November 4, 2014

Update in Respect of the Acquisition of The Space Entertainment S.p.A.

Vue Entertainment International ("Vue") is today pleased to provide an update on the above acquisition.

The Transactions

The Space Acquisition

As previously announced on October 20, 2014, on October 16, 2014, Vougeot Bidco p.l.c., ("**Bidco**") entered into an Italian-law governed sale and purchase agreement ("**The Space Acquisition Agreement**") to acquire, directly and indirectly, the entire corporate capital of Capitolosette S.r.l. ("**Capitolosette**"), to acquire the shares in The Space Entertainment S.p.A. held by Mr Corrado and Mr Canepa, to refinance the outstanding amounts of certain of the existing bank facilities to which the subsidiaries of The Space Entertainment S.p.A. and Capitolosette are party and to fund the related estimated transaction fees and expenses ("**The Space Acquisition**"). Capitolosette, The Space Entertainment S.p.A. and its subsidiaries manage and operate a circuit of 36 multiplex cinemas in Italy.

In addition to a fixed amount purchase price of €81.7 million, or approximately £65.0 million, The Space Acquisition Agreement also includes two earn-out mechanisms, which provide for aggregate payments up to a maximum amount of €20.0 million. One earn-out is calculated on the basis of market admissions in 2015 and is likely to be paid, if at all, in 2016, and in any event no earlier than early 2016. The other earn-out is calculated on the basis of advertising revenues in 2015 and is likely to be paid, if at all, in early 2017, and in any event no earlier than 2016.

There are also various pass-through elements that are tied to the receipt of certain tax credits by The Space. These items will be passed through to the sellers, with a cash-neutral effect on the Group.

A full indemnity has been provided to Bidco to cover any liabilities resulting from certain tax proceedings with the Italian tax authority (*Agenzia delle Entrate*), and to cover any liabilities (up to €300,000) resulting from certain employment litigation to which certain of the acquired entities are party.

The completion of The Space Acquisition is not subject to any conditions precedent pursuant to The Space Acquisition Agreement. The Space Acquisition must be completed by November 25, 2014, although Bidco may elect to complete The Space Acquisition at an earlier date of its choosing, provided it gives at least 5 business days' notice to the sellers or at such other date as may be agreed in writing by the Issuer and sellers.

The Financing

The proceeds from the offering of Senior Secured Floating Rate Notes due July 15, 2020 (the "**Notes**") announced today by Bidco, if completed, are expected to be used to acquire, directly and indirectly, the entire corporate capital of Capitolosette, to acquire the shares in The Space Entertainment S.p.A. held by Mr Corrado and Mr Canepa, to refinance the outstanding amounts of certain of the existing bank facilities to which the subsidiaries of The Space Entertainment S.p.A. and Capitolosette are party and to fund the related estimated transaction fees and expenses.

The Space Acquisition will also be financed with the drawings from our revolving credit facility dated July 18, 2013 (the "**Revolving Credit Facility**") and reinvestment of certain existing bridge loans (the "**Bridge Loans**") from our financial shareholders OMERS Private Equity and AIMCo, in the form of subordinated non-cash pay loan notes (the "**New Issuer Loan**"). The amount of £38.0 million that will have been repaid to OMERS Private Equity and AIMCo, pursuant to repayment of the Bridge Loans, will be reinvested by these entities as the New Issuer Loan to fund The Space Acquisition.

The existing Bridge Loans are 11% fixed rate unsecured notes issued to our financial shareholders OMERS Private Equity and AIMCo. As of 28 August 2014, the principal and accrued interest on the existing Bridge Loans was £38.1 million.

As part of The Space Acquisition, the offering of the Notes described herein and the other transactions contemplated thereby (the "**Transactions**"), the initial Bridge Loans amounting to £34.1 million, will be repaid by previously restricted cash, and interest on the Bridge Loans amounting to £3.9 million will be repaid using internally generated funds. After this repayment an as-adjusted Bridge Loan balance of £89,000 will remain outstanding as of August 28, 2014.

As part of the Transactions, in addition to the drawings to partially fund the acquisition, we may draw under the Revolving Credit Facility to manage seasonal working capital requirements which are expected to reverse in the fourth quarter of 2014. The amount drawn under the Revolving Credit Facility will change depending on the level of cash and debt at the closing of The Space Acquisition, which is due to take place before or on November 25, 2014, pursuant to The Space Acquisition Agreement.

