MANDAMUS**

<b>Date</b>	<b>Description</b>	<b>Vol. #</b>	<b>Page Nos.</b>
2016-09-23	Individual Defendants' Motion for Summary Judgment (No. 3) On Plaintiff's Claims Related to the Purported Unsolicited Offer	VIII, IX	PA1947-2040
2017-12-08	Joint Pre-Trial Memorandum	XIV	PA3236-3267
2016-04-05	Judy Coddling and Michael Wrotniak's Answer to First Amended Complaint	I	PA95-118
2017-12-29	Mot. for Rule 54(b) Certification and Application for Order Shortening Time	XV	PA3668-3685
2017-12-28	Motion [to] Stay and Application for Order Shortening Time	XV	PA3622-3630
2017-12-19	Motion for Reconsideration or Clarification of Ruling on Motions for Summary Judgments Nos. 1, 2 and 3 and Gould's Summary Judgment Motion and Application for Order Shortening Time	XIV	PA3343-3459
2016-12-22	Notice of Entry of Order (on Motions for Summary Judgment Nos. 1-6)	XIII	PA3076-3082
2017-12-29	Notice of Entry of Order Regarding Defendants' Motions for Partial summary Judgment and Plaintiff's and Defendants' Motions in Limine	XV	PA3657-3667
2017-12-27	Opposition to Plaintiff's Motion for Reconsideration of Ruling on Gould's Motion for Summary Judgment	XV	PA3532-3536
2016-12-21	Order Regarding Defendants' Motion for Partial Summary Judgment Nos. 1-6 and Motion in Limine to Exclude Expert Testimony	XIII	PA3072-3075

**PETITIONER'S APPENDIX IN SUPPORT OF PETITION FOR WRIT OF  
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<b>Date</b>	<b>Description</b>	<b>Vol. #</b>	<b>Page Nos.</b>
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2016-12-20	Reading International, Inc.'s Answer to Plaintiff's Second Amended Complaint	XIII	PA3046-3071
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2016-09-02	Second Amended Verified Complaint	I	PA119-175
2017-12-01	Supplemental Opposition to Motion for Summary Judgment Nos. 1 and 2 and Gould Motion for Summary Judgment	XIII	PA3205-3218

**PETITIONER'S APPENDIX IN SUPPORT OF PETITION FOR WRIT OF  
PROHIBITION OR ALTERNATIVELY, MANDAMUS**

<b>Date</b>	<b>Description</b>	<b>Vol. #</b>	<b>Page Nos.</b>
2017-12-26	The Individual Defendants' Opposition To Plaintiff's Motion For Reconsideration Or Clarification Of Ruling On Motions For Summary Judgment Nos. 1, 2, and 3	XIV, XV	PA3460-3531
2017-12-11	Transcript from Hearing on [Motions for Summary Judgment], Motions In Limine and Pre-Trial Conference, December 11, 2017	XIV	PA3268-3342
2016-10-27	Transcript from Hearing on Motions, October 27, 2016	XII, XIII	PA2891-3045
2017-11-20	Transcript of Hearing on Motion for Evidentiary Hearing re James Cotter, Jr. Motion to Seal Exhibits 2, 3, and 5 and to James Cotter's Motion In Limine No. 1	XIII	PA3139-3158
2017-12-28	Transcript of Hearing on Motion for Reconsideration and for Stay	XV	PA3631-3655

## CERTIFICATE OF SERVICE

I certify that I am an employee of MORRIS LAW GROUP; I am familiar with the firm's practice of collection and processing documents for mailing; that, in accordance therewith, I caused the following document to be deposited with the U.S. Postal Service at Las Vegas, Nevada, in a sealed envelope, with first class postage prepaid, on the date and to the addressee(s) shown below. I hereby certify that on the 2nd day of January, 2018, a true and correct copy of the foregoing **PETITIONER'S APPENDIX TO PETITION FOR WRIT OF MANDAMUS, VOLUME XI (PA2500-2750)** was served by the following method(s):

☒ United States Postal Service:

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Attorneys for Nominal Defendant  
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Dated: January 2, 2018

**Courtesy Copy Hand  
Delivered**

To:

Judge Elizabeth Gonzalez  
Eighth Judicial District  
Court of Clark County,  
Nevada  
Regional Justice Center  
200 Lewis Avenue  
Las Vegas, Nevada 89101

By: /s/ PATRICIA FERRUGIA

hereby, the Board of Directors may file amended like instruments and amendments for recording in the public records.

#### ARTICLE III NOTICES

##### SECTION 1. NOTICE OF MEETINGS

Notices of meetings of the Board of Directors of the Corporation or of any committee thereof shall be given to any director or stockholder, if such notice is required to be given to any director or stockholder, in such form and by such means as the Board of Directors may determine, and such notice shall be deemed to be given at the time when the same shall be deposited with the United States Mail, unless the Board of Directors may otherwise determine.

Notices of meetings of the Board of Directors shall be in writing and signed by the President or a Vice-President or the Secretary or an Assistant Secretary or by such other person or persons as the Board of Directors may determine. Such notice shall state the purpose or purposes for which the meeting is called and the time and place, which may be either at a fixed place, or at a place to be determined by the Board of Directors, and may be given in any other manner as the Board of Directors may determine, or by any other person or persons, and such notice shall be deemed to be given at the time when the same shall be deposited with the United States Mail, unless the Board of Directors may otherwise determine.

##### SECTION 2. NOTICE OF MEETINGS OF THE BOARD OF DIRECTORS

Whenever called in writing or otherwise, meeting of the Board of Directors or of any committee thereof, shall be in writing on the records of the meeting or such other records, or by any other person or persons, and such notice shall be deemed to be given at the time when the same shall be deposited with the United States Mail, unless the Board of Directors may otherwise determine. Such notice shall state the purpose or purposes for which the meeting is called and the time and place, which may be either at a fixed place, or at a place to be determined by the Board of Directors, and may be given in any other manner as the Board of Directors may determine, or by any other person or persons, and such notice shall be deemed to be given at the time when the same shall be deposited with the United States Mail, unless the Board of Directors may otherwise determine.

##### SECTION 3. NOTICE OF MEETINGS

Whenever any notice whatever is required to be given under the provisions of the articles, the articles of incorporation or these bylaws, a notice thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time when the same shall be deemed to be given, shall be deemed to be given.

# ARTICLE IV OFFICERS

## Section 1 Directors

The officers of the Corporation shall be elected annually at the first meeting by the Board of Directors held after each annual meeting of the stockholders and shall be a President, one or more Vice Presidents, Treasurer and a Secretary, and such other officers with such title and duties as the Board of Directors may determine, none of whom shall be directors. The President shall be the Chief Executive Officer unless the Board designates the Chairman of the Board as Chief Executive Officer. Any person may hold one or more offices and each officer shall hold office until his successor shall have been duly elected and qualified or until his death or until he shall resign or is removed by the directors as hereinafter provided. His mode term of any officer shall be determined by the Board of Directors from time to time.

## Section 2 Powers and Duties of the Officers of the Corporation

The Board of Directors is its first annual meeting after each annual meeting of the stockholders shall elect a Chairman and Vice Chairmen of the Board from among the directors of the Corporation. The Chairman of the Board, and in his absence the Vice Chairman, shall preside at meetings of the stockholders and the Board of Directors and shall act as its liaison and coordinator of the Board of Directors in connection with its duties.

## Section 3 President

The President shall be the chief executive officer of the Corporation, shall also be a director and shall have active management of the business of the Corporation. The President shall exercise on behalf of the Corporation all powers and duties relating to the execution of the business of the Corporation and shall be responsible for the management of the Corporation in connection with its duties.

## Section 4 Vice President

The Vice President shall act under the direction of the President and in the absence or disability of the President shall perform the duties and exercise the powers of the President. The Vice President shall perform such other duties and exercise such powers as the Board of Directors may from time to time determine. The Board of Directors may designate one or more Executive Vice Presidents or may otherwise specify the extent of authority of the Vice Presidents. The duties and powers of the President shall devolve to the Vice President in such specified order of priority.

## Section 5 Secretary

The Secretary shall act under the direction of the President. Subject to the direction of the President, the Secretary shall attend all meetings of the Board of Directors and all meetings of the stockholders and shall keep the minutes of the meetings. The Secretary shall perform the duties and exercise the powers of the Secretary as required. The Secretary shall give, or cause to be given, notice of all meetings.

of the stockholder and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the President or the Board of Directors.

#### SECTION 6 ASSISTANT SECRETARIES

The Assistant Secretaries shall, at the direction of the President, in order of their seniority, unless otherwise determined by the President or the Board of Directors, keep track, in the absence or disability of the Secretary, perform the duties and execute the powers of the Secretary. They shall perform such other duties and have such other powers as the President or the Board of Directors may from time to time prescribe.

#### SECTION 7 TREASURER

The Treasurer shall act under the direction of the President, subject to the direction of the Board, the Treasurer shall have custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall report at regular intervals the results of his efforts in the management of the Corporation in such detail as may be required by the Board of Directors. The Treasurer shall maintain the books of the Corporation so that he can render to the President or the Board of Directors, at any proper meeting, for each disbursement, and also, together with the President and the Board of Directors, at regular meetings, or when the Board of Directors so requires, an account of all transactions in relation to the financial condition of the Corporation.

If required by the Board of Directors, the Treasurer shall give the Corporation's bond in such cases as with such money or securities shall be subject to the Board of Directors for the faithful performance of the duties of such person's office, and for the redemption of the Corporation. In case of such person's death, resignation, retirement or removal from office, of all books, papers, securities, money and other property of whatever kind or description, possession or control such person's estate belonging to the Corporation.

#### SECTION 8 ASSISTANT TREASURER

The Assistant Treasurer is the holder of full authority and shall perform the duties of the Treasurer if the Treasurer shall, in his absence or disability, at the Corporation, perform the duties and execute the powers of the Treasurer. They shall perform such other duties and have such other powers as the President or the Board of Directors may from time to time prescribe.

#### SECTION 9 CORPORATIONS

The Board of Directors shall fit the articles and incorporation of all officers of the Corporation.

#### SECTION 10 DEPARTMENTAL ORGANIZATION

The officers of the Corporation shall with advice of the President or the Board of Directors, any other officers or appointed by the Board of Directors, or any committee of a committee, may

Any decision or action of the Corporation, or any member of any committee, may be taken or withheld by giving notice to the Board of Directors, the Chairman of the Board, the President or the Secretary of the Corporation. Any such suggestion shall take effect at the same specified time as if the time is not specified, then upon motion thereof. The acceptance of such suggestion shall not be necessary to make it effective.

**Figure 1** *Experimental design for the 2008/2009 season*[illegible]

The Board of Directors may, at any time, and from time to time, authorize or reauthorize to sell, lease, or otherwise dispose of, or to execute any contract in connection with the sale, lease, or otherwise disposal of, such assets, in whole or in part, any real estate or other assets owned by the Corporation, subject to the approval of the Board of Directors.

## Appendix 2

## Summary & Conclusion

Reviews Received: 12/1/98

## ANNEX VI

### GENERAL PRINCIPLES

The proposed office of the Corporation shall be in the County of Clark, State of Nevada. The principal office of the Corporation shall be located in the County of Los Angeles, State of California.

The Corporation may elect one officer at each other place, which, and within the State of Nevada at the Board of Directors may from time to time determine in the manner of the Corporation may require.

#### SECTION 2 Officers and Directors

All officers and directors are elected and serve at the Corporation until the day of each following election of each other officer or person to the Board of Directors may from time to time determine.

#### SECTION 3 Board of Directors

The Board of Directors of the Corporation shall be fixed by resolution of the Board of Directors.

#### SECTION 4 Powers of the Board of Directors and Officers

Under the authority conferred by the Board of Directors, the President, the Secretary, and all other officers and directors of the Corporation may from time to time authorize by the Board of Directors or the President shall have full power and authority on behalf of the Corporation to attend and to act at any meeting or by proxy of any meeting of the holders of securities of any corporation or other entity in which the Corporation may own or hold shares or other securities, and to bind the Corporation and any officer or director of the Corporation, and to execute or cause to be executed, in each case or other occasion, which the Corporation, or the officers or directors, might lawfully execute and warrant if present. The President, the Secretary or other such officers or directors may also execute and deliver in behalf of the Corporation, in any of writing, printed, electronic, written and other instruments relating to the shares or securities owned or held by the Corporation.

#### SECTION 5 Meetings of the Board

The Corporation will have a meeting or meetings at any time and place as determined by resolution of the Board of Directors. The meeting or meetings shall be held at the principal office of the Corporation and the words "Corporate Seal" and "Nevada". The meeting or meetings may be held at any other place as determined by resolution of the Board of Directors.

#### SECTION 6 Meetings of the Board

The Board of Directors shall meet at any time and place, and at any special meeting of the Corporation when called for by a vote of the Board of Directors, and at the discretion of the officers and directors of the Corporation.

#### SECTION 7 Meetings of the Board

Ordinarily upon the capital stock of the Corporation owned in the hands of the holders of the securities, it may be divided by the Board of Directors in any amount to which the holders are entitled to. The Board may also, in each, in property or in shares of the capital stock of the Corporation subject to the provisions of the Articles of Incorporation.

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## Section 3. Noninterference

The Board of Directors may cause the Corporation to purchase and maintain insurance on behalf of any person who is or was a Director, officer, agent or employee of the Corporation, or on any person of the nature of the Corporation or a director, officer, employee or agent of another corporation, in all its subsidiaries in a nonexclusive, non-transferable, non-assignable manner, and shall have the right to amend or terminate such insurance at any time, and the Corporation shall not be liable for any such insurance.

## Section 4. Election of Directors

The Board of Directors may from time to time adopt further bylaws with respect to the election and removal of Directors and such bylaws to provide in all things the fullest protection permitted by the laws of the State of the vote.

ARTICLE VII  
AMENDMENTS

## Section 1. Amendment by the Board of Directors

The Board of Directors may from time to time amend or repeal any provision of the Bylaws by a majority vote, provided that any amendment or repeal shall not be made in violation of the laws of the State of the vote.

## Section 2. Amendment by the Shareholders

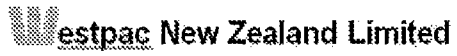
The Board of Directors may from time to time amend or repeal any provision of the Bylaws by a majority vote, provided that any amendment or repeal shall not be made in violation of the laws of the State of the vote.

## CERTIFICATE OF SECRETARY

I, the undersigned, hereby certify that I am the duly elected and qualified Secretary of Reading International, Inc. (formerly Utrust Holding Corporation), a Nevada corporation (the "Company"), and that the Superseding Bylaws, consisting of 37 pages (including cover page and table of contents), constitute the amended and restated bylaws of the Company as duly adopted by the Board of Directors on December 18, 2014 and amended by the Board of Directors on May 4, 2015, September 28, 2015, October 13, 2016, December 22, 2017 and December 18, 2018.

In Witness Whereof, I have signed my name to this Certificate December 18, 2018.

  
Robert M. Smith, Secretary



Wholesale Term Loan (Fixed and Floating Alternatives)  
(For Use With General Security Agreement)



**Agreement**

**Agreement**

**1. condition precedent**

**1.1 Pre-condition**

The obligations of Westpac NZ under this Agreement are subject to the condition precedent that it must have received all of the following in form and substance satisfactory to it:

- a) the original of this Agreement duly executed by the Borrower;
- b) a certificate from a director of the Borrower in the form set out in the first schedule;
- c) the Security (where necessary duly registered), the other Bank Documents and any ancillary documentation as may have been notified to the Borrower by Westpac NZ or its solicitors as being related to this Agreement, the Loan, the Security and/or the other Bank Documents;
- d) evidence of registration of any financing statement in respect of the Security; and
- e) any other documents or evidence (including legal opinions) as Westpac NZ or its solicitors may require.

**1.2 Failure to Satisfy Pre-condition**

If the condition contained in clause 1.1 is not satisfied or waived before 30 June 2015 then Westpac NZ may terminate this Agreement whereupon it shall have no further liability or obligation to the Borrower.

**2. availability of loan**

**2.1 Loan**

Westpac NZ will make the first Advance available to the Borrower during the Availability Period, and will then make the rest of the Loan available to the Borrower, provided that:

- a) the Borrower has complied with the relevant drawdown procedure;
- b) no Event of Default or Potential Event of Default has occurred and is continuing or will occur as a result of the making of the Loan;
- c) the First Tranche is utilised to repay the Borrower's existing indebtedness with Westpac NZ (account no. 03-0104-0785183-91) and any surplus may be utilised for the Borrower's general requirements and CAPEX funding and the first drawdown must occur prior to 30 June 2015;
- d) the Second Tranche is utilised to assist the Borrower in completing the Development;
- e) prior to the first drawdown under the Second Tranche being made available, the special conditions contained in the Letter of Offer for Advances of the Second Tranche must have been satisfied in Westpac NZ's absolute discretion.

**2.2 Termination of Loan**

On termination of the Loan:

- a) Westpac NZ's obligations to make the Loan available will terminate; and
- b) the Borrower must immediately pay or repay to Westpac NZ all Outstanding Moneys (notwithstanding that the due date for repayment has not otherwise occurred); and
- c) Westpac NZ will have no further obligations to the Borrower.

**2.3 Effect of Termination**

Termination of the Loan will not affect any of the Borrower's obligations to Westpac NZ under this Agreement including obligations under the Indemnities in clause 12 or the Borrower's obligations under the Security, which will remain binding upon it until all Outstanding Moneys have been repaid in full.

**3. procedure for drawdown**

Not later than 2 Banking Days prior to the Banking Day on which the Borrower requires to drawdown all or part of the Loan, the Borrower must deliver to Westpac NZ an unconditional and irrevocable drawdown notice in the form set out in the second schedule signed by an authorised signatory of the Borrower.

4. Interest

4.1 Payment

- a) Interest on the Loan will be calculated at the Floating Rate or at the Fixed Rate (if it applies) on the basis of the actual number of days elapsed and a 365 day year, and will accrue from day to day from the Commencement Date until the Loan is repaid in full, and must be paid by consecutive monthly payments on each Interest Payment Date.
- b) The first interest payment on the Loan will be due and payable on the Interest Payment Date which immediately follows the Commencement Date. Each interest payment will be for the period beginning on the Commencement Date or the previous Interest Payment Date (as the case may be) and ending on (but excluding) the next Interest Payment Date.

