VILLAGE ROADSHOW LIMITED

Web Site: www.villageroadshow.com.au

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VRL ACCEPTS TAKEOVER OFFER FOR AUSTEREO

USE OF PROCEEDS

REDUCTION IN CORPORATE COSTS

Village Roadshow Limited ("VRL") notes the announcement today by Southern Cross Media Group Limited ("SCM") that it will declare its takeover offer for Austereo Group Limited ("AEO") (the "SCM Offer") unconditional within one business day of the 50.1% minimum acceptance condition being satisfied.

VRL confirms that it has today accepted the SCM Offer in respect of 181,093,856 AEO shares, representing 52.52% of AEO's shares on issue. VRL also confirms that it has elected to receive all cash consideration.

VRL will receive initial gross proceeds from the sale of approximately $362 million. If SCM reaches the 90% compulsory acquisition threshold and is entitled to proceed to compulsory acquisition, VRL will receive approximately $18 million in further gross proceeds.

After payment of costs associated with the transaction, VRL anticipates that the pre-tax profit from the sale of its AEO shares (based on a $2.10 per share sale price) will be approximately $205 million. Based on current projections, VRL anticipates tax payable in respect of the 30 June 2011 financial year (including tax on the sale of its AEO shares) of approximately $60 million.

<u>Use of Proceeds</u>

In addition to the previously announced Sydney Wet'n'Wild Water Park, Village Roadshow Theme Parks ("VRTP") is actively pursuing a number of exciting opportunities in China. VRTP, as VRL's largest division, is exploring development opportunities in key growth regions of Guangzhou and Hainan Island and leveraging its valuable intellectual property and management expertise. A non-binding letter of intent has been signed with a Chinese developer and the VRL group intends to continue to pursue these opportunities.

As previously reported Village Roadshow Entertainment Group ('VREG") is continuing to examine the possibility of being listed on an international stock exchange and raising additional equity. As part of a potential listing, VRL intends to retain its existing investment in VREG and may inject further equity into VREG of $20 million - $30 million. VREG is a core asset of the VRL group and at year end is looking forward to two major releases in *HAPPY FEET 2* and *SHERLOCK HOLMES 2*.

VRL Executive Chairman, Robert Kirby said "This is the beginning of a new direction and horizon of growth for VRL. We are looking forward with excitement to this growth unfolding over the next two to three years."

VRL Deputy Chairman, John Kirby said "The Company has a long heritage in entertainment with a strong asset base and depth of management to look forward with great confidence."

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Distribution to Shareholders

After allowing for tax payable on the sale of its shares in AEO, and the above investments, VRL will have substantial surplus cash. VRL intends to distribute $1.00 per share to all VRL shareholders in July 2011. Part of this distribution may be a return of capital. A class ruling will be sought from the Australian Taxation Office to confirm any capital component of the distribution. VRL anticipates being able to fully frank the balance of the $1.00 distribution to shareholders. VRL will seek shareholder approval for any return of capital at a shareholders meeting anticipated to be held before the end of June 2011. When VRL has further progressed the class ruling the Company will announce the date of the shareholders meeting and will provide further information on the timing of the distribution and the allocation between capital and dividend (including the level of franking).

The net proceeds from the recent sale of Sydney Attractions Group were used to repay borrowings under VRL's corporate debt facility. The VRL Board considers that on a consolidated basis, following the theme park and film production investments, and the distribution to shareholders, VRL group gearing will continue to be at conservative levels.

Overhead Review and Reduction

In light of VRL's recent divestments, the Board commissioned Ernst & Young to conduct an extensive independent review of the corporate cost structure within VRL. The Board has adopted the recommendations in the Ernst & Young report.

The management initiatives adopted include annualised net cost savings of approximately $10 million, of which in excess of $3 million relates to a reduction in total remuneration of the executive directors. The report also recommends the reallocation of approximately $8 million of corporate costs to VRL's divisions, resulting in a total reduction in VRL's corporate costs of almost $20 million.

VRL CEO Graham Burke said "We have listened to our shareholders and have taken the necessary steps to ensure the strength and security of our company for the long term.

"In adopting the recommendations contained in the Ernst & Young report, our corporate costs will be more in line with industry standards for a more streamlined and agile company, ready to build on our existing brands and explore new growth opportunities."

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