Current Trading

Although our full results for the five week period ended October 2, 2014 have not yet been completed, estimated total admissions for the five week period ended October 2, 2014 were 3.7 million. In the United Kingdom, total admissions for this period were lower compared to the corresponding period in 2013, due to a weaker film slate and unseasonably dry and warm weather. Conversely, admissions were higher in Germany compared to the corresponding period in 2013, due to the strong performance of *Guardians of The Galaxy*, and admissions in Poland were higher compared to the corresponding period in 2013 due to the success of local Polish films, particularly *Miasto 44*.

Summary Historical Financial Information and Operating Data

Bidco (the "**Issuer**") was formed as a private limited company under the laws of England and Wales on May 2, 2013 and was reregistered as a public limited company organized under the laws of England and Wales on July 1, 2013, with a company number 8514872. The Issuer's only material assets and liabilities are its interest in all of the issued and outstanding shares of Vue Entertainment International Limited and its subsidiaries ("**VEIL**") and its outstanding indebtedness incurred in connection therewith.

This section presents our summary financial and other data for the indicated periods, derived or extracted from (i) the unaudited interim condensed consolidated financial statements of the Issuer as of and for the 39 week period ended August 28, 2014, prepared in accordance with best practice as derived from IAS 34; (ii) the audited consolidated financial statements of the Issuer as of November 28, 2013 and for the period from May 2, 2013 (date of incorporation) to November 28, 2013, prepared in accordance with U.K. GAAP, which only reflect the trading results of VEIL for the 16 week period from August 8, 2013 to November 28, 2013, as the Issuer acquired VEIL on August 8, 2013; (iii) the unaudited interim condensed consolidated financial statements of VEIL as of and for the 39 week period ended August 29, 2013, prepared in accordance with best practice as derived from IAS 34; (iv) the consolidated financial statements of VEIL as of and for the 52 week period ended November 28, 2013, prepared in accordance with U.K. GAAP; (v) the audited consolidated financial statements of VEIL as of and for the 53 week period ended November 29, 2012, prepared in accordance with U.K. GAAP; and (vi) the audited consolidated financial statements of VEIL as of November 24, 2011 and for the 56 week period from incorporation on October 26, 2010 to November 24, 2011, which includes the trading results of Vue Entertainment Investment Limited for the 49 week period from December 21, 2010, prepared in accordance with U.K. GAAP (together, the "**Consolidated Financial Statements**").

This section presents financial information for both the Issuer and VEIL, as the Issuer was not incorporated until May 2, 2013 and did not acquire the entire share capital of VEIL until August 8, 2013. The Group's results of operations are now consolidated at the level of the Issuer.

The financial information of the Issuer for the 52 week period ended August 28, 2014 included within this section has been derived from the underlying books and records of the Issuer. The financial information for the 52 week period ended August 28, 2014 has been prepared for illustrative purposes only and is not necessarily representative of our results of operations for any future period or our financial condition at any future date.

This section also presents certain unaudited *pro forma* financial information, including *pro forma* Adjusted EBITDA, *pro forma* third-party borrowings, *pro forma* cash at bank and in hand, *pro forma* net third-party borrowings, *pro forma* cash interest expenses and leverage, which give effect to the Transactions and the acquisition of Multikino. Such *pro forma* measures are not financial measures defined in accordance with U.K. GAAP or IFRS and, as such, may not be comparable to similarly titled measures used by other companies.

The financial and other data includes certain financial measures that are not measures defined by U.K. GAAP or IFRS and, as such, may not be comparable to similarly titled measures used by other companies, as well as certain operating data related to our business. The following summary financial and other data should be read in conjunction with our Consolidated Financial Statements and notes thereto.

