



KARO announces landmark \$150 million investment program

Moscow, February 27, 2014 – KARO Film, one of Russia’s leading and fastest developing cinema chains, today announced a far reaching \$150 million capital investment and expansion program up to the end of 2015. The program will include the construction and development of Russia’s largest ‘next generation’ movie theatres.

Work to construct Russia’s most technically advanced cinema complex – the KARO Vegas 22 Megaplex – has already begun and the complex is set to open in July 2014 in Crocus City (Moscow, Russia). The state of the art venue, which is spread over 19,000 sqm, will house a total of 5,000 seats across 22 screens.

Paul Heth, Chief Executive Officer of KARO, said:

“The Russian cinema audience today expects a more all-encompassing film going experience including highly stylized visual, sound and seating technologies, comfort and personalized service and large screens with excellent quality digital projection and sound. By launching the state of the art KARO Vegas 22 Megaplex we are responding to this significant demand in the market. Our company has a rich history as an innovator and leader in the Russian film industry and combining our operating experience with ground breaking technology at the new KARO Vegas flagship we will continue to define the next era of ‘moviegoing’ in Russia.

We have now converted all of our venues to digital and constantly strive to remain a leader in cinema technologies, and we are proud that KARO continues to be at the forefront of industry achievements.”

In 2014 KARO will open in total three new next generation movie theatres in Moscow, including Russia’s second largest cinema KARO AviaPark with 18 screens. These additional new venues along with KARO’s current Moscow based locations will firmly establish KARO as the dominant leader in the Moscow cinema market. KARO is also in late stage negotiations to break ground on ‘next generation’ cinema complexes in St. Petersburg and Siberia in the summer of 2015 with planned openings in early 2016. The company’s investment program for 2014-2015 will also include \$22 million on renovating existing venues and increasing the company’s IT capabilities and infrastructure.



The KARO Vegas 22 Megaplex Project Characteristics:

- Opens in July 2014, in Crocus City (Moscow, Russia).
- 1st cinema complex in the world to have multiple premium large format halls. The 'LUXE RealD Experience' cinema halls were developed with leading 3D pioneer Real D.
- 22 cinema halls, all 100 percent digital with RealD 3D capabilities; 14 general admission cinema halls; 3 LUXE branded RealD premium, large format halls; 5 VIP 'Villa' cinema halls areas, each with their own ticketing and concierge service.
- Proprietary seating technology, specially designed by industry leader, Seating Concepts. 'Turbo Seating' will improve the sound experience in KARO cinemas.
- Family friendly environment and services.
- Innovative and 'first of its kind' in Russia, self-service food and beverage concession fare, as well as Healthy Choice, food products specifically developed by KARO for families and children.
- Full customer self-service computerized ticketing available on-site, online and via iOS, Android apps.
- 12 full service boutique bowling lanes developed by industry leader AMF.
- Multi-media digital lounge and casual dining café in a unique, and 'first of its kind' in Russian cinema industry, partnership with Mercedes.

About KARO Film

The KARO Film Group was founded in 1997. It established new standards in Russia for movie theatres. Today, KARO is a leading motion picture exhibition company owning and operating 28 modern movie theatres comprising of 189 screens in Moscow, the Moscow region, St. Petersburg, Samara, Kazan, Kaliningrad and Surgut and currently serves over 12 million visitors per year. Since 2012, a consortium consisting of the lead investor Baring Vostok Private Equity, UFG Private Equity (UFG) and Russian Direct Investment Fund (RDIF) together with media entrepreneur Paul Heth have acquired a majority stake in the company.



