

5 September 2007

VILLAGE ROADSHOW ANNOUNCES INTENTION TO MAKE CASH OFFER TO ACQUIRE SYDNEY ATTRACTIONS GROUP

- Announcement of intention by Village Roadshow Limited (“VRL”) to make a cash offer of \$6.01 per share to acquire all of the outstanding shares it does not currently own in Sydney Attractions Group Limited (“SAQ”)
- Intended offer will provide shareholders of SAQ an opportunity to exit an underperforming investment at an attractive price
- Intended offer price represents an attractive multiple of SAQ’s earnings
 - Represents FY2007 EBITDA and P/E multiples of 16.1x and 108.0x, respectively
 - Represents an FY2008 P/E multiple of 21.8x based on the mid-point net profit guidance of \$5.5m - \$6.5m provided by SAQ management

Overview of the Offer

VRL today announced an intention to make a cash offer of \$6.01 per share for all of the shares it does not own in SAQ. VRL currently owns 19.96% of the issued shares of SAQ.

SAQ operates attractions in Sydney including Sydney Aquarium, Sydney Tower OzTrek, Skywalk and the recently opened Wildlife World.

The intended offer values SAQ at \$197.9m, including \$67.1m of SAQ’s net debt¹, and implies EBITDA and P/E multiples of 16.1x and 108.0x, respectively, based on SAQ’s FY2007 reported earnings, and a P/E multiple of 21.8x based on the mid-point of FY2008 net profit guidance of \$5.5m - \$6.5m provided by SAQ management.

VRL Chief Executive Officer, Graham Burke, said “Our intended offer will provide SAQ shareholders with the opportunity to realise full and fair value for their shares at an attractive multiple of SAQ’s earnings.”

VRL’s intended offer price represents a premium of 6.6% to SAQ’s 30 day volume weighted average share price up to the close of trading on 4 September 2007.

Mr. Burke said, “SAQ’s shares are highly illiquid and, we believe, the current share price already reflects expectations of impending corporate activity and a takeover premium. Accordingly, in determining our intended offer price, we have paid close attention to SAQ’s fundamental value rather than its share trading statistics in an illiquid market.

¹ SAQ reported net debt as at 30 June 2007.

The multiples implied by our offer represent a significant premium to SAQ's listed peers including Macquarie Leisure Trust Group, MFS Living and Leisure Group, and Amalgamated Holdings Limited which trade on FY2007 EBITDA multiples of 12.1x, 8.8x and 7.3x, respectively."

For the year ended 30 June 2007, SAQ reported a 7% decline in EBITDA to \$12.3m and an 81% decline in net profit to \$1.2m.

Mr. Burke said "SAQ is at a critical point given the ongoing difficulties and heightened competitive pressures it faces. As theme park and attractions operators, we are more confident of being able to deliver the required result with direct control rather than as a passive investor."

"If VRL acquires SAQ, we will undertake a detailed review of SAQ's operations to identify initiatives to improve performance. We believe that some of these initiatives may be more challenging for SAQ to implement itself, given its high gearing and therefore more constrained financial capacity to invest in the business," said Mr. Burke.

The proposed acquisition will be financed through existing cash reserves and undrawn bank facilities.

Review of SAQ's Performance

In January 2006, VRL acquired a 14.93% shareholding in SAQ for \$7.50 per share. At the time, consensus expectations for SAQ's EBITDA and net profit for FY2007 were \$24.9m and \$9.9m², respectively, and SAQ management had forecast 1.2m visitors on an annual basis to Wildlife World. The \$7.50 price implied FY2007 EBITDA and P/E multiples of approximately 9.1x and 16.6x, respectively.

On 28 August 2007, SAQ reported its results for the year ended 30 June 2007, with actual EBITDA of \$12.3m and net profit of \$1.2m. Wildlife World reported actual attendances of 398,000, which equates to approximately 515,000 visitors on an annualised basis.

More broadly, SAQ's results have demonstrated a significant decline in earnings and margins compared to prior years.