(£ in thousands) Historical Consolidated Profit and Loss Account[1]	Issuer 52 week period ended August 28, 2014	Issuer 39 week period ended August 28, 2014	VEIL 39 week period ended August 29, 2013	VEIL 52 week period ended November 28, 2013	VEIL 53 week period ended November 29, 2012 (Restated)[14]	VEIL 49 week trading period ended November 24, 2011
Continuing operations:						
Existing operations	544,107	415,211	389,323	504,974	376,915	281,088
Acquisitions — Multikino	—	—	—	13,245	—	—
Turnover	**544,107**	**415,211**	**389,323**	**518,219**	**376,915**	**281,088**
Cost of sales	(204,202)	(157,338)	(146,870)	(193,734)	(140,524)	(99,874)
Gross profit	**339,905**	**257,873**	**242,453**	**324,485**	**236,391**	**181,214**
Administrative expenses	(338,402)	(254,632)	(224,001)	(307,628)	(218,358)	(165,974)
Group operating profit	**1,503**	**3,241**	**18,452**	**16,857**	**18,033**	**15,240**
Interest receivable and similar income	(420)	167	164	184	124	86
Interest payable and similar charges	(75,388)	(62,789)	(78,312)	(83,975)	(56,790)	(46,110)
Loss on ordinary activities before taxation	**(74,305)**	**(59,381)**	**(59,696)**	**(66,934)**	**(38,633)**	**(30,784)**
Tax (charge) / credit on loss on ordinary activities	(2,075)	(3,536)	(4,695)	(3,083)	(2,616)	(2,646)
Loss on ordinary activities after taxation	**(76,380)**	**(62,917)**	**(64,391)**	**(70,017)**	**(41,249)**	**(33,430)**
Minority interests	(510)	(330)	(216)	(396)	(175)	—
Loss for the financial period	**(76,890)**	**(63,247)**	**(64,607)**	**(70,413)**	**(41,424)**	**(33,430)**

(£ in thousands) Historical Consolidated Balance Sheet	Issuer August 28, 2014	VEIL As of November 28, 2013	VEIL As of November 29, 2012 (Restated)[14]	VEIL As of November 24, 2011
Total fixed assets	**1,034,026**	**733,871**	**661,246**	**538,752**
Cash at bank and in hand	52,847	54,573	61,933	18,003
Total current assets	**119,496**	**135,937**	**114,829**	**38,365**
Total creditors: amounts falling due within one year	**(147,609)**	**(836,041)**	**(260,183)**	**(56,053)**
Total assets less current liabilities	**1,005,913**	**33,767**	**515,892**	**521,064**
Creditors: amounts falling due after one year	1,093,036	175,264	584,821	552,334
Total shareholders' deficit	**(86,025)**	**(143,210)**	**(71,536)**	**(31,270)**
Minority interests	(1,098)	1,713	2,607	—
Capital employed	**1,005,913**	**33,767**	**515,892**	**521,064**

(£ in thousands) Historical Consolidated Cash Flow Statement[1]	Issuer 52 week period ended August 28, 2014	Issuer 39 week period ended August 28, 2014	VEIL 39 week period ended August 29, 2013	VEIL 52 week period ended November 28, 2013	VEIL 53 week period ended November 29, 2012 (Restated)[14]	VEIL 49 week trading period ended November 24, 2011
Operating activities:						
Net cash inflow from operating activities	66,266	61,474	46,518	53,079	62,040	30,731
Net cash outflow from returns on investments and servicing of finance	**(40,747)**	**(36,967)**	**(17,783)**	**(18,900)**	**(24,020)**	**(11,111)**
Taxation (paid)/received	(3,263)	(2,647)	(1,762)	(2,214)	(1,538)	366
Net cash outflow from capital expenditure and other financial investments	**(82,560)**	**(22,558)**	**(17,207)**	**(73,944)**	**(139,292)**	**(465,826)**
Net cash inflow/(outflow) from financing activities	**6,442**	**391**	**(13,172)**	**32,655**	**146,740**	**463,843**
Increase/(decrease) in cash	**(53,862)**	**(307)**	**(3,406)**	**(9,324)**	**43,930**	**18,003**

Summary Operating and Other Financial Data[1]