4.2 Telephone Communications

a) validity of instructions

Westpac NZ will be under no obligation to enquire as to the validity of any telephone instructions or acceptance which it receives or to require any evidence as to the authenticity, validity or legality of any telephone advice received or as to the authority of the person giving the telephone advice to act on behalf of the Borrower.

b) authority to tape calls

The Borrower acknowledges that Westpac NZ may from time to time keep tape recordings of telephone conversations between Westpac NZ and the Borrower and consents to the recording of those telephone conversations.

5. repayment and prepayment of loan

5.1 Repayment

The Borrower must pay the Outstanding Moneys on the Termination Date.

5.2 Prepayment

a) notice and prepayment multiples

The Borrower may prepay all or part of the Loan:

- i. after giving Westpac NZ not less than 5 Banking Days irrevocable notice in writing of its intention to do so and then making payment on the specified date; and
- ii. in multiples of \$10,000.

b) losses

On any prepayment made other than at the end of a Floating Rate Period applying to the amount prepaid, the Borrower must at the time of prepayment pay to Westpac NZ any losses, costs, penalties and expenses certified by Westpac NZ to have been sustained or incurred as a consequence of the prepayment.

c) interest ceases

Interest on any amount prepaid will cease to accrue from the date of the prepayment.

d) redrawing

Any amount prepaid will be available for redrawing.

5.3 Payment

The Borrower must not later than 3.00 p.m. on the due date for payment of interest or any other Outstanding Moneys, pay to Westpac NZ an amount equal to the amount due in cleared funds in Dollars to the account and/or in the manner Westpac NZ may from time to time advise.

Amounts due and payable by the Borrower will be debited from the Westpac NZ account nominated by the Borrower. If the Borrower does not nominate an account, Westpac NZ may, at any time, debit from any account of the Borrower with Westpac NZ any amounts due and payable by the Borrower.

5.4 Banking Days

If any payment by the Borrower falls due on a day which is not a Banking Day it must be made on the following Banking Day.

6. fees, charges, expenses and review entitlement

6.1 Fees, Charges and Expenses Payable

The Borrower must pay to Westpac NZ the following:

a) establishment fee

A non-refundable establishment fee of \$75,000 payable in one sum on or before execution of this Agreement.

- b) **line of credit charge**  
A line of credit charge payable in arrears with the first charge being in respect of the period from the Commencement Date to the last Banking Day of the month in which that date occurs and thereafter monthly on the last Banking Day of each month through to the Termination Date and calculated at 0.40% per annum on the amount of the Loan.
- c) **expenses**  
The expenses of Westpac NZ and each Officer in relation to:
- i) the preparation, execution and completion of each Bank Document, and any subsequent consent, approval, waiver, amendment or release;
  - ii) any contemplated, attempted or actual enforcement of any Bank Document or the actual or contemplated, attempted or actual exercise or defence of any Power; and
  - iii) any enquiry by a Governmental Agency concerning the Borrower or related to a Bank Document.
- This includes expenses incurred in retaining consultants to evaluate matters of concern to Westpac NZ. It also includes administrative time and costs including the time of Officers and other employees of Westpac NZ (whose time and costs are to be charged at reasonable rates).  
It will include, in each case, legal fees and expenses on a full indemnity basis plus goods and services tax on those amounts.  
All these expenses are payable on demand.
- d) **government charges**  
Any government duties, taxes and charges on the Bank Documents and payments and receipts under them.
- 6.2 **Review of margin**  
Westpac NZ may, by 3 Banking Days' notice to the Borrower, increase or decrease the Margin provided no increase will take effect within 12 months of the Commencement Date.
7. **Interest on arrears**
- 7.1 **Default Interest Payable**  
If the Borrower does not pay any sum payable on the due date, it must pay interest on that overdue sum at the Default Rate from the due date until the Borrower remedies the default and pays all default interest.
- 7.2 **Default in Payment of Interest**  
If the Borrower does not pay any sum on or before 14 days after the date on which payment was due, then the following rules apply:
- a) Interest on all amounts on which interest is payable will be calculated at the Default Rate;
  - b) Interest at the Default Rate:
    - i) will accrue during the period beginning on the date the last payment was due and paid by the Borrower and ending on the date the Borrower remedies the default and pays all default interest. Where no payments have been made by the Borrower, the period begins on the date of drawdown;
    - ii) will be calculated on a daily basis by reference to successive periods of durations selected by Westpac NZ from time to time. Each period will begin on the last day of the previous period except for the first period which will begin on the due date;
    - iii) will be payable on the last day of each period and on the date of receipt of the overdue sum by Westpac NZ. Any interest which is not paid when due will be added to the overdue sum and will itself bear interest under this clause.
8. **undertakings**
- 8.1 **General undertakings**  
The Borrower and the Charging Group (where applicable) undertake to Westpac NZ as follows, except to the extent that Westpac NZ agrees otherwise:
- a) **Personal Property Securities Act 1999**  
Whenever Westpac NZ asks it to do anything to better secure any property which secures or is intended to secure financial accommodation from Westpac NZ (including, without limitation, the Loan), the Borrower must do it (or procure that it is done) immediately at its own cost. This may include signing and delivering documents and anything else that Westpac NZ requires to ensure that Westpac NZ has perfected security interest(s) under the Personal Property Securities Act 1999 ("PPSA").
- The Borrower waives any rights to receive a copy of a verification statement under the PPSA and agrees, to the extent permitted by law, that in respect of any arrangement between the Borrower and Westpac NZ:
- i) sections 114(1)(a), 133 and 134 of the PPSA shall not apply;
  - ii) the Borrower shall have none of the rights referred to in paragraphs (c) to (e) and (h) to (j) of section 107(2) of the PPSA; and

iii) where Westpac NZ has rights in addition to those in Part 9 of the PPSA, those rights shall continue to apply and, in particular, shall not be limited by section 109 of the PPSA.

The Borrower must, immediately upon request by Westpac NZ, procure from any person considered by Westpac NZ to be relevant to its security position such agreements and waivers (including as equivalent to those above) as Westpac NZ may at any time require.

- b) **project invoices**  
It must ensure that, until such time as the Development has been completed, it promptly provides to Westpac NZ (and in any event within 7 days after being requested by Westpac NZ) copies of project invoices and the Quantity Surveyor's monthly report, which are to be acceptable to Westpac NZ in its absolute discretion.
- c) **valuation**  
It must ensure that, within 45 days of a written request being made by Westpac NZ, Westpac NZ is provided with up-to-date valuations for all assets of the Group secured to Westpac NZ (including the leasehold interests in the cinemas). The valuations must be:
- i) addressed to Westpac NZ;
  - ii) provided by a registered valuer acceptable to Westpac NZ;
  - iii) in a format acceptable to Westpac NZ; and
  - iv) satisfactory to Westpac NZ in its absolute discretion in all respects.
- Westpac NZ will not request such valuations more than once per year unless, in Westpac NZ's reasonable opinion, there has been a material change in the value of the Group's assets.
- d) **reporting and information**  
It must ensure that the Group provides to Westpac NZ:
- i) as soon as practicable (and in any event not later than 120 days) after the close of each financial year copies of the Group's consolidated balance sheet and profit and loss account for that financial year all of which must be audited unless Westpac NZ agrees otherwise;
  - ii) as soon as practicable (and in any event not later than 45 days) after the close of each financial quarter copies of the Group's unaudited management accounts (showing performance against budget for each asset) for that financial quarter;
  - iii) prior to the start of each financial year, the Group's financial budget for that financial year, which is to show forecast expenditure on capital items and repairs and maintenance for each asset secured to Westpac NZ together with a brief commentary on such expenditure;
  - iv) at the same time the information required by paragraph 6.1(d)(i) is provided to Westpac NZ, a commentary on the Group's capital expenditure and repairs and maintenance undertaken by the Group for that financial year in respect of each asset secured to Westpac NZ; and
  - v) promptly (and in any event within 7 days after request by Westpac NZ) any other information in relation to the Group's assets, financial condition or business which Westpac NZ reasonably requests.
- e) **accounting standards**  
It must ensure that the financial statements of the Group, at any time delivered to Westpac NZ:
- i) are prepared in accordance with current accounting practice;
  - ii) give a true and fair view of the Group's financial position and operations as at the date, and for the period to which the financial statements relate;
  - iii) together with the notes to them, disclose all liabilities (actual or contingent) of the Group; and
  - iv) are prepared and delivered to all relevant persons within the period in which they are required by law or under any agreement to be delivered.
- f) **insurance**  
It must ensure that insurance is maintained in respect of the Land for full replacement value (or as agreed by Westpac NZ). It must also take out contractor's all risk insurance during the construction of any improvements. Westpac NZ's interest as mortgagee must be noted on all insurance policies. Copies of such policies are to be provided to Westpac NZ and are to be satisfactory to Westpac NZ in all respects in its absolute discretion.
- g) **acquisition of assets**  
It must, if it uses any part of the Loan to finance the acquisition of an asset in New Zealand in excess of \$5,000,000, provide to Westpac NZ details of such assets and any other documents or information in respect of such asset which Westpac NZ reasonably requests.
- h) **consent required to structure/acquisition**  
No member of the Charging Group can enter into a joint venture, make a material acquisition or provide advances outside the Charging Group (either to related or unrelated parties) without Westpac NZ's prior written consent.
- i) **payments**  
No member of the Charging Group can make any payments (including but not limited to capital reductions, dividends, repayment of loans, interest payments and management fees) to associated or related parties unless Westpac NZ is satisfied that all covenants contained in the Agreement are and will continue to be met following such payment being made.
-



## 6.2 Financial Covenants

The Borrower undertakes to Westpac NZ as follows, except to the extent that Westpac NZ agrees otherwise:

- a) **equity ratio**  
It must ensure that the Group maintains, at all times, Shareholders Funds of not less than 40% of Adjusted Tangible Assets. Shareholders Funds is the Group's Adjusted Tangible Assets less Adjusted Total Liabilities. Adjusted Tangible Assets is the aggregate of the consolidated book values of all of the Group's assets excluding assets of an intangible nature, advances to shareholders, investments in related and associate companies and future asset revaluations (except as individually approved by Westpac NZ). Adjusted Total Liabilities is the aggregate of the consolidated book values of all of the Group's liabilities excluding only advances from shareholders. This covenant will be tested quarterly for compliance and will be determined by Westpac NZ in its absolute discretion.
- b) **Interest cover ratio**  
It must ensure that the Group's Earnings for each 12 month period are not less than 2.0 times its Funding Costs for that 12 month period. Earnings is the Group's net profit before Funding Costs, Income Tax, Extraordinaries and management costs (on the basis that management costs are accrued only and not paid externally) and amortisation of goodwill for the relevant financial quarter. Funding Costs comprise all interest, charges and fees related to all funding other than interest on shareholder/related party advances provided such interest is capitalised and not paid outside the Group. Extraordinaries are items that are not expected to occur frequently and are distinct from the Group's ordinary operations.

## 9. deductions from payments

### 9.1 Gross-Up of Borrower's Withholding Tax

The Borrower must not make any payment subject to any condition, restriction or claim it may have against Westpac NZ. The Borrower may only make a withholding or deduction from money it pays to Westpac NZ under this Agreement if that withholding or deduction is required by law. If the law requires the Borrower to make a withholding or deduction then the following rules apply:

- a) the Borrower must make sure that the withholding or deduction is for not more than the minimum amount required by that law;
- b) the Borrower must make sure that the withholding or deduction is paid to the relevant revenue or Governmental Agency by the due date for payment;
- c) the Borrower must send Westpac NZ, within 30 days of the withholding or deduction, a receipt showing that the withholding or deduction has been paid to the relevant revenue or Governmental Agency;
- d) the Borrower must increase the amount it pays to Westpac NZ so that Westpac NZ receives the amount it would have received had there been no withholding or deduction.

### 9.2 Gross-Up for Westpac NZ's Withholding Tax

If the law requires Westpac NZ to make a deduction or withholding from any amount received or receivable by it under this Agreement or any other Bank Document (including any sum received or receivable under this clause 9.2, and excluding any Tax on its overall net income) then the Borrower must increase the amount it pays to Westpac NZ so that Westpac NZ receives the amount it would have received had there been no withholding or deduction.

### 9.3 Indemnity for Tax on Funding

If:

- a) Westpac NZ (or any person on its behalf) is required by law to make a deduction or withholding for, or on account of, Tax or on any other account from an amount paid or payable to a person from whom it has borrowed or obtained moneys to enable it to fund the Loan or any other payment by it under this Agreement or any other Bank Document; and
  - b) as a result Westpac NZ is required to increase its payment, or makes an additional payment, to that person or to a taxation authority,
- then the Borrower will indemnify and hold Westpac NZ harmless against that increased or additional payment and must, on demand by Westpac NZ, pay to Westpac NZ the amount which, after receiving that amount and making that increased or additional payment, will place Westpac NZ in the same position in which it would have been had no increased or additional payment been made.

### 9.4 Tax Credit

If Westpac NZ recovers the benefit of a Tax credit, refund or allowance resulting from an increased amount paid by the Borrower under this clause then the following rules apply:

- a) Westpac NZ will provide the Borrower with that part of the Tax credit, refund or allowance that Westpac NZ determines was obtained as a result of the increased amount the Borrower paid;
- b) the amount determined by Westpac NZ will be calculated so Westpac NZ is in no better or worse position than it would have been had no amount been paid by the Borrower under this clause;
- c) Westpac NZ is under no obligation to disclose any information relating to the calculation of its Tax liability or benefits;
- d) this clause does not interfere with Westpac NZ's right to arrange its Tax affairs as it wishes and, in particular, Westpac NZ may apply Tax credits, refunds and allowances available to it as it likes.

## 10. events of default

At any time after an Event of Default and without prejudice to any other remedies, Westpac NZ may immediately by notice to the Borrower terminate the Loan with the consequences set out in clause 2.2.

## 11. change in circumstances

### 11.1 Increased Costs

If as a result of:

- a) Westpac NZ complying with any law; or
- b) any change in or introduction of any law or change in the interpretation or application of any law by any Governmental Agency or court which:
  - i) imposes, modifies or deems applicable any reserve, capital adequacy, prudential deposit, liquidity or similar requirement against assets of, or deposits with any branch of Westpac NZ;
  - ii) imposes on Westpac NZ any other requirement with respect to this Agreement or any other Bank Document; or
  - iii) changes the risk weighting for capital adequacy purposes of the Loan;

any of the following occur:

- c) the cost to Westpac NZ of making, funding or maintaining the Loan is increased; or
  - d) the moneys payable to Westpac NZ or the effective return to Westpac NZ under or in connection with this Agreement is reduced; or
  - e) Westpac NZ makes any payment or foregoes any interest or other return on, or calculated by reference to, any sum received or receivable by it under any Bank Document; or
  - f) Westpac NZ is unable to obtain the rate of return on capital (including any notional return on capital calculated on a risk adjusted basis) which it would have received at the date of this Agreement;
- then:
- g) Westpac NZ will use its best efforts promptly to notify the Borrower in writing of those events, provided that failure to do so will not affect Westpac NZ's rights under this clause; and
  - h) the Borrower must pay on demand, from time to time, for the account of Westpac NZ, the amount certified by an Officer which will compensate Westpac NZ for its increased cost, reduction, payment or foregone interest or other return.

### 11.2 Survival of Obligations

The obligations of the Borrower under clause 11.1 will survive termination of the Loan and payment or repayment of all Outstanding Moneys.

### 11.3 Re-negotiation of Loan

If an additional amount is required to be paid under clause 11.1 then, without limiting the Borrower's obligations under this Agreement, Westpac NZ will, at the request of the Borrower given within 30 days of notice from Westpac NZ, consult with the Borrower with a view to renegotiating the terms of the Loan in order to mitigate or avoid any additional amounts payable under clause 11.1 provided that nothing in this clause will require Westpac NZ to act to its detriment.

### 11.4 Illegality

If as a result of:

- a) the introduction or amendment of any law; or
- b) any other circumstance affecting any interbank market or any relevant foreign exchange market generally;

It is unlawful, impracticable or impossible for Westpac NZ to make, fund or allow to remain outstanding the Loan or to comply with its obligations or exercise its rights under this Agreement, then Westpac NZ will as soon as practicable give written notice to the Borrower and Westpac NZ will be entitled, to terminate the Loan, with effect from the date Westpac NZ specifies and with the consequences set out in clause 2.2.

## 12. Indemnity

### 12.1 General Indemnity

The Borrower agrees to indemnify Westpac NZ, every Officer and every employee of Westpac NZ upon demand from against any loss, cost, expense, charge, damage, claim or liability which Westpac NZ, an Officer or an employee of Westpac NZ may suffer or incur as a direct or indirect consequence of:

- a) an Event of Default or Potential Event of Default;
- b) the exercise, contemplated exercise or attempted exercise of any Power or the failure to exercise any Power;
- c) the receipt of any amount to be paid under any Bank Document on a date other than the due date; or

- d) the Loan requested under clause 3 not being made for any reason (excluding default by Westpac NZ) on the date notified by the Borrower to Westpac NZ as the drawdown date.

**12.2 Examples**

Without limitation, the Indemnity in clause 12.1 will extend to:

- a) any losses, costs, penalties and expenses incurred by reason of the liquidation or re-employment of deposits or other funds acquired or contracted for by Westpac NZ (including loss of margin); and
- b) any losses, costs, penalties and expenses which may be incurred by Westpac NZ in:
- i) terminating any options or forward rate agreements or interest or currency swap contracts entered into in connection with the Loan; or
  - ii) in entering into any new contracts which it deems appropriate to protect the return it would otherwise have expected under this Agreement.

**12.3 Currency indemnity**

If for any reason:

- a) Westpac NZ receives or recovers an amount under a Bank Document in a currency other than the currency in which it should have been paid and, after Westpac NZ has converted that other currency to the correct currency there is not enough to pay off the full amount then due under the Bank Document; or
- b) Westpac NZ obtains any judgment or court order against the Borrower in a currency other than the currency in which the Outstanding Moneys are due, and Westpac NZ incurs any loss from the conversion of any amount actually received by it from that other currency to the correct currency,
- then, as a separate and independent indemnity obligation, the Borrower must pay Westpac NZ the full amount of any shortfall or of any such loss incurred by Westpac NZ.