Over the last five financial years SAQ's:

- EBITDA has risen marginally from \$11.9m to \$12.3m;
- Operating margin (EBIT/revenue) has declined from 38% to 11%;
- Net profit has declined from \$6.2m to \$1.2m;
- Basic EPS has declined from 28.8 cps to 5.6 cps;
- Dividends per share has declined from 28 cents to 5 cents;
- Net debt at 30 June has increased from \$6.2m to \$67.1m; and
- Interest cover (EBIT/net interest) has declined from 21.0x to 1.4x.

In VRL's opinion, these disappointing results have not been properly reflected in SAQ's share price performance, due partly to takeover speculation arising from VRL's presence on SAQ's share register, and as a result of VRL acquiring a further 5.03% of SAQ's shares in June and July 2007 at prices between \$5.71 and \$6.01 per share.

² Source: Reuters mean consensus estimates as at 31 December 2005

Terms of the Offer

Under the intended offer, SAQ shareholders will receive \$6.01 per share in cash valuing SAQ's equity at approximately \$130.9m and the enterprise (inclusive of net debt) at approximately \$197.9m.

VRL's offer will be conditional upon the receipt of acceptances that, together with VRL's existing 19.96% stake, would result in VRL being entitled to at least 50% of the shares in SAQ. Other conditions to VRL's offer are set out in Attachment A.

SAQ's announced dividend of \$0.05 per share will correspondingly reduce the offer price for SAQ shareholders registered as such on the 19 October 2007 record date.

Further details of the terms of VRL's offer will be outlined in the Bidder's Statement intended to be lodged with the Australian Securities & Investment Commission next week.

VRL is being advised by Merrill Lynch International (Australia) Limited and Minter Ellison Lawyers.

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Appendix A – Proposed Conditions of VRL’s Offer for SAQ

The proposed conditions of the offer (which will operate as conditions subsequent solely for the benefit of VRL) are set out below. Subject to the *Corporations Act 2001* (Cth), VRL will reserve the right to declare the offer free from all or any one or more of the conditions.

(a) Minimum acceptance condition

Before the end of the offer period, VRL and its associates have relevant interests in at least 50% (by number) of all issued SAQ shares.

(b) Prescribed Occurrences

That between the announcement date and the end of the offer period, none of the following occurrences happens:

- (i) SAQ converts all or any of its shares into a larger or smaller number of shares in accordance with section 245H of the Corporations Act;
- (ii) SAQ or a subsidiary of SAQ resolves to reduce its share capital in any way;
- (iii) SAQ or a subsidiary of SAQ enters into a buy-back agreement or resolves to approve the terms of a buy-back agreement under section 257C or 257D of the Corporations Act;
- (iv) SAQ or a subsidiary of SAQ issues shares, or grants an option over its shares, or agrees to issue shares or grant an option over its shares, with the exception of any issue of shares as a result of:
 - (A) the exercise of options on issue as at the announcement date; or
 - (B) participation by holders of SAQ shares in SAQ’s dividend reinvestment plan as it exists on the announcement date;
- (v) SAQ or a subsidiary of SAQ issues, or agrees to issue, convertible notes;
- (vi) SAQ or a subsidiary of SAQ disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
- (vii) SAQ or a subsidiary of SAQ charges, or agrees to charge, the whole, or a substantial part, of its business or property;
- (viii) SAQ or a subsidiary of SAQ resolves to be wound up;
- (ix) a liquidator or provisional liquidator of SAQ or a subsidiary of SAQ is appointed;
- (x) a court makes an order for the winding up of SAQ or of a subsidiary of SAQ;
- (xi) an administrator of SAQ, or of a subsidiary of SAQ, is appointed under section 436A, 436B or 436C of the Corporations Act;
- (xii) SAQ or a subsidiary of SAQ executes a deed of company arrangement;
- (xiii) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of SAQ or of a subsidiary of SAQ.

