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**CINEPLEX GALAXY INCOME FUND ANNOUNCES
\$215 MILLION PUBLIC OFFERING
AND SALE OF REAL ESTATE INTERESTS
IN FOUR THEATRE LOCATIONS**

Toronto (Ontario), June 29, 2005 – Cineplex Galaxy Income Fund (“Cineplex”) announced today that it has entered into an agreement with an underwriting syndicate to sell a combination of subscription receipts and convertible debentures to raise gross proceeds of \$215 million. The agreement with the syndicate, on a bought deal basis, includes 6,835,000 Subscription Receipts at \$16.10 per Subscription Receipt to raise gross proceeds of approximately \$110 million. Cineplex has also agreed to sell \$105 million principal amount of Convertible Extendible Unsecured Subordinated Debentures (the “Convertible Debentures”) convertible, at the option of the holder, into units of Cineplex at \$18.75 per unit. The underwriting syndicate is being co-led by RBC Capital Markets, Scotia Capital Inc. and National Bank Financial Inc. The net proceeds will be used to partially finance the acquisition of the Famous Players movie exhibition business from Viacom Inc.

Acquisition Highlights

The acquisition will provide the following benefits to Cineplex unit holders

- Management believes that the transaction will be approximately 3.0% - 7.0% accretive to the Fund’s distributable cash per fully diluted unit on a pro forma basis for the twelve month period ended March 31, 2005 before realizing any synergies.
- Operating synergies of approximately \$20 million are expected once the operations of Famous Players have been fully integrated. The integration is expected to take 6-12 months.
- Significant opportunity to grow revenue and distributable cash through several initiatives including a consolidated digital advertising network that will offer advertisers the opportunity to reach approximately 70 million guests per year.
- Addition of a significant number of high quality theatres in major metropolitan centres.

Financing Highlights

The Subscription Receipts are exchangeable on a one-for-one basis for units of Cineplex on the closing of the acquisition of Famous Players. The Convertible Debentures have an initial maturity date of August 31, 2005 and will be extended to December 31, 2012 upon the closing of the acquisition. The Convertible Debentures have a coupon of 6.0% per annum and will pay interest

semi-annually in arrears on June 30 and December 31 in each year commencing December 31, 2005. The Convertible Debentures will be convertible into approximately 53.33 Cineplex units per \$1,000 principal amount, at any time, at the option of the holder, representing a conversion price of \$18.75 per unit. The Convertible Debentures will not be redeemable by Cineplex prior to December 31, 2008.

The Subscription Receipts and Convertible Debentures will be offered in all provinces of Canada, by means of a short form prospectus. Closing of the offerings is expected to occur on or about July 21, 2005, and is subject to regulatory approval.

Sale of Real Estate Interests

Cineplex also announced that it has entered into a letter of intent to sell real estate interests in four theatre locations for \$67 million to RioCan Real Estate Investment Trust ("RioCan") (TSX: REI.UN). The theatre locations are: Colossus Vaughan, Coliseum Ottawa, Cineplex Odeon North Edmonton Cinemas and Cineplex Odeon Beauport Cinemas. The transaction is subject to the completion of the acquisition of Famous Players, RioCan's due diligence and investment committee approval and Cineplex's right to obtain property appraisals. Proceeds of the sale will be used to finance a portion of the purchase price for Famous Players.

This transaction is expected to close within 30 days. Cineplex will continue to operate each of the theatres and upon closing, Cineplex and RioCan will enter into 20 year leases on each of the properties.

The securities offered have not been registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or applicable exemption from the registration requirements. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

About Cineplex Galaxy LP

Cineplex Galaxy LP is a leading exhibitor of motion pictures in the entertainment industry. Headquartered in Toronto, Canada, Cineplex Galaxy LP currently operates 86 theatres with a total of 775 screens in six provinces across Canada. Cineplex Odeon Cinemas, Galaxy Cinemas and the associated brands are owned and operated by Cineplex Galaxy LP. There are 63 Cineplex Odeon Cinemas located in major urban centres and 23 Galaxy Cinemas featured in mid-size markets. Proudly Canadian, Cineplex Galaxy Income Fund, which owns approximately 42% of Cineplex Galaxy LP, is a public company traded on the Toronto Stock Exchange under Cineplex Galaxy Income Fund (symbol CGX.UN). More information can be found at www.cineplexgalaxy.com.

Famous Players operates a total of 81 locations with 787 screens across the country, including theatres in its joint venture with IMAX and its partnership with Alliance Atlantis. Famous Players' theatres include the Coliseum, Colossus, Paramount and SilverCity brands.

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