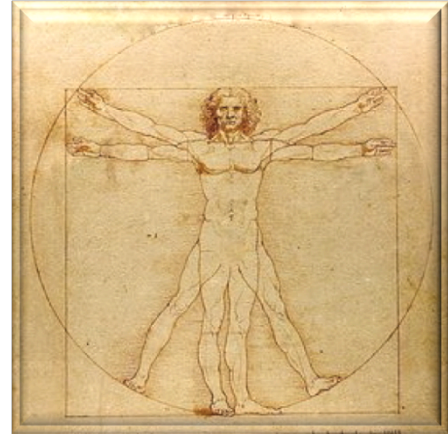


Lions Gate Entertainment



Renaissance Studio, Ltd.

“The Premium Movie Franchise Source”

Tripling the Market Cap of LGE

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The Premium Movie Franchise Source

Lions Gate Entertainment & Renaissance Studio, Ltd.

A Multi Billion Dollar Market Cap Opportunity

The RSL – LGF Collaboration Premise

The purpose of this document is to demonstrate that a collaboration between Lions Gate Entertainment (“LGF”) and Renaissance Studio, Ltd. (“RSL”) could unleash a \$10+ billion dollar increase in the market cap of LGF on a \$50 million equity investment in RSL. RSL represents a very real opportunity to increase the earnings of LGF by \$200+ million per year by year 2-3.

LGF has done an exceptional job of creating a global distribution network and attracting near 300x P/E multiples. However, LGF has struggled to consistently originate premium movie content and sustainable film franchises that would deliver strong and consistent global market acceptance and earnings growth.

The LGF acquisition of Starz will bring much needed earnings and cash flow to LGF but it will not solve its major feature film content origination problems that are the vital key to maintaining LGF’s near 300x P/E multiples and growing the value of LGF’s market cap.

RSL is the very cost effective premium movie content and sustainable film franchise source that would allow LGF to more than recover its 50% drop in market cap over the last year and position LGF for much greater market value growth thereafter.

Overview

Renaissance Studio, Ltd. (“RSL”) is a virtual movie studio that has invested many years in a comprehensive analysis of the motion picture industry and the development of means to exploit its vulnerabilities and irrational public equity market valuation metrics to deliver risk adjusted returns on investment that dwarf other investment alternatives.

RSL has developed and employed advanced movie content evaluation metrics and proprietary screenwriting methodologies to create an initial inventory of 14 cost effective motion picture screenplays (\$30 million production budgets each) that are designed to launch up to **10** sustainable film franchises in the action/thriller/claustrophobic genres that have averaged almost \$500 million in global revenues per film since 2006. These modest budget films in very high revenue ceiling genres are designed to deliver strong and consistent global market acceptance and exceptional earnings. Brief RSL project summaries and franchise profiles can be found at the link below:

<http://www.renaissancestudio.org/movie-projects.html>

All of the RSL projects are high concept, triumph of the human spirit stories that feature a diversity of compelling resonance elements that skillfully match the viewing preferences of broad spectrum international demographics to insure strong global market acceptance. The 10 RSL franchise profiles include two fully written trilogies that will launch sensational female protagonists into the James Bond/



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Jason Bourne and Hunger Games genres. These 6 films are set to be filmed and released on a semi annual basis over 3 years to deliver a strong annual earnings profile for public equity market analysts.

Unlike other franchises in these genres, the RSL projects feature a compelling diversity of resonance elements and multidimensional characters who are immersed in thought provoking and terrifyingly plausible real world scenarios that engage the full visceral and emotional spectrums. The RSL films also target the over 85% of movie goers who are not attracted to the shallow story telling, one dimensional characters and gratuitous action, violence, depravity, horror and CGI that dominate modern cinema.

RSL owns the most exceptional inventory of feature film projects and film franchise profiles in the movie industry if maximizing risk adjusted IRRs is the goal. RSL has completed its R&D and primary screenwriting processes and is now in its capital formation phase.