**12.4 Unconditional Indemnities**

The indemnities in this clause 12 are unconditional and irrevocable and will survive termination of the Loan and payment of all Outstanding Moneys and the release of any Security and will not be discharged or impaired by any act, omission, matter or thing which might discharge them but for this provision.

**13. Set off and combination**

**13.1 Set Off**

If the Borrower has any money in any account with Westpac NZ, then Westpac NZ can use it to pay amounts the Borrower owes under this Agreement but need not do so. If the Borrower is in default, Westpac NZ can use money which has not yet matured due and convert money in the account of the Borrower in foreign currencies. To the maximum extent allowed by law, the Borrower gives up any right to set off any amounts Westpac NZ owes it against the Outstanding Moneys.

**13.2 Contingent Amounts**

If at any time an amount is contingently due from the Borrower or an amount due is not quantified, Westpac NZ may retain and withhold repayment of any money in any account of the Borrower and the payment of interest or other moneys pending that amount becoming due and/or being quantified and may set off the maximum liability which may at any time be or become owing to Westpac NZ by the Borrower and in each case without prior notice or demand.

**13.3 Combination**

Subject to any applicable Bank Document, where the Borrower has two or more accounts with Westpac NZ:

- a) Westpac NZ may at any time combine any two or more of those accounts. It may do so without notice and whether or not it has allowed a set-off for a calculation of interest between any of those accounts;
- b) Westpac NZ may at any time combine any two or more of those accounts even where one or more of the combined accounts are in different currencies and may effect currency exchanges appropriate to implement that combination; and
- c) if Westpac NZ combines two or more accounts, it may decline to pay cheques and it may otherwise act as if the combined accounts had always been one account.

**13.4 Contractual Rights**

Westpac NZ's rights under this clause are contractual rights affecting the terms upon which a credit balance is held and the creation of those rights does not constitute the creation of a security interest in respect of that credit balance.

**13.5 Deposits with Westpac NZ**

Any moneys which, pursuant to a Bank Document, are deposited at any time by the Borrower with Westpac NZ (or withheld by Westpac NZ from a payment to the Borrower and retained on deposit with it) must, unless otherwise provided, be held on the following basis:

- a) each deposit and all rights of the Borrower relating to it must be incapable of assignment by the Borrower or of being the subject of a security interest except:
- i) in favour of Westpac NZ; or
  - ii) with the prior written consent of Westpac NZ; and
- b) the Borrower must have no right to withdraw any moneys from a deposit until all obligations of the Borrower under the Bank Documents (present and future, direct and contingent) have been performed and complied with, except:

- i) as expressly permitted by the terms of any Bank Documents under which that deposit was made;
- ii) for the purpose of complying with its obligations under the Bank Documents; or
- iii) with the prior written consent of Westpac NZ.

#### 13.6 Interest

Each amount deposited with Westpac NZ under clause 13.5 will (unless otherwise agreed) bear interest calculated by reference to successive deposit periods of a duration agreed by Westpac NZ and the Borrower (or, in the absence of agreement, as Westpac NZ may nominate). The rate of interest applicable to a deposit period will be as agreed by Westpac NZ and the Borrower (or, in the absence of agreement, as Westpac NZ certifies as applicable to deposits of similar size and maturity placed with it by customers). As long as no Event of Default or Potential Event of Default has occurred (in which case interest is to be added to the deposit) and subject to clause 15.1, that interest is to be paid to the Borrower as it may direct.

#### 14. protection of officers

To the extent permitted by law, neither Westpac NZ nor any Officer or Attorney will be liable in respect of any conduct, (including but not limited to the agreement to provide the Loan), omission, delay, negligence or breach of duty in the exercise or failure to exercise a Power or for any loss (including consequential loss) which results. However, Westpac NZ and any Officer or Attorney will be liable where liability arises from its own fraud or wilful misconduct.

#### 15. no reliance on Westpac NZ

The Borrower confirms that:

- a) it has not entered into any Bank Document in reliance on, or as a result of any conduct of any kind of or on behalf of Westpac NZ or any Related Company of Westpac NZ (including any advice, warranty, representation or undertaking); and
- b) neither Westpac NZ nor any Related Company of Westpac NZ is obliged to do anything (including disclose anything or give advice), except as expressly set out in the Bank Documents or in writing signed by or on behalf of Westpac NZ or any Related Company of Westpac NZ.

#### 16. assignment

##### 16.1 Westpac NZ may assign

Westpac NZ can transfer this Agreement and all or part of the Outstanding Moneys to someone else. If it does, this Agreement and any transferred Bank Document will apply to the transferee as if it was Westpac NZ. To the maximum extent allowed by law, any transfer will be free of any set off, equity or cross claim which the Borrower would have had against Westpac NZ or the transferee of any Bank Document but for this clause.

##### 16.2 Borrower may not assign

The Borrower may not assign or otherwise transfer or grant any Security Interest over any of its rights and obligations under this Agreement or any other Bank document.

##### 16.3 disclosure of information

Westpac NZ may disclose to a Related Company, potential assignee or transferee of its rights or obligations under any Bank Document or any other relevant party any information about the Borrower as Westpac NZ considers appropriate. However, before disclosing to any potential assignee or transferee Westpac NZ will, in relation to information which is not publicly available:

- a) require an undertaking protecting the confidentiality of that information from any potential assignee or transferee or other relevant party.
- b) advise the Borrower of its intention; and

#### 17. counterpart execution

This Agreement may be executed in two or more counterparts, all of which will be deemed to constitute the same instrument. Westpac NZ may accept as an original a facsimile copy of this Agreement executed by the Borrower and a facsimile copy, when taken with a counterpart executed by Westpac NZ, will be deemed to be one original copy of this Agreement.

18. anti-money laundering

The Borrower agrees to provide all information to Westpac NZ which Westpac NZ requires in order to manage its anti-money-laundering and countering terrorism financing obligations, to manage its economic and trade sanctions risks or to comply with any laws, rules or regulations in New Zealand or any other country. The Borrower agrees that Westpac NZ may refuse to establish a business relationship with the Borrower, may be required to delay, defer, stop or refuse to process any transaction, or may terminate its business relationship with the Borrower at any time and without notice, if the Borrower fails to provide this information to Westpac NZ in the manner and timeframe specified by Westpac NZ. The Borrower agrees that Westpac NZ may delay, defer, stop or refuse to process any transaction without incurring any liability if Westpac NZ knows or suspects that:

- a) the transaction will or may breach any laws or regulations in New Zealand or any other country; or
- b) the transaction involves any person (natural, corporate or governmental) that is itself sanctioned, or is connected, directly or indirectly, to any person (natural, corporate or governmental) that is sanctioned, under economic and trade sanctions imposed by any country.

Unless the Borrower has disclosed to Westpac NZ that the Borrower is acting in a trustee capacity or on behalf of another party, the Borrower warrants that the Borrower is acting solely on the Borrower's own behalf in entering into this Agreement.

For each transaction conducted under this Agreement, the Borrower represents and warrants to Westpac NZ that, to best of the Borrower's knowledge, information and belief at the time the transaction takes place, the processing of that transaction by Westpac NZ in accordance with the Borrower's instructions will not breach any laws or regulations in New Zealand or any other country relevant to the transaction.

19. Interpretation

19.1 Definitions

The following definitions apply, unless the context requires otherwise:

Agreement means this agreement and any variations or additions to it agreed in writing between the parties;

Attorney means a person appointed as attorney under any Bank Document;

Availability Period means the period beginning on the date that Westpac NZ confirms to the Borrower that the condition precedent in this Agreement has been satisfied and expiring on 30 June 2015;

Bank Document means a document or agreement:

- a) to which Westpac NZ and any one or more of the Borrower and/or any Guarantor are or become parties or purport to be or become parties; or
- b) under which obligations arise or are intended to arise from any one or more of the Borrower and/or any Guarantor to, or for the benefit of, Westpac NZ; (in each case whether or not the parties are involved or it arises as a result of an assignment or transfer). It includes this Agreement and any Security;

Banking Day means any day (other than a Saturday or Sunday) on which registered banks are open for business of the nature required by this Agreement in Auckland and, if on that day a transfer of funds is to be made under this Agreement, the city to which the funds are to be transferred;

Commencement Date means the date the Loan is first drawn down;

Default Rate means the aggregate of Westpac NZ's indicator Lending Rate from time to time and 7% per annum;

Development means the development to be carried out on the land at 200 Wakefield Street, Wellington;

Dollar and \$ means the lawful currency of New Zealand;

Event of Default means any of the events described as such in the General Security Agreement, notwithstanding that the General Security Agreement may be wholly or partially satisfied, released, discharged, avoided, replaced, lost or destroyed from time to time;

First Tranche means \$35,000,000;

Floating Rate means, for each Floating Rate Period, the aggregate of the Margin and Westpac NZ's 90 day bank bill bid rate (rounded upwards to the nearest first decimal place) for bills of a comparable amount to the amount of the Loan at the relevant time on the first day of that Floating Rate Period.

Floating Rate Period means a period of 3 calendar months provided that:

- a) the first Floating Rate Period will begin on the Commencement Date;

- b) each subsequent Floating Rate Period will begin at the end of the previous one;  
c) any Floating Rate Period which would otherwise end on a day which is not a Banking Day will be extended to the next Banking Day;  
d) if any Floating Rate Period would otherwise extend beyond the Termination Date it will end on the Termination Date;

General Security Agreement means the general security agreement entered into by the Borrower and Westpac NZ and dated on or about the date of this Agreement;

Governmental Agency means any government or any governmental, semi-governmental or judicial entity or authority including any local government, statutory or self-regulatory organisation established, approved or authorised under law, and any stock exchange, in any case having jurisdiction in relation to the affairs of any party to a Bank Document or to whose control or jurisdiction any party to a Bank Document has consented;

Group means Reading New Zealand Limited and its subsidiaries;

Guarantee means any guarantee, indemnity, letter of credit, legally binding letter of comfort or suretyship. It includes any obligation or irrevocable offer to be responsible for a debt (as defined below) or for the insolvency or financial condition of another person. It also includes any other obligation or irrevocable offer to pay a debt or to purchase a debt, to provide funds for the payment or discharge of a debt (whether by the advance of money, the purchase of or subscription for shares, stock or other interests issued by another person, the purchase of assets or services, or otherwise), or to indemnify against the consequences of default in the payment of a debt. For the purposes of this definition debt includes any obligation or indebtedness of another person, present or future, actual, prospective or contingent and any capital or premium on shares, stock or other interests issued by another person;

Guarantor means any person who creates or enters into a Guarantee in support of any Outstanding Moneys;

Interest Calculation Date means the date falling on the day in each calendar month which numerically corresponds to the Commencement Date provided that where there is no numerically corresponding day in any calendar month then it will be the first day in the next calendar month;

- (a) Interest Payment Date means, unless Westpac NZ shall determine otherwise, the date falling on the day after each Interest Calculation Date provided that:  
(b) where the Interest Calculation Date would otherwise fall on a non-Banking Day then the Interest Payment Date shall be the Banking Day after the next Banking Day; and  
where the Interest Calculation Date would otherwise fall on a Banking Day which immediately precedes a non-Banking Day then the Interest Payment Date shall be the next Banking Day;

Land means any land mortgaged or charged from time to time by any member of the Charging Group to Westpac NZ, together with all buildings and improvements on such land;

Letter of Offer means the letter of offer dated 13 April 2015 from Westpac NZ to the Borrower in relation to the Loan;

Loan means the sum of \$50,000,000 (being the aggregate of the First Tranche and the Second Tranche);

Margin means, subject to clause 6.2, 1.75% per annum;

Officer includes each employee of Westpac NZ whose title includes the word *Manager* or occupying an office whose title includes the word *Manager* and any person (who need not be an employee) authorised by Westpac NZ;

Outstanding Moneys means, at any time, the Loan outstanding and all other moneys payable, including contingently payable, by the Borrower under this Agreement including accrued interest (including default interest), fees, costs and other expenses whether or not those sums are then due and owing;

Potential Event of Default means any event which, with the giving of notice, lapse of time or satisfaction of any condition or happening of any event would constitute an Event of Default;

Power means a power, right, authority, discretion or remedy which is conferred on Westpac NZ, an Officer or an Attorney by a Bank Document or by law in relation to a Bank Document;

Quantity Surveyor means any quantity surveyor approved in writing by Westpac NZ;

Related Company has the meaning given to that term in the Companies Act 1993 but on the basis that *Subsidiary* has the meaning given to it in this Agreement and that *body corporate* includes any entity;

Second Tranche means \$15,000,000;

Security means the General Security Agreement and any other security or undertaking provided by the Borrower or any of the Guarantors or procured by the Borrower to be provided to, or for the benefit of, Westpac NZ from time to time in respect of the Borrower's obligations under this Agreement;

Subsidiary has the meaning given to it in the Financial Reporting Act 1993;

Tax includes any tax, levy, impost, deduction, charge, rate, duty or withholding which is levied or imposed by a Governmental Agency and is required by law to be paid and any related interest, penalty, charge, fee or other amount;

Termination Date means 31 March 2010.

#### 19.2 General

Headings are for convenience only. They do not affect interpretation. The following rules apply unless the context requires otherwise:

- a) Singular includes the plural and the converse;
  - b) A gender includes all genders;
  - c) Where a word or phrase is defined, its other grammatical forms have a corresponding meaning;
  - d) Reference to a clause or schedule is a reference to a clause of, or a schedule to, this Agreement;
  - e) An example does not limit what else might be included;
  - f) Reference to a party to this Agreement or another agreement or document includes the party's successors and permitted substitutes or assigns;
  - g) Reference to an agreement or document is to the agreement or document as amended, novated, supplemented or replaced from time to time, except to the extent prohibited by this Agreement;
  - h) Reference to legislation or to a provision of legislation includes a modification or re-enactment of it, a legislative provision substituted for it and a regulation or statutory instrument issued under it;
  - i) Reference to an asset includes any real or personal, present or future, tangible or intangible property, right or asset and any right, interest, revenue or benefit in, under or derived from any property right or asset;
  - j) An Event of Default is continuing until it has been waived in writing by Westpac NZ;
  - k) Reference to cleared funds means funds which are freely transferable and immediately available for disbursement;
  - l) Reference to a law includes present or future common or customary law and any statute, statutory instrument, subordinate legislation, regulation, by-law, order or other legislative measure or any judgment or judicial or administrative order or determination or decision, in any jurisdiction;
  - m) Reference to a person includes a natural person, company, corporation, trust, partnership, firm, joint venture or Governmental Agency, in each case whether or not having separate legal personality, and any association of entities;
  - n) Reference to a security interest includes a mortgage, charge (fixed or floating or otherwise), encumbrance, lien, pledge, trust, financial lease, sale and lease back, sale and repurchase, title retention (other than in respect of goods purchased in the ordinary course of trading), charge or similar interest imposed by law, and a preferential arrangement of any kind, the practical effect of which is to secure a creditor;
  - o) Reference to Tax on overall net income of Westpac NZ means tax imposed by the jurisdiction in which Westpac NZ's lending branch is located on all or part of its net income, profits or gains (whether worldwide, or only insofar as such net income, profits or gains are considered to arise in or relate to a particular jurisdiction, or otherwise);
  - p) Reference to writing includes a facsimile transmission and any means of reproducing words in a tangible and permanently visible form;
  - q) References to the Guarantor are references to each of them severally as well as to any two or more of them jointly, and the obligations and agreements on their part in this Agreement will bind every two or more of them jointly and each of them severally.
- .....

## Loan Agreement

THIS LOAN AGREEMENT (the "Agreement") is made as of the 26th day of June, 2014, between Santander Bank, N.A., with a place of business at 195 Montague Street, Brooklyn, New York 11201 (hereinafter referred to as "Lender") and Botton Hill Properties, L.L.C., a Nevada limited liability company, with a principal place of business at 6100 Center Drive, Suite 905, Los Angeles, California 90045, Attention: Andrzej Matyczynski (hereinafter referred to as "Borrower").

## WITNESSETH:

WHEREAS, Lender is the holder of that certain Amended and Restated Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing dated as of June 28, 2012, made by the Borrower, as borrower, in favor of lender, as Lender, in the principal amount of \$15,000,000.00, and recorded on July 20, 2012 in the Register's Office of the City and State of New York as CRFN 201206288512 (together with all extensions, renewals, modifications, substitutions and amendments thereof the "First Mortgage") which secures that certain Second Amended and Restated Promissory Note in the original principal amount of \$15,000,000.00 made by Borrower to the order of Lender (together with all extensions, renewals, modifications, substitutions and amendments thereof, the "First Note"; the First Note, the First Mortgage and any of the loan documents which secure and evidence the indebtedness pursuant to the First Note shall hereinafter be referred to as the "First Mortgage Loan Documents");

WHEREAS, the Borrower desires to borrow and the Lender desires to lend to the Borrower, for Borrower's use, as more particularly set forth herein (the "Loan") in connection with its ownership of the real property located at 1601-1507 Third Avenue, New York, New York 10022 (the "Property"), the principal amount of Six Million and 001/100 Dollars (US \$6,000,000.00), subject and pursuant to the terms of this Agreement and of that certain Promissory Note in like amount of even date herewith executed and delivered by the Borrower (the "Note");

WHEREAS, the Note will be secured by, among other things, a Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing by and between Borrower and Lender (together with all extensions, renewals, modifications, substitutions and amendments thereof, the "Security Instrument") which upon recording will encumber the Property.

Capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Note.

NOW, THEREFORE, the parties hereto agree as follows: Article I. THE ADVANCE  
Section 1.01 Advance.



The Lender agrees, upon the terms, and subject to the conditions hereof, to make a one-time advance of the proceeds of the Loan (the "Advance") to the Borrower in an amount not to exceed the aggregate principal amount \$6,000,000.00. The Loan (including principal and accrued and unpaid interest) shall be due and payable on July 1, 2016 (the "Maturity Date"). Interest on the Advance shall accrue and be payable in accordance with the terms of the Note.