(c) Material adverse change

That between the announcement date and the end of the offer period, no fact, matter, event, circumstance, change or condition occurs, is announced, discovered or becomes known to VRL which has or could reasonably be expected to have a materially adverse effect on the business, assets, liabilities, financial position, performance, material contracts (taken as a whole), profitability or prospects of SAQ, or any of its subsidiaries

(except for such facts, matters, events, circumstances, changes or conditions disclosed to ASX by SAQ prior to the announcement date).

For these purposes a 'material adverse effect' includes without limitation a material downgrade (when compared with SAQ's net profit after tax for the year ended 30 June 2007) in SAQ's net profit after tax for, or forecast or projected for, any period ending after 30 June 2007.

(d) Additional rights acquired

That no person has or would have because of:

- (i) VRL acquiring or offering to acquire SAQ shares; or
- (ii) VRL selling SAQ shares or an asset of SAQ or a subsidiary of SAQ after acquiring SAQ shares,

an actual or contingent right to:

- (iii) acquire an asset of SAQ or a subsidiary of SAQ under an agreement; or
- (iv) procure SAQ or a subsidiary of SAQ to dispose of, or to offer to dispose of, an asset under an agreement, where the aggregate unencumbered value of the asset exceeds \$2 million; or
- (v) receive a benefit derived from an asset of SAQ or a subsidiary of SAQ.

(e) No restraining action

During the offer period:

- (i) there is not in effect any preliminary or final decision, order or decree issued by a public authority;
- (ii) no action or investigation is announced, commenced, or threatened by any public authority; and
- (iii) no application is made to any public authority (other than an application by VRL or any company within VRL group),

in consequence of, or in connection with, the bid (other than a determination by ASIC or the Takeovers Panel in exercise of powers and discretions conferred by the Corporations Act) which restrains, prohibits or impedes, or threatens to restrain, prohibit or impede, or may otherwise materially adversely impact upon, the making of the bid or completion of any transaction contemplated by this bidder's statement or rights of VRL in respect of SAQ and SAQ shares to be acquired under the bid or otherwise, or seeks to require divestiture by VRL of any of SAQ or any subsidiary of it.

(f) Approvals by Public Authorities

During the offer period, VRL receives all approvals which are required by law or by any public authority:

- (i) to permit the offers to be made to and accepted by SAQ shareholders; or
- (ii) as a result of the offers or the successful acquisition of the SAQ shares and which are necessary for the continued operation of the business of SAQ and the Subsidiaries.

(g) Ordinary course of business

Except for any proposed transaction publicly announced by SAQ on or before the announcement date or any transactions undertaken with the prior written approval of VRL, none of the following events occur during the offer period without the written consent of VRL:

- (i) SAQ or any member of the SAQ group sells, transfers, surrenders, disposes of or parts with possession of, creates an interest in, gives a licence over, places under option or gives a right of first refusal with respect to any of its property or assets or an interest in any of its property or assets, or agrees to do any of those things except in the ordinary course of business;
- (ii) SAQ or any member of the SAQ group acquires or gives a right or option to sell an interest in any property, assets or rights, or agrees to do any of those things, except in the ordinary course of ordinary business;
- (iii) SAQ or any member of the SAQ group enters into any onerous or long term contract or commitment or incurs a contingent liability except in the ordinary course of ordinary business or agrees to do any of those things; or
- (iv) a change in the conduct of the business of SAQ or any member of the SAQ group in a way that has or will have a materially adverse effect on its business, financial affairs or prospects.

(h) Conduct of SAQ's businesses

Except for any transaction undertaken with the prior written approval of VRL during the offer period, none of SAQ or a subsidiary of SAQ:

- (i) declares, distributes or pays any dividend, bonus or other share of its profits or assets, with the exception of the dividend not exceeding \$0.05 per SAQ share announced on 28 August 2007 with a record date to determine entitlements of 19 October 2007. Note, the dividend as announced will correspondingly reduce the offer price for SAQ shareholders registered as such on the 19 October 2007 record date;
- (ii) issues or grants options over, or agrees to issue or grant options over, or otherwise makes any commitments regarding any shares or other securities, or alters its capital structure or the rights attached to any of its shares or other securities, or issues or agrees to issue any convertible notes;
- (iii) makes any changes in its constitution (or other constituent documents) or passes any special resolution;
- (iv) executes or gives or agrees to execute or give a mortgage, charge, lien or another encumbrance over an asset except in the ordinary course of business;
- (v) borrows or agrees to borrow any money (except for temporary borrowing from its bankers in the ordinary course of ordinary business or drawdowns under existing facilities);
- (vi) releases, discharges or modifies any substantial obligation owed to it by any person, firm or corporation or agrees to do so;
- (vii) has appointed to its board of directors any additional director whether to fill a casual vacancy or otherwise;
- (viii) enters or agrees to enter into any contract of service or varies or agrees to vary any existing contract of service with any director or senior manager, or pays or agrees to pay any termination benefit (as defined by ASX Listing Rules) or allowance to any director, or senior manager, or makes or agrees to make any substantial change in the basis or amount of remuneration of any director, senior manager (except as required by law, existing contractual arrangements or provided under any superannuation, provident or retirement scheme as in effect

on the announcement date) where the aggregate of all such payments exceeds \$1 million;

- (ix) incurs, commits to or brings forward time for incurring or committing, or granting to another person a right exercise of which would involve incurring or committing to any capital expenditure or liability, or foregoing any revenue, for one or more related items or amounts of in aggregate greater than \$3 million;
- (x) enters into any agreement or arrangement for the underwriting of participation by holders of SAQ shares in any dividend reinvestment plan of or adopted by SAQ;
- (xi) has threatened or commenced against it any material claims or proceedings in any court or tribunal (including an application for winding up or an application for appointment of a receiver or receiver and manager); or
- (xii) executes a deed of company arrangement or passes any resolution for liquidation, or has appointed to it or becomes susceptible to the appointment of an administrator, a receiver, a receiver and manager or a liquidator, or becomes subject to investigation under the Australian Securities and Investments Commission Act 2001 (Cth) or any corresponding legislation.

(i) Equal access to information

At all times during the period from the announcement date to the end of the offer period, SAQ promptly (and in any event within 2 business days) provides to VRL a copy of all information which is not generally available (within the meaning of the Corporations Act) relating to SAQ or any subsidiary of SAQ or any of their respective businesses or operations that has been provided by SAQ or any subsidiary of SAQ or any of their respective officers, employees, advisers or agents to any person other than VRL or any associate of VRL for the purpose or for purposes including the purpose of soliciting, encouraging or facilitating a proposal or offer by that person, or by any other person, in relation to a transaction under which:

- (i) any person (together with its associates) may acquire voting power of 10% or more in SAQ or any subsidiary of SAQ (whether by way of takeover bid, compromise or arrangement under Part 5.1 of the Corporations Act, or otherwise);
- (ii) any person may acquire, directly or indirectly (including by way of joint venture, dual listed company structure or otherwise), any interest in all or a substantial part of the business or assets of SAQ or of any subsidiary of SAQ; or
- (iii) any person may otherwise acquire control of or merge or amalgamate with SAQ or any subsidiary of SAQ.

(j) No break fees or lock-up devices

(i) That, subject to paragraph (j)(ii) below, during the offer period none of SAQ and any body corporate which is or becomes a subsidiary of SAQ, agrees (whether conditionally or contingently) to pay or provide any benefit to any person, or to forego or otherwise reduce any payment or benefit to which it would otherwise be entitled, in connection with any person other than VRL or any associate of VRL making or agreeing to participate in, or enter into negotiations concerning:

- (A) a takeover bid for SAQ; or
- (B) any other proposal to acquire any interest (whether equitable, legal, beneficial or economic) in shares in, or assets of, either or both of SAQ or its subsidiaries, or to operate either or both of SAQ or its subsidiaries as a single economic entity with another body corporate.

- (ii) Paragraph (j)(i) above does not apply to a payment:
 - (A) for providing professional advisory services to SAQ;
 - (B) which is approved in writing by VRL;
 - (C) lawfully made to any directors, officers or employees of SAQ or any of its subsidiaries; or
 - (D) which is approved by a resolution passed at a general meeting of SAQ.