The RSL goal is to raise \$50 million of primary equity capital and convert it into a perpetuity of 4 major motion pictures per year that will deliver \$200+ million in annual earnings by year 3. The RSL earnings profile translates to **\$60 billion** of public equity market value at the near 300x price/earnings multiple that Lions Gate Entertainment (“LGF”) and Netflix (“NFLX”) are currently receiving in the public equity markets. (See the links below that validate this assertion):

<https://finance.yahoo.com/quote/LGF?p=LGF> <https://finance.yahoo.com/quote/NFLX/?p=NFLX>

The LGF Situation

Lions Gate Entertainment (“LGF”) has long been an important point of reference for RSL because it is the only major independent movie studio that is also a public company. The LGF stock price has also posted a remarkable valuation profile over the last 5 years. Please consider the following data points:

Date	Stock Price	Est. Shares (Millions)	Est. Market Equity Value	% Change From 01/13/12	Comments
01/13/12	\$8.44	133	\$1.1 Billion		2 months before “The Hunger Games” release
11/10/15	\$40.96	148	\$6.1 billion	+485%	Record stock price high
10/28/16	\$20.01	148	\$3.0 billion	+237%	A \$3.1 billion (51%) drop in market cap since 11/10/15

Comments:

- The strong earnings success of “The Hunger Games” franchise drove an almost 5x value appreciation in a 20 month period from January 2012 through September 2013. The LGF market cap spiked in November 2015 to above \$6 billion but it has since lost almost a third of its value in 2 months. Only 7% of that value decline is relatable to the DOW losses over the same period.



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- Everything else that LGF did over the last 4 years appears to have been collectively dilutive to earnings on the 4 “Hunger Games” films because 1) LGF has G&A expenses above \$250 million per year and their other films, TV shows and operations collectively lost money.
- “Mockingjay 2” was released in November 2015. It’s budget of \$160 million was double the budget of the original “Hunger Games” but it earned only 78% of its box office/DVD revenues.
- Mockingjay 2 marked the end of “The Hunger Games” franchise and this will leave an annual earnings void of approximately \$200 million from the franchise peak in 2013. LGF has no major franchises on its future slate or any other publically known revenue source to fill the void.
- Absent a major and timely new earnings source, LGF is very likely to see further stock value erosion.

LGF has demonstrated the incredible market cap appreciation that is possible on the NYSE in the movie industry but its content origination problems have taken a severe toll on its market cap over the last year.

The Lions Gate/Summit Movie Content & Franchise Origination Problems

With the exception of “The Hunger Games Franchise” that is a major franchise success anomaly in LGF’S 20+ year history (“Twilight was developed by Summit prior to the LGF acquisition), an objective professional review of the film projects that LGF has produced and distributed since January 2012 reveals recurring inability to consistently originate movie content that achieves strong domestic and international markets acceptance. The financial summaries below expose the severity of LGF’s inability to consistently match movie features with the viewing preferences of broad spectrum international demographics:

<http://www.the-numbers.com/movies/production-company/Lionsgate>

<http://www.the-numbers.com/movies/production-company/Summit-Entertainment>

<http://www.the-numbers.com/movies/distributor/Lionsgate>

Please consider the following data points from the summaries at the links above on data since 1/1/12:

- LGF and Summit earned production credits on 94 films since 1/1/12. Only 19 (20%) of the films had global box office revenues above \$100 million.
- The average global box office revenue per film on the 90 movies produced other than “The Hunger Games” franchise was **\$60 million**. The revenue drops to about **\$30 million** of net box office revenue per film when theater takes are deducted versus average production budgets of **\$25 million**. Net revenue is undoubtedly very negative on average after P/A expenses are deducted.
- Making a lot of low to modest budget movies in low revenue ceiling genres is not a financially successful business model and it severely dilutes the very few successful projects.

An objective mind would conclude that LGF has consistent difficulty sourcing, producing and distributing films that resonate with broad spectrum global audiences.

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This reality is reflective of systemic problems in the content evaluation metrics that LGF employs to source and match movie content with global market preferences. It is a false notion that it is impossible to project movie audience preferences. The real problem is that LGF acquires movie content from traditional industry sources that produce movies that lose money for production equity investors over 80% of the time.