APPENDIX

Top films in Russia: Year to Date 2013 by box office results

Title	Distributor	BO USD \$
1. Stalingrad	WDSSPR	\$51 760 472
2. The Hobbit: The Desolation of Smaug	KARO Premiere	\$44 946 959
3. Iron Man 3	WDSSPR	\$44 507 708
4. Yolki 3	20th Century Fox CIS/Bazelevs	\$38 067 427
5. Thor: The Dark World	WDSSPR	\$35 835 927
6. Despicable Me 2	Universal Pictures	\$34 905 825
7. Furious 6	Universal Pictures	\$34 289 052
8. Frozen	WDSSPR	\$33 587 917
9. Life of Pi	20th Century Fox CIS	\$30 228 172
10. Legend N17	Central Partnership	\$29 523 237

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About Paul Heth

Paul Heth is widely credited with the revitalization of the Russian cinema sector. In 1993 he co-founded and operated Russia's first two modern style cinemas. In 1996 Mr. Heth co-founded Kodak Kinomir, which under his leadership was one of the highest grossing and most profitable cinemas in the world. In 2000 Mr. Heth partnered with the American media conglomerate National Amusements (parent company of Viacom and CBS) to design, build and operate unique 'next generation' multiplex cinemas in Los Angeles and Philadelphia. In 2002 Mr. Heth with National Amusements co-founded Kinostar cinemas in Russia, which generated close to 10% of the Russian national box office. Mr. Heth led a successful trade sale of the company in June of 2011. In addition to his activities in theatrical exhibition, Mr. Heth and partners and Sony Pictures Entertainment formed Monumental Pictures in 2005 to produce, market and distribute local language feature films for the Russian theatrical film market. Mr. Heth has been a producer or an executive on some of the most successful films in Russian box office history including 'Stalingrad' (Russia's all time box office leader), 'Vysotsky. Thank you for being alive' and the 'Very best movie' comedy franchise.



About Russian Direct Investment Fund

Russian Direct Investment Fund (RDIF) was established in June 2011 to make equity co-investments primarily in Russia alongside reputable international financial and strategic investors. Since that, Russia has seen a marked increase in foreign direct investment (FDI). In 2013 FDI reached a record \$94 billion - 83% higher than in 2012 – as Russia leapt to 3rd place in UNCTAD’s FDI inflow rankings. Since inception the fund has invested \$3.8 billion into leading Russian companies, of which over \$900 million were invested by RDIF and more than \$2.8 billion came from international co-investors. RDIF has also attracted over \$10 billion of foreign capital into the Russian economy through long-term strategic partnerships with financial institutions and sovereign wealth funds from: China, Japan, Korea, Abu Dhabi, Kuwait, Italy and France. Based in Moscow, RDIF’s management company is a 100% subsidiary of Vnesheconombank. Further information at www.rdif.ru and www.facebook.com/rdifru

About Baring Vostok

Baring Vostok is one of the leading private equity firms operating in Russia and the CIS. The Baring Vostok Private Equity Funds have invested over \$2.0 billion in more than 63 companies since 1994, and currently have committed capital of \$3.7 billion. The Funds’ portfolios were diversified among financial services, oil and gas, consumer products, telecommunications, and media sectors, including CTC Media, Golden Telecom, Yandex, Ozon, Gallery Group, Centre of Financial Technologies, Enforta, ER-Telecom, 1C, Burren Energy, Volga Gas, Zhaikmunai, Novomet, Kaspi Bank, Orient Express Bank, Europlan, Novomet, Karo, EMC and others. The Investment Advisor of the Funds, Baring Vostok Capital Partners (Guernsey) several times since 2005 has been voted “Russian Private Equity Firm of the Year” by the readers of Private Equity International and Private Equity Online. The sub-advisor of BVCP has a branch office in Moscow with a team of 30 experienced investment professionals. Baring Vostok is a member of Baring Private Equity International, a global private equity group with more than \$12 billion of capital under management by affiliates in CIS, Asia, India, Europe and Latin America. Additional information is available at www.bvcp.ru

About UFG Private Equity

UFG Private Equity is a private equity investment firm with \$705 million in commitments and funds under management in three funds. Since its inception in 2005, UFG Private Equity has invested \$490 million in a diversified portfolio of 22 companies in consumer,



healthcare, food, internet, media and telecommunications, travel, finance and other sectors of economy with an aggregate transaction value of over \$2 billion. UFG Private Equity is part of UFG Asset Management, a leading independent provider of alternative investment strategies focusing on Russia and the CIS with total assets under management of \$1.6 billion. Additional information is available at www.ufgam.com

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