	Issuer		VEIL			
	52 week period ended August 28, 2014	39 week period ended August 28, 2014	39 week period ended August 29, 2013	52 week period ended November 28, 2013	53 week period ended November 29, 2012	49 week trading period ended November 24, 2011
Average ticket price[2] (£)	6.10	6.09	6.56	6.46	5.89	5.49
Total admissions[3] (in millions)	58.3	45.0	40.6	53.9	46.2	36.1
Total revenue per person[4] (£)	9.33	9.22	9.59	9.62	8.15	7.79
Total concession spend per person[5] (£)	2.10	2.08	2.13	2.15	1.93	1.81
Number of cinemas[6]	150	150	117	149	119	71
Number of screens[6]	1,359	1,359	1,089	1,348	1,085	699
Turnover	544,107	415,211	389,323	518,219	376,915	281,088
EBITDA[7] (£ '000)	77,800	61,339	59,422	72,335	64,303	53,588
Adjusted EBITDA[7] (£'000)	88,501	67,856	64,905	76,410	66,773	55,852
Adjusted EBITDA Margin[7] (%)	16.3	16.3	16.7	14.7	17.7	19.9
EBITDAR[7] (£'000)	177,487	137,010	129,386	166,249	132,115	102,823
Adjusted EBITDAR[7]	188,188	143,527	134,869	170,324	134,585	105,087
CapEx (£'000)	27,789	20,324	24,046	26,850	23,008	16,219
CapEx as % of turnover	5.1%	4.9%	6.2%	5.2%	6.1%	5.8%

Pro Forma Financial Data

	As of and for the 52 week period ended August 28, 2014
	(£ in thousands)
Pro forma Adjusted EBITDA[8][9]	99,640
Pro forma third party borrowings[10]	583,186
Pro forma cash at bank and in hand	10,751
Pro forma net third party borrowings[11][13]	572,435
Pro forma cash interest expense[12]	41,491
Ratio of *pro forma* net third party borrowings to *pro forma* Adjusted EBITDA[13]	5.7x
Ratio of *pro forma* Adjusted EBITDA to *pro forma* cash interest	2.4x

(1) A number of different factors affect the comparability of our Consolidated Financial Statements. The principal factor affecting comparability of our results of operations and our cash flows relates to the number of weeks of trading activity and cash flows relating to businesses we have acquired, which, in accordance with U.K. GAAP, are only consolidated from the date of acquisition. The following table presents for each of the financial periods presented in this update the number of weeks of trading activities and cash flows relating to the various acquisitions we have made:

	Date of acquisition / consolidation in financial statements	52 week period ended August 28, 2014	39 week period ended August 28, 2014	39 week period ended August 29 2013	52 week period ended November 28, 2013	53 week period ended November 29, 2012	49 week period ended November 24 2011
Multikino[a]	September 30, 2013	47 weeks	39 weeks	—	8 weeks	—	—
Issuer[b]	August 8, 2013	52 weeks	39 weeks	3 weeks	—	—	—
CinemaxX[a]	August 7, 2012	52 weeks	39 weeks	39 weeks	52 weeks	16 weeks	—
Apollo[a]	May 10, 2012	52 weeks	39 weeks	39 weeks	52 weeks	29 weeks	—
Vue Entertainment Investment Limited[c]	December 21, 2010	52 weeks	39 weeks	39 weeks	52 weeks	53 weeks	49 weeks

(a) VEIL acquired Apollo on May 10, 2012, CinemaxX on August 7, 2012 and Multikino on September 30, 2013.

(b) The Issuer was incorporated on May 2, 2013 and acquired VEIL, which constituted the trading group, on August 8, 2013.

(c) VEIL was incorporated on October 26, 2010 and acquired Vue Enterainment Investment Limited and its subsidiaries, on December 21, 2010.

(2) Calculated as total box office revenue in the period (net of VAT), divided by total admissions in the period.

(3) Includes paid and unpaid admissions in the period.

(4) Calculated as total turnover for the period, as consolidated at VEIL (net of VAT), divided by total admissions in the period.

(5) Calculated as total concession revenue for the period (net of VAT), divided by total admissions in the period.

(6) Number of cinemas or screens at period end.

