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FOR IMMEDIATE RELEASE

**CINEPLEX GALAXY LP LAUNCHES DIVESTITURE PROCESS
INTEGRATION BENEFITS ESTIMATED
JUNE 2005 DISTRIBUTION ANNOUNCED**

Toronto, Ontario (June 21, 2005) (TSX:CGX.UN): On June 13, 2005, Cineplex Galaxy LP announced that it had agreed to purchase the Famous Players movie exhibition business from Viacom Inc. (NYSE: VIA and VIA.B) and that it had entered into a consent agreement with the Commissioner of Competition, to permit the closing of that transaction.

“Our consent agreement requires the sale of 35 theatres, so today we are officially launching that process,” said Ellis Jacob, President and CEO, Cineplex Galaxy LP. “We have already had a great deal of interest in these assets, and are making this announcement to ensure all potentially interested parties are made aware of the opportunity.”

Theatre level cash flow of the divestitures, which come from both the Famous Players and Cineplex Galaxy circuits, was approximately \$13 million for the year ended December 31, 2004. Cineplex Galaxy intends to complete these divestitures during the third quarter of the year, and has retained Scotia Capital Inc. to manage the sale process. All proceeds from the divestiture theatre sales are expected to be used to pay down acquisition debt.

Cineplex Galaxy also advised today that it expects annual recurring synergies will be approximately \$20 million once the operations of Famous Players have been fully integrated. The integration is expected to take 6-12 months. For 2004, Cineplex Galaxy reported general and administrative expenses and management fees totaling approximately \$15 million and Famous Players had corresponding overhead expenses of approximately \$27 million. Additionally, Cineplex Galaxy believes the combination of the two businesses’ media operations will yield incremental revenues at attractive margins.

In addition, Cineplex Galaxy Income Fund announced today its cash distribution of \$0.0958 per unit for the month of June 2005, payable on July 29, 2005 to unit holders of

record on June 30, 2005. Following the closing of the Famous Players transaction, the trustees of Cineplex Galaxy Income Fund will revisit its monthly distribution policy.

The Fund's policy is for unit holders of record on the last business day of a calendar month to receive distributions during the thirty days following the end of such month. Holders of units who are non-residents of Canada will be required to pay all withholding taxes payable in respect of any distributions of income by the Fund.

The Fund owns an approximate 43.8% interest in Cineplex Galaxy LP. The Partnership owns, operates or has an interest in 86 theatres with 775 screens in Canada, and is the second largest film exhibition company in the country. The Partnership operates the theatres under the Cineplex Odeon and Galaxy brands. Cineplex Odeon has enjoyed an important urban market presence in Canada for over 20 years and Galaxy has become a leading entertainment destination in mid-sized communities.

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.

Further information can be found in the disclosure documents filed by Cineplex Galaxy Income Fund with the securities regulatory authorities, available at www.sedar.com.

Certain statements made in this news release are forward-looking and subject to various risks and uncertainties. Such forward-looking statements are based on management's beliefs and assumptions regarding the information currently available. Actual results could differ materially from those expressed in the forward-looking statements. Factors that could cause results to vary include, among other things, risks relating to the integration of the two businesses and the risk of discovery of undisclosed material liabilities.

You are cordially invited to participate in a teleconference call with the management of Cineplex Galaxy LP (TSX: CGX.UN) in order to facilitate any questions you may have of the company's management. **Ellis Jacob, President and Chief Executive Officer and Gord Nelson, Chief Financial Officer**, will host the call. The teleconference call is scheduled for:

**Tuesday, June 21, 2005
11:00 a.m. Eastern Time**

In order to participate in the conference call, please dial (416) 640-4127 or outside of Toronto dial 1-800-796-7558 at least ten minutes prior to 11:00 a.m. Eastern Time on Tuesday, June 21, 2005.

If you cannot participate in the live mode, a replay will be available. Please dial 416-640-1917 or 1-877-289-8525 and enter code 21128712#. The replay will begin at 1:00 p.m. on Tuesday, June 21, 2005 and end at 23:59 p.m. ET on Tuesday, June 28, 2005.

Note that media will be participating in the call in listen-only mode.

Thank you in advance for your interest and participation.

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