



# Grand Cinemas: Successful Sale

FTI Consulting successfully sold one of Australia's oldest independent film exhibitors, preserving 140+ jobs and ensuring continuation of service to local communities.

## SITUATION

Grand Cinemas, formed in 1928, was one of Australia's oldest independent film exhibitors, operating five venues across the Perth metropolitan area and Bunbury in Western Australia.

Increased competition from new entrants and streaming platforms, along with reduced demand due to the COVID-19 pandemic, led to a period of sustained underperformance.

The company leased all sites and owned minimal fixed assets, meaning the security position of the secured lender depended heavily on the going concern value of the cinemas.

## OUR ROLE

Senior Managing Directors Ian Francis and Daniel Woodhouse were appointed Voluntary Administrators of the Company.

On appointment we undertook urgent financial analysis to determine the profitability of each cinema location. It was immediately identified that two of the five cinemas were operating at a loss. As such, FTI Consulting closed the two loss-making cinemas within two days of appointment. To preserve value, we continued to trade the three remaining cinemas, despite the Company having no cash at the time of appointment.

We launched an accelerated sale and recapitalisation campaign of all five cinemas. To maximise the chance of the cinemas being sold as a going concern, we negotiated with all landlords to keep the leases 'on foot'.

We successfully managed all key stakeholders to ensure operations continued whilst the sale process was pursued, which included the support of all staff retained, management, the secured lender, the movie distributors and landlords.

In that period there was no disruption to operations of the three cinemas, the major movie distributors released their product and we secured the confidence of the landlords and the major financier as to the terms of a sale.

## OUR IMPACT



Generated significant competitive tension throughout sale process, resulting in strong offers from a number of parties.



Successfully sold four cinemas as going concerns to The HOYTS Group, preserving 140+ jobs and ensuring continuation of service to local communities. The plant & equipment of the remaining cinema was sold to the respective landlord.



Employee entitlements and the secured lender were paid in full, and unsecured creditors received a return.



### IAN FRANCIS

Senior Managing Director  
+61 8 6430 1309  
ian.francis@fticonsulting.com



### DANIEL WOODHOUSE

Senior Managing Director  
+61 8 9321 8533  
daniel.woodhouse@fticonsulting.com

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