(7) EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, EBITDAR and Adjusted EBITDAR are supplemental measures of our financial and operating performance used by management that are not required by, or prepared in accordance with, U.K. GAAP or IFRS. These measures are prepared by management because we believe they provide a view of our recurring operating performance that is unaffected by our capital structure and allows management to readily view operating trends and identify strategies to improve operating performance. Our use of each of these measures is as follows:

- We define EBITDA as our consolidated loss on ordinary activities before taxation, adjusted for interest receivable and similar income, interest payable and similar charges, depreciation and amortization.
- We define Adjusted EBITDA as EBITDA, adjusted to remove the effect of certain non-recurring or non-cash items which we believe are not indicative of our underlying operating performance and to reflect certain cost savings that we would have realized if we had adopted certain 3D technology (that we expect to adopt in the future) in historical periods, in locations where our current 3D technology licenses have expired or will expire in the next 24 months.
- We define Adjusted EBITDA Margin as Adjusted EBITDA as a proportion of turnover.
- We define EBITDAR as EBITDA, adjusted for rent expense on land and buildings (including turnover rent and rent-free adjustments).
- We define Adjusted EBITDAR as Adjusted EBITDA, adjusted for rent expense on land and buildings (including turnover rent and rent-free adjustments).

The EBITDA measures presented may not be comparable to similarly titled measures used by other companies. We encourage you to review our financial information in its entirety and not to rely on a single financial measure.

(8) The following table presents a reconciliation of EBITDA, Adjusted EBITDA, EBITDAR and Adjusted EBITDAR information to our loss on ordinary activities before taxation for the periods presented.

	Issuer		VEIL			
	52 week period ended August 28, 2014	39 week period ended August 28, 2014	39 week period ended August 29, 2013	52 week period ended November 28, 2013	53 week period ended November 29, 2012	49 trading week period ended November 24, 2011
Loss on ordinary activities before taxation	**(74,305)**	**(59,381)**	**(59,696)**	**(66,934)**	**(38,633)**	**(30,784)**
Interest receivable and similar income	420	(167)	(164)	(184)	(124)	(86)
Interest payable and similar charges	75,388	62,789	78,312	83,975	56,790	46,110
Depreciation	39,701	30,369	26,127	35,458	30,201	24,907
Amortization	36,596	27,729	14,843	20,021	16,069	13,441
EBITDA	**77,800**	**61,339**	**59,422**	**72,335**	**64,303**	**53,588**
Rentals under operating leases on land and buildings[a]	99,687	75,671	69,964	93,914	67,812	49,235
EBITDAR	**177,487**	**137,010**	**129,386**	**166,249**	**132,115**	**102,823**
EBITDA	**77,800**	**61,339**	**59,422**	**72,335**	**64,303**	**53,588**
Non cash and non recurring items						
(Profit) / loss on disposal of fixed assets	—	—	—	—	(139)	(411)
One-time fees paid to advisors and consultants[b]	2,428	1,356	1,093	1,298	727	—
Non-recurring salary and employee termination costs relating to Portugal[c]	181	181	—	—	—	—
Non-cash loss on disposal of Apollo assets[d]	—	—	—	—	332	—
Non-cash change in onerous lease provision caused by change in WACC[e]	—	—	—	—	(300)	2,675
Non-recurring salary and employee termination costs relating to Vue[f]	7	—	29	36	313	—
Non-recurring salary and employee termination costs relating to CinemaxX[g]	331	—	803	1,123	1,537	—
Non-recurring salary costs relating to the 2013 Transactions	167	167	3,869	3,869	—	—
Cost savings relating to the termination of RealD licenses[h]	2,934	2,200	—	—	—	—
Non-cash release of excess accruals relating to the CinemaxX Acquisition	—	—	(1,397)	(1,397)	—	—
Exchange rate settlement movement on Bridge Loan Notes and bank debt as part of the 2013 Transactions	(218)	—	978	978	—	—
Share-based payment charge[i]	2,186	2,186	—	—	—	—
One-time VAT credits received from HMRC[j]	(2,353)	(421)	—	(1,932)	—	—
Non-cash onerous lease provisions[k]	4,497	586	—	—	—	—
Other one-time costs[l]	541	262	107	100	—	—
Adjusted EBITDA	**88,501**	**67,856**	**64,905**	**76,410**	**66,773**	**55,852**
Rent expense[a]	99,687	75,671	69,964	93,914	67,812	49,235
Adjusted EBITDAR	**188,188**	**143,527**	**134,869**	**170,324**	**134,585**	**105,087**

(a) Includes turnover rent and rent-free adjustments.

(b) Represents non-recurring fees paid to advisors and consultants in connection with certain consulting projects and in connection with the refinancing on December 14, 2012 of our existing bank facility.