LGF's determined fealty to the traditional exclusionary methods of originating movie content from the "usual suspects" in the movie industry is a systemically flawed business model that will produce losses on movie projects over 80% of the time.

A rational mind would consider alternative sources of premium movie content and sustainable film franchises from outside traditional movie content sources. Please consider the following:

- **Almost none of the LGF/Summit films since 2012 would meet the green light standards of Renaissance Studio, Ltd.** This is not a self serving criticism. It is an objective reality that LGF/Summit's green light standards are set too low if the goal is to achieve broad spectrum, global demographic resonance and consistently strong earnings and IRRs.
- The major flame out of the "Divergent" franchise is strong evidence that reliance on popular books with big budget requirements is an unreliable content origination model for financially successful motion pictures.
- A common sense review of the nature and genres of films that LGF/Summit produces and distributes reveals a lack of focus on creating films that target the viewing preferences of broad spectrum age, gender and global demographics that are key to consistently strong earnings performance.

The LGF Future Slate

A review of the future slates of LGF and Summit on IMDB Pro reveals no major movie franchise profiles. Given that over 85% of the LGF/Summit films since 2012 likely lost money for production equity, is there any reason for optimism that their future projects will perform better as long as they continue to acquire content from traditional industry sources?

Renaissance Studio, Ltd. – The Lions Gate Content & Earnings Solution

The Renaissance Studio, Ltd. ("RSL") value proposition is grounded in many years of professional analysis of the creative, cinematic, business, market acceptance, marketing, risk and financial success factors of the movie industry. This exhaustive process has produced:

- A digital age business model for a virtual movie studio that avoids all the major pitfalls of the obsolete studio business model and exploits the faulty business practices of the movie industry.
- A 160 page business plan to launch a virtual movie studio that converts \$50 million of primary equity into above \$6 billion of IPO value in 5 years.
- Advanced movie concept and content evaluation metrics that avoid the over 85% of movie concepts that lose money for equity investors.

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- Proprietary screenwriting methodologies that skillfully match a diversity of compelling resonance elements with the viewing preferences of broad spectrum international demographics.
- State of the art risk management strategies that safeguard the primary equity capital until it is returned in month 30 while positioning the investors for a 5 year alpha above 10,000.
- Innovative advertising and marketing strategies that focus on franchise character and brand development.
- 14 cost effective motion picture screenplays that were written and developed using RSL's advanced methodologies. All of these projects can be produced on budgets of \$30 million each to compete successfully in action/thriller/claustrophobic genres that average almost \$500 million in global revenues.
- 10 sustainable film franchises that will drive strong and consistent earnings.

RSL will produce high concept, triumph of the human spirit stories with sensational characters who engage the most important issues of the modern age and help light a path to a much better world. These movies are designed for the over 85% of people who are not inspired by the shallow story telling and one dimensional characters who are immersed in the gratuitous action, violence, depravity, horror, sexuality and computer generate effects that dominate modern cinema.

RSL will feature strong female protagonists that are crafted to inspire all audience demographics.

RSL is on a mission to create thought provoking, entertaining, triumph of the human spirit stories that powerfully engage a broad spectrum of viewers on intellectual, emotional, visceral, sensual, visual, audio, artistry, life relevant, sociopolitical and poignant levels.

Draft Press Release

LGF has major content origination and credibility issues with the public equity markets. Imagine for a moment the public equity market impact of the draft press release below:

LOS ANGELES and DALLAS, November 15, 2016 /PRNewswire/ -- Lionsgate (LGF), a premier next generation global content leader, announces the acquisition of Renaissance Studio, Ltd. ("RSL"), a diversified film writing and development company. RSL is a virtual film studio that has created advanced, digital age movie content evaluation metrics and screenwriting methodologies that skillfully match a diversity of compelling resonance elements with the viewing preferences of broad spectrum international demographics.