**Section 1.02 Manner of Borrowing.**

When the Borrower desires to obtain the Advance, it shall give the Lender at least thirty

(30) days' prior written notice (a "Notice to Borrow Funds") in the manner hereinafter specified in this Agreement, which Notice to Borrow Funds shall state that it is irrevocable and specify the proposed date of borrowing and the amount thereof and shall constitute the Borrower's affirmation that all representations and warranties contained herein are true and correct and that the Advance shall be subject to all of the Conditions (as hereinafter defined and set forth in this Agreement). The Advance shall be in a whole number and in the minimum amount of \$200,000.00. The Notice to Borrow Funds to be given pursuant to this Section shall be accepted

only from those persons authorized to execute same pursuant to a resolution or consent of the Borrower's Manager, a certified copy of which shall be delivered to Lender prior to any request for an Advance which shall include specified signatures of all parties authorized to execute Notices to Borrow Funds.

The failure of the Lender to make the Advance on the date set forth in the Notice to Borrow Funds shall not subject the Lender to any damages whatsoever provided the Advance is made within a reasonable time after the later to occur of the date set forth in the Notice to Borrow Funds or the date all Conditions to the Advance are satisfied; it being expressly acknowledged by the Borrower that such condition is deemed a material inducement to the Lender for entering into the arrangement manifested by this Loan Agreement and the Note.

**Article II. REPRESENTATIONS AND COVENANTS**

**Section 2.01 Representations.**

The Borrower represents and warrants to the Lender that on the date hereof:

(a) The Borrower has the power and authority to execute, deliver and perform this Agreement, and each of the other documents executed in connection therewith, to own its properties and to carry on its business as now conducted;

(b) The execution, delivery and performance of the Note and this Agreement

(i) have been duly authorized by all requisite action of the Borrower; (ii) to Borrower's knowledge do not violate any provision of law; (iii) do not violate the Borrower's Certificate of Formation or its Operating Agreement; any order of any court or other agency, or any agreement to which the Borrower is a party or by which the Borrower is bound; and (iv) will not be in conflict with, result in a breach of or constitute (with due notice or lapse of time or both) a default under any such agreement;

- (c) There are no actions, suits, or proceedings before or by any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality pending against the Borrower which if determined adversely to the Borrower, would have a material adverse effect on the business, properties, operations or conditions, financial or otherwise, of the Borrower;
- (d) No Event of Default has occurred under this Agreement and no default has occurred under any of the other Loan Documents beyond the expiration of any applicable notice, grace or cure period;
- (e) The Borrower makes no claim that the terms of the Note, including without limitation the interest rate thereon, is usurious nor that there exists any offset, deduction or defense with respect to the Borrower's obligations under the Loan Documents;
- (f) The Property is free and clear of any liens, charges or encumbrances other than the First Mortgage;
- (g) To Borrower's knowledge, there are no outstanding judgments against the Borrower which have not been paid;
- (h) The most recent Financial Statements heretofore delivered to the Lender are complete and correct and since the date thereof there has not occurred any material adverse change in the financial condition or operations of the Borrower, Guarantor or the Property from that shown on said Financial Statements;
- (i) Borrower has no knowledge of any impediments to the full and complete performance by the Borrower hereunder or under any of the Loan Documents;
- (j) Neither the Borrower nor any person or entity acting or purporting to act on the Borrower's behalf has dealt with any broker in connection with the making of this loan, except as set forth in the commitment letter of Santander Bank, N.A. addressed to Borrower and dated as of June 11, 2014, as amended by letter agreement, if any. Borrower hereby indemnifies Lender, and agrees to hold Lender harmless, from and against all loss, liability, damage and expense, including reasonable attorneys' fees and expenses, suffered or incurred by Lender by reason of a breach of this representation. This provision will survive the closing and the repayment of the Note;
- (k) The Borrower is a limited liability company duly organized and validly existing under the laws of the State of Nevada and duly authorized to do business in the State of New York pursuant to the laws of the State of New York; and
- (l) That the funds received by the Borrower from the Advance requested hereunder and pursuant to the Note will be expended exclusively in connection with the acquisition of floor area rights under air rights related to future development of the Property as same will be more particularly described in the Security Instrument.

Section 2.02      Certain Covenants.

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The Borrower covenants and agrees that so long as this Agreement shall remain in effect, Borrower shall:

- (a) Pay all sums due and owing under the Note pursuant to its terms;
- (b) Do or cause to be done all things necessary to preserve and keep in full force and effect its existence under the laws of its state of formation;
- (c) Give prompt notice to the Lender of (i) any proceedings of which the Borrower has notice instituted by or against the Borrower, and (ii) any other action, event or condition of any nature which in either case the management of the Borrower reasonably believes could have, lead to or result in a material adverse effect upon the business, assets or financial condition of the Borrower;
- (d) Refrain from mortgaging, pledging, granting or permitting any security interest, lien or encumbrance of any nature in any amount to exist with respect to any of the Borrower's property including without limitation the Property, except where such security interest, lien or encumbrance is for the benefit of the Lender or has otherwise been approved by the Lender;
- (e) Provide to Lender all of the deliverables as and when required pursuant to Section 2.04 hereina (collectively, the "Financial Statements");
- (f) Perform all of the Borrower's obligations under the First Mortgage encumbering the Property including without limitation, payment of all sums due thereunder, in a timely manner. Upon the maturity (by acceleration or otherwise, or upon prepayment thereof) of the First Mortgage held by Lender (or its assignee) covering the Property, or upon prepayment thereof, all amounts due hereunder shall simultaneously become due and payable;
- (g) Not incur any additional indebtedness except, in the ordinary course of business, with customary time payment arrangements with vendors and suppliers; and
- (h) Pay all sums that may be necessary to be paid in order to enforce the Note and to enforce and/or to record the Security Instrument and any agreement or any other documentation executed and delivered in connection with this Agreement, whether such sums be in the nature of recording fees, mortgage tax or any other expense in connection with such recording.

**Section 2.05 Negative Pledge Covenants.**

The Borrower pledges, covenants and agrees that so long as this Agreement shall remain in effect it shall not, without the prior written consent of the Lender, do any of the following:

- (a) Except as otherwise permitted in the Security Instrument and the First Mortgage, sell, transfer or otherwise convey, either voluntarily or involuntarily, all or any portion of the Property or any interest or estate therein;
  - or
- .....

- (b) Grant or suffer to exist any mortgage, pledge, lien, secured interest, hypothecation or other encumbrances upon the Property including any personal property owned by the Borrower now or hereafter placed in or attached to and necessarily used in connection with the Property except as maybe approved by Lender; or
- (c) Except for the Master Lease, enter into any leasing arrangement of any kind in respect of all or substantially all of the Property;
- (d) Reduce the rent payable by the tenant pursuant to the Master Lease or enter into any amendments or modifications of the Master Lease;
- (e) Suffer or permit any mechanics' or other statutory lien which is filed against the Property to remain undischarged or not bonded for a period exceeding sixty (60) days beyond the filing date thereof; or
- (f) Grant or suffer to exist any indebtedness (secured or unsecured), other than indebtedness owing to Lender, or grant or suffer to exist any Lien on or with respect to any deposit accounts (other than any Lien in favor of the Lender), whether now owned or hereafter acquired by the Borrower, or pledge, assign or transfer any rights to any deposit accounts, except as may be approved in writing by Lender. "Lien" means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), or preference, priority of other security agreement or preferential arrangement of any kind or nature whatsoever.

Section 2.04 Books and Records.

- (a) Borrower shall keep accurate books and records of account in accordance with generally accepted accounting principles in which full, true and correct entries shall be promptly made with respect to Borrower, the Property and the operation thereof, and will permit all such books and records (including without limitation all contracts, statements, invoices, bills and claims for labor, materials and services supplied for the construction, repair or operation to Borrower of the improvements) to be inspected or audited and copies made by Lender and its representatives during normal business hours and at any other reasonable times on at least forty eight (48) hours advance notice. Borrower represents that its chief executive office is as set forth in the introductory paragraph of this Agreement and that all books and records pertaining to the Property are maintained at the Property or at its chief executive office. Borrower will furnish, or cause to be furnished, to Lender on or before ninety (90) calendar days following the end of each calendar year the following items, each certified by Borrower as being true and correct, in such format and in such detail as Lender or its service may reasonably request:
  - (i) a written statement (rent roll) dated as of the last day of each such calendar year identifying each of the Leases by the term, space occupied, rental required to be paid (including percentage rents and tenant sales), security deposit paid, any rental concessions, all rent escalations, any rents paid more than one (1) month in advance, any special provisions or inducements granted to tenants, any

2.04 same as Section 3.8 of the Mortgage

taxes, maintenance and other common charges paid by tenants, all vacancies and identifying any defaults or payment delinquencies thereunder;

(ii) year-to-date operating statements prepared for each calendar quarter during each such reporting period detailing the total revenues received, total expenses incurred, total cost of all capital improvements, total debt service and total cash flow; and

(iii) a current personal financial statement of each Guarantor, if applicable, in a form satisfactory to Lender.

(b) Within ninety (90) calendar days following the end of each calendar year, Borrower shall furnish a statement of the financial affairs and condition of the Borrower and the Property including a statement of profit and loss for the Property in such format and in such detail as Lender or its servicer may reasonably request, and setting forth the financial condition and the income and expenses for the Property for the immediately preceding calendar year prepared and audited by an independent certified public accountant. Borrower shall deliver to Lender copies of all income tax returns, requests for extension and other similar items contemporaneously with its delivery of same to the Internal Revenue Service.

(c) Borrower will permit representatives appointed by Lender, including independent accountants, agents, attorneys, appraisers and any other persons, to visit and inspect on at least twenty-four hours advance notice during its normal business hours and at any other reasonable times any of the Property or Borrower's chief executive office and to make photographs thereof, and to write down and record any information such representatives obtain, and shall permit Lender or its representatives to investigate and verify the accuracy of the information furnished to Lender under or in connection with this Agreement or any of the Loan Documents and to discuss all such matters with its officers, employees and representatives. Borrower will furnish to Lender at Borrower's expense all evidence which Lender may from time to time reasonably request as to the accuracy and validity of or compliance with all representations and warranties made by Borrower in the Loan Documents and satisfaction of all conditions contained therein. Any inspection or audit of the Property or the books and records of Borrower, or the procuring of documents and financial and other information, by or on behalf of Lender, shall be at Borrower's expense and shall be for Lender's protection only, and shall not constitute any assumption of responsibility or liability by Lender to Borrower or anyone else with regard to the condition, construction, maintenance or operation of the Property, nor Lender's approval of any certification given to Lender nor relieve Borrower of any of Borrower's obligations. Lender may divulge to any Investor (as hereinafter defined) all such information, and furnish to such Investor copies of any such reports, financial statements, certificates, and documents obtained under any provision of this Agreement, or related agreements and documents, provided that such information shall be provided on a confidential basis.

(d) Without limiting Lender's other rights and remedies under this Agreement and the other Loan Documents, in the event that any statement or document required to be delivered to Lender pursuant to this Section 2.04 is not delivered within thirty (30) days of the date when the same is due "Delinquent Reports") upon fifteen (15) days notice to Borrower, the

Interest Rate (as defined in the Note) shall be increased by adding one quarter percent (0.25%) per annum (i.e. 25 basis points) to the Interest Rate until such time as all Delinquent Reports, in form and substance reasonably satisfactory to Lender, have been delivered to Lender.

#### Article III. CONDITIONS TO ADVANCE

##### Section 3.01 Conditions

The obligation of the Lender to make the Advance is subject to the satisfaction of all of the following conditions precedent (the "Conditions") (each of which is deemed material and none of which may be waived except by an instrument executed by the Lender):

(i) The Lender shall have received:

- (1) the irrevocable Notice to Borrow Funds;
  - (2) a certified copy of the resolutions or consent adopted by the members of Borrower, in form and substance reasonably satisfactory to Lender authorizing the execution, delivery and performance of the Security Instrument and all of the other related Loan Documents required at the time of the Advance, including, but not limited to the Notice to Borrow Funds;
  - (3) copies of the most recent year end Financial Statements;
  - (4) a certificate from Borrower that all the representations and warranties set forth herein shall be true and correct on and as of such time with the same effect as though such representations and warranties have been made on and as of such time, except to the extent such representations and warranties expressly relate to an earlier date; and
  - (5) a certificate of Borrower, stating no proceedings exist affecting Borrower or the Property that could have a Material Adverse Effect on Borrower, the Loan, the First Mortgage or the Property, and (B) a Certificate from the Guarantors, to the effect that no proceedings exist affecting any Guarantor which could have a material adverse effect on such Guarantor, in each case, which have not been disclosed to Lender in writing.
- (ii) Borrower shall be in compliance with all the terms and provisions set forth herein on its part to be observed or performed and no "Event of Default" (as hereinafter defined), nor any event which upon notice or lapse of time or both would constitute an Event of Default, shall have occurred and be continuing either at the time of the Advance or as a result of such borrowing, including but not limited to compliance with all financial reporting requirements set forth herein
- (iii) Borrower shall be in compliance with all the terms and provisions set forth in the First Mortgage Loan Documents on its part to be observed or performed and no
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"Event of Default" (as defined in the First Mortgage Loan Documents), nor any event which upon notice or lapse of time or both would constitute an Event of Default pursuant to the First Mortgage Loan Documents, shall have occurred and be continuing either at the time of the Advance or as a result of such borrowing, including but not limited to compliance with all financial reporting requirements set forth therein;

(iv) Lender's computation that the Borrower shall maintain a Debt Yield of no less than 11% during the term of the Loan. In the event that Lender shall at any time determine that the Debt Yield is less than 11%, Borrower shall within thirty (30) days of notice and demand by Lender, either reduce the Loan amount (by the payment of principal) or pledge such additional collateral as may be acceptable to Lender in order to maintain the required Debt Yield. Borrower's failure to either reduce the Loan balance as necessary or satisfy Lender's demand for additional collateral acceptable to it within thirty (30) days of notice having been given by Lender, shall be considered an Event of Default hereunder. "Debt Yield" shall mean, as of any date, the quotient (expressed as a percentage) obtained by dividing (i) the net operating income for the twelve (12) month period ending with the most recently completed calendar month by (b) the outstanding principal balance of the Note and the First Note as of such date. Lender's calculation of the Debt Yield, and all component calculations, shall be conclusive and binding on Borrower absent manifest error;

(v) Immediately prior to the Advance, Lender shall cause title company to file and record the Security Instrument substantially in form attached hereto as Exhibit A and related certificates for the Property in the appropriate recording office in New York County. The Borrower shall (i) pay any and all expenses of the Lender incurred in connection with the foregoing matters, including, without limitation, the costs of any title insurance, recording fees, mortgage recording tax, survey, environmental reports and the reasonable fees and expenses of the Lender's counsel and (ii) deliver any documents reasonably requested by the Lender or the title company in connection with effectuating the foregoing matters;

(vi) Lender shall have received a NY ALTA (1992) loan policy of title insurance (the "Loan Title Policy") in the amount of the Advance, substantially in the form attached hereto as Exhibit B issued by the title company to Lender, insuring the Security Instrument as a valid and subsisting second mortgage lien on the Property subject only to standard and customary permitted exceptions, including the lien of the First Mortgage. The Loan Title Policy shall contain such affirmative insurance and endorsements as Lender shall reasonably require;

(vii) opinion(s) of counsel as to the authority, due execution, and enforceability of the Security Instrument and related Loan Documents in form substantially similar to the opinion given in connection with this Agreement or otherwise reasonably acceptable to the Bank;

(viii) a certificate from Borrower and other evidence satisfactory to Lender in its reasonable discretion, including but not limited to, an agreement of purchase and sale in connection with the acquisition of floor area rights and/or air rights and/or other

development or zoning rights that will benefit the Property as same will be more particularly described in the Security Instrument;

(ix) payment to Lender of a standby fee equal to one quarter of one percent (0.25%) of the Unused Portion on the first anniversary of the Loan and every anniversary thereafter until the Loan is paid in full, provided, however, Borrower shall pay Lender a pro rata portion of such standby fee if the Loan is paid in full prior to any given one year anniversary of the Loan. The Unused Portion shall mean the difference, if any, between the maximum aggregate principal amount that may be advanced under the Note and the Advance; and

(x) payment of all of Lender's expenses in connection with the review and Borrower's compliance with the Conditions including but not limited to Lender's reasonable attorneys' fees and expenses.

**Article IV. DEFAULT**

**Section 4.01 Events of Default.**

Each of the following shall constitute an "Event of Default" under this Agreement:

- (a) if any representation or warranty of Borrower or of its members, general partners, principals, affiliates, agents or employees, or of any Guarantor made herein or in the Environmental Indemnity or in any Loan Document, in any guaranty, or in any certificate, report, financial statement or other instrument or document furnished to Lender shall have been false or misleading in any material respect when made;
  - (b) The failure to make any payment of principal or interest under the Note on or before the tenth (10<sup>th</sup>) calendar day after the day on which the same is due (without regard to any applicable cure and/or notice period) or if the entire Debt is not paid on or before the Maturity Date, along with applicable prepayment premiums, if any
  - (c) if Borrower, or its general partner, member or manager, if applicable, violates or does not comply with any of the provisions of Section 3.3, Section 4.3, or Article 8 hereof, or Article 19 of the Note, or fails to deliver any of the reports required by Section
  - (d) if Borrower or any Guarantor shall make an assignment for the benefit of creditors or if Borrower or any Guarantor shall admit in writing its inability to pay, or Borrower's or any Guarantor's failure to pay its debts as they become due;
  - (e) if (i) Borrower or any member or manager of Borrower, or any Guarantor shall commence any case, proceeding or other action (A) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization, conservatorship or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts, or (B) seeking appointment of a receiver, trustee, custodian, conservator or other
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similar official for it or for all or any substantial part of its assets, or Borrower or any member or manager of Borrower, or any Guarantor shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against Borrower or any member or manager of Borrower, or any Guarantor any case, proceeding or other action of a nature referred to in clause

(i) above which (A) results in the entry of an order for relief or any such adjudication or appointment or (B) remains undismissed, undischarged or unbonded for a period of ninety (90) calendar days; or (iii) there shall be commenced against Borrower or any member or manager of Borrower or any Guarantor any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets which results in the entry of any order for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal within ninety (90) calendar days from the entry thereof; or (iv) Borrower or any member or manager of Borrower, or any Guarantor shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii) or (iii) above; or (v) Borrower or any member or manager of Borrower, or any Guarantor shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due;

(f) The occurrence of any materially adverse change in the financial condition of the Borrower or any Guarantor (for purposes of this Agreement, a "materially adverse change" shall mean one which in the determination of the Lender that, in its sole judgment, impairs the ability of the Borrower or any Guarantor with respect to (i) maintaining and/or operating the Property, (ii) paying all real estate and, related taxes and charges and (iii) meeting all of its financial obligations to the Lender and all other creditors);

(g) The occurrence of any default beyond the expiration of any applicable notice, grace or cure period under (i) any mortgage(s) now or hereafter covering the Property, giving rise to a right to accelerate payment thereof regardless of whether such mortgage(s) is/are held by Lender or a third party or (ii) any other agreement (loan or otherwise) between Lender and Borrower now existing or hereafter made;

(h) The failure to perform any of the other covenants, terms or agreements on the part of the Borrower to be performed hereunder or under any of the other Loan Documents beyond any applicable notice and cure period;

(i) if any federal tax lien is filed against Borrower, any general partner, member or manager of Borrower, any Guarantor or the Property and same is not discharged of record within forty-five (45) calendar days after Borrower becomes aware of such filing;; or

U) Any "Event of Default" (as defined in the First Mortgage Loan Documents) or any event which upon notice or lapse of time or both would constitute an Event of Default occurs pursuant to the First Mortgage Loan Documents.