(c) One time redundancy costs paid to employees in relation to the closure of our Portugal site.

(d) Represents a non-cash loss in 2012 on the disposal of assets acquired as part of the acquisition of Apollo and the impairment of five Apollo sites in 2013.

(e) Represents the non-cash charge/(credit) in the onerous lease provision caused by a change in our weighted average cost of capital assumptions.

(f) Represents the non-recurring salary and employee termination costs, relating to previously implemented headcount reductions by Vue in connection with the digitalization of Vue's cinemas.

(g) Represents non-recurring salary and employee termination costs incurred by CinemaxX, following the date of its acquisition by Vue, relating to previously implemented headcount reductions realized following the digitalization of CinemaxX's cinemas.

(h) Represents the strategic decision to purchase certain digital equipment related to the projection of 3D films, expected to result in significant savings in costs. We currently have license arrangements on rolling five year terms and where such licenses have terminated or will terminate within the next 24 months, we have added back the associated costs as we consider such cases to be non-recurring. In connection with our strategic decision to purchase certain digital equipment related to projection of 3D films, we estimate that we will incur capital expenditures amounting to approximately £2.9 million over the next 24 months in relation to licenses that have terminated or will terminate in the next 24 months.

(i) Represents the non-cash share based compensation charge relating to the grant of class D ordinary shares in Holdco to employees in return for services rendered to the Issuer. We recognise the fair value of employee services received, measured by reference to the grant date fair value of the class D ordinary shares, over the vesting period, as an increase to staff costs.

(j) Represents one-time VAT credits received from HMRC in relation to sales of certain concession items, net of associated legal fees.

(k) Represents a non-cash provision for onerous leases at three previously discontinued CinemaxX sites in 2014 (Hamm, Rosenhoff and Mannheim) and UK sites in 2013.

(l) Represents one-time site abandonment and pre-opening costs.

(9) Pro forma Adjusted EBITDA represents the Issuer's Adjusted EBITDA for the 52 weeks ended August 28, 2014, as adjusted to give pro forma effect to The Space Acquisition (which is expected to take place before or on November 25, 2014) and the Multikino Acquisition, which occurred on September 30, 2013. Pro forma Adjusted EBITDA therefore gives effect to the acquisitions of Multikino and The Space as if they had occurred on August 30, 2013. The Estimated Adjusted EBITDA of The Space is derived from the underlying books and records of The Space which are maintained in accordance with IFRS. It should also be noted that U.K. GAAP differs in certain respects from IFRS and therefore the Estimated Adjusted EBITDA of The Space does not give effect to the differences between U.K. GAAP and IFRS. These differences could be material to Estimated Adjusted EBITDA of The Space, and as as a consequence, to Pro Forma Adjusted EBITDA.

The following table reconciles Adjusted EBITDA to Pro forma Adjusted EBITDA:

	52 weeks ended August 29, 2014
	(in £ thousands)
Adjusted EBITDA	88,501
Adjusted EBITDA of Multikino for September 2013[(a)]	125
Estimated Adjusted EBITDA of The Space for the 12 months ended June 30, 2014[(b)]	11,014
Pro forma Adjusted EBITDA	99,640

(a) VEIL acquired Multikino on September 30, 2013. This *pro forma* adjustment reflects the Adjusted EBITDA of Multikino for the period from September 1, 2013 to September 30, 2013, which is derived from the underlying pre-acquisition books and records maintained in accordance with IFRS by Multikino provided to us in the course of the acquisition process and has been adjusted for differences identified by Multikino management between the accounting policies previously applied by Multikino and those applied by VEIL.

The following table reconciles Adjusted EBITDA of Multikino for September 2013, applying Multikino's pre-acquisition accounting policies, to Adjusted EBITDA of Multikino for September 2013, applying VEIL's accounting policies:

	One month ended September 30, 2013
	(in PLN millions)
Adjusted EBITDA of Multikino for September 2013 (applying Multikino's pre-acquisition accounting policies)[(a)]	**0.2**
Accounting policy adjustments[(b)]	0.4
Adjusted EBITDA of Multikino for September 2013 (applying Vue accounting policies)	**0.6**
Adjusted EBITDA of Multikino for September 2013 (applying Vue accounting policies) (in £ millions)[(c)]	**0.1**

(a) Adjusted EBITDA of Multikino for September 2013 (applying Multikino's pre-acquisition accounting policies) is defined as net loss before income tax benefit, finance costs, amortization, depreciation and impairment charge, and the effect of certain one-off, non-recurring items that management of Multikino believes are not indicative of underlying operating performance. These one-off, non-recurring items include the write-off of acquired programming rights, provision for property tax, and other accruals and provisions.