(k) No change of control rights

No person who is the lessor of any property occupied by SAQ or any of its subsidiaries, having any rights, being entitled to have any rights, claiming an entitlement, or expressing an intention (whether or not that intention is stated to be a final or determined decision of that person) (in all cases whether subject to conditions or not), as a result of any change of control event in respect of SAQ (including VRL acquiring SAQ shares) or a subsidiary of it, or assets of SAQ or a subsidiary of it, to:

- (i) terminate or alter any contractual relations or lease between any person and SAQ or a subsidiary of SAQ (for this purpose an alteration includes without limitation the operation of a contract or lease, whether or not that altered operation is provided for under the existing terms of the contract or lease);
- (ii) require the termination, modification or disposal (or offer to dispose) of any interest or asset, corporate body, joint venture or other entity; or
- (iii) accelerate or adversely modify the performance of any obligations of SAQ or a subsidiary of SAQ under any agreement, contract, lease or other legal arrangement.

(l) S&P/ASX 200 Index

The S&P/ASX 200 Index does not fall below 5,664 for 3 consecutive trading days, which is approximately 10% lower than its level at the close of the last trading day prior to the announcement date.

(m) Non-existence of certain rights

No person has or will have any right (whether subject to conditions or not), as a result of VRL acquiring the SAQ shares, to acquire, or require the disposal of, or require SAQ or a subsidiary of it to offer to dispose of, any material asset (being an asset with a value of \$2 million or more) of SAQ or a subsidiary of it.

(n) No action or investigation

Between the announcement date and the end of the offer period, no action or investigation is instituted or threatened by a statutory or regulatory body because of or in connection with the bid that might impose a material limitation on the ability of VRL, SAQ or any of their related bodies corporate to conduct its business or own all its assets.

(o) Force majeure

That between the announcement date and the end of the offer period, the operations of neither SAQ nor a body corporate that is or becomes a subsidiary of SAQ will have been adversely affected in a material way because of fire or other casualty or by act of God or labour, disturbance or act of public enemies or other cause beyond the control of SAQ or the body corporate.

(p) No untrue statements to ASX or ASIC

VRL does not become aware that any document filed by or on behalf of SAQ with ASX or ASIC contains a statement which is incorrect or misleading in a material particular or from which there is a material omission.

Appendix B – Overview of SAQ

SAQ directly manages and operates a portfolio of five tourism and leisure attractions in Sydney.

Sydney Aquarium

Sydney Aquarium was opened in 1998 and was the first major tourist attraction in the Darling Harbour precinct. In addition to showcasing exhibits, the Aquarium also breeds animals. The Aquarium comprises an exhibition hall, retail area, cafe and kiosk.

Sydney Tower and OzTrek

Sydney Tower takes visitors to the highest point above Sydney for a 360-degree view of the city, including the Harbour Bridge and Opera House. Visitors can see as far as the blue mountains to some of Sydney's beaches.

Manly Oceanworld

Manly Oceanworld is located on the Esplanade in Manly. The attraction underwent substantial redevelopment from 1998 to 2000 and now includes a souvenir shop and a cafe. Manly Oceanworld's main attraction is the shark dive.

Shark Dive Xtreme

Shark Dive Xtreme provides tourists with the opportunity to dive with sharks in Oceanworld's 4 million litre oceanarium.

Wildlife World

Located in Darling Harbour, the recently opened Wildlife World contains over 100 species of Australian plants and animals under the one roof.

Summary of SAQ financials

	4 Sep 2007		FY2007
Share Price	\$5.68	Revenue	\$51.1m
Shares on Issue	21.8m	EBITDA	\$12.3m
Market Capitalisation	\$123.7m	EBIT	\$5.8m
Net Debt (30-Jun-07)	\$67.1m	NPAT	\$1.2m
Enterprise Value	\$190.8m	EPS	5.6c

Further information on SAQ can be found on the company's web site at www.sydneyattractionsgroup.com.au.