#### Section 4.02 Effect of Default.

(a) Upon the occurrence of an Event of Default, the Lender, in its sole and absolute discretion, may (1) temporarily suspend the extension of credit and refuse to honor any request for an Advance, (2) demand the prepayment of the Advance, (3) pursue any other rights

or remedies available to the Lender under this Agreement or the other Loan Documents, (4) terminate this Agreement and any obligation hereunder to make the Advance by declaring the loan to be immediately due and payable and/or exercising such of the other remedies provided for in the Loan Documents as the Lender may elect. The costs and expenses of Lender incurred in carrying out any or all of the above and enforcing the terms of this Agreement or the Note, including reasonable attorneys' fees, shall be at Borrower's expense.

(b) Without limiting any remedy otherwise available to the Lender, the Borrower shall pay a late charge, to the extent permitted by law, of five (\$.05) cents per each dollar (\$1.00) of each payment received and accepted by the Lender more than ten (10) days after the date it is due, to cover the extra expense involved in handling such delinquent payment.

(c) Anything to the contrary herein notwithstanding, Lender shall give written notice to Borrower with respect to any non-monetary defaults hereunder and Borrower shall have a period of thirty (30) days from the date of such notice to cure the default, if Borrower or any Guarantor, as the case may be, shall continue to be in default under any other term, covenant or condition of this Agreement or any Loan Documents for thirty (30) calendar days after notice from Lender; provided that if such default cannot reasonably be cured within such thirty (30) calendar day period and Borrower (or such Guarantor as the case may be) shall have commenced to cure such default within such thirty (30) calendar day period and thereafter diligently and expeditiously proceeds to cure the same, such thirty (30) calendar day period shall be extended for so long as it shall require Borrower (or such Guarantor as the case may be) in the exercise of due diligence to cure such default, it being agreed that no such extension shall be for a period in excess of sixty (60) calendar days after the notice from Lender referred to above.

(d) If the Borrower fails to observe or perform any of the covenants or agreements on the part of the Borrower to be performed hereunder, then the Lender may, but shall not be obligated to, perform the same and all necessary and all reasonable costs incurred by the Lender in performing the Borrower's covenants and agreements, including reasonable counsel fees, shall be repaid by the Borrower upon demand, together with interest thereon at the default rate under the Note.

Section 4.03 No Waiver.

(a) Any failure of the Lender to exercise its option to declare the loan immediately due and payable, or any forbearance by the Lender before or after any exercise of such option, or any forbearance to exercise any other remedy of the Lender, or any withdrawal or abandonment of the Lender of any of its rights in any one circumstance, shall not be construed as a waiver of any option, power, remedy or right of the Lender hereunder except to the extent, if any, the action of the Lender constitutes an express waiver with respect to such one circumstance. The rights and remedies of the Lender expressed and contained in this Agreement and in the Loan Documents are cumulative and none of them shall be deemed to be exclusive of any other or of any right or remedy the Lender may not or hereafter have in law or in equity. The election of any one or more remedies shall not be deemed to be an election of remedies under any statute, rule, regulation or other law.

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(b) The obligations of the Borrower (and the rights and remedies of the Lender against the Borrower) hereunder shall in no way be modified, abrogated, terminated or adversely affected by (i) any forbearance by the Lender in collecting any sums due, or (ii) the granting of any extension of time to perform any obligation hereunder or (iii) any impairment of the collateral, if any, which may now or hereafter be assigned or delivered to Lender to secure payment of the amounts due under the Note or hereunder, by reason of any act, failure to act or negligence of the Lender.

**Article V. MISCELLANEOUS**

**Section 5.01 Notices.**

All notices to be given hereunder shall be delivered by hand, or sent to the party to be notified via certified mail, return receipt requested or sent by a nationally recognized overnight courier which provides evidence of receipt and shall be deemed given when delivered by hand or one (1) day after delivery to such nationally recognized overnight courier or three (3) days after being posted with the United States Postal Service addressed to the parties as follows:

If to the Lender at: Santander Bank, N.A.  
195 Montague Street  
Brooklyn, New York 11201 Attn: Elizabeth Bac

With a copy to: Windels Marx Lane & Mittendorf, LLP  
156 West 56th Street  
New York, New York 10019 Attention: Michele Arbeeney, Esq.

If to the Borrower at: Sutton Hill Properties, LLC  
6100 Center Drive  
Suite 900  
Los Angeles, California 90045 Attention: Andrzej Matyczynski

to: Marcus Rosenberg & Diamond LLP 488 Madison Avenue  
New York, New York 10022 Attention: Jeffrey M. Diamond, Esq.

**Section 5.02 Successors and Assigns.**

The terms Borrower and Lender, shall include the named Borrower and the named under and their respective legal representatives, successors and any permitted assigns.

Section 5.03      **Severability.**

If any one or more of the provisions contained in this Agreement or in any of the Loan Documents shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or enforceability shall not affect any other provision of this Agreement or of the Note or any Loan Document.

Section 5.04      **Expenses of Lender.**

The Borrower shall pay all out-of-pocket expenses, including but not limited to, reasonable counsel fees incurred by the Lender in connection with the preparation execution and delivery of this Agreement and the enforcement or amendment of any of its rights or provisions hereunder.

Section 5.05      **Indemnity.**

The Borrower shall indemnify and hold harmless the Lender from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, proceedings, judgments, costs, expenses and disbursements, including but not limited to, counsel fees in any way relating to or arising out of the failure of the Borrower to perform in full its obligations under this Agreement or under any of the Loan Documents.

Section 5.06      **Applicable Law.**

This Agreement shall be governed by and construed in accordance with the laws of the State of New York without regard to conflict of laws principles.

Section 5.07      **Jurisdiction.**

ANY ACTION OR PROCEEDING IN CONNECTION WITH THIS AGREEMENT MAY BE BROUGHT IN A COURT OF RECORD OF THE STATE OF NEW YORK, COUNTY OF NEW YORK, THE PARTIES HEREBY CONSENTING TO THE JURISDICTION THEREOF.

Section 5.08      **Waiver of Certain Defenses.**

IN ANY ACTION OR PROCEEDING IN CONNECTION WITH THIS AGREEMENT, OR ANY OTHER LOAN DOCUMENT, THE BORROWER WAIVES ANY CLAIM THAT NEW YORK IS AN INCONVENIENT FORUM AND FURTHER WAIVES THE RIGHT TO INTERPOSE ANY DEFENSE BASED UPON ANY STATUTE OF LIMITATIONS OR ANY CLAIM OF LACHES AND ANY SET-OFF OR COUNTERCLAIM OF ANY NATURE OR DESCRIPTION EXCEPT FOR ANY COUNTERCLAIMS DEEMED COMPULSORY UNDER APPLICABLE COURT RULES OR STATUTES.

Section 5.09      **Waiver of Jury Trial and Waiver of Certain Damages.**

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IN ANY ACTION OR PROCEEDING IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, THE LENDER AND BORROWER MUTUALLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, TRIAL BY JURY AND BORROWER HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY CLAIM FOR CONSEQUENTIAL, PUNITIVE OR SPECIAL DAMAGES.

**Section 5.10 Joint and Several Liability.**

If this Agreement is executed by more than one person or entity, all representations, warranties, obligations and covenants made by the Borrower hereunder shall be deemed to have been made by each of such persons and entities and the obligations and duties of such parties hereunder shall be deemed to be joint and several in all respects.

**Section 5.11 Origination Fee.**

This Agreement shall not become effective unless Lender has received, (a) payment of Borrower to Lender of the origination fee to Lender and (b) payment by Borrower of legal fees and expenses incurred by Lender to the Lender's counsel.

**Section 5.12 Counterparts.**

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which, when taken together, shall constitute one and the same instrument and shall become effective when copies hereof, when taken together, bear the signatures of each of the parties hereto and it shall not be necessary in making proof of this instrument to produce or account for more than one of such fully executed counterparts.

**Section 5.13 Satisfaction of Note.**

At such time as the First Mortgage or any other mortgage(s) covering the Property, whether held by Lender or another lending institution, becomes due and payable, whether upon the maturity thereof or by acceleration or otherwise, or upon prepayment thereof, the Borrower shall also be required to immediately repay to Lender all amounts outstanding under the Note and this Agreement and if the Advance is not outstanding at such time, no advance shall be available hereunder.

**Section 5.14 Authorization.**

The execution and delivery of this Agreement and the Note referred to herein have been duly authorized by the members of Borrower.

**Section 5.15 Cooperation**

In the event Borrower determines that it would be beneficial to have the proceeds of the Loan in the form of multiple advances, Lender agrees to reasonably cooperate with Borrower with respect to the modification of the Loan Documents to provide for multiple advances subject to Borrowers payment of all costs and expenses in connection with any such modification.

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## Separation and Release Agreement

This Separation and Release Agreement (this "Agreement") dated as of May 30, 2014, will be effective as of the lapse of the Revocation Period set forth in Section 9 hereof (the "Effective Date"), and is made and entered into by and between Andrzej Matyczynski ("Executive" or "you") and Reading International, Inc., a Nevada corporation ("Reading" or the "Company").

RECITALS:

WHEREAS, Executive has been employed by Reading and certain affiliates as its Chief Financial Officer ("CFO"), Treasurer and Corporate Secretary pursuant to the terms of an employment agreement dated October 28, 1999 (the "Employment Agreement");

WHEREAS, you and the Company desire an appropriate strategy for you to retire and amicably end your career with the Company;

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

1. **Resignation as Chief Financial Officer.** Effective immediately upon request of the Company's Chief Executive Officer ("CEO") (the "Resignation Date"), you will resign as the Company's Chief Financial Officer, Treasurer and Corporate Secretary and from any and all other positions that you hold as an officer, director and/or manager of the Company and its various direct and indirect subsidiaries. Your status as a corporate officer, director, manager or any fiduciary position (including as a fiduciary of any employee benefit plans sponsored by the Company or any affiliate) with the Company and all affiliates will end on the applicable Resignation Date and you hereby agree to submit your written resignation from any such offices and positions upon request on or after the Resignation Date, effective as of the Resignation Date. You acknowledge and agree that your Resignation Date may differ from office to office and from position to position.

2. **Transition Period Services.** Commencing on the date of this Agreement and continuing through the Retirement Date (defined below), Executive Agrees to continue to serve as the Company's CFO and Principal Financial Officer for Securities Exchange Act reporting purposes until a successor CFO and/or Principal Financial Officer is appointed and to provide such advice and transition assistance to the Company as the CEO of the Company may reasonably designate from time to time, including to continue to perform the duties of the CFO and Principal Financial Officer during the Transition Period on an "at will" basis (hereinafter, the "Services"). Executive hereby agrees to execute as CFO and Principal Financial Officer all appropriate filings to be made by the Company under the Securities Exchange Act during the period prior to the effective date of the appointment of a successor CFO. The period between the date of this Agreement and the Retirement Date is hereinafter referred to as the "Transition Period." During the Transition Period, Executive's duties will be substantially the same as present, but may be limited from time to time by the CEO. During the Transition Period, you agree to spend sufficient time on Company matters to perform the duties of the CFO and

Principal Financial Officer until a new CFO is appointed and to facilitate an orderly transition of responsibilities to the new CFO and, after a new CFO is appointed, to continue to make yourself available as needed, up to a full time basis, to attend to Company matters as requested from time to time. Unless otherwise specified by the CEO, services will be performed at the Company's executive headquarters building, in space provided by the Company. The Company will provide for parking during the Transition Period. It is anticipated that, unless otherwise agreed, Executive will be available at the Company's executive headquarters building Monday through Thursday of each week. On each Friday during the Transition Period, Executive may provide Services remotely. In providing the Services during the Transition Period, you will continue to be an employee of the Company but will not have the authority to speak on behalf of or bind the Company except as authorized by the CEO of the Company or as required to discharge your duties in connection with providing the Services and performing the duties of the CFO and Principal Financial Officer. All compensation under this Agreement, including any compensation attributable to the Services, will be subject to tax withholding by the Company. The Company may terminate this Agreement immediately and without prior notice if Executive refuses to or is unable to perform the Services or is in breach of any material provision of this Agreement. Termination due to Executive's wrongful refusal to perform any services, material breach of this Agreement or for criminal misconduct involving any felony, or any misdemeanor involving moral turpitude or a criminal violation of federal or state securities laws is referred to herein as "Termination for Cause"). Executive's "Retirement Date" will be the last day Services are provided during the period starting on the date of this Agreement and ending on September 1, 2014, or such earlier termination date.

**3. Restrictive Covenants .** Due to Executive's position with and relationship to the Company and its affiliates, Executive has had, and/or shall have, access to confidential or proprietary data or information of the Company and/or any affiliates of Company. This confidential information includes, but is not limited to, the Company's human resources and Executive-related information, strategic business plans, budgets, financial performance and financial statements, operational information, business and employment contracts, compensation information, and other information that the Company treats as confidential or proprietary. Executive agrees he will not disclose or use the Company's confidential or proprietary information. Executive further agrees that the terms of any and all Company policies regarding trade secrets, confidential or proprietary information will continue to apply to him after the Retirement Date. Executive understands that the Company may seek from a court of competent jurisdiction an injunction to prohibit such disclosure. For so long as Executive is employed by the Company, and for a period of one year after the Retirement Date, Executive shall not directly or indirectly, either alone or in concert with others, solicit or entice any employee of the Company or any of its affiliates, or any independent contractor of the Company or any of its affiliates, which independent contractor is primarily engaged in business related to the Company or any of its affiliates, to leave or cease providing services to the Company or affiliate or to work for anyone in competition with the Company or its affiliates, except for any individual whose employment or business relations with the Company and/or any of its affiliates ceased at least six months prior to Executive's solicitation or enticement of the individual. The provisions of this Section 3 and the Company policies that relate to trade secrets, confidential and proprietary information and non-solicitation of employees will survive the termination of your employment and are incorporated in this Section 3 by reference (the "Restrictive Covenants"). Payments to you under Section 4.1 and Section 4.2 will be conditioned on your continued compliance with

the provisions of the Restrictive Covenants and the provisions of this Agreement. In the event of any violation by you of the Restrictive Covenants or the provisions of this Agreement, no further payments will be made under Section 4.1 and no additional vesting will occur under Section 4.2. Your right to any unpaid payments under Section 4.1 and any unvested equity awards under Section 4.2 will be forfeited.

**4. Compensation .** In exchange for your Services, the restrictive covenant obligations described above, the Release provided below and satisfaction of all contractual obligations under the terms of the Employment Agreement, you will receive the following compensation and benefit treatment:

**4.1 Payments .**

(a) *Base Salary; Accrued Obligations .* As consideration for your agreement to provide Services under Section 2 and your agreement to the Restrictive Covenants under Section 3, you will continue to receive your current base salary and employee benefits during the Transition Period. You will continue be paid through the end of the Transition Period or earlier termination of the Agreement. On the Retirement Date, you will receive payment in respect of your accrued and unused vacation, accrued but unpaid base salary through the Retirement Date and reimbursement of unreimbursed business expenses for which substantiation has been submitted in accordance with the Company's policies and procedures (collectively, the "Accrued Obligations"). You acknowledge and agree that as of the date of this Agreement, you have 200 hours of accrued and unused vacation. The amount of accrued and unused vacation will be adjusted for additional accruals and vacation time taken during the Transition Period. You acknowledge and agree that you will consult with the CEO regarding scheduling any vacation time during the Transition Period to accommodate the Company's requirements and to not unduly interfere with the performance of the Services.

(b) *COBRA .* You will be offered the opportunity to receive continuation coverage for yourself and your eligible dependents under the Company's medical and dental plans pursuant to the provisions of the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA") following the Retirement Date, provided you timely elect and pay for such coverage.

(c) *Severance Pay .* No later than the eighth (8<sup>th</sup>) day following the Retirement Date, provided that there has not been a Termination for Cause and that the executed Reaffirmation Agreement described in Section 7.6 has been delivered to the Company without revocation, you will be entitled to a lump sum payment of severance in an amount equal to \$244,500.00, which is comprised of a "leaving bonus" equivalent to six months of your annual base salary in the amount of \$154,500, an additional "leaving bonus" in the amount of \$50,000 and an additional payment of \$40,000 (collectively, the "Severance Pay"). The Severance Pay will be subject to applicable tax withholding and will be further reduced by \$33,000, representing an offset for repayment of the outstanding loan (which loan was grandfathered under Section 13(k) of the Securities Exchange Act as amended by the Sarbanes-Oxley Act of 2002) to Executive from the Company (the "Loan Offset"). Executive acknowledges and agrees that payment of the Severance Pay, reduced by the Loan Offset, satisfies any and all "leaving



bonus" obligations under the Employment Agreement and is in excess of the amount Executive otherwise would be entitled to.