(b) Represents the adjustment to align the pre-acquisition accounting policies of Multikino to the accounting policies applied by VEIL.

(c) Adjusted EBITDA of Multikino for September 2013 (applying VEIL accounting policies) has been converted from Polish złoty to pounds sterling at the exchange rate of PLN 4.98 to £1.00.

(b) The estimated *pro forma* effect on our Adjusted EBITDA of The Space Acquisition as if such acquisition had been consummated and fully integrated on August 30, 2013 has been calculated as follows:

	Twelve months ended June 30, 2014
	(in € millions)
Gross operating margin	2.5
Amortization and Depreciation	8.7
Restructuring costs[(i)]	0.3
Extraordinary, non-recurring costs[(ii)]	0.7
Provisions for risks[(iii)]	1.3
Extraordinary gains and losses[(iv)]	(0.1)
Bank guarantees[(v)]	(0.2)
Estimated Adjusted EBITDA of The Space	**13.2**
Estimated Adjusted EBITDA of The Space (in £ millions)	**11.0[(vi)]**

(i) Represents €0.3 million relating to the restructuring of The Space in connection with corporate reorganizations that commenced at the end of 2010 and was completed at the end of 2012 (the "**The Space Reorganization**"). Following the completion of The Space Reorganization, the management of The Space does not anticipate any additional material costs to be incurred in connection with this restructuring.

(ii) Represents, in aggregate, €0.7 million in costs incurred in connection with the following extraordinary, non-recurring activities: (i) notary and external consultant expenses incurred in connection with The Space Reorganization, (ii) legal fees incurred in connection with the amendment of existing bank loans and The Space Reorganization, and (iii) consultant fees incurred in connection with a cost-consultation.

(iii) Represents adjustments for one-off, non-recurring accruals for risk in connection with certain employee litigation and employee taxes, and an adjustment for a one-off, non-recurring provision of €1.0 million that was made by The Space Management on December 31, 2013 in connection with the doubtful receipt of receivables due under a screen advertising contract.

(iv) Represents a net, one-off extraordinary gain, primarily related to the reversal of accrued costs in the previous year.

(v) Represents the reclassification of certain bank costs that, in the unaudited management accounts for the six months ended June 30, 2013, were not classified on a consistent basis with the income statement for the year ended December 31, 2013.

(vi) For purposes of determining Estimated Adjusted EBITDA of The Space for the 12 months ended June 30, 2014 that is included in Pro forma Adjusted EBITDA, the Estimated Adjusted EBITDA of The Space has been converted from euros to pounds sterling at the exchange rate of €1.1985 to £1.000, which was the average exchange rate for the period from July 1, 2013 to June 30, 2014.

The figures in the above table presented herein are for informational purposes only. This information does not represent the results we would have achieved had the acquisition of The Space occurred on August 30, 2013. The calculation of Estimated Adjusted EBITDA of The Space is based in part on management judgment of The Space with respect to certain costs and expenses which are considered non-recurring and the unaudited management information and books and records of The Space. These numbers have not been audited or reviewed by our independent auditors or the independent auditors of The Space. The Estimated Adjusted EBITDA of The Space is included in this update as we believe it provides a useful measure of our results of operations after giving effect to the results of The Space; however, this information does not constitute a measure of financial performance under U.K. GAAP or IFRS and should not be considered a substitute for operating profit, net profit, cash flow or other financial measures computed in accordance with U.K. GAAP or IFRS, or as a measure of our future results of operations or liquidity. Our definition of Adjusted EBITDA may differ from the definition of Estimated Adjusted EBITDA used by The Space, and therefore these measures may not be comparable. Furthermore, other companies, including those in our industry, may calculate similarly titled financial measures differently from us. As all companies do not calculate these financial measures in the same manner, the presentation of each financial measure may not be comparable to other similarly titled measures of other companies. Results indicated by certain of these measures may not be realized, and funds depicted by certain of these measures may not be available for management's discretionary use if such results are not realized.