RSL has employed its proprietary metrics and methodologies to create an initial inventory of 14 screenplays that are designed to launch up to 10 sustainable film franchises. All of the RSL films have been structured to be produced on budgets of \$30 million in the action/ adventure/ claustrophobic and crime thriller genres that average over \$400 million of global revenues per film. The RSL goal is to produce PG-13 films that include compelling attraction elements that resonate across most cultures and all adult age and gender demographics

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RSL CEO Donald Skipper stated that “The RSL films are designed for the over 85% of movie goers who are not attracted to the shallow story telling and gratuitous action, violence, depravity, horror and computer generated imagery that dominates modern cinema. The RSL mission is to create entertaining, thought provoking and triumph of the human spirit stories that powerfully engage a broad spectrum of global viewers on intellectual, emotional, visceral, sensual, visual, audio, artistry, life relevant, sociopolitical and poignant levels. All RSL films project multidimensional characters who engage in the most terrifyingly plausible scenarios of the modern age.”

The RSL screenplay inventory includes:

- **The “Michele Burns Trilogy” features a sensational female protagonist that will compete very successfully in the “James Bond” genre with a more fascinating female character who resolves the major issues of the modern world.**
- **The “Arielle DeNovo Trilogy” launches the ultimate, multidimensional, young adult female “super hero” character who uses her sensational mind and a mastery of artistry in all things to help the world to avoid dystopia rather than survive it.**
- **The “Geoff Donahue” franchise that introduces a new male and female clandestine team who makes James Bond, Ethan Hunt and Jason Bourne look like shallow contrivances by comparison.**
- **The ultimate love conquers all story “Revelations” that has been described as the “Avatar”, “Dances With Wolves” story structure set in the late USSR and the bookend to “Dr. Zhivago”.**
- **“The Coming” involves a Christ like figure appearing in the modern world on a mission to save humanity from itself.**
- **Five other sustainable film franchise possibilities that are already in screenplay form.**

All of these cost effective films can be produced in short production windows and released in a progression of quarterly installments beginning in 2017.

LGF CEO Jon Feltheimer stated that “Renaissance Studio is a very capital and earnings effective means for LGF to own a sustainable source of premium content and film franchises that diversify the LGF profile into other high revenue ceiling genres with broad, global demographic appeal. Beginning in 2017, the RSL franchises will deliver a high profile movie each quarter in perpetuity that will more than fill the earnings void left by the end of “The Hunger Games” franchise.”

The issuance of the above press release would offer a compelling path forward to strong LGF earnings in the future by addressing the major earnings and content issues in compelling fashion. It would very likely stop the bleeding on the LGF stock price and place LGF on a path to more than tripling its market cap in as little as 3 years.



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Summary

The market equity capitalization of LGF has lost over 50% of its value over the last year since “The Hunger Games” franchise ended without a solution to the large earnings void it left in its wake.

RSL has developed a state of the art business model and movie content evaluation metrics that it has employed with proprietary screenwriting methodologies to create an inventory of 14 cost effective screenplays that are designed to launch up to 10 sustainable film franchises. Full due diligence on the RSL projects would reveal that they compare very favorably to the LGF/Summit future slate and the slates of any other studio if maximizing risk adjusted IRRs is the investment objective.

Rights to the RSL project inventory and intellectual property can be acquired or the projects can be funded on a coproduction basis that is far more cost and earnings effective than any other sustainable content source in the movie industry. A seed investment of \$50 million of equity can launch a perpetuity four movies per year and sustainable film franchises that can conservatively deliver \$200 million in annual earnings by year 3.

\$200 million of annual earnings would translate to over \$60 billion of increased market value at LGF’s current 300x P/E ratio. However, RSL would represent a \$6 billion windfall for LGF shareholders at a 30x P/E ratio.

A press release announcing that LGF has acquired the full rights to 10 sustainable film franchise possibilities that include 2 fully written trilogies could have a near immediate multibillion dollar impact of LGF’s market equity value.

Has LGF reached a point where it is ready to move beyond it’s traditional but faulty content evaluation metrics and create an ability to self generate premium movie content and sustainable film franchises that can drive strong earnings growth and a multibillion dollar increase in its market capitalization?