(d) *Deferred Compensation Plan*. Reference is made to that certain Non-Qualified Deferred Compensation Plan between the Company and the Executive dated as of October 19, 2012 (the "Deferred Compensation Plan"). Provided that there has not been a termination "For Cause" as defined in the Deferred Compensation Plan, Executive will continue to be eligible to receive the benefits of the Deferred Compensation Plan according to its terms. If, in the determination of the Board, Executive has satisfactorily performed the Services and all of Executive's other obligations under this Agreement, and provided that there has been no Termination for Cause under this Agreement and that the executed Reaffirmation Agreement described in Section 7.6 has been delivered to the Company without revocation, the Board of Directors will authorize an allocation under the Deferred Compensation Plan for the 2014 plan year and will make a corresponding contribution to the grantor trust in the amount of \$50,000 (representing a pro-rata amount of the annual allocation and contribution for 2014 through the Retirement Date). The timing and the amount of the distribution under the Deferred Compensation Plan of Executive's vested benefit will be determined according to the terms of the Deferred Compensation Plan.

**4.2 Equity Awards.** All unvested stock options, restricted stock or other equity compensation granted to Executive prior to the Resignation Date will continue to vest through the Retirement Date.

**4.3 Other Compensation Matters.** Notwithstanding anything to the contrary contained in this Agreement (including the Release set forth in Section 7 hereof), you hereby acknowledge that, in connection with your Resignation and Retirement when you cease to be an employee of the Company, you will not be entitled to receive from the Company or an affiliate (i) any additional severance pay or benefits except as provided in Section 4.1 and Section 4.2, or (ii) any retiree termination welfare benefits (other than health care continuation coverage that you may be entitled to elect pursuant to Section 4980B of the Code), in each case including, but not limited to any severance pay or benefits pursuant to the Employment Agreement. Your participation in all Company perquisites will cease as of the Retirement Date.

**5. Nondisparagement.** The Executive agrees to refrain from making any false or misleading statements or comments about the Company and any of its respective affiliates, their officers, directors, personnel, or any of their products and services. The Executive agrees to refrain from making any disparaging remarks to any person (other than comments to Executive's immediate family members or advisers that are made on a confidential basis and are not repeated or published by such persons) about the Company and any of its respective affiliates, their officers, directors, their respective personnel, and their respective products and services; except to the extent otherwise required by applicable law.

6. Cooperation . In order to ensure a smooth transition from Executive's employment with Company, Executive agrees to provide reasonable assistance to and cooperation with Company following the Retirement Date in connection with any Company matters for which Executive had knowledge or responsibility while employed by Company. If Company is involved in any legal action or investigation after Executive's Retirement Date relating to events which occurred during Executive's employment (including without limitation, the Malulani Investments Limited, Starn O'Toole, the Blumenfeld Enterprises Inc. and the Urquhart matters) Executive will cooperate with the Company to the fullest extent reasonably possible (taking into consideration Executive's schedule and other commitments) in the preparation, prosecution, or defense of the Company's case, including, but not limited to, required travel, appearances and testimony, the execution of affidavits or documents or providing information requested by the Company. Company will reimburse Executive for reasonable pre-approved out-of-pocket expenses and reasonable pre-approved compensation (if Executive is no longer receiving Base Salary or severance payments), based on an hourly rate of \$200 per hour, for time related to such assistance.

7. Release. You hereby acknowledge that the Company's obligations under Section 4 hereof are in excess of any payments or benefits to which you are entitled under law, contract or otherwise and are contingent upon your timely execution of, and failure to revoke this Agreement, including the release of claims set forth in this Section 7 (the "Release "). In the event that you do not timely execute the Agreement or if you timely revoke the Agreement as described below, the Company will have no obligations to you under this Agreement. For purposes of this Section 7, "Released Parties" include the Company and its affiliated companies and their officers, directors, shareholders, employees, agents, representatives, plans, trusts, administrators, fiduciaries, insurance companies, successors, and assigns.

7.1 You, on behalf of yourself and your personal and legal representatives, heirs, executors, successors and assigns, hereby acknowledge full and complete satisfaction of, and fully and forever waive, release, and discharge the Released Parties from any and all claims, causes of action, demands, liabilities, damages, obligations, and debts (collectively referenced as "Claims "), of every kind and nature, whether known or unknown, suspected or unsuspected, that you hold as of the date you sign this Agreement, or at any time previously held against any Released Party, arising out of any matter whatsoever (with the exception of breach of this Agreement). This release specifically includes, but is not limited to, any and all Claims:

(a) Arising out of or in any way related to your employment with or separation of employment from the Company, or any contract or agreement between you and the Company or the termination thereof;

(b) Arising out of or in any way related to any treatment of Executive by any of the Released Parties, which shall include, without limitation, any treatment or decisions with respect to hiring, placement, promotion, discipline, work hours, demotion, transfer, termination, compensation, performance review, or training; (iv) any statements or alleged statements by the Company or any of the Released Parties regarding Executive, whether oral or in writing; (v) any damages or injury that Executive may have suffered, including without limitation, emotional or physical injury, compensatory damages, or lost wages; or (vi) employment discrimination, which shall include, without limitation, any individual or class

claims of discrimination on the basis of age, disability, sex, race, religion, national origin, citizenship status, marital status, sexual preference, or any other basis whatsoever.

(c) Arising under or based on the Equal Pay Act of 1963 (EPA); Title VII of the Civil Rights Act of 1964, as amended (Title VII); Section 1981 of the Civil Rights Act of 1866 (42 U.S.C. §1981); the Civil Rights Act of 1991 (42 U.S.C. §1981a); the Americans with Disabilities Act of 1990, as amended (ADA); the Family and Medical Leave Act of 1993, as amended (FMLA); the Genetic Information Nondiscrimination Act of 2008 (GINA); the National Labor Relations Act (NLRA); the Worker Adjustment and Retraining Notification Act of 1988 (WARN); the Uniform Services Employment and Reemployment Rights Act (USERRA); the Rehabilitation Act of 1973; the Occupational Safety and Health Act (OSHA); the Employee Retirement Income Security Act of 1974 (ERISA) (except claims for vested benefits, if any, to which you are legally entitled); the False Claims Act; Title VIII of the Corporate and Criminal Fraud and Accountability Act, as amended (18 U.S.C. §1514A) (Sarbanes-Oxley Act); the federal Whistleblower Protection Act and any state whistleblower protection statute(s); the California Fair Employment and Housing Act or any other federal, state or local law relating to employment or discrimination in employment or any other fair employment practices statute(s) of any state, in all cases arising out of or relating to your employment by Reading or investment in Reading or your services as an officer or employee of Reading or its subsidiaries, or otherwise relating to the termination of such employment or services.

(d) Arising under or based on any other federal, state, county or local law, statute, ordinance, decision, order, policy or regulation prohibiting employment discrimination; providing for the payment of wages or benefits (including overtime and workers' compensation); or otherwise creating rights or claims for employees, including, but not limited to, any and all claims alleging breach of public policy; the implied obligation of good faith and fair dealing; or any express, implied, oral or written contract, handbook, manual, policy statement or employment practice, including, but not limited to, the Employment Agreement; or alleging misrepresentation; defamation; libel; slander; interference with contractual relations; intentional or negligent infliction of emotional distress; invasion of privacy; assault; battery; fraud; negligence; harassment; retaliation; or wrongful discharge; and

(e) Arising under or based on the Age Discrimination in Employment Act of 1967 ("ADEA"), as amended by the Older Workers Benefit Protection Act ("OWBPA"), and alleging a violation thereof by any Released Party, at any time prior to the date you sign this Agreement.

7.2 You agree that, except as set forth in this Agreement, you are not entitled to any payment or benefits from any of the Released Parties, including, but not limited to, any payments or benefits under any plan, program or agreement with any Released Party, including, but not limited to, the Employment Agreement.

7.3 You agree that, this Agreement extinguishes all claims and charges that you could have raised against any of the Released Parties, whether known to you or not. You expressly waive all rights and benefits under Section 1542 of the California Civil Code and any

similar law of any state or territory of the United States. Section 1542 of the California Civil Code provides as follows:

**"A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor."**

7.4 You hereby represent that you know of no claim that you have that has not been released by this Section 7.

7.5 Nothing contained in this Release will (i) release any claim that cannot be waived under applicable law, (ii) release your rights to any benefits under any employee welfare benefit plan of the Company, the 401(k) Plan or with respect to the right to elect health care continuation under COBRA, (iii) release any entitlement to or with respect to indemnification which you may have pursuant to agreement, the Company's bylaws, any policy of insurance maintained by the Company or otherwise under law, or (iv) be construed to release your rights under this Agreement or be construed to prohibit or restrict you in any manner from bringing appropriate proceedings to enforce this Agreement. You acknowledge that your execution of this Agreement terminates any claims you previously held to any and all compensation and employee benefits, other than those specifically identified in this Agreement.

7.6 By signing this Agreement, you represent that you have not commenced or joined in any claim, charge, action or proceeding whatsoever against any of the Released Parties arising out of or relating to any of the matters set forth in this Section 7. You further represent that you will not be entitled to any personal recovery in any action or proceeding that may be commenced on your behalf arising out of the matters released hereby. As a condition to continued receipt of payments under Section 4 after the Retirement Date, you hereby agree to reaffirm the release terms of this Section 7 applicable to the period between execution of this Agreement and the Retirement Date by executing a reaffirmation agreement (the "Reaffirmation Agreement") substantially in the form attached hereto as Schedule A.

#### 8. General Provisions .

8.1 **Severability** . It is the desire and intent of the parties that the provisions of this Agreement will be enforced to the fullest extent permissible. In the event that any one or more of the provisions of this Agreement will be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remainder of this Agreement will remain valid and enforceable and continue in full force and effect to the fullest extent consistent with law. Moreover, if any one or more of the provisions contained in this Agreement is held to be excessively broad as to duration, scope, activity or subject, such provisions will be construed by limiting and reducing them so as to be enforceable to the maximum extent compatible with applicable law.

8.2 **No Admission** . By entering into this Agreement, the parties do not admit to, and expressly deny, any wrongdoing.

**8.3 Return of Property.** You agree to return to the Company, on or prior to the Retirement Date, all files, records, documents, reports, computers and other property of the Company in your possession or control, including, but not limited to, any documents or other materials containing Confidential Information, and you further agree that you will not keep, transfer or use any copies or excerpts of the foregoing items. Executive will be permitted to copy and remove any electronic files on the computer or cell phone that contain his personal information (but not any Confidential Information or proprietary Company information or data), including contact information.

**8.4 Notices.** Any and all notices, requests, demands and other communications provided for by this Agreement will be in writing and will be effective when delivered in person, consigned to a reputable national or international courier service (including Federal Express), and addressed to you at your last known address on the books of the Company or, in the case of the Company, at the Company's principal place of business, attention of the President of the Company, or to such other address as either party may specify by notice to the other actually received.

**8.5 Successors and Assigns.** This Agreement is personal to you and, without the prior written consent of the Company, will not be assignable by you otherwise than by will or the laws of descent and distribution. This Agreement will inure to the benefit of and be enforceable by your legal representatives. This Agreement will inure to the benefit of and be binding upon the Company and its successors and assigns.

**8.6 Governing Law; Captions; Amendment.** This Agreement will be governed by, and construed in accordance with, the laws of the State of California, without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and will have no force or effect. This Agreement may not be amended or modified except by a written agreement executed by the parties hereto or their respective successors and legal representatives.

**8.7 Code Section 409A Compliance.** The Company and you each hereby affirm that it is their mutual view that the provision of payments and benefits described or referenced herein are either exempt from or intended to be in compliance with the requirements of Section 409A of the Code and the Treasury regulations relating thereto ("Section 409A") and that each party's tax reporting will be completed in a manner consistent with such view. The Company and you each agree that upon the Retirement Date, you will experience a "separation from service" for purposes of Section 409A. Any payments that qualify for the "short-term deferral" exception or another exception under Section 409A will be paid under the applicable exception. For purposes of the limitations on nonqualified deferred compensation under Section 409A of the Code, each payment of compensation under this Agreement will be treated as a separate payment of compensation. Notwithstanding anything contained herein to the contrary, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A, fee amounts in Section 4.1 that constitute nonqualified deferred compensation and would otherwise be payable pursuant to this Agreement on account of separation from service during the six-month period immediately following the Retirement Date will instead be paid on the first business day after the date that is six months following the Retirement Date (or death, if earlier). Notwithstanding anything to the contrary in this Agreement, all reimbursements and in-

kind benefits provided under this Agreement will be made or provided in accordance with the requirements of Section 409A of the Code, including, where applicable, the requirement that (x) the amount of expenses eligible for reimbursement, or in kind benefits provided, during a calendar year may not affect the expenses eligible for reimbursement, or in kind benefits to be provided, in any other calendar year; (y) the reimbursement of an eligible expense will be made no later than the last day of the calendar year following the year in which the expense is incurred; and (z) the right to reimbursement or in kind benefits is not subject to liquidation or exchange for another benefit. Neither the Company nor its affiliates will be liable in any manner for any federal, state or local income or excise taxes (including but not limited to any taxes under Sections 409A of the Code), or penalties or interest with respect thereto, as a result of the payment of any compensation or benefits hereunder or the inclusion of any such compensation or benefits or the value thereof in your income. You acknowledge and agree that the Company will not be responsible for any additional taxes or penalties resulting from the application of Section 409A.

8.8 **Withholding.** Notwithstanding any other provision of this Agreement, the Company may withhold from amounts payable under this Agreement all amounts that are required or authorized to be withheld, including, but not limited to, federal, state, local and foreign taxes to be withheld by applicable laws or regulations.

8.9 **Preparation of Agreement.** This Agreement will be interpreted in accordance with the plain meaning of its terms and not strictly for or against any of the parties hereto. Regardless of which party initially drafted this Agreement, it will not be construed against any one party, and will be construed and enforced as a mutually-prepared document.

8.10 **Entire Agreement.** This Agreement constitutes the entire agreement between you and the Company with respect to the subjects addressed herein, and together with the Restrictive Covenants that survive, and the Reaffirmation Agreement supersede all prior agreements, understandings and representations, written or oral, with respect to those subjects, including, but not limited to the, Employment Agreement. Without limiting the generality of the foregoing, you acknowledge that the Employment Agreement will be terminated upon the effectiveness of this Agreement.

8.11 **Legal Fees.** The Company will reimburse you for the legal fees, incurred by you in connection with the negotiation and execution of this Agreement, up to a maximum of \$5,000. Such reimbursement will be made by the Company within twenty business days of your submission to the Company of an invoice or invoices from counsel, which submission will be made no later than June 15, 2014.

8.12 **Counterparts.** This Agreement may be executed in counterparts, each of which will be deemed an original, and which together will be deemed to be one and the same instrument.

9. **Consultation with Attorney; Voluntary Agreement.** You understand and agree that you have the right and have been given the opportunity to review this Agreement and, specifically, the Release set forth in Section 7 above, with an attorney of your choice. You also understand and agree that you are under no obligation to consent to the Release. You

acknowledge that you have read this Agreement and the Release and understand their terms and that you enter into this Agreement freely, voluntarily, and without coercion. You acknowledge that you have been given at least twenty-one (21) days during which to review and consider the provisions of this Agreement and, specifically, the Release set forth in Section 7 above, although you may sign and return it sooner if you so desire. You further acknowledge that you have been advised by the Company that you have the right to revoke this Agreement for a period of seven (7) days after signing it (the "Revocation Period"). You acknowledge and agree that, if you wish to revoke this Agreement, you must do so in a writing, signed by you and received by the Company to the attention of James J. Cotter, Jr., President, no later than 5:00 p.m. Pacific Time on the seventh (7th) day of the Revocation Period. If no such revocation occurs, the General Release and this Agreement will become effective on the eighth (8th) day following your execution of this Agreement. You further acknowledge and agree that, in the event that you revoke this Agreement, it will have no force or effect.

10. Other Representations . You agree to execute such documents and take such actions as may be necessary or desirable to further effectuate the foregoing. Executive, by his initials set forth below, acknowledges and agrees that he was given a copy of this Agreement on the 20th day of May, 2014, to review and consider execution of the terms and conditions contained herein.

/s/ AJM  
Executive's Initials

[Signature page follows]

**READ CAREFULLY BEFORE SIGNING**

THIS SEPARATION AND RELEASE AGREEMENT INCLUDES A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS AND A WAIVER OF YOUR RIGHTS UNDER THE AGE DISCRIMINATION IN EMPLOYMENT ACT AS WELL AS OTHER FEDERAL, STATE AND LOCAL LAWS PROTECTING EMPLOYEE RIGHTS. IF YOU SIGN THIS AGREEMENT, YOU ARE WAIVING ALL OF YOUR RIGHTS TO ASSERT ANY CLAIMS UNDER THESE LAWS. PLEASE READ THIS AGREEMENT CAREFULLY AND SEEK THE ADVICE OF AN ATTORNEY REGARDING THE LEGAL EFFECT OF SIGNING THIS AGREEMENT.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year written opposite their signature.

*"Executive"*

Date: May 30, 2014  
Andrzej Matczynski, an individual

/s/ Andrzej Matczynski

*"Company"*  
Reading International, Inc.

Date: May 30, 2014

By: /s/ James J. Cotter  
James J. Cotter, President



Re: Amendments of Separation and Release Agreement

Dear Mr. Matczyński,

Reference is made to that certain Separation and Release Agreement dated as of May 30, 2014 (the "Separation Agreement"). That letter is in outline the following:

1. The last sentence of Section 2 is hereby deleted in its entirety and replaced with the following: "Executive's "Retirement Date" will be the last day Services are provided during the period starting on the date of this Agreement and ending on December 1, 2014, or such earlier termination date."
2. The third sentence of Section 4.1(d) is modified to delete the reference to \$50,000 and to replace it with the figure \$68,750
3. Except as specifically provided above, the Separation Agreement remains in full force and effect and has not been modified or amended in any respect, and none of the respective rights or obligations of the parties hereunder have been waived or released

If this correctly states our agreement, please sign and return to me. Thank you for your ongoing time and assistance.

Very truly yours,

/s/ James J. Cotter

James J. Cotter, President

ACCEPTED AND AGREED as of this 6<sup>th</sup> day of August, 2014

/s/ Andrzej Matczyński

Andrzej Matczyński

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SECOND AMENDMENT  
TO  
SEPARATION AND RELEASE AGREEMENT

This second amendment (the "Second Amendment") is entered into as of this 26<sup>th</sup> day of November, 2014, by and between Reading International, Inc. (the "Company") and Andrzej Matyczynski ("Executive") and amends that certain Separation and Release Agreement dated as of May 30, 2014 (the "Initial SRA"), as previously amended by that certain first amendment of Separation and Release Agreement dated effective August 6, 2014 (the "First Amendment") and collectively with the Initial SRA, the "First Amended SRA").