The Estimated Adjusted EBITDA for The Space is for the twelve months ended June 30, 2014. This period does not align with the period for our Pro Forma Adjusted EBITDA. This difference in periods is due to the different reporting periods for the Issuer and The Space. As a result of this difference, our Adjusted EBITDA and the Estimated Adjusted EBITDA for The Space may not be directly comparable.

(10) Total *pro forma* third party borrowings represents total current and non-current third party borrowings, adjusted for the Transactions as if the Transactions had occurred on August 30, 2013. The Original Notes issued on July 18, 2013 and the offering of the Notes announced today are stated net of £16.8 million of estimated capitalized issue costs and do not take into account that the Notes may be issued with original issue discount. For the purposes of this presentation, the aggregate principal amount of the Original Floating Rate Notes and the aggregate principal amount of the Notes have been converted into pounds sterling at an exchange rate of €1.2578 per £1.00 based on the Bloomberg rate on August 28, 2014.

(11) *Pro forma* net third party borrowings represents total *pro forma* third party borrowings less *pro forma* cash at bank and in hand.

(12) *Pro forma* cash interest expense represents the cash interest expense, as adjusted to give effect to the Transactions (including the accrued interest on the Notes, based upon the margin over three-month EURIBOR, as if the issue of the Notes had occurred on August 30, 2013). For presentation purposes, the *pro forma* cash interest expense on the Notes has been converted into pounds sterling at a rate of €1.2578 to £1.00. *Pro forma* cash interest expense has been presented for illustrative purposes only and does not purport to represent what our interest expense would have actually been had the issue of the Notes occurred on the date assumed, nor does it purport to project our interest expenses for any future period or our financial condition at any future date.

(13) *Pro forma* net third party borrowings is presented above assuming *pro forma* cash at bank and in hand excludes Restricted Cash of £4.1 million.

(14) We have reclassified certain amounts in the consolidated financial statements of VEIL for the 53 week period ended November 29, 2012, as presented as comparatives in the 2013 consolidated financial statements, in order to conform with our current presentation. The reclassifications (i) amend the allocation of certain results of operations of CinemaxX between revenue, cost of sales and administrative expenses as comapred to their allocation in the 2012 consolidated financial statements, and has no impact on the total loss for the period or EBITDA; and (ii) amend the allocation of certain amounts due to creditors between loans and other creditors.

Disclaimer

This update is for information purposes only and does not constitute an offer to sell or the solicitation of an offer to buy securities.

Forward-Looking Statements

This update contains "forward-looking statements" as that term is defined by the U.S. federal securities laws and within the meaning of the securities laws of certain other jurisdictions. These forward-looking statements include, without limitation, those regarding our intentions, beliefs or current expectations concerning our future financial condition and performance, results of operations and liquidity; our strategy, plans, objectives, prospects, growth, goals and targets; future developments in the markets in which we participate or are seeking to participate; and anticipated regulatory changes in the industry in which we operate.

These statements often include words such as "anticipate," "believe," "could," "estimates," "expect," "forecast," "intend," "may," "plan," "projects," "should," "suggests," "targets," "would," "will," and other similar expressions. These statements are not guarantees of performance or results. Many factors could affect our actual financial results or results of operations and could cause actual results to differ materially from those expressed in the forward-looking statements and projections.

We undertake no obligation to review or confirm analysts' expectations or estimates or to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date of this report.

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Formed in May 2003, Vue Entertainment International is a world class operator and developer of modern state-of-the-art multiplex cinemas. Following the acquisition of Apollo in the UK in May 2012, CinemaxX in Germany in August 2012, Multikino in Poland in September 2013 and, most recently, Space Entertainment in Italy, Vue has more than doubled the number of cinemas and screens under its ownership from 70 to 186 cinemas and from 678 to 1,721 screens, upon completion of The Space Acquisition. The company now has leading positions in three of the top four cinema markets in Europe, the United Kingdom, Germany and Italy, as well as operations in Poland, Denmark, Ireland, Latvia, Lithuania and Taiwan.