Any defined terms not specifically defined in this Second Amendment have the same meanings as set forth in the First Amended SRA. Except as specifically amended by this Second Amendment, the First Amended SRA remains in full force and effect and has not been modified or amended in any respect, and none of the respective rights or obligations of the parties thereunder have been waived or released.

1. Retirement Date: Section 1 of the First Amendment is hereby deleted in its entirety and replaced with the following: "Executive's "Retirement Date" will be the last day Services are provided during the period starting on the date of this Agreement and ending on June 1, 2015, or such earlier termination date."
2. Deferred Compensation: Section 2 of the First Amendment is hereby deleted in its entirety and replaced with the following: "The third sentence of Section 4.1(d) is amended (i) to replace the amount of \$50,000 and the immediately following parenthetical with the amount of \$75,000, and (ii) to add the following to the end thereof, "and will authorize an allocation under the Deferred Compensation Plan for the 2015 plan year and will make a corresponding contribution to the grantor trust in the amount of \$31,250 (representing a pro-rata amount of the annual allocation and contribution for 2015 through the Retirement Date)."
3. Notwithstanding any other provision of the First Amended SRA, it is agreed that Executive may do a majority of his work from his home in Atlanta, Georgia. Executive will only be required to be at the Company's Los Angeles offices for a total of ten (10) weeks (Monday through Thursday). It is anticipated that the parties will work together to schedule such time in full week blocks, one week in one month, two weeks in the next month, one week in the next month, etc. The Company will promptly reimburse Executive for all reasonable travel expenses (against reasonable documentation), including airfare, hotel and car rental (such travel expenses not to exceed \$1,200.00 per weekly trip).

In Witness Whereof this Second Amendment is executed and delivered effective of the date first set forth above.

Reading International, Inc.

By: /s/ James J. Cotter

James J. Cotter, Jr.

Chief Executive Officer

Executive:

/s/ Andrzej Matyczynski

Andrzej Matyczynski

THIRD AMENDMENT  
TO  
SEPARATION AND RELEASE AGREEMENT

This Third Amendment to Separation Agreement (the "Third Amendment") is entered into effective as of May 1, 2015, by and between Reading International, Inc. (the "Company") and Andrzej Matyczynski ("Executive") and amends that certain Separation and Release Agreement dated as of May 30, 2014 (the "Initial SRA"), as previously amended by that certain First Amendment to Separation and Release Agreement dated effective August 6, 2014 (the "First Amendment") and that certain Second Amendment to Separation and Release Agreement dated effective November 26, 2014 (collectively with the Initial SRA and the First Amendment, the "Amended SRA").

Any defined terms not specifically defined in this Third Amendment have the same meanings as set forth in the Amended SRA. Except as specifically amended by this Third Amendment, the Amended SRA remains in full force and effect and has not been modified or amended in any respect, its terms and conditions are incorporated herein by reference, and none of the respective rights or obligations of the parties thereunder has been waived or released.

1. **Retirement Date:** Section 1 of the First Amendment is hereby deleted in its entirety and replaced with the following: "Executive's "Retirement Date" will be the last day Services are provided during the period starting on the date of this Agreement and ending on April 15, 2016, or such earlier termination date (such period, the "Term"). After May 11, 2015, on which date Executive shall cease to serve as the Company's Chief Financial Officer and Treasurer, Executive shall serve as a financial advisor to the Company principally to assist in the transition of the Company to its new chief financial officer and to provide such additional financial advisory services as the Company may from time to time request. It is understood that these services will be provided as a full time employee of the Company; such services being referred to as the "Services" for purposes of this Third Amendment and superseding the prior definition of "Services" as used in the Amended SRA.
2. **Deferred Compensation:** Section 2 of the Second Amendment is hereby deleted in its entirety and replaced with the following: "The third sentence of Section 4.1(d) is amended to change the reference to the "2014 plan year" to the "2015 plan year," to change the reference to "\$50,000" to "21,875," and thereafter to change the reference to "2014" to "2015." In addition, it is agreed that the Company will make a 2015 contribution to Executive's Deferred Compensation plan, in the amount of \$150,000 (\$75,000 more than currently provided for in the Executive's Deferred Compensation Plan).
3. **Venue:** Notwithstanding any other provision of the Amended SRA, it is agreed that during the Term, Executive may do a majority of his work from his home in Atlanta, Georgia. Executive will only be required to be at the Company's Los Angeles offices for a total of seventeen (17) weeks (Monday through Thursday) between the date hereof and the Retirement Date. It is anticipated that the parties will work together to schedule such time in full week blocks, one week in one month, two weeks in the next month, one week in the next month, etc. The Company will promptly reimburse Executive for all reasonable travel expenses (against reasonable documentation), including airfare, hotel and car rental (such travel expenses not to exceed \$1,500.00 per weekly trip).
4. **Salary:** Section 4.1 of the Original SRA is hereby amended to provide that, effective January 1, 2015 and for the balance of the Term, Executive shall be paid as compensation for the performance of his duties

hereunder and under the Amended SRA, at a rate of \$312,000 per annum, in accordance with the Company's standard payment practices, pro-rated for the period January 1, 2015 through and including April 15, 2016.

5. **Stock Option Vesting:** Of the previously granted unvested Class A Stock options, 12,500 shall continue to vest on August 22, 2015. The balance of Executive's Class A Stock options previously granted, totaling 12,500, shall vest on April 15, 2016, rather than August 22, 2016. As to any Class A Stock options vested as of the Retirement Date, the Executive shall have eighteen (18) months from his Retirement Date to exercise same, rather than three (3) months.

6. **Release:** Executive hereby affirms in all respects his Release of the Released Parties set forth in the Initial SRA as though made on the date hereof, as well as all other terms and conditions of the Amended SRA, including, without limitation, Sections 3, 5 and 6.

In Witness Whereof this Third Amendment is executed and delivered effective of the date first set forth above.

Reading International, Inc.

By: /s/ James J. Cotter

James J. Cotter, Jr.

Chief Executive Officer

Executive:

/s/ Andrzej Matyczynski

Andrzej Matyczynski

Amended and Restated  
Compensatory Arrangements for Executive and Management Employees

**Executive Compensation**

From late January to late February 2016, the Compensation and Stock Options Committee ("Compensation Committee") of Reading International, Inc., ("Reading," "Registrant" or the "Company") met five separate times with Willis Towers Watson, an international compensation consulting firm, the Chief Executive Officer, and legal counsel. As part of its engagement Willis Towers Watson reviewed the Company's compensation paid to executive and management officers by position, in light of each person's duties and responsibilities. Willis Towers Watson then compared the top executive and management positions at the Company to (i) executive compensation paid by a peer group and (ii) two surveys, the 2015 Towers Watson Data Services Top Management Survey Report and the 2015 Mercer MBID Executive Compensation Survey, in each case, identified by office position and duties performed by the officer. The peer group utilized by Willis Towers Watson included the following companies:

Arcadia Realty Trust  
Associated Estates Realty Corp.  
Carmike Cinemas Inc.  
Cedar Realty Trust Inc.  
Charter Hall Group  
EPR Properties  
Vicinity Centres  
IMAX Corporation

Inland Real Estate Corp.  
Kite Realty Group Trust  
Marcus Corporation.  
Pennsylvania Real Estate Investment Trust  
Runco-Gerbenson Properties Trust  
Unstade Biddle Properties Inc.  
Village Roadshow Ltd.

Willis Towers Watson selected the above peer group because (i) the companies included US and Australian based companies reflecting the Company's geographic operations and/or (ii) the companies were comparable to the Company based on revenue.

The executive pay assessment prepared by Willis Towers Watson measured the executive and management compensation paid by the Company against compensation paid by the peer group companies and the companies listed in the two surveys based on the 25<sup>th</sup>, 50<sup>th</sup> and 75<sup>th</sup> percentile of each peer group and surveyed companies. The 50<sup>th</sup> percentile was the median compensation paid by such peer group and surveyed companies to executives performing similar responsibilities and duties.

In its report to the Compensation Committee, Willis Towers Watson noted that for Company executive officers:

- Base salaries in the aggregate were generally in the competitive zone of the market (1% below the market 50<sup>th</sup> percentile), with certain notable exceptions on a position by position review;
- Total cash compensation (base salary and cash bonus) in the aggregate was 26% below the 50<sup>th</sup> percentile; and
- Total compensation (base salary, cash bonus and long term incentive awards) in the aggregate was 40% below the 50<sup>th</sup> percentile.

The Compensation Committee, recommended, and the Board subsequently adopted, a compensation philosophy for the Company's management team members to:

- Attract and retain talented and dedicated management team members;
- Provide overall compensation that is competitive in its industry;
- Correlate annual cash incentives to the achievement of its business and financial objectives; and
- Provide management team members with appropriate long-term incentives aligned with stockholder value.

As part of the compensation philosophy the Company's compensation focus will be to (1) drive the Company's strategic plan on growth, (2) align officer and management performance with the interests of the Company's stockholders, and (3) encourage retention of officers and management team members.

In furtherance of the compensation policy and as a result of the extensive deliberations, including consideration of the Willis Towers Watson recommendations, the Compensation Committee adopted an executive and management officer compensation structure for 2016 consisting of:

- A base salary comparable with job description and industry standard;
- A short term incentive or cash bonus plan based on a combination of factors including individual performance against corporate goals as well as overall corporate and division performance, with a target bonus to be denominated as a percent of base salary with specific goals weightings and pay-out ranges); or
- A long term incentive or equity awards in line with job description, performance, and industry standards.

The Compensation Committee's intention is that the compensation structure approved for 2016 will remain in place indefinitely. However, it will review performance and results after the first year and thereafter and evaluate from time to time whether enhancements, changes or other compensation structures are in the Company's and its stockholders best interests.

Reflecting the new approach, the Compensation Committee established (i) annual base salaries at levels that it believed (based heavily on the data provided by Willis Towers Watson) are generally competitive with executives in our peer group and in other comparable publicly-held companies as described in the executive pay assessment prepared by Willis Towers Watson, and (ii) short term incentives in the form of discretionary annual cash bonuses based on the achievement of identified goals and benchmarks. Long-term incentives in the form of employee stock options and restricted stock units will be used as a retention tool and as a means to further align an executive's long-term interests with those of the Company's stockholders, with the ultimate objective of affording our executives an appropriate incentive to help drive increases in stockholder value.

The Compensation Committee will evaluate both executive performance and compensation to maintain the Company's ability to attract and retain highly-qualified executives in key positions and to ensure that compensation provided to executives remains competitive when compared to the compensation paid to similarly situated executives of companies with whom we compete for executive talent or that we consider comparable to our company.

#### *Role of Chief Executive Officer in Compensation Decisions*

In connection with the implementation of the new compensation structure, the Compensation Committee conducted the thorough review of executive compensation discussed above. The Compensation Committee engaged in extensive discussions with and considered with great weight the recommendations of the Chief Executive Officer as to compensation for executive and management team members other than for the Chief Executive Officer.

In connection with consideration of 2015 performance bonuses for members of management, the Chief Executive Officer prepared and submitted recommendations for each of the executive and management team members, other than her own. In considering these recommendations, the Compensation Committee had the benefit of its extensive deliberations as well as the data provided by Willis Towers Watson. In executive session, the Compensation Committee approved a 2015 performance bonus for the Chief Executive Officer. At the Compensation Committee's February 17, 2016 meeting, it approved recommendations to the Board of Directors (the "Board") for its February 18, 2016 meeting, at which time the Board approved the same. The Board approval covered certain officers including the five officers set forth below. In addition, our Chief Executive Officer discussed recommendations for other management team members but the Compensation Committee and Board agreed that such positions were within the scope of the Chief Executive Officer's authority and did not require the Compensation Committee or Board approval.

The Compensation Committee expects to perform an annual review of executive compensation, generally in the first quarter of the year following the year in review, with a presentation by the Chief Executive Officer regarding each element of the executive compensation arrangements. At the Compensation Committee's direction, the Chief

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Executive Officer prepared an executive compensation review for each executive officer (other than the Chief Executive Officer), as well as the full executive team, which included recommendations for:

- 2016 Base Salary
- A proposed year-end short-term incentive in the form of a target cash bonus based on the achievement of certain objectives; and
- A long-term incentive in the form of stock options and restricted stock units for the year under review.

As part of the compensation review, the Chief Executive Officer may also recommend other changes to an executive's compensation arrangements such as a change in the executive's responsibilities or a change in title. The Compensation Committee will evaluate the Chief Executive Officer's recommendations and, in its discretion, may accept or reject the recommendations, subject to the terms of any written employment agreements.

The Compensation Committee met in executive session without our Chief Executive Officer to consider the Chief Executive Officer's compensation, including base salary, cash bonus and equity award, if any. Prior to such executive sessions, the Compensation Committee interviewed the Chief Executive Officer to obtain a better understanding of factors contributing to the Chief Executive Officer's compensation. With the exception of these executive sessions of the Compensation Committee, as a rule, our Chief Executive Officer participated in all deliberations of the Compensation Committee relating to executive compensation. However, the Compensation Committee will ask the Chief Executive Officer to be excused for certain deliberations with respect to the compensation recommended for Margaret Cotter, the sister of the Chief Executive Officer.

In conjunction with the year-end annual compensation review, or as soon as practicable after the year-end, our Chief Executive Officer will recommend to the Compensation Committee the Company objectives and other criteria to be utilized for purposes of determining cash bonuses for certain senior executive officers. The Compensation Committee, in its discretion, may revise the Chief Executive Officer's recommendations. At the end of the year, the Compensation Committee, in consultation with the Chief Executive Officer, will review each performance goal and determine the extent to which the officer achieved such goals. In establishing performance goals, the Compensation Committee expects to consider whether the goals could possibly result in an incentive for any executives to take unwarranted risks in our Company's business and intend to seek to avoid creating any such incentives.

#### Base Salaries

The Compensation Committee reviewed the executive pay assessment prepared by Willis Towers Watson and other factors and engaged in extensive deliberation and then recommended the following 2016 base salaries (the 2015 base salaries are shown for comparison purposes) for the following officers; the Board approved the recommendations of the Compensation Committee on March 10, 2016: the President and Chief Executive Officer, Chief Financial Officer and the persons identified and Named Executive Officers in the Company's proxy statement dated November 10, 2015 other than our prior Chief Executive Officers James J. Cotter, Sr. and James J. Cotter, Jr.:

Name	Title	2016 Base Salary (4)	2015 Base Salary (4)
Ellen Cotter (1)	President and Chief Executive Officer	\$450,000	\$402,000
Devasis Ghose (2)	Chief Financial Officer	400,000	400,000
Andrzej Matyczynski (3)	EVP Global Operations	336,000	312,000
Robert F. Suncering	President, US Cincmas	375,000	350,000
Wayne Smith	Managing Director, ANZ	A\$370,000	A\$365,360

(1) Ellen M. Cotter was appointed Interim President on June 12, 2015 and President and Chief Executive Officer on January 8, 2016.

- (2) Devasis Ghose was appointed Chief Financial Officer on May 11, 2015. Mr. Ghose is the only executive officer that is a party to an employment agreement.
- (3) Andrzej Matyczynski was the Company's Chief Financial Officer until May 11, 2015 and thereafter he acted as corporate advisor to the Company. He was appointed EVP-Global Operations on March 10, 2016.
- (4) All dollars are in US dollars except the salary for Wayne Smith is reported in Australian dollars.

#### *Short Term Incentives*

The Short Term Incentives authorized by the Compensation Committee and the Board provides the Company's executive officers and other management team members, who are selected to participate, with an opportunity to earn an annual cash bonus based upon the achievement of certain Company financial goals, division goals and individual goals, established by the Company's Chief Executive Officer and approved by the Compensation Committee and the Board of Directors (in future years, under the Compensation Committee Charter approved by the Board on March 10, 2016, the Compensation Committee will have full authority to approve these matters). Specifically, a participant in the short term incentive plan will be advised of his or her annual potential target bonus expressed as a percentage of the participant's base salary and by dollar amount. The participant will be eligible for a short term incentive bonus once the participant achieves goals identified at the beginning of the year for a threshold target, the potential target or potential maximum target bonus opportunity. The bonus will vary depending upon the achievements made by the individual participant, the corporate division and the Company. Corporate goals will include levels of earnings before interest, depreciation, taxes and amortization ("non-GAAP Operating Income") and property development milestones. Division goals will include levels of division cash flow and division milestones and individual goals will include unique performance goals specific to the individual's position in the Company. Each of the corporate, division and individual goals carries a different percentage weight in determining the officer's or other team member's bonus for the year.

For 2016, executive officers will have an annual bonus opportunity expressed and determined as a percent of their base salary. This approach also was a recommendation of the Willis Towers Watsco report to the Compensation Committee and provided points of reference for our Compensation Committee to compare short-term incentive opportunities for our executive and management team to those in peer and competitor companies.

Ms. Ellen Cotter, President and Chief Executive Officer, has a potential target bonus opportunity of 95% of Base Salary, or \$427,500 at target based upon Ms. Cotter's achievement of her performance goals and the Company's achievement of corporate goals as discussed above. Of that potential target bonus opportunity, a threshold bonus of \$213,750 may be achieved based upon Ms. Cotter's achievement of certain of her performance goals and the Company's achievement of certain of the corporate goals as discussed above, and a potential maximum target of \$641,250 is based on achieving performance goals approved by the Chairman of the Compensation Committee. Ms. Cotter's aggregate annual bonus opportunity can range from \$0 to \$641,250. Mr. Devasis Ghose, Chief Financial Officer, has a potential target bonus opportunity of 50% of Base Salary, or \$200,000 at target, which is based on achievement of his performance goals and the Company's achievement of corporate goals, as discussed above. Mr. Ghose's aggregate annual bonus opportunity can range from \$0 to \$300,000 (the maximum potential target if additional performance goals are met by Mr. Ghose). Mr. Andrzej Matyczynski, EVP - Global Operations, has a target bonus opportunity of 50% of Base Salary, or \$168,000 at target, which is based on achievement of his performance goals, the Company's achievement of corporate goals and certain divisional goals. Mr. Matyczynski's aggregate annual bonus opportunity can range from \$0 to \$252,000 (the maximum potential target if additional performance goals are met by Mr. Matyczynski). Mr. Robert Smerling, President, US Cinemas, has a target bonus opportunity of 30% of base pay, or \$112,500 at target, which is based on achievement of his performance goals, the Company's achievement of corporate goals and certain divisional goals. Mr. Smerling's aggregate annual bonus opportunity can range from \$0 to \$168,750 (the maximum potential target if additional performance goals are met by Mr. Smerling). Mr. Wayne Smith, Managing Director, ANZ, has a target bonus opportunity of 40% of Base Salary, or \$148,000 at target, which is based on achievement of his performance goals, the Company's achievement of corporate goals and certain divisional goals. Mr. Smith's aggregate annual bonus opportunity can range from A\$0 to A\$222,000 (the maximum potential target if additional performance goals are met by Mr. Smith).

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The positions of other management team members have target bonus opportunities ranging from 20% to 30% of Base Salary based on achievement of certain goals. The highest level of achievement a participant may receive is the maximum potential target which is set at 150% of the participant's target bonus amount.

#### Long-Term Incentives

Long-Term incentives will utilize the equity-based plan under the Company's 2010 Incentive Stock Plan, as amended (the "2010 Plan"). For 2016, executive and management team participants will receive awards in the following forms: 50% time-based restricted stock units and 50% non-statutory stock options. The grants of restricted stock units and options will vest ratably over a four (4) year period with 1/4 \*vesting on each anniversary date of the grant date.

On March 10, 2016 the following grants were made:

Name	Title	Dollar Amount of Restricted Stock Units (1)	Dollar Amount of Non- Statutory Stock Options (1)
Ellen Cotter	President and Chief Executive Officer	\$150,000	\$150,000
Devasis Ghose (2)	Chief Financial Officer	0	0
Andrzej Matyyczynski	EVP Global Operations	37,500	37,500
Robert F. Smerling	President, US Cinemas	50,000	50,000
Wayne Smith	Managing Director, ANZ	27,000	27,000

(1) The number of shares of stock to be issued will be calculated using the Black Scholes pricing model as of the date of grant of the award.

(2) Mr. Devasis Ghose was awarded 100,000 non-statutory stock options vesting over a 4 year period on Mr. Ghose's commencement of employment on May 11, 2015.

All long-term incentive awards will be subject to other terms and conditions set forth in the 2010 Plan and award grant.

## TERMINATION AGREEMENT AND RELEASE

This Termination Agreement and Release (this "Agreement") is made as of March 10, 2016, by and between Liberty Theaters, LLC ("LTLT") and OBI, LLC ("OBI"). Capitalized terms not defined in this Agreement shall have the meaning ascribed to such terms in the Theater Management Agreement (as defined herein).

WHEREAS, reference is made to the certain Theater Management Agreement (the "Theater Management Agreement") dated effective as of January 1, 2003, by and between Liberty Theaters, Inc. ("LTI") and OBI

WHEREAS, LTI was subsequently merged into LTLT;

WHEREAS, pursuant to the Theater Management Agreement, OBI provides Management Services to theaters owned by LTLT and its Operating Subsidiaries;

WHEREAS, LTLT and OBI desire to terminate the Theater Management Agreement as of March 10, 2016 ("Termination Date");

WHEREAS, LTLT acknowledges and agrees that OBI has fully and satisfactorily performed its obligations under and pursuant to the Theater Management Agreement;

WHEREAS, OBI acknowledges and agrees that other than the Final Payment (defined hereafter) LTLT has fully and satisfactorily performed its obligations under and pursuant to the Theater Management Agreement;

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, the parties hereto agree as follows:

1. Effective as of the Termination Date, the Theater Management Agreement is hereby terminated. On and after the Termination Date, LTLT shall have no further obligations to OBI under the Theater Management Agreement other than its indemnity obligations set forth in Section 5.1 of the Theater Management Agreement, and OBI shall have no further obligations to LTLT under the Theater Management Agreement. Any and all amounts owed by LTLT to OBI for Management Services performed by OBI on or prior to the Termination Date, including, but not limited to, compensation payable to OBI for 2015 and incentive compensation for the period between January 1, 2015 and the Termination Date (collectively, the "Final Payment"), under the Theater Management Agreement shall be paid by LTLT within 15 days of the parties' mutual agreement (meeting in good faith) as to the amount of such Final Payment and, in the case of reimbursement of expenses, within 30 days of presentation of appropriate substantiating documentation.

2. OBI waives its right to receive incentive fees pursuant to Section 4.1(d) of the Theater Management Agreement commencing after the Termination Date.

3. Other than payment of the Final Payment by LTLT to OBI as except as provided in Section 1, above, with respect to the survival of certain indemnity obligations, OBI does hereby irrevocably, unconditionally, voluntarily, lawfully, fully and completely forever released and discharge LTLT and its parent, subsidiaries, divisions, affiliates (that currently exist or may exist in the future), successors, assigns and predecessors and their present and former owners, shareholders, members, managers, directors, officers, employees, agents, attorneys, representatives, successors, beneficiaries, heirs and assigns, individually and collectively (the "LTLT Released Parties") from, against and with respect to any and all actions, accounts, agreements, causes of action, complaints, charges, claims, demands, debts, defenses, duties, expenses, expenditures, fees, injuries, interest, judgments, liabilities, losses, obligations, penalties, promises, reimbursements, costs, suits, suits of equity, and torts of whatever kind or character, whether in law, equity or otherwise, direct or indirect, fixed or contingent, foreseeable or unforeseeable, liquidated or unliquidated, known or unknown, assumed or unassumed, absolute or contingent, determined or determinable (including, however, the claims based by a court of competent jurisdiction that any LTLT Released Party has committed fraud or an intentional and knowing material financial damage to OBI), that OBI or anyone claiming through or under OBI, ever had, now has, or may hereafter have or acquire, against each LTLT Released Party that arises out of or is in any way related, directly or indirectly, to any action, claim or

doing, not or failure to act whatsoever occurring at any time on or prior to the date of this Agreement that relates to the Theater Management Agreement. OBI irrevocably covenants that it will not, directly or indirectly, sue, commence any proceeding against, or make any demand upon any LITLLC Released Party in respect of any of the matters released and discharged pursuant to this Section 3. As a matter of clarification, this release does not release any claims that Margaret Connor, the sole member of LITLLC, may have against LITLLC, or any of its affiliates, in her individual capacity as an executive or manager of LITLLC and/or in her capacity as an officer, director, and/or stockholder of Reading International, Inc.

4. LITLLC does hereby irrevocably, unconditionally, exclusively, knowingly, fully, finally and completely forever release and discharge OBI and its parents, subsidiaries, divisions, affiliates (that currently exist or may exist in the future), successors, assigns and predecessors and their present and former owners, stockholders, members, managers, directors, officers, employees, agents, attorneys, representatives, successors, beneficiaries, heirs and assigns, individually and collectively (the "OBI Released Parties") from, against and with respect to any and all actions, suits, claims, demands, causes of action, counterclaims, damages, claims, counterclaims, counterclaims, costs, damages, demands, debts, defenses, claims, expenses, expenditures, fees, interest, judgments, liabilities, losses, obligations, penalties, premiums, reimbursements, compensations, claims, costs of recovery, and costs of whatever kind or character, whether in law, equity or otherwise, direct or indirect, fixed or contingent, foreseen or unforeseeable, liquidated or unliquidated, known or unknown, incurred or unincurred, absolute or contingent, determined or determinable (including, however, for a claim fixed by a court of competent jurisdiction that any OBI Released Party has asserted based on or in violation of act causing material financial damage to LITLLC), that LITLLC or anyone claiming through or under LITLLC, ever has, now has, or may hereafter have or accrue, against such OBI Released Party that arises out of or in any way related, directly or indirectly, to any matter, cause or thing, act or failure to act whatsoever occurring at any time on or prior to the date of this Agreement that relates to the Theater Management Agreement. LITLLC irrevocably covenants that it will not, directly or indirectly, sue, commence any proceeding against, or make any demand upon any OBI Released Party in respect of any of the matters released and discharged pursuant to this Section 4.


5. OBI and LITLLC acknowledge and agree that the Theater Management Agreement constitutes the entire understanding between OBI and LITLLC with respect to the subject matter thereof, that OBI and LITLLC have performed all of their respective obligations to each other required under the Theater Management Agreement, and LITLLC has made all payments required under the Theater Management Agreement other than the First Payment.

6. This Agreement shall be governed by and construed in accordance with the laws of the State of Nevada without giving effect to the conflict of laws principles thereof.



7. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original document, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties execute this Termination Agreement as of the date set forth above.

OBI MANAGEMENT, LLC

By:   
Name: Margaret Connor  
Title: Manager

LIBERTY THEATERS, LLC

By:   
Name:   
Title: CEO



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Sidney, Melbourne, Australia  
10/01/01

National Australia Bank Limited

Reading Entertainment Australia Pty Ltd

Each Guarantor

## Restatement Deed

*(Corporate Market Loan & Bank Guarantee Facility Agreement)*

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Corrs Chambers Westgarth

Date:

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15th December 2015

## Parties

National Australia Bank Limited ABN 12 004 044 937 of Pier 3 Level 4, 800 Bourke Street, Docklands, Victoria 3008 ( **Bank** )

Reading Entertainment Australia Pty Ltd ACN 070 893 908 of 98 York Street, South Melbourne, Victoria 3205 ( **Borrower** )

Each person listed in schedule 1 (each a **Guarantor** )

## Agreed terms

### 1 Definitions

In this document words and expressions which are defined or given a specific meaning in the Facility Agreement but which are not defined or given a specific meaning in this document have the same meaning as in the Facility Agreement. Otherwise, terms have the following meanings.

#### Facility Agreement

The Facility Agreement dated 24 June 2011 between the Bank, the Borrower and the Guarantors, as amended, varied or amended and restated from time to time, including on 14 June 2013 and 27 June 2014.

PPSA Personal Property Securities Act (2009) (Cth).

#### Restated Facility Agreement

The Facility Agreement as varied and restated by this document.

**Variation Date** The date on which Bank notifies the Borrower that the conditions precedent set out in clause 3 are satisfied.

### 2 Consideration

Each party has entered into this document in consideration of each other party agreeing to make the acknowledgements contained in this document and to amend the Facility Agreement in accordance with this document and acknowledges receipt of that consideration.

---

### 3 Conditions precedent

The amendments to the Facility Agreement are subject to the conditions precedent that:

- (a) the Bank has received in form and substance satisfactory to the Bank:
  - (i) an original copy of this document, duly executed by the Borrower and each Guarantor;
  - (ii) a non-refundable restructure fee of \$30,000; and
  - (iii) anything which the Bank has reasonably requested that a party provide to it in relation to the Facility Agreement; and
- (b) no Event of Default or Potential Event of Default subsists.

### 4 Variation of Facility Agreement

- (a) On and from the Variation Date the Facility Agreement is varied and restated in the form of annexure A.
- (b) The Borrower and each Guarantor agree to be bound by the Restated Facility Agreement on and from the Variation Date.

### 5 Acknowledgments

The Borrower and each Guarantor:

- (a) acknowledge that nothing in this document or any related financing change statement under the PPS Act releases, terminates or otherwise affects any liabilities of the Borrower to the Bank, or affects its liability under any Transaction Document;
- (b) acknowledge that the Bank has agreed to execute this document at the request of the Borrower and each Guarantor;
- (c) agree to the variation to the Facility Agreement and agrees that each Collateral Security extends to and secures the Borrower's obligations to the Bank under the Transaction Documents, including the Restated Facility Agreement; and
- (d) acknowledge that their obligations (as borrower, guarantor, indemnifier, or otherwise) and the Bank's rights are not affected by anything which might abrogate, prejudice or limit them or the effectiveness of this document, including the failure by any person named as an Original Guarantor to become bound by this document.

### 6 Warranties and representations

#### 6.1 General

The Borrower and each Guarantor warrant and represent to the Bank that:

- (a) at the time of execution, and at the Variation Date:
-



- (i) it has capacity unconditionally to execute, deliver and comply with its obligations under this document and the Transaction Documents to which it is a party (including the Restated Facility Agreement);
- (ii) it has taken all necessary action to authorise the unconditional execution and delivery of, and the compliance with, its obligations under this document and the Transaction Documents (including the Restated Facility Agreement);
- (iii) this document and the Transaction Documents to which it is a party (including the Restated Facility Agreement) are its valid and legally binding obligations and are enforceable against it by each other party in accordance with the terms of this document and the Transaction Documents to which it is a party (including the Restated Facility Agreement), subject to principles of equity and rules affecting creditors' rights generally; and
- (iv) its unconditional execution and delivery of this document and compliance with its obligations under this document and the Transaction Documents (including the Restated Facility Agreement) do not contravene:
  - (A) any law or directive from a government entity;
  - (B) its constituent documents;
  - (C) any agreement or instrument to which it is a party; or
  - (D) any obligation of it to any other person.

**6.2 Survival of warranties**

The warranties and representations in clause 6 survive the execution of this document and the variation and restatement of the Facility Agreement.

**7 General**

**7.1 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;
  - (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 warranty or representation and a reference to a failure to comply with an obligation includes a breach of warranty or representation;
- (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) this document includes all schedules and annexures to it; and
- (xi) a clause, schedule or annexure is a reference to a clause, schedule or annexure, as the case may be, of this document; and
- (g) where time is to be calculated by reference to a day or event, that day or the day of that event is excluded.

**7.2 Costs and Expenses**

The Borrower must on demand pay and if paid by the Bank reimburse to the Bank:

- (a) the Bank's reasonable costs and expenses (including legal costs and expenses on a full indemnity basis) relating to the negotiation, preparation, execution, stamping and registration of this document; and
- (b) any duties and registration or other fees (including fines and penalties relating to such duties and fees) which are payable or are assessed by a relevant government body or other person to be payable in relation to this document or any transaction contemplated by it.

**7.3 Counterparts**

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

**7.4 Entire understanding**

- (a) This document contains the entire understanding between the parties as to the subject matter of this document.

- (b) All previous negotiations, understandings, representations, warranties, memoranda or commitments concerning the subject matter of this document are merged in and superseded by this document 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 document; or
  - (ii) constitutes any collateral agreement, warranty or understanding between any of the parties.

**7.5 Governing law and jurisdiction**

- (a) This document is governed by and is to be construed in accordance with the laws applicable in Victoria.
  - (b) Each party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts exercising jurisdiction in Victoria and any courts which have jurisdiction to hear appeals from any of those courts and waives any right to object to any proceedings being brought in those courts.
-

## Schedule 1

### Guarantors

Name	ACN	Particulars for delivery of notice
Reading Entertainment Australia Pty Ltd	070 893 908	Address: 98 York Street, South Melbourne VIC 3205 Australia Fax: 03 9685 0999 Attention: Managing Director, Wayne Smith AND TO: Reading International Inc. Address: 6100 Center Drive, Suite 900 Los Angeles California 90045 United States of America Fax: +1 213 235 2229 Attention: Chief Financial Officer, Dave Chose
Australia Country Cinemas Pty Ltd	076 275 349	Same as for Borrower
Australian Equipment Supply Pty Ltd	122 571 420	Same as for Borrower
Burwood Developments Pty Ltd	105 384 905	Same as for Borrower
Epping Cinemas Pty Ltd	073 997 172	Same as for Borrower
Hotel Newmarket Pty Ltd	064 367 969	Same as for Borrower
Newmarket Properties Pty Ltd	105 386 409	Same as for Borrower
Newmarket Properties No. 2 Pty Ltd	109 036 806	Same as for Borrower
Newmarket Properties #3 Pty Ltd	126 697 505	Same as for Borrower
Reading Auburn Pty Ltd	126 097 470	Same as for Borrower
Reading Australia Leasing (E&R) Pty Ltd	107 939 211	Same as for Borrower
Reading Belmont Pty Ltd	126 697 498	Same as for Borrower
Reading Bundaberg 2012 Pty Ltd	122 406 320	Same as for Borrower

Name	ACN	Particulars for delivery of notice
(formerly Reading Moonsee Ponds Pty Ltd)		
Reading Charlesown 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
Reading Colac Pty Ltd	106 861 081	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	103 029 782	Same as for Borrower
Reading Licences Pty Ltd	089 544 805	Same as for Borrower
Reading Maitland Pty Ltd	126 897 461	Same as for Borrower
Reading Mellon Pty Ltd	109 074 617	Same as for Borrower
Reading Properties Pty Ltd	071 195 429	Same as for Borrower
Reading Properties Incorporated Pty Ltd as trustee for The Landplan Property Partners Discretionary Trust	121 284 884	Same as for Borrower
Reading Properties Taranga 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	120 269 772	Same as for Borrower
Reading Rouse Hill Pty Ltd	123 245 885	Same as for Borrower
Reading Sunbury Pty Limited	109 074 571	Same as for Borrower
Rhodes Peninsula Cinema Pty Ltd	120 827 812	Same as for Borrower
Westlakes Cinema Pty Ltd	106 531 308	Same as for Borrower
A.C.N. 143 633 096 Pty Ltd	143 633 096	Same as for Borrower

## Annexure A

### Restated Facility Agreement

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Sydney Melbourne Tokyo  
Hong Kong

Annexure A - Restated Facility Agreement

National Australia Bank Limited

Reading Entertainment Australia Group

# Corporate Markets Loan & Bank Guarantee Facility Agreement

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**Date**

15th December 2015

**Parties**

National Australia Bank Limited ABN 12 004 044 937 of Pier 3 Level 4, 800 Bourke Street, Docklands, Victoria 3008 ( **Bank** )  
Reading Entertainment Australia Pty Ltd ACN 070 893 908 of 98 York Street, South Melbourne, Victoria 3205 ( **Borrower** )  
Each person listed in schedule 1 (each an Original Guarantor)

**Agreed terms**

**1 Interpretation**

**1.1 Definitions**

In this document:

**Accounting Standards** means accounting principles and practices consistently applied which are generally accepted in Australia and are consistent with any applicable legislation in each case as in effect on the date of this document, including instruments in force under section 334 of the Corporations Act and provisions of such instruments.

**Adjusted EBITDA** means, for any period, EBITDA adjusted to exclude:

- (a) any non-cash impairment for non-current assets included in the consolidated financial statements of the Reading Entertainment Australia Group during the relevant period; and
- (b) 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.

**Annual Compliance Certificate** means, in relation to a Financial